HAMPTON HILL MINING NL

ABN 60 060 628 524

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2013

DIRECTORS' REPORT

Hampton Hill Mining NL ("the Company" or "Hampton") is listed on the Australian Securities Exchange. The registered office and principle place of business of the Company is located at Level 2, 9 Havelock Street, West Perth, Western Australia.

The directors of the Company present their report on the Company for the year ended 30 June 2013.

DIRECTORS

The names of the directors of the Company during the whole of the financial year and up to the date of this report are:

Joshua Pitt
Neil Tomkinson
Wilson Forte

PRINCIPAL ACTIVITIES

The principal activities of the Company have consisted of iron ore, gold and base metal exploration.

DIVIDENDS

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Hampton Hill has focused on preserving funds this year as it monitors progress with its exploration and investment assets.

The Company incurred an operating loss before tax for the year of $3,697,773 (2012: $1,537,131). This operating loss included $3,602,232 (2012: $683,106) impairment of exploration expenditure. An income tax credit of $978,219 (2012: $Nil) arising from the upward revaluation of the Company's investment in Peel Exploration shares resulted in an after tax operating loss of $2,365,011 (2012: $1,537,131).

The Peel Mining Investment

At balance date, Hampton Hill held 13,255,000 fully paid shares in ASX listed Peel Mining Limited (Peel Mining) representing about 10% of that company's share capital. The market value of this investment at balance date was $4,374,150. Based on the closing bid price of Peel Mining shares on the day preceding the signing of this report, the 13,155,000 Peel Mining shares on hand have a market value in excess of $3,945,000.

The Hampton-Alphabrass Base Metal Joint Venture

Hampton Hill has been able to expand and reactivate its Ryansville base metal project by securing joint venture funding from private exploration company, Alphabrass Resources Pty Ltd (Alphabrass). Alphabrass will provide the first $4 million of exploration funds (subject to withdrawal rights) after which Hampton Hill will have the right to retain a 25% interest. Alphabrass is headed by Mr John McIntyre and Dr Scott Halley who are renowned experts in the application of structural techniques and litho geochemistry to regional exploration. As previously disclosed, interests associated with Directors Joshua Pitt and Neil Tomkinson are shareholders and these gentlemen are both directors of Alphabrass.

The Weld Range Hampton Hill Iron Ore Joint Venture (HHIOJV)

This joint venture is managed by Sinosteel Midwest Corporation Limited (SinoMidwest) which contributes all project costs and has the right to earn a 60% interest. A Preliminary Feasibility Study was completed early in 2012 relating to the inclusion of 15 million tonnes of inferred iron ore reserves owned by the joint venture in the mining reserve of the SinoMidwest Weld Range Direct Shipping Project.

Exploration has been severely restricted throughout the year and the exploration camp put on care and maintenance. There has been no resolution regarding the construction of a railway to the planned port at Oakajee, nor the establishment of port facilities that would be necessary for the HHIOJV to progress to development. As a consequence, the Company has reviewed the carrying value of the Company's capitalised exploration expenditure and impaired it by $3,602,232.

The joint venture agreement envisages the sale of Hampton Hill's joint venture interest to Sino Midwest. Negotiations on this aspect of the joint venture have been suspended for some considerable time and your board has concluded that they are unlikely to be successfully concluded in the foreseeable future..

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (continued)

Royalties

Hampton Hill holds several royalties over possible future production from projects in Western Australia.

The primary royalty relates to the Apollo Hill gold project. The Company holds a 5% gross overriding royalty on any gold in excess of 1 million ounces produced from this project. The project owner, Peel Mining Limited, has announced an inferred resource of over 500,000 ounces grading 0.9 grams per tonne gold. The resource is quite shallow and has potential as a low grade but low strip operation with gold recovered by heap leaching technology. There also exist high grade targets presently open along strike and at depth.

The other royalties are a 0.98% net smelter return royalty over the Northlander tenement package owned by Phoenix Gold Pty Ltd, a 1.1 % net smelter royalty return over the Capricorn Tenement package owned by BHP Billiton Limited ,and a royalty scaling up to $2 per tonne on the Mt Monger PL 26/3426 owned by Silver Lake Resources Limited.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the operating results for the year, there were no significant changes in the state of affairs of the Company during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters or circumstances which have arisen since the end of the financial year that have significantly affected the operations of the Company or the results of those operations or the state of affairs of the Company, nor are there any such matters which in the view of Directors may significantly affect the future operations or the results of those operations or the state of affairs of the Company.

ENVIRONMENTAL REGULATIONS

The mining leases, exploration licences and prospecting licences granted to the Company pursuant to the Mining Act (1978) (WA) are granted subject to various conditions which include standard environmental requirements. The Company adheres to these conditions and the Directors are not aware of any contraventions of these requirements. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the period 1 July 2012 to 30 June 2013 the directors have assessed that there are no current reporting requirements, but that the Company may be required to report in the future.

INFORMATION RELATING TO THE DIRECTORS

Executive Chairman

Joshua Norman Pitt BSc, MAusIMM, MAIG

Mr Pitt is a geologist with extensive exploration experience who has, for more than thirty years, been a director of exploration and mining companies in Australia. Mr Pitt is involved in substantial private mineral exploration and also in resource investments. He is a non-executive director of Red Hill Iron Limited (appointed June 2005), Traka Resources Limited (appointed July 2003), Red Metal Limited (appointed July 2003) and Pan Pacific Petroleum NL (appointed December 2008).

Non-Executive Directors

Neil Tomkinson LLB Hons

Mr Tomkinson has extensive experience extending over the last thirty years in the administration of and investment in exploration and mining companies. Mr Tomkinson is the executive chairman of Red Hill Iron Limited (appointed Chairman April 2008) and non-executive chairman of Traka Resources Limited (appointed September 2003), and Pan Pacific Petroleum NL (appointed a director in June 2006 and Chairman in December 2008). Mr Tomkinson is an investor in private mineral exploration and in resources in general in Australia.

Wilson Forte BSc Hons (UWA), MAusIMM, MAIG

Mr Forte is a Western Australian geologist with more than thirty years' experience in mineral exploration in Australia, Southern Africa and Iran. For the past twenty five years he has mainly worked on the evaluation of gold and base metal projects in Western Australia. Mr Forte held the position of Managing Director of the Company until 30 April 2012, at which point he assumed the role of non-executive director.

DIRECTORS' REPORT (continued)

INFORMATION RELATING TO THE COMPANY SECRETARY

Peter Ruttledge BSc, CA, FFin

Mr Ruttledge is a Chartered Accountant and a Fellow of the Financial Services Institute of Australasia and has over 25 years' experience as company secretary of a number of listed mining and exploration companies.

DIRECTORS' INTERESTS IN SHARES IN THE COMPANY

The number of shares in the Company held directly and indirectly by the directors as at the date of this report is set out below:

DIRECTORS	Ordinary Shares Fully Paid	Ordinary Shares Partly Paid to 0.1 cents
J N Pitt	51,661,578	-
N Tomkinson	7,993,970	-
W S Forte	3,406,419	1,900,000

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 59,655,548 shares.

No options have been issued to the directors.

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of directors held during the year ended 30 June 2013 and the number of meetings attended by each director:

Director	Meetings of Directors whilst a Director	Number of Meetings Attended
J N Pitt	2	2
N Tomkinson	2	2
W S Forte	2	2

The Company does not have any committees.

AUDITED REMUNERATION REPORT

The information provided in the remuneration report has been audited as required by section 308(3c) of the Corporation Act 2001.

(a) Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration policy for executive directors and other key management personnel has been to ensure that

- remuneration packages properly reflect the duties and responsibilities of the persons concerned, and
- remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The remuneration framework has regard to shareholders' interests by

- focusing on sustained growth in share price, as well as focusing the executives on key non-financial drivers of value, and
- attracting and retaining high calibre executives.

The remuneration framework has regard to executives' interests by

- rewarding capability and experience,
- providing a clear structure for earning rewards, and
- providing recognition for contribution.

The remuneration policy has been linked to the Company's performance and has been linked to shareholder wealth only in so far as partly paid shares or options have been included in remuneration.

Remuneration is reviewed by the board on an annual basis having regard to performance and market competitiveness.

DIRECTORS' REPORT (continued)

AUDITED REMUNERATION REPORT (continued)

The remuneration of executive personnel has been determined by the non-executive directors and comprises a base salary or fee and, by way of an incentive, the opportunity to take up partly paid shares or options in the Company and thereby participate in the future success of the Company.

All remuneration paid to key management personnel is valued at the cost to the Company and either capitalised as Exploration and Evaluation expenditure or expensed.

The Executives' remuneration has been reviewed annually with regard to competitiveness and performance.

There are no guaranteed salary increases fixed in any senior executives' contracts.

Non-Executive Directors

The Company's non-executive directors have elected not to receive any fees or remuneration from the Company. Non-executive directors may be paid all travelling and other expenses properly incurred by them in the business of the Company.

Managing Director

The position of Managing Director ceased in the prior year on 30 April 2012. Up to that date the Managing Director's executive remuneration package comprised a set salary amount and long term incentives through grants of partly paid shares or share options.

Executive Chairman

The Executive Chairman appointed on 30 April 2012 has elected not to receive a remuneration package.

The Company does not engage the services of a remuneration consultant.

Company Performance

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability and total shareholder return as the Company is an exploration company with no significant revenue stream. This assessment will be developed as and when the Company moves from explorer to producer.

The table below shows the gross revenue, losses and loss per share for the last five years for the Company (2012 to 2013) and the Group (2010 and prior):

		2013	2012	2011	2010	2009
Revenue and other income	($000)	286	90	97	110	220
Net Loss	($000)	2,719	1,537	1,203	2,200	890
Loss per share	(cents)	1.9	1.1	0.9	1.7	0.7
Share price at year end	(cents)	3.0	4.0	21.0	27.0	18.0

No dividends have been declared during these periods.

DIRECTORS' REPORT (continued)

AUDITED REMUNERATION REPORT (continued)

(b) Details of remuneration

The key management personnel of the Company are the Directors.

The remuneration of key management personnel and other specified executives for the year is summarised below:

	Short term benefits		Post-employment benefits	Termination benefits	Share based payments	Total	Value of share based payments as a proportion of remuneration	Performance Related
	Salary & fees	Non-cash benefits	Super-annuation	Salary and leave benefits				
2013	$	$	$	$	$	$	%	%
Directors								
Non-executive								
N Tomkinson	-	-	-	-	-	-	-	-
W S Forte	20,000		1,800	-	-	21,800	-	-
Executive								
J N Pitt (Chairman)	-	-	-	-	-	-	-	-
	20,000		1,800	-	-	21,800	-	-
2012								
Directors								
Non-executive								
N Tomkinson	-	-	-	-	-	-	-	-
W S Forte	144,136	25,104	41,666	184,488	-	395,394	-	-
Executive								
J N Pitt (Chairman)	-	-	-	-	-	-	-	-
	144,136	25,104	41,666	184,488	-	395,394	-	-

No part of the remuneration of directors and other specified executives is contingent on the performance of the Company.

(c) Service agreements

Non-executive director

Commencing 1 May 2012, Mr Forte was requested by the other members of the board to take on a non-executive roll in the Company. It was agreed that from 1 July 2012 Mr Forte be paid director's fees of $20,000 per annum plus statutory superannuation.

There are no other service agreements.

(d) Share based compensation

The company has not paid during the year and does not anticipate paying share based compensation as it has no remaining employees.

DIRECTORS' REPORT (continued)

AUDITED REMUNERATION REPORT (continued)

(e) Additional information

Share-based compensation: Partly paid ordinary shares

No partly paid shares were paid up during the year and no partly paid shares were forfeited during the year.

The audited remuneration report ends here.

Voting and comments at the Company's 2012 Annual General Meeting

The Company received a majority of votes in favour of its remuneration report for the 2012 financial year. The Company did not receive any specific comments on its remuneration practices at the AGM or throughout that year.

SHARES UNDER OPTION

The number of options on issue at the date of this report are as follows:

Date options granted	Expiry date	Exercise price	Number of options	Percent vested
10 December 2010	10 December 2013	30 cents	500,000	100%

INSURANCE OF OFFICERS

During or since the end of the financial year the Company has not given an indemnity to, nor has it entered into any agreement to indemnify, nor has it paid or agreed to pay insurance premiums to insure any director or other officer of the Company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court pursuant to section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for a purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not party to any such proceedings during the year.

AUDIT COMMITTEE

The Company is not of a size nor are its financial affairs of such complexity to justify a separate audit committee of the Board of Directors. All matters that might properly be dealt with by such a committee are the subject of scrutiny at full board meetings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included in this Annual Report.

NON-AUDIT SERVICES

BDO Audit (WA) Pty Ltd, the Company's auditor, did not perform any non-audit services for the Company for the year ended 30 June 2013.

Signed in Perth in accordance with a resolution of Directors on 24 September 2013.

J N Pitt
Chairman

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

24 September 2013

The Board of Directors
Hampton Hill Mining NL
Level 2, 9 Havelock Street
West Perth, WA, 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF HAMPTON HILL MINING NL

As lead auditor of Hampton Hill Mining NL for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue from continuing operations	4	929	18,176
Other income	4	285,533	71,650
Loss on disposal of tenements		-	(409,790)
Impairment of exploration expenditure	10	(3,602,232)	(683,106)
Finance costs - interest		-	(1,899)
Administration expenses	5	(382,003)	(532,162)
Loss before income tax		(3,697,773)	(1,537,131)
Income tax benefit/(expense)	6	978,219	-
Loss for the year		(2,719,554)	(1,537,131)
Other comprehensive income			
Items that may be realised through profit or loss			
Change in the fair value of available-for-sale financial assets		3,343,230	(291,500)
Income tax relating to income on other comprehensive income	6	(978,219)	-
Other comprehensive income/(loss) for the year net of tax		2,365,011	(291,500)
Total comprehensive loss for the year attributable to the ordinary equity holders of the Company		(354,543)	(1,828,631)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss and diluted loss per share	23	1.9 cents	1.1 cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	7	63,258	180,512
Trade and other receivables	8	17,027	7,816
Financial assets available for sale	9	4,374,150	1,072,500
Total Current Assets		4,454,435	1,260,828
Non-Current Assets			
Exploration assets	10	7,320	3,566,634
Plant and equipment	11	1,772	3,562
Total Non-Current Assets		9,092	3,570,196
Total Assets		4,463,527	4,831,024
Liabilities			
Current Liabilities			
Trade and other payables	12	26,393	39,347
Total Current Liabilities		26,393	39,347
Total Liabilities		26,393	39,347
Net Assets		4,437,134	4,791,677
Equity			
Issued capital	13	19,324,649	19,324,649
Reserves	14	2,488,776	123,765
Accumulated losses		(17,376,291)	(14,656,737)
Total Equity		4,437,134	4,791,677

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Reserve – share based payment	Reserve – asset available for sale	Accumulated Losses	Total Equity
	$	$	$	$	$
2013					
Balance at 1 July 2012	19,324,649	206,265	(82,500)	(14,656,737)	4,791,677
Comprehensive loss					
Net loss for the year	-	-	-	(2,719,554)	(2,719,554)
Other comprehensive income net of tax			2,365,011		2,365,011
Total comprehensive income/(loss) for the year	-	-	2,365,011	(2,719,554)	(354,543)
Transaction with equity holders in their capacity as equity holders	-	-	-	-	-
Balance at 30 June 2013	19,324,649	206,265	2,282,511	(17,376,291)	4,437,134
2012					
Balance at 1 July 2011	18,487,094	206,265	209,000	(13,119,606)	5,782,753
Comprehensive loss					
Net loss for the year	-	-	-	(1,537,131)	(1,537,131)
Other comprehensive income net of tax	-	-	(291,500)	-	(291,500)
Total comprehensive loss for the year	-	-	(291,500)	(1,537,131)	(1,828,631)
Transaction with equity holders in their capacity as equity holders:					
Issue of employee share options	837,555	-	-	-	837,555
Balance at 30 June 2012	19,324,649	206,265	(82,500)	(14,656,737)	4,791,677

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Payments to suppliers and employees		(404,281)	(582,967)
Payments for exploration expenditure		(43,586)	(462,398)
Proceeds from disposal of tenements		-	64,768
Interest received		3,500	18,261
Interest paid		-	(1,899)
Other revenue received		98,059	73,204
Net cash outflow from operating activities	22	(346,308)	(891,031)
Cash flows from investing activities			
Payment for plant and equipment		-	(1,077)
Proceeds from disposal of plant and equipment		-	1
Payment for purchase of equity investments		-	(330,000)
Proceeds from sale of equity investments		229,054	-
Net cash inflow/(outflow) from investing activities		229,054	(331,076)
Cash flows from financing activities			
Loan received		-	330,000
Loan repaid		-	(330,000)
Proceeds from issue of shares (net of costs)		-	837,555
Net cash flows from financing activities		-	837,555
Net decrease in cash and cash equivalents		(117,254)	(384,552)
Cash and cash equivalents at the beginning of the financial year		180,512	565,064
Cash and cash equivalents at the end of the financial year	7	63,258	180,512

The above Statement of Cash Flows should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Hampton Hill Mining NL ("the Company") is a listed public company, incorporated and domiciled in Australia.

The Company is a for–profit entity for the purpose of applying these standards.

(a) Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

Compliance with IFRS

Adoption of International Financial Reporting Standards, as adopted in Australia, ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

Reporting Basis and Conventions

These financial statements have been prepared on an accruals basis and are based on historical costs.

Critical accounting estimates and judgements

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

(i) Key Estimates — Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of exploration and evaluation assets, and plant and equipment. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Capitalisation of exploration and evaluation expenditure

The Company has capitalised exploration and evaluation expenditure of $7,320 (2012: $3,566,634) on the basis either that this is expected to be recouped through successful development (or alternatively sale) of the areas of interest concerned or that it is not yet possible to assess whether it would be recouped.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operation 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 members of the board of Directors.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest income is brought to account as income over the term of each financial instrument using the effective interest rate basis.

Other revenue is recognised as it accrues.

(d) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable comprehensive income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity or comprehensive income, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Impairment of assets

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

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

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

(f) Cash and cash equivalents

Cash includes deposits at call, short term deposits and bills of exchange which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(g) Other financial assets and liabilities

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

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

Financial assets available for sale

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term. They are recognised at fair value with movements in fair value recognised in other comprehensive income.

Financial liabilities

Non-derivative financial liabilities are recognised initially at fair value and subsequently at amortised cost, comprising original debts less principal payments and amortisation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment – financial instruments

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

Impairment of assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognized in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated separately for each identifiable area of interest. Such expenditure comprises net direct costs, and an appropriate portion of related overhead expenditure, but does not include general overheads or administration expenditure not having a specific nexus with a particular area of interest.

Exploration and evaluation expenditure for each area of interest is carried forward where rights to the tenure of the area of interest are current and costs are expected to be recouped through revenue derived from the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing. Exploration and evaluation expenditure for an area of interest which does not satisfy the above policy is not carried forward as an asset and is written off in profit or loss.

Accumulated costs in relation to an abandoned area are written off in full in the statement of comprehensive income in the year in which the decision to abandon the area is made.

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

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

(i) Plant and equipment

Recognition and measurement

Plant and equipment items are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition on the items.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and Equipment:	13% to 27% straight line.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days or recognition.

(k) Borrowings

Borrowings are short term and initially recognised at fair value. There are no transaction costs associated with the borrowings. Interest on borrowings is accrued daily using the effective interest rate method and recognised in profit or loss over the period of the borrowings.

(l) Employee benefits

Wages and salaries, annual leave and sick leave

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

Long service leave

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

Retirement benefits obligations

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

Share based payments

Share-based compensation benefits are provided to Directors and other personnel of the Company.

The fair value of partly paid shares and options granted to directors and other personnel is recognised as an employee benefit expense with a corresponding increase in comprehensive income. The fair value is measured at grant date and recognised over the period during which the Directors and/or other personnel become unconditionally entitled to the partly paid shares or options.

The fair value at grant date is independently determined using a call option pricing model that takes into account the price, the term, the vesting and performance criteria, the impact of dilution of the partly paid share or option, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributed to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(n) Loss per share

Basic loss per share

Basic loss per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Joint venture agreements

The Company's joint venture agreements do not constitute separate legal entities. They are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit.

The joint venture agreements are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs in proportion to their ownership of joint venture assets. The joint ventures do not hold any assets and accordingly the Company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 1(h).

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payable in the Statement of Financial Position.

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

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases Note 18(b). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term.

(r) New accounting standards and interpretation

The following Australian Accounting Standards have been issued and/or amended and are applicable to the Company but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date. The Application Date of the standard is for the annual reporting periods beginning on or after the date shown in the table below.

Reference and Title	Nature of change to accounting policy and impact on initial application	Application date
AASB 9 Financial Instruments	Amends the requirement for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. However, AASB 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 Company does not have any financial liabilities measured at fair value through profit or loss. So there will be no impact on amounts recognised in the financial statements on initial adoption.	1 July 2015
AASB 11 Joint Arrangements	Joint arrangements to be classified as either 'joint operations' or 'joint ventures'. The Company's mineral exploration agreements with third parties do not constitute separate legal entities and do not constitute joint arrangements as defined by AASB11. They are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Consequently there is not expected to be any impact on amounts recognised in financial statements on initial adoption.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 12 Disclosure of Interests in Other Entities	Combines existing disclosures from IAS 27, IAS 28 and IAS 31. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.	1 July 2013
AASB 13 Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value on financial and non-financial items recognised at fair value in the financial statements. When this standard is adopted for the first time for the year commencing 1 July 2013, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. Additional disclosures will be required about fair values.	1 July 2013
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	When this standard is first adopted for the year commencing 1 July 2013, individual key management personnel disclosures relating to reconciliations of their option and shareholding balances, loans, and other transactions and balances, will no longer be presented in the notes to the financial statements under AASB 124. Instead, Regulation 2M.3.03(1) of the Corporations Act 2001 requires that these disclosures be included as part of the audited remuneration report.	1 July 2013
AASB 119 Employee Benefits	Employee benefits expected to be settled (as opposed to due to be settled under current standards) wholly within 12 months after the end of the reporting period are short-term benefits and therefore not disclosed when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of the end of the reporting period will in future be discounted when calculating leave liability. The Company does not have any annual leave liabilities and the first adoption of this statement for 1 July 2013 will have no impact on the financial statements.	1 July 2013
AASB 2012-5 Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRS, IAS 16 & IAS 32). When this standard is first adopted for the year commencing 1 July 2013, there will be no material impact.	1 July 2013
AASB 2012-9 Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 - Substantive enactment of Major Tax Bills in Australia – from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001. There will be no impact on first-time adoption of this amendment as the Company does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The Company does not operate a surface mine. There will therefore be no impact on the financial statements when this interpretation is first adopted.	1 July 2013
Interpretation 21 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. The Company is not liable to pay any government levies so there will be no impact on the financial statements when this interpretation is first adopted.	1 July 2014

NOTE 2 – FINANCIAL RISK MANAGEMENT

The Company, in its normal course of business, is exposed to financial risks comprising market risk (essentially interest rate risk), credit risk and liquidity risk.

The directors have overall responsibility for the Company's management of these risks and seek to minimise these risks through ongoing monitoring and review of the adequacy of the risk management framework in relation to the risks encountered by the Company.

Market risk

Price risk

The Company is exposed to equity securities price risks. This arises from an investment held and classified in the statement of financial position as available for sale.

The investment is in ordinary shares in an ASX listed exploration company. The shares are typically subject to relatively high price volatility, and, based on the recent historic share price, the table below summarises the impact of an increase/decrease of 50% of the share price of the investment as at 30 June 2013.

	Carry amount of asset available for sale	Overall impact of change in price of		Impact on post-tax profit		Impact on other components of equity	
2013		-50%	+50%	-50%	+50%	-50%	+50%
	$	$	$	$	$	$	$
Investment	4,374,150	(2,187,075)	2,187,075	(2,187,075)	-	-	2,187,075
2012		-50%	+50%	-50%	+50%	-50%	+50%
	$	$	$	$	$	$	$
Investment	1,072,500	(536,250)	536,250	(536,250)	-	-	536,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2 – FINANCIAL RISK MANAGEMENT (continued)

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale. As the fair value of the available-for-sale financial assets would still be above cost, no impairment loss would be recognised in profit or loss as a result of the decrease.

The Company's is exposed to Australian money market interest rates in respect of its cash assets. The risk is managed by monitoring the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of its cash assets and interest rate return.

Bank deposits at call, amounting to $0 (2012: $100,000), all mature within 30 days of balance date.

The weighted average rate of interest to which the Company was exposed on its cash assets as at the year end was 0.01% (2012: 3.17%).

The table below summarises the sensitivity of the Company's cash assets to interest rate risk. The Company has no interest rate risk associated with any of its other financial assets or liabilities. Whilst this analysis reflects the effect of a 0.5% decline in interest rates, recent Australian Treasury announcements and press reports would indicate a downward movement in interest rates of this magnitude to be likely over the next 12 months.

Financial Assets	Carrying amount of	Effect of decrease or increase on			
	cash assets	Post tax profit		Equity	
2013		-0.5%	+0.5%	-0.5%	+0.5%
	$	$	$	$	$
Cash & cash equivalents	63,258				
Total increase/(decrease)		(316)	316	(316)	316
2012		-0.5%	+0.5%	-0.5%	+0.5%
	$	$	$	$	$
Cash & cash equivalents	180,512				
Total increase/(decrease)		(903)	903	(903)	903

Liquidity risk

The Company has no significant exposure to liquidity risk as the Company's only debt is that associated with trade creditors in respect of which the Company's policy is to ensure payment within 30 days. The Company manages its liquidity by monitoring forecast cash flows.

Credit risk

The Company does not have any significant exposure to credit risk. The minimal exposure to credit risk that could arise is from having its cash assets all deposited at one bank. Whilst the risk of the bank failing is considered minimal, the Company manages this exposure by ensuring its funds are deposited only with a major bank with high security ratings.

Exposure to credit risk	2013	2012
	$	$
Closing carrying amount		
Cash & cash equivalents	63,258	180,512
Trade and other receivables	17,027	7,816

Fair value estimates

The carrying amount of the Company's financial assets and liabilities approximates fair value due to their short term maturity. The Company has no financial instruments carried at fair trade.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2 – FINANCIAL RISK MANAGEMENT (continued)

Capital management risk

The Company's objective in managing capital which consists primarily of equity capital is to safeguard its ability to continue as a going concern, so that it can continue to explore for minerals with the ultimate objective of providing returns for shareholders whilst maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets, or joint venture its projects.

The Company considers working capital to consist of cash, receivables, and financial assets available for sale less trade creditors and current provisions.

NOTE 3 – SEGMENT INFORMATION

Management has determined that the Company has one reportable segment, being mineral exploration within Australia. The Board of Directors, which constitutes the chief operating decision makers, monitors the Company based on actual versus budgeted exploration expenditure. This reporting framework is the most relevant to assist the Board with making decisions regarding its ongoing exploration activities.

	2013 $	2012 $
Reportable segment assets	7,320	3,566,634
Reportable segment loss	(3,602,232)	(1,157,664)
Reconciliation of reportable segment loss:		
Reportable segment loss	(3,602,232)	(1,157,664)
Other profit	286,462	154,594
Unallocated corporate expenses	(382,003)	(534,061)
Loss before tax	(3,697,773)	(1,537,131)

NOTE 4 – REVENUE AND OTHER INCOME

Revenue from continuing operations

Interest income	929	18,176

Other income

Rent	97,821	66,398
Gain on disposal of available-for-sale financial assets	187,474	-
Other	238	5,252
	285,533	71,650

Other income constitutes income from sublease of office premises and geological and administrative services on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5 – ADMINISTRATION EXPENSES

	2013	2012
	$	$
Loss before income tax includes the following specific administration expenses:		
Personnel expenses		
Salaries, director fees and other employment expenses	21,690	348,428
Superannuation	1,800	19,397
Increase in liability for annual leave and long service leave	-	19,307
Equity–settled share based payment	-	-
	23,490	387,132
Less: Capitalised to exploration	-	(200,456)
	23,490	186,676
Depreciation	1,790	2,407
Other administration expenses		
Accounting	50,553	50,840
Listing fees	24,249	2,883
Audit	19,743	22,548
Insurance	3,183	2,143
Office operating lease	140,432	131,904
Secretarial and administration	61,118	52,260
Other	57,445	82,400
	382,003	534,061

NOTE 6 – INCOME TAX

(a) Income tax expense/(benefit)

	2013	2012
The components of income tax expense/(benefit) comprise:		
Current tax	-	-
Deferred tax	(978,219)	-
	(978,219)	-

(b) Reconciliation of income tax benefit to Prima facie tax benefit on accounting loss

	2013	2012
Operating loss before income tax	(3,697,773)	(1,537,131)
Prima facie tax benefit at Australian tax rate of 30% (2012: 30%)	(1,109,332)	(461,139)
Adjusted for tax effect of the following amounts:		
Taxable/non –deductible items	-	-
Deductible/non-taxable items	(2,608)	(621)
Prior year adjustment	(1,262)	-
Benefit of previously unrecognised tax losses	(978,219)	-
Tax benefits not brought to account	1,113,202	461,760
Income tax benefit	(978,219)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 6 – INCOME TAX (continued)

(c) Income tax relating to each component expense/(benefit) of other comprehensive income	2013 $	2012 $
Change in fair value of available for sale assets	(978,219)	-
	(978,219)	-

(d) Deferred tax assets and liabilities not brought to account

The directors estimate that the potential deferred tax assets and liabilities carried forward but not brought to account at year end, at the Australian corporate tax rate of 30%, are made up as follows:

On income tax account:		
Carried forward losses	4,500,238	4,450,548
Deductible temporary differences	3,000	7,037
Taxable temporary differences	(2,196)	(1,069,745)
Taxable temporary difference (equity)	(978,219)	-
Unrecognised net deferred tax assets	3,522,823	3,387,840

These benefits will only be obtained if the conditions for deductibility set out in Note 1(d) occur.

An income tax benefit of $978,219 has been recognised from previously unrecognised carried forward tax losses in respect of the net credit balance of the Available-for-Sale Asset Reserve. The Deferred Tax Asset arising from this recognition has been offset against the Deferred Tax Liability.

(e) Minerals Resource Rent Tax (MRRT)

On 19 March, 2012, the Australian Government passed through the Senate, the *Minerals Resource Rent Tax Act 2012*, with application to certain profits arising from the iron ore and coal extracted in Australia. In broad terms, the tax is imposed on a project-by-project basis.

This tax applies to upstream mining operations only, and the effective rate of Minerals Resource Rent Tax is 22.5%.

This tax is considered to be an "income tax" for the purposes of AASB 112.

Certain transition measures are contained in the legislation which can give rise to deductions in future years, for MRRT purposes.

The Company's iron ore assets are not of a size that is likely to be subject to MRRT and consequently no valuation of the Company's iron ore assets with a view to calculating a possible impact on deferred tax has been performed. Even in the event that there was an impact on deferred tax assets, the Company does not currently recognise any deferred tax assets –Note 6(c).

NOTE 7 – CURRENT ASSETS – CASH AND CASH EQUIVALENTS	2013 $	2012 $
Cash at bank and on hand	63,258	80,512
Deposits at call	-	100,000
	63,258	180,512

Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 8 – CURRENT ASSETS – TRADE & OTHER RECEIVABLES	2013 $	2012 $
Other	17,027	7,816

Other receivables are expected to be repaid within 30 days of balance date. Information about the Company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in Note 2. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

No trade and other receivables are considered impaired, or are past due.

NOTE 9– CURRENT ASSETS – FINANCIAL ASSETS AVAILABLE FOR SALE	2013 $	2012 $
Opening balance	1,072,500	1,034,000
Acquisitions	-	330,000
Disposal	(41,580)	-
Revaluation	3,343,230	(291,500)
Closing balance	4,374,150	1,072,500

The listed equity securities were acquired during the 2011 financial year as consideration for the sale of exploration assets. Their market value on date of acquisition was $825,000. Additional securities were acquired as a consequence of a pro-rata entitlement offer during the 2012 financial year at a cost of $330,000. The securities have been revalued to market value using a quoted market price from the Australian Securities Exchange at balance date.

The maximum exposure to equity price risk at the end of the reporting period is the value of shares noted above. Refer to Note 2 for further details.

All securities are based on quoted prices in an active market. These are therefore measured as a Tier 1 instrument. Other than the acquisition of these securities, there has been no transfer between measurement levels during the year.

NOTE 10 – NON-CURRENT ASSETS – EXPLORATION ASSETS

Costs brought forward in respect of areas of interest in exploration and evaluation phase	3,566,634	4,331,376
Expenditure incurred during the period on exploration of tenements	45,496	710,257
Expenditure recovered	(2,578)	-
Disposal of tenements	-	(474,558)
Impairment of exploration expenditure	(3,602,232)	(683,106)
	7,320	3,566,634

The current year impairment of exploration expenditure of $3,602,232 arises as a consequence of the delay in the development of the Company's Weld Range HHIOJV project caused by the deferment of the construction of a railway and port at Oakajee.

For the assessment of the recoverability of the assets, refer Note 1(a)(ii)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11 – NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	2013 $	2012 $
Office and field equipment – at cost	65,864	65,864
Accumulated depreciation	(64,092)	(62,302)
Total office and field equipment	1,772	3,562
Total plant and equipment	1,772	3,562

2013	Office & field equipment $	Total $
Carrying amount at 1 July 2012	3,562	3,562
Additions during the period	-	-
Disposals during the period	-	-
Depreciation expense	(1,790)	(1,790)
Carrying amount at 30 June 2013	1,772	1,772

2012	$	$
Carrying amount at 1 July 2011	4,892	4,892
Additions during the period	1077	1,077
Depreciation expense	(2,407)	(2,407)
Carrying amount at 30 June 2012	3,562	3,562

NOTE 12 – CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2013 $	2012 $
Trade creditors and accruals	26,392	38,956
Employee entitlements	-	391
	26,392	39,347

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 2.

NOTE 13 – EQUITY – ISSUED CAPITAL

	2013 $	2012 $
(a) Share capital		
140,670,887 (2012: 140,670,887) ordinary shares fully paid	19,321,999	19,321,999
2,650,000 (2012: 2,650,000) ordinary shares paid to 0.1 cent	2,650	2,650
	19,324,649	19,324,649

(b) Ordinary Shares

Rights attaching to ordinary shares

The ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and in the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote. The fully paid ordinary shares are listed on the Australian Securities Exchange and carry no trade restrictions.

Rights attaching to partly paid ordinary shares

The partly paid ordinary shares are not transferable and may participate in pro-rata entitlements only to the extent of the capital paid up. They may be converted to fully paid shares at any time on payment of the amount unpaid upon which application will be made for listing of the shares on the Australian Securities Exchange. The resulting fully paid ordinary shares have the same rights as other ordinary shares. The shares are subject to calls on uncalled capital at the discretion of the Directors.

The Company's capital risk management policy is set out in Note 2.

(c) Movements in ordinary share capital during the past two years

Fully Paid Shares

Date	Details	Number of shares	Issue price cents	Amount $
2013				
1 July 2012	Balance	140,670,887		19,321,999
	Issue of ordinary shares	-		-
30 June 2013	Balance	140,670,887		19,321,999
2012				
1 July 2011	Balance	130,155,897		18,484,444
	Issue of ordinary shares	10,514,990	8	841,199
	Capital raising costs	-		(3,644)
30 June 2012	Balance	140,670,887		19,321,999

Partly Paid Shares

Date	Details	Number of shares	Weighted average issue price cents	Amount outstanding $	Paid up per share cents	Total paid up $
2013						
1 July 2012	Balance	2,650,000	20.6	542,350	0.1	2,650
	No movement	-		-		-
30 June 2013	Balance	2,650,000	20.6	542,350	0.1	2,650
2012						
1 July 2011	Balance	2,650,000	20.6	542,350	0.1	2,650
	No movement	-		-		-
30 June 2012	Balance	2,650,000	20.6	542,350	0.1	2,650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13 – EQUITY - ISSUED CAPITAL (continued)

(d) Shares Options - Unlisted

Options on issue and movements in options

	2013 Number of Options	2012 Number of Options	Grant Date	Expiry Date	Exercise Price Per option cents
At 1 July	500,000	500,000			
Options issued: staff	-	-			
Options exercised	-	-			
Options lapsed	-	-			
At 30 June	500,000	500,000	7 Dec 2010	6 Dec 2013	30

NOTE 14 – EQUITY – RESERVES

	2013 $	2012 $
Available for sale financial assets	2,282,511	(82,500)
Share based payments	206,265	206,265
	2,488,776	123,765

Nature and purpose of reserves

The share based payments reserve records items recognised as expenses on valuation of partly paid shares and options issued to employees.

The available for sale financial asset reserve arises from changes in the fair value of equities classified as available-for-sale financial assets net of tax. The changes in value are recognised in other comprehensive income as described in note 1(g) and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

NOTE 15 – KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation

Short-term employee benefits	20,000	169,240
Post-employment benefits	1,800	41,666
Termination benefits	-	184,488
	21,800	395,394

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' Report accompanying these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15 – KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings

The numbers of shares held during the year by key management personnel, including those held by their personally related entities are set out below:

2013	Balance 1 July 2012	Received as remuneration	Shares paid up	Net changes other	Balance 30 June 2013
Fully paid shares					
Directors					
J N Pitt	51,661,578	-	-	-	51,661,578
N Tomkinson	7,993,970	-	-	-	7,993,970
W S Forte	3,406,419	-	-	-	3,406,419
	63,061,967	-	-	-	63,061,967
Partly paid shares					
Directors					
W S Forte					
Issued for 10 cents paid to 0.1cent	200,000	-	-	-	200,000
Issued for 20 cents paid to 0.1cent	1,200,000	-	-	-	1,200,000
Issued for 25 cents paid to 0.1cent	500,000	-	-	-	500,000
	1,900,000	-	-	-	1,900,000

There were no shares granted as compensation during the reporting period.

Net changes other relate to shares purchased or sold during the financial year.

2012	Balance 1 July 2011	Received as remuneration	Shares paid up	Net changes other	Balance 30 June 2012
Fully paid shares					
Directors					
J N Pitt	46,965,072	-	-	4,696,506	51,661,578
N Tomkinson	7,274,700	-	-	719,270	7,993,970
W S Forte	3,095,894	-	-	310,525	3,406,419
	57,335,666	-	-	5,726,301	63,061,967
Partly paid shares					
Directors					
W S Forte					
Issued for 10 cents paid to 0.1cent	200,000	-	-	-	200,000
Issued for 20 cents paid to 0.1cent	1,200,000	-	-	-	1,200,000
Issued for 25 cents paid to 0.1cent	500,000	-	-	-	500,000
	1,900,000	-	-	-	1,900,000

None of the shares are held nominally.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15 – KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings (continued)

The relevant interest of Mr Tomkinson and Mr Pitt in the shares of the Company is their combined holding of 59,655,548 shares (2012: 59,655,548 shares).

(c) Options

No options are held by key management personnel.

(d) Loans

There are no loans made to directors or other key management personnel of the Company, other than those disclosed at Note 19(b).

NOTE 16 – REMUNERATION OF AUDITORS

	2013 $	2012 $
During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:		
Amounts received, or due and receivable, by BDO Audit (WA) Pty Ltd for:		
Auditing the financial report of the Company	19,743	22,548
Other services	-	-
	19,743	22,548

NOTE 17 – CONTINGENCIES

Contingent Liabilities

There are no contingent liabilities for termination benefits under service agreements with Directors or executives at 30 June 2013.

The Directors are not aware of any other contingent liabilities at 30 June 2013.

NOTE 18 – COMMITMENTS

(a) Mineral Tenements

In order to maintain the mineral tenements in which the Company and other parties are involved, the minimum annual expenditure conditions under which the tenements are granted need to be fulfilled. The minimum estimated expenditure in accordance with the requirements of the Western Australian Department of Mines and Petroleum for the next financial year is set out below:

	2013	2012
Minimum estimated expenditure requirements	-	135,086

The current year minimum estimated requirements are nil on account of the expenditure commitments being the responsibility the Company's joint venture partners. The estimated expenditure represents potential expenditure which may be avoided by relinquishment of tenure. Exploration expenditure commitments beyond twelve months cannot be reliably determined..

(b) Operating Leases

Commitment for minimum lease payments in relation to a non-cancellable operating lease of the Company's premises are payable as follows:

Within one year	104,715	104,715
Later than one year, but not longer than five years	-	-
	104,715	104,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19 – RELATED PARTY TRANSACTIONS

(a) Key management personnel

Directors of the Company during the financial year were:

JN Pitt
N Tomkinson
WS Forte

Disclosures relating to key management personnel are set out in Note 15.

(b) Other transactions with director-related entities

During the financial year the Company received $60,218 (2012: $27,424) from Red Hill Iron Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for rental of office space and administration services supplied by the Company on normal commercial terms and conditions determined on an arms-length basis between the companies.

During the financial year the Company received $787.97 (2012: $0) from Traka Resources Limited, a listed company of which Mr Pitt and Mr Tomkinson are directors and shareholders, for staff amenities paid by the Company on normal commercial terms and conditions determined on an arms-length basis between the companies.

During the financial year the Company entered into an exploration joint venture with Alphabrass Resources Limited, a private company of which Mr Pitt and Mr Tomkinson are directors and in which private companies associated with Mr Pitt and Mr Tomkinson are shareholders. Alphabrass is headed by two of its directors and shareholders, Mr John McIntyre and Dr Scott Halley, who are unrelated to Mr Tomkinson and Mr Pitt. The Company entered into the joint venture with Alphabrass on normal commercial terms and conditions determined on an arms-length basis between the companies. The Company also received during the year, on normal commercial terms and conditions, payments from Alphabrass amounting to $2,670 (2012 $Nil) in respect of exploration expenses and staff amenities incurred by the Company.

During the prior financial year the Company received, and repaid, a short term working capital facility of $300,000 from Wythenshawe Pty Ltd, a company of which Mr Pitt is a shareholder. The loan was on normal commercial terms and conditions, determined on an arms-length basis between the companies, and bore interest at 5%per annum.

NOTE 20 – INTERESTS IN JOINT VENTURES

The Company has interests in the following mineral exploration joint ventures as at 30 June 2013:

Name of Project	Interest	Activities	Other parties
Weld Range - Ferrous	100%	Iron Ore	Sinosteel Midwest Corporation Ltd (earning 60%)
Weld Range - Non Ferrous	0%	Right to 100% interest in base metals gold and PGMs subject to royalty	Sinosteel Midwest Corporation Ltd 100% (Hampton can earn up to 100%)
Ryansville Joint Venture	100%	Rights to metals	Alphabrass Resources Pty Ltd (earning 51%)

The Company's joint ventures do not constitute separate legal entities but are contractual agreements between the participants for the sharing of costs and output and do not in themselves generate revenue and profit. Refer Note 1(o).

NOTE 21 – EVENTS OCCURRING AFTER BALANCE DATE

To the best of the Directors' knowledge and belief there have been no material items, transactions or events subsequent to 30 June 2013 which, although they do not relate to conditions existing at that date, have not been dealt with in these financial statements and which would cause reliance on the information shown in this report to be misleading.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 – CASH FLOW INFORMATION

	2013	2012
	$	$
Reconciliation of loss after income tax to net cash flow from operating activities		
Loss after income tax	(2,719,554)	(1,537,131)
Depreciation	1,790	2,407
Exploration expenditure written off	3,602,232	683,106
Loss on disposal of tenements	-	474,558
Recovery from exploration property	2,578	-
Exploration expenditure capitalised	(45,496)	(392,923)
Tax on fair value gain on available-for-sale asset	(978,219)	-
Net gain on disposal of available-for-sale asset	(187,474)	-
Change in operating assets and liabilities:		
(Increase)/decrease in debtors	(9,490)	(1,986)
(Decrease)/increase in creditors	(12,954)	(134,893)
Decrease/(increase) in GST receivable	279	15,830
Net cash outflow from operating activities	(346,308)	(891,031)

NOTE 23 – EARNINGS PER SHARE

	Cents	Cents
Basic and diluted loss per share		
From continuing operations attributable to the ordinary equity holders of the Company	1.9	1.1
Reconciliation of loss	$	$
The loss used in calculating the basic and diluted loss is equal to the loss attributed to ordinary equity holders of the Company in the Statement of profit or loss and other comprehensive income	2,719,554	1,537,131
	No. of Shares	No. of Shares
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	140,683,772	130,173,675

The weighted average number of ordinary shares used in calculating basic and diluted loss per share is derived from the fully paid and partly paid ordinary shares on issue.

The diluted loss per share is the same as the basic loss per share on account of the Company's potential ordinary shares (in the form of partly paid shares to the extent that they are not entitled to participate in dividends) not being dilutive because their conversion to fully paid ordinary shares would not increase the loss per share.

NOTE 24 - SHARE-BASED PAYMENTS

The Company from time to time issues partly-paid ordinary shares and options to key management personnel and other employees as part of their remuneration. To date 2,650,000 partly-paid shares and 500,000 options have been issued in terms of this remuneration practice and details of these partly paid shares and options including movements over the past two years are set out in Note 13.

No options were issued during the year.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Company.

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

3. The directors have been given the declarations by the executive chairman and company secretary required by section 295A of the *Corporations Act 2001*.

4. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

J N Pitt
Chairman

Perth 24 September 2013

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Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HAMPTON HILL MINING NL

Report on the Financial Report

We have audited the accompanying financial report of Hampton Hill Mining NL, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 company's preparation of the financial report that gives a true and fair view 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 company'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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hampton Hill Mining NL, 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 Hampton Hill Mining NL is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Hampton Hill Mining NL for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 24th day of September 2013