



**AND ITS CONTROLLED ENTITY**

ABN 43 131 213 824

**ANNUAL REPORT  
30 JUNE 2014**

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

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### CORPORATE DIRECTORY

#### Directors

Andrew Johnstone – Executive Director  
William Hayden – Non-Executive Chairman  
Nicholas Raffan – Non-Executive Director

#### Company Secretary

Jay Stephenson

#### Registered office

Level 4, 66 Kings Park Road  
West Perth WA 6005  
Telephone 08 6141 3530  
Facsimile 08 6141 3599  
Website: [www.condotoplatinum.com.au](http://www.condotoplatinum.com.au)  
Email: [info@condotoplatinum.com.au](mailto:info@condotoplatinum.com.au)

#### Auditor

Bentleys  
Level 1, 12 Kings Park Road  
West Perth WA 6005

#### Share Registry

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

#### Securities Exchange Listing

Australian Securities Exchange Limited  
Exchange Plaza  
Level 8, 2 The Esplanade  
Perth WA 6000

**ASX Code – CPD**

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## **DIRECTORS' REPORT**

Your Directors present their report, together with the financial statements of Condoto Platinum NL ("the Company") and its controlled entity Condoto Platinum Limited ("the Group") for the financial year ended 30 June 2014.

### **Directors**

The names of Directors in office at any time during or since the end of the year are:

Mr Andrew Johnstone – Executive Director

Mr William Hayden - Non Executive Chairman

Mr Nicholas Raffan - Non-Executive Director (Appointed 11 March 2014)

Mr Philip O'Neill – Managing Director (Resigned 11 March 2014)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### **Company Secretary**

The following person held the position of Company Secretary at the end of the financial year:

Mr Jay Stephenson — Certified Practicing Accountant (FCPA) Chartered Secretary (FCIS) Master of Business Administration (MBA), Certified Management Accountant (CMA), Member of the Australian Institute of Company Directors (MAICD).

Mr Stephenson was appointed as Company Secretary for the Company on 1 July 2009.

### **Principal Activities**

The Company is primarily involved in the exploration of gold and platinum at its Condoto platinum project in Colombia.

### **Review of Operations**

The 12 months to June 2014 have proven to be a challenging time in Colombia. There can be no doubt of the country's potential to deliver world class resources, however, an election and escalation of security related incidents across the country has unfortunately impacted Condoto's plans for the year.

Condoto enthusiastically began the year with exploration at Cerro El Tambito located on the Tamana River, upstream of Condoto's base of operations at Novita. Condoto's strategy was to investigate areas of its 105,975 hectare land position that have never been explored before. The large land position is titled under the Novita Agreement. The goal was to identify primary sources of the world class alluvial gold and platinum mineralisation found in the Novita and Choco Departments of Colombia.

The sampling program at Cerro El Tambito was successful in discovering a high-grade zone of mineralisation, consisting of quartz veins developed within shear zones cutting schists and intrusive rocks. Surface sampling across the mineralisation returned an average grade of 63.25 g/t Au over a 9.8 metre zone. This was the first report of primary shear-hosted gold in Choco Department.

Unfortunately at the same time the Novita bulk sampling operations (Martinez Mine) were disrupted during this period: first by a national mine worker strike that affected much of Colombia; and then by slope instability and collapse of the active face being worked by Condoto in the Martinez pit, caused by unusually heavy rains in the region. In addition, the security situation deteriorated, with Colombian Government efforts to combat illegal and unlicensed mining throughout the country. The Choco Department was notably affected by these events, and appropriate steps were taken to de-commission the bulk sampling plant and put the operation on care and maintenance. Whilst the operations remain under Care and Maintenance for accounting purposes the directors impaired the carrying value of the exploration assets and will revisit the assessment if the security situation changes.

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### DIRECTORS' REPORT

#### Review of Operations (Continued)

Despite the problems at Novita, Condoto continued to explore/investigate the Cerro El Tambito with further sampling, and significant gold grades were reported during the December quarter. Mapping showed the gold was hosted in a shear zone approximately 10m thick and having a surface extent of over 80m, however, mapping the full extent of shear zone was restricted by thick vegetation and extremely steep topography. Towards the end of the December quarter, a further deterioration of the security situation in the region led to non-essential workers being moved out of the Novita camp and the Novita camp was placed in lockdown. A decision was made to wait until the May National Election was decided before re-establishing bulk sampling activities at Novita.

While reducing its on-ground activities in Columbia, Condoto completed a thorough review of all aspects of operations. As a result, numerous cost saving measures both in Australia and Colombia were implemented. In addition, the board and management team was restructured in late 2013. Conservation of cash began early, when it became clear that Condoto may have to wait for both elections to be completed and an undefined period thereafter, allowing for security to hopefully improve. It was evident even in early 2014, when reported to the market, that Condoto may have to wait until 2015 before it could re-engage in Novita.

On the 15 June 2014 incumbent President Juan Manuel Santos was re-elected with 51% of the vote after a second round of Colombian national voting.

The re-election of the Santos Government was mostly seen as a positive outcome by both, local and international observers. The election provided the opportunity to continue efforts to negotiate the final stages of a nationwide peace agreement with rebel groups. Santos started to initiate peace agreements in earnest in 2012 during his previous term as President.

Condoto continues to closely monitor the local security situation at Novita, where its exploration camp and holding yard is located. At 30 June 2014, all Condoto equipment had been moved to and held in the Novita Camp, with a regular maintenance routine in place to ensure both, equipment and the camp are kept in good standing for re-establishment and re-deployment to test local alluvial sites for gold and platinum at an appropriate time in the future. Whilst the camp and equipment remains in good standing and is ready for re-deployment, for accounting requirements the directors impaired the carrying value of the plant and equipment assets and will revisit the assessment if the security situation changes.

The security situation at Novita was widely tipped to improve after the Santos Government got re-elected. With improved prospects on the horizon a study and costing for re-commencement of Novita operations was completed. Additionally, a desktop study has been initiated to focus Condoto on the best areas for alluvial sampling leading up to the end of the year. Condoto continues to monitor the security situation in Colombia. Condoto is cognisant of the fact that the company may need to find and develop alternative assets in order to grow the company, should the situation in Colombia fail to improve by the end of 2014.

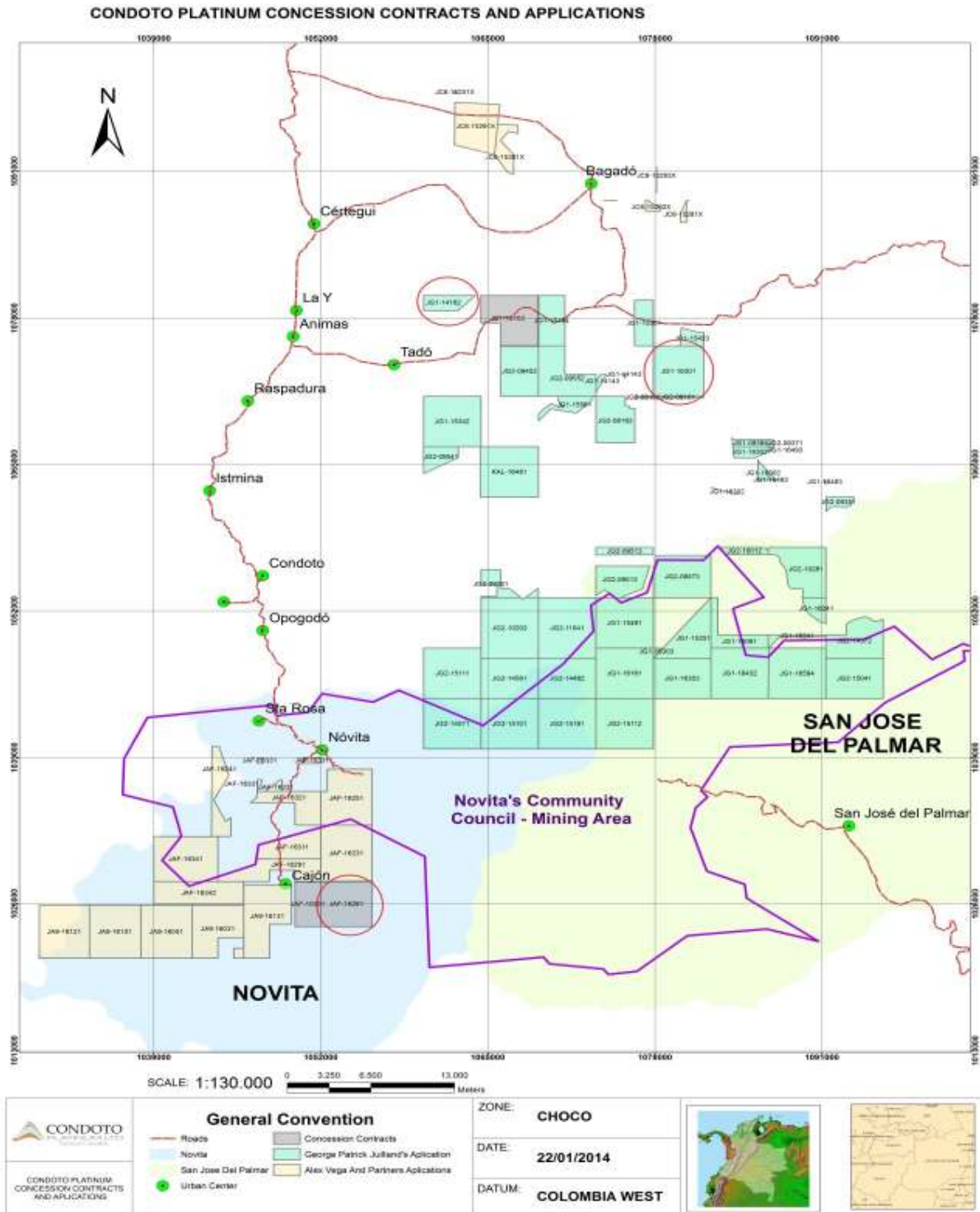
Due to the uncertainty affecting Condoto's current operations, the company is actively considering options, which initially include identifying and acquiring new exploration and/or development opportunities in greater South and Central America.

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## DIRECTORS' REPORT

### Review of Operations



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### DIRECTORS' REPORT

#### Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Johnstone, who is a Member of the Australian Institute of Geoscientists. Mr Andrew Johnstone has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Andrew Johnstone who is an Director of the Company, consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### Results of Operations

The consolidated loss for the year amounted to \$12,193,043 (2013: loss \$3,497,631).

#### Financial Position

The net assets of the Group have decreased by \$12,113,851 to \$539,989 at 30 June 2014. The decrease is attributable to the directors resolving to impair the carrying value of Capitalised Exploration and Plant and Equipment due to the political environment in the Choco region of Colombia.

#### Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2014.

#### Significant Changes in State of Affairs

On the 11 March 2014, Philip O'Neill tendered his resignation as Managing Director of the Company at this date existing board member Andrew Johnstone assumed the position of Executive Director of the Company. On the 11 March 2014, Nicholas Raffan was appointed as Non-executive director of the Company.

The Board continued to closely monitor the local security situation at Novita where Condoto exploration camp and holding yard is located. All Condoto equipment is being held in the Novita Camp. A regular maintenance routine is in place to ensure equipment and the camp is kept in good standing for re-establishment and re-deployment to test local alluvial sites for gold and platinum at an appropriate time in the future. Given the ongoing security issues the board decided to impair the carrying values of non-current assets.

No other significant changes in the nature of the Company's activities have occurred during the year.

#### Events after the reporting period

The Company has received commitments to place 8,423,250 shares at \$0.021 per share to raise \$176,888 before costs. The placement will be made to sophisticated investor clients of Veritas Securities Limited and falls within the Company's 15% capacity.

There have been no other matters or circumstances since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### Proceedings on Behalf of Company

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

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

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### DIRECTORS' REPORT

#### Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors 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, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
- No indemnity has been paid to auditors.

#### Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Group is subject to.

#### Future Developments, Prospects and Business Strategies

Other than those matters noted elsewhere in this financial report, likely developments, future prospects and business strategies of operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

#### Information on Directors

<b>Mr Andrew Johnstone</b>	— Non-Executive
Qualifications	— B.SC (Hon) Economic Geology and Geophysics and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a member of the Australian Institute of Geoscientists (MAIG) and a Fellow of the Financial Services Institute of Australia (FFin).
Experience	— Andrew is a qualified geologist and is the former Managing Director of ASX listed Central Australian Phosphate Limited recently taken over by Rum Jungle Resources Limited. He previously held senior management positions in a number of ASX listed companies including Discovery Metals and Gulf Industrials and was a founding director of Alligator Energy. During the 1990's, Andrew worked for BHP both in Australia and internationally. He brings to Condoto over 20 years' experience working in exploration, resource development, and mining. Andrew has a B.Sc (Hon) Economic Geology and Geophysics from the University of Tasmania and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He is a member of the Australian Institute of Geoscientists (MAIG) and a Fellow of the Financial Services Institute of Australia (FFin).
Interest in Shares and Options	— 150,000 Shares and 250,000 Options
Special Responsibilities	— None
Directorships held in other listed entities	— Bora Bora Resources Limited (since 31 March 2011) — Central Australian Phosphate Limited (from 7 June 2011 to 18 September 2013)
<b>Mr William "Bill" Hayden</b>	— Chairman and Non Executive Director - appointed 22 March 2011
Qualifications	— Bachelor of Science (Hons) in Geology



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### DIRECTORS' REPORT

#### Information on Directors

Experience — Bill is a geologist with over 37 years experience in the mineral exploration industry, much of which has been in Africa and the Asia-Pacific region. Bill was the founder and President of Ivanhoe Mines Limited (formerly Ivanplats), a Canadian company which has assembled extensive mineral holdings in South Africa, Gabon, and the Democratic Republic of Congo. Since 1986 Bill has worked in a management capacity with several exploration and mining companies both in Australia and overseas. Bill served as former president of Ivanhoe Philippines, Inc. (an Ivanhoe Mines wholly owned subsidiary), and President of GoviEx Uranium Inc.. He is a director of Sky Alliance Resources, Ivanhoe Mines Limited, Asia Pacific Mining Limited, ASX listed Globe Metals & Mining, TSX listed Sunward Resources Ltd, and HKSE listed China Polymetallic Mining Ltd.

Interest in Shares and Options — 2,500,000 options

Special Responsibilities — None

Directorships held in other listed entities — Globe Metals & Mining Limited (since November 2009)  
— Sunward Resources Limited (TSX Listed) (since September 2010)  
— China Polymetallic Mining Limited (HKSE Listed) (since November 2011)  
— Ivanhoe Mines Limited (since March 2007)

**Mr Nicholas Raffan** — Non Executive Director – Appointed 11 March 2014

Qualifications — BA - School of Earth Science  
— Post Graduate Diploma in Geoscience majors in Mineral Exploration and Mineral Economics  
— PS 146 Compliant: Generic and Securities  
— Member of Australian Institute of Geoscientists

Experience — Nicholas is a qualified geologist with over 35 years experience in company management, mineral exploration, stock broking, funds management and other financial services.

Interest in Shares and Options — Nil

Special Responsibilities — None

Directorships held in other listed entities — No directorships in other listed entities

**Mr Philip O'Neill** — Managing Director – resigned 11 March 2014

Qualifications — Bachelor of Applied Science degree (Honours Program)

Experience — Phil is the Chief Executive Officer and a director of TSX listed Sunward Resources, a director of TSX Venture listed West African iron Ore, and a director of Asia Pacific Mining Limited. He brings to the company an extensive knowledge of capital markets and substantial experience in the negotiation and acquisition of mineral projects in Colombia. In 2006, Phil founded MP1 Capital as an investment vehicle for high growth opportunities in the natural resource sector. Prior to establishing MP1 Capital, Phil worked as a research consultant for Casey Research. He holds a Bachelor of Applied Science degree, Honours Program, from the University of Guelph.

Interest in Shares and Options — 2,000,000 options

Special Responsibilities — None



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## DIRECTORS' REPORT

### Information on Directors

Directorships held in other listed entities — Sunward Resources Ltd. (TSX Listed) ( since March 2010)  
— West African Iron Ore (TSX-V Listed) (since May 2013)

### Meetings of Directors

The number of Directors' meetings held during the year and the number of meetings attended by each of the Directors of the Company during the year are:

	Number eligible to attend	Number attended
Andrew Johnstone	4	4
William Hayden	4	4
Nicholas Raffan (appointed 11 March 2014)	1	1
Philip O'Neill (resigned 11 March 2014)	3	3

### Options

Unissued ordinary shares of Condoto Platinum NL under option at the date of this report are as follows:

Expiry date	Exercise Price	Number under option
30 November 2014	\$1.50	5,250,000
30 November 2014	\$1.01	1,000,000
1 July 2015	\$0.20	3,000,000
31 October 2015	\$0.47	500,000
16 November 2016	\$0.70	1,000,000
18 April 2016	\$0.80	910,000
1 December 2016	\$0.10	350,000
		<hr/>
		12,010,000
		<hr/>

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

No options were exercised during the year.

### Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Non-audit service fees related to the period amounted to \$3,700 for taxation services for the year ended 30 June 2014.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 15 of the financial report.

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### DIRECTORS' REPORT

#### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Condoto Platinum NL, and Key Management Personnel receiving the highest remuneration.

#### A. Key Management Personnel Remuneration Policy

The remuneration policy of Condoto Platinum NL has been designed to align Director and management objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board of Condoto Platinum NL believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and Directors to run and manage the Company, as well as create goal congruence between Directors, executives and shareholders.

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

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, options and performance incentives. The board reviews executive packages annually by reference to the Company's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

The Australian based non-executive directors are entitled to receive a superannuation guarantee contribution required by the government, which is 9% for period ending 30 June 2013, and 9.25% starting 1 July 2013, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The Non-Executive Directors have been provided with options that are meant to incentivise the Non-Executive Directors. The board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and Directors and executives performance. Currently, this is facilitated through the issue of options to the majority of Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

#### B. Details of Remuneration for Year Ended 30 June 2014

The Key Management Personnel of Condoto Platinum NL include the Directors and Company Secretary of the Company. There are no other Key Management Personnel as at 30 June 2014.

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses.

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## DIRECTORS' REPORT

### REMUNERATION REPORT (AUDITED)

2014

Group Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as options
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options <sup>1</sup>		
Directors:	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Andrew Johnstone	53,333	-	-	-	-	-	-	6,387	59,720	10.69
William Hayden	66,667	-	-	-	6,167	-	-	33,396	106,230	31.44
Nicholas Raffan (appointed 11 March 2014)	8,750	-	-	-	-	-	-	-	8,750	-
Philip O'Neill (resigned 11 March 2014)	46,721	-	-	-	-	-	-	48,042	94,763	50.69
Company Secretary: Jay Stephenson	-	-	-	81,000 <sup>2</sup>	-	-	-	2,555	83,555	3.1
	175,471	-	-	81,000	6,167	-	-	90,380	353,018	

2013

Group Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as options
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Super-annuation	Other	Equity	Options		
Directors:	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Philip O'Neill	80,000	-	-	-	-	-	-	198,883	278,883	71%
William Hayden	80,000	-	-	-	7,200	-	-	46,754	133,954	35%
Andrew Johnstone (appointed 23 November 2012)	24,222	-	-	-	-	-	-	-	24,222	-
Brian Thomas (resigned 23 November 2012)	15,907	-	-	-	1,432	-	-	-	17,339	-
Company Secretary: Jay Stephenson	-	-	-	90,000 <sup>1</sup>	-	-	-	-	90,000	-
	200,129	-	-	90,000	8,632	-	-	245,637	544,398	

<sup>1</sup> Share based payment represent share options granted during 2012 and 2013 as approved at the AGM held 23 November 2012 and 29 November 2013. These options were valued in accordance with International Financial Reporting Standards which specifies that an option pricing model be applied to employees' or directors' options to estimate their 'fair value' as at their grant date and allocated to each reporting period evenly over the period from grant date to vesting date. In this instance the 'fair value' is determined by the Black-Scholes option pricing model for options and a market price for ordinary shares. The directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is in any way representative of the market value of the share options issued. The values ascribed in the table above were prepared to allow accounting entries to be processed in the books of the Company in accordance with the International Financial Reporting Standards. The exercise prices of the options at the date of this report and at the date of issue are at a price in excess of current market value. Refer to Note 16 Share Based Payments for details.

<sup>2</sup> This was paid to Wolfstar Group Pty Ltd for corporate secretarial and accounting services

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### REMUNERATION REPORT (AUDITED)

#### C. Service Agreements

There are no service agreements.

#### D. Share-based remuneration

	Grant Date	No.	FV per option at grant date	No. vested during the year	% of grant vested	% of grant forfeited	Expiry date
<i>Directors:</i>							
Andrew Johnstone	05/12/2013	250,000	\$0.025	250,000	100	-	01 December 2016
William Hayden	31/05/2011	2,000,000	\$0.4883	-	100	-	30 November 2014
William Hayden	28/11/2012	500,000	\$0.1603	500,000	100	-	31 October 2015
Philip O'Neill	12/12/2011	1,000,000	\$0.3159	-	100	-	30 November 2014
Philip O'Neill	28/11/2012	1,000,000	\$0.1153	1,000,000	100	-	16 November 2015
<i>Company secretary:</i>							
Jay Stephenson	31/05/2011	125,000	\$0.4883	-	100	-	30 November 2014
Jay Stephenson	05/12/2013	100,000	\$0.025	100,000	100	-	01 December 2016
		<u>4,975,000</u>					

The options have been granted to Key Management Personnel (KMP) to provide a market-linked incentive package in their capacity as KMP and for future performance by them in their roles. The KMP options will vest, unless otherwise stated and approved by shareholders, 12 months after the issue date and if the KMP is continually employed by the Company during that 12 months.

The value of options granted as remuneration and as shown in the table above has been determined in accordance with applicable accounting standards.

The dollar value of the percentage vested during the period has been reflected in the Table of Benefits and Payments on the previous page.

All options were issued by Condoto Platinum NL and entitle the holder to one ordinary share in Condoto Platinum NL for each option exercised.

#### E. Other Information

##### Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

##### Other transactions with Key Management Personnel

There were no other transactions with Key Management Personnel during the financial year.

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### REMUNERATION REPORT (AUDITED)

#### E. Other Information

##### Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2014 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2014	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
Andrew Johnstone	-	250,000	-	-	250,000	250,000	-
William Hayden	2,500,000	-	-	-	2,500,000	2,500,000	-
Nicholas Raffan (appointed 11 March 2014)	-	-	-	-	-	-	-
Philip O'Neill <sup>3</sup> (resigned 11 March 2014)	2,000,000	-	-	-	2,000,000	2,000,000	-
Jay Stephenson	125,000	100,000	-	-	225,000	225,000	-
<b>Total</b>	<b>4,625,000</b>	<b>350,000</b>	<b>-</b>	<b>-</b>	<b>4,975,000</b>	<b>4,975,000</b>	<b>-</b>

30 June 2013	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
William Hayden	2,000,000	500,000	-	-	2,500,000	2,000,000	500,000
Philip O'Neill	1,000,000	1,000,000	-	-	2,000,000	1,000,000	1,000,000
Andrew Johnstone (appointed 22 November 2012)	-	-	-	-	-	-	-
Brian Thomas <sup>4</sup> (resigned 23 November 2012)	1,000,000	-	-	-	1,000,000	1,000,000	-
Jay Stephenson	125,000	-	-	-	125,000	125,000	-
<b>Total</b>	<b>4,125,000</b>	<b>1,500,000</b>	<b>-</b>	<b>-</b>	<b>5,625,000</b>	<b>4,125,000</b>	<b>1,500,000</b>

<sup>3</sup> Balance at resignation date

<sup>4</sup> Balance at resignation date

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### REMUNERATION REPORT (AUDITED)

#### E. Other Information

#### Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2014 reporting period held by each of the Key Management Personnel of the Group; including their related parties are set out below.

	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
<b>30 June 2014</b>					
Andrew Johnstone	10,000	-	-	140,000	150,000
William Hayden	-	-	-	-	-
Nicholas Raffan (appointed 11 March 2014)	-	-	-	-	-
Philip O'Neil <sup>5</sup> (resigned 11 March 2014)	-	-	-	-	-
Jay Stephenson	20,000	-	-	-	20,000
<b>Total</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>140,000</b>	<b>170,000</b>

	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
<b>30 June 2013</b>					
William Hayden	-	-	-	-	-
Philip O'Neill	-	-	-	-	-
Andrew Johnstone <sup>6</sup> (appointed 22 November 2012)	10,000	-	-	-	10,000
Brian Thomas <sup>7</sup> (resigned 23 November 2012)	30,001	-	-	-	30,001
Jay Stephenson	20,000	-	-	-	20,000
<b>Total</b>	<b>60,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,001</b>

#### End of Remuneration Report

<sup>5</sup> Balance at resignation date

<sup>6</sup> Balance at appointment date

<sup>7</sup> Balance at resignation date

**CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY**

ABN 43 131 213 824

**ANNUAL REPORT 30 JUNE 2014**

**DIRECTORS' REPORT**

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



**Andrew Johnstone**

**Executive Director**

Dated 30 September 2014



**Bentleys Audit & Corporate  
(WA) Pty Ltd**

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To The Board of Directors

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

As lead audit director for the audit of the financial statements of Condoto Platinum NL for the financial year ended 30 June 2014, 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.

Yours faithfully



**BENTLEYS**  
**Chartered Accountants**



**MARK DELAURENTIS CA**  
**Director**

DATED at PERTH this 30<sup>th</sup> day of September 2014

**CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY**

ABN 43 131 213 824

**ANNUAL REPORT 30 JUNE 2014**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014	2013
		\$	\$
Revenue	2	29,538	101,678
Other Income	2	-	65,524
Accounting and administration expense		(141,632)	(177,774)
Audit fees		(44,328)	(47,233)
Legal and consulting fees		(2,241)	(31,575)
Directors fees		(175,471)	(200,129)
Depreciation expense		(119,104)	(119,139)
Employee benefits expense	3	(6,802)	(9,308)
Insurance expense		(8,339)	(21,657)
Share-based payment expense	16	(90,379)	(2,720,638)
Share registry and listing fees		(34,477)	(32,031)
Exploration expense not capitalised		(2,465)	(10,087)
Travel and accommodation expenses		(6,252)	(60,386)
Lease expense		(2,338)	(28,704)
Impairment expense	3	(11,513,697)	-
Other administrative expenses		(75,056)	(206,172)
<b>Results from operating activities</b>		<u>(12,193,043)</u>	<u>(3,497,631)</u>
<b>Loss before income tax</b>		<u>(12,193,043)</u>	<u>(3,497,631)</u>
Income tax expense	4	-	-
<b>Loss for the period</b>		<u>(12,193,043)</u>	<u>(3,497,631)</u>
<b>Other comprehensive income:</b>			
Items that will not be classified to the profit and loss		-	-
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		(2,642)	122,622
Other comprehensive income for the year, net of tax		(2,642)	122,622
<b>Total comprehensive income for the year</b>		<u>(12,195,685)</u>	<u>(3,375,009)</u>
Loss attributable to Members of the parent entity		<u>(12,193,043)</u>	<u>(3,497,631)</u>
		<u>(12,193,043)</u>	<u>(3,497,631)</u>
Total comprehensive loss attributable to Members of the parent entity		<u>(12,195,685)</u>	<u>(3,375,009)</u>
		<u>(12,195,685)</u>	<u>(3,375,009)</u>
<b>Basic loss per share (\$ per share)</b>	7	(0.22)	(0.06)

The accompanying notes form part of these financial statements.

**CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY**

ABN 43 131 213 824

**ANNUAL REPORT 30 JUNE 2014****CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	862,628	1,815,129
Trade and other receivables	9	4,470	80,217
Other assets	10	511	234,628
<b>TOTAL CURRENT ASSETS</b>		<b>867,609</b>	<b>2,129,974</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	-	1,258,691
Exploration and evaluation assets	12	-	9,602,693
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>10,861,384</b>
<b>TOTAL ASSETS</b>		<b>867,609</b>	<b>12,991,358</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	327,620	337,518
<b>TOTAL CURRENT LIABILITIES</b>		<b>327,620</b>	<b>337,518</b>
<b>TOTAL LIABILITIES</b>		<b>327,620</b>	<b>337,518</b>
<b>NET ASSETS</b>		<b>539,989</b>	<b>12,653,840</b>
<b>EQUITY</b>			
Issued capital	14	17,073,884	17,082,428
Reserves	15	5,527,770	5,440,034
Accumulated losses		(22,061,665)	(9,868,622)
<b>TOTAL EQUITY</b>		<b>539,989</b>	<b>12,653,840</b>

The accompanying notes form part of these financial statements.

**CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY**

ABN 43 131 213 824  
**ANNUAL REPORT 30 JUNE 2014**

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

	<b>Issued Capital</b>	<b>Option Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulat- ed Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	<b>13,417,328</b>	<b>4,989,250</b>	<b>82,524</b>	<b>(6,370,991)</b>	<b>12,118,111</b>
Loss for the year	-	-	-	(3,497,631)	(3,497,631)
Other comprehensive income	-	-	122,622	-	122,622
Total comprehensive income for the year	-	-	122,622	(3,497,631)	(3,375,009)
<b>Transactions with owners, recognised directly in equity</b>					
Options issued during the year	-	245,638	-	-	245,638
Shares issued during the year	3,675,000	-	-	-	3,675,000
Capital raising costs	(9,900)	-	-	-	(9,900)
<b>Balance at 30 June 2013</b>	<b>17,082,428</b>	<b>5,234,888</b>	<b>205,146</b>	<b>(9,868,622)</b>	<b>12,653,840</b>
<b>Balance at 1 July 2013</b>	<b>17,082,428</b>	<b>5,234,888</b>	<b>205,146</b>	<b>(9,868,622)</b>	<b>12,653,840</b>
Loss for the year	-	-	-	(12,193,043)	(12,193,043)
Other comprehensive income	-	-	(2,642)	-	(2,642)
Total comprehensive income for the year	-	-	(2,642)	(12,193,043)	(12,195,685)
<b>Transactions with owners, recognised directly in equity</b>					
Options issued during the year	-	110,556	-	-	110,556
Options cancelled during the period	-	(20,178)	-	-	(20,178)
Equity raising costs	(8,544)	-	-	-	(8,544)
<b>Balance at 30 June 2014</b>	<b>17,073,884</b>	<b>5,325,266</b>	<b>202,504</b>	<b>(22,061,665)</b>	<b>539,989</b>

The accompanying notes form part of these financial statements.

**CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY**

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**ANNUAL REPORT 30 JUNE 2014****CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and for exploration expenditure		(964,246)	(2,741,141)
Interest received		29,538	83,365
Receipts from customers		-	18,312
<b>Net cash used in operating activities</b>	17	<u>(934,708)</u>	<u>(2,639,464)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(31,965)	(480,377)
Proceeds from deposit		22,716	-
<b>Net cash used in investing activities</b>		<u>(9,249)</u>	<u>(480,377)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	1,200,000
Payments for share issue costs		(8,544)	(9,900)
<b>Net cash (used in)/ provided by financing activities</b>		<u>(8,544)</u>	<u>1,190,100</u>
<b>Net decrease in cash and cash equivalents</b>		(952,501)	(1,929,741)
Cash and cash equivalents at the beginning of the financial year		1,815,129	3,732,628
Effect of exchange rate fluctuations on cash and cash equivalents held		-	12,242
Cash at the end of the financial year	8	<u>862,628</u>	<u>1,815,129</u>

The accompanying notes form part of these financial statements

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

This financial report includes the consolidated financial statements and notes of Condoto Platinum NL (“the Company”) and its controlled entity (“the Consolidated Group” or “the Group”). Condoto Platinum NL is a company domiciled in Australia.

The separate financial statements of the parent entity, Condoto Platinum NL, have not been presented with this financial report as permitted by the Corporations Act 2001.

The financial report was issued by the board of directors on 30 September 2014 by the directors of the Company.

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (“AASBs”) (including Australian interpretations) adopted by the Australian Accounting Standard Board (“AASB”) and the Corporations Act 2001. The financial statements of the Group also complies with the International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (“IASB”).

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

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

##### Going concern

The consolidated group has incurred a net loss after tax for the year ended 30 June 2014 of \$12,193,043 (2013: \$3,497,631 loss) and incurred net cash outflows from operations of \$934,708 (2013: \$2,639,464). As at 30 June 2014, the consolidated group had cash and cash equivalents of \$862,628 (2013: \$1,815,129) and net assets of \$539,989 (2013: \$12,653,840).

In the forthcoming 12 months from the date of these financial statements, the Company and the consolidated group will be required to meet various commitments, which require funds that are above and beyond the working capital of the consolidated group at 30 June 2014. These commitments include evaluating a number of properties and continuing to conduct site visits to overseas projects.

The financial report has been prepared on the going concern basis that the Company and consolidated group will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In arriving at this position, the Directors are reviewing various funding alternatives to meet these commitments. These funding alternatives include future raising through various equity issues and scaling back of corporate costs if required.

##### (a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Condoto Platinum NL at the end of the reporting period. A controlled entity is any entity over which Condoto Platinum NL has the power to govern the financial and operating policies so as to obtain benefits from the entity’s activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

A list of controlled entities is contained in Note 21 to the financial statements.

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (a) Principles of Consolidation (continued)

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

##### Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

##### Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

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

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). The Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.



# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (a) Principles of Consolidation (continued)

Under the *full goodwill method*, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

##### (b) Income Tax

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

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

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

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

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

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

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

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

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (c) Plant and equipment

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

Plant and equipment are measured on the cost basis.

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. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

##### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets is depreciated on a straight line basis over their useful lives to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	Useful Life
Motor Vehicles	4 years
Plant and Equipment	3 – 4 years
Buildings	5 years

The assets' carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit and loss on disposal is determined by comparing proceeds with the carrying amount. These amounts are included in the profit or loss.

##### (d) Exploration and Evaluation Assets

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

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

When production commences, the accumulated costs for the relevant area of interest will be 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 capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

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

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (e) Financial Instruments

###### Initial recognition and measurement

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

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

###### Classification and subsequent measurement

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

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

###### (i) Financial assets at fair value through profit and loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by Key Management Personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

###### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

###### (iii) Held-to-maturity investments

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

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

###### (iv) Available-for-sale financial assets

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

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (e) Financial Instruments (continued)

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

##### (v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

##### Derivative instruments

The Group does not trade or hold derivatives.

##### Financial guarantees

The Group has no material financial guarantees.

##### Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

##### Derecognition

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

##### (f) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

**(g) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the statement of financial position.

**(h) Revenue and Other Income**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**(i) 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 Tax Office (ATO).

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of the GST recoverable from, or payable to, the ATO is included with other receivables and payables 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.

**(j) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**Equity-settled compensation**

The Group operates a share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services can not be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that will eventually vest.

**(k) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (l) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

##### (m) Comparative figures

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

##### (n) Foreign currency transactions and balances

###### Functional and presentation currency

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

###### Transaction and balances

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

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

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

###### Group companies

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

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

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed of.

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

##### (o) Critical Accounting estimates and judgements

The directors evaluate estimates and judgments 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 Group.

##### Key Estimates

###### Impairment

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

###### Share-based transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 16.

###### Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents the directors' best estimate, pending an assessment by relevant jurisdiction taxation authorities.

##### Key Judgements

###### Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

###### Exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(d). The carrying value of capitalised expenditure at the end of the reporting period is nil an impairment of \$10,144,336 was recognised.



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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>NOTE 2: REVENUE AND OTHER INCOME</b>		<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>			
Other revenue:			
Sales revenue		-	18,313
Interest received, non-related parties		29,538	83,365
<b>Total Revenue</b>		<u>29,538</u>	<u>101,678</u>
Other Income:			
Other Income		-	65,524
		<u>-</u>	<u>65,524</u>

		<b>2014</b>	<b>2013</b>
<b>NOTE 3: LOSS FOR THE YEAR</b>		<b>\$</b>	<b>\$</b>
Loss before income tax from continuing operations includes the following specific expenses:			
Employee benefits expense:			
Superannuation expense		6,167	8,632
Other expense		635	676
<b>Impairment expense:</b>			
Exploration and expenditure		10,144,336	-
Property plant and equipment		1,109,324	-
Other assets		260,037	-

		<b>2014</b>	<b>2013</b>
<b>NOTE 4: INCOME TAX</b>		<b>\$</b>	<b>\$</b>
(a) Income tax expense		-	-
Current tax		-	-
Deferred tax		-	-

(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on operating loss at 30% (2013: 30%)	(3,657,913)	(1,049,289)
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# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
<b>NOTE 4: INCOME TAX</b>	<b>\$</b>	<b>\$</b>
Add / (Less)		
-Share-based payments	27,114	816,191
-Other	3,454,109	191,922
Tax effect of:		
Deferred tax asset not brought to account	86,690	41,176
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates are as follows:	Nil%	Nil%
Balance of franking account at year end	Nil	Nil
 <b>Deferred tax assets</b>		
Tax Losses	502,433	619,813
Provisions and Accrual	8,939	9,600
Other	106,971	106,971
Unrecognised deferred tax asset	618,343	736,384
Set-off deferred tax liabilities	-	(61,544)
Net deferred tax assets	618,343	674,840
Less deferred tax assets not recognised	(618,343)	(674,840)
Net Assets	-	-
 <b>Deferred tax liabilities</b>		
Exploration expenditure	-	-
Other	60,524	61,544
	60,524	61,544
Set-off deferred tax assets	(60,524)	(61,544)
Net deferred tax liabilities	-	-
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	1,674,778	2,066,044

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

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## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2014.

The totals of remuneration paid to KMP during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	175,471	200,129
Post-employment benefits	6,167	8,632
Equity Settled	90,380	245,637
Other payments	81,000	90,000
Total KMP Compensation	353,018	544,398

### Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

### Other transactions with Key Management Personnel

Other than Transactions with Key Management Personnel there were no other related party transactions.

### NOTE 6: AUDITOR'S REMUNERATION

	Note	2014	2013
		\$	\$
Remuneration of the auditor of the Group for:			
- Auditing or reviewing the financial reports		29,000	33,680
- taxation services provided by related practice of auditor		3,700	3,300
Remuneration of the auditor of the Overseas Subsidiary:			
- Auditing or reviewing the financial reports		15,328	13,553
- taxation services provided by related practice of auditor		-	-

### NOTE 7: BASIC LOSS PER SHARE

#### Reconciliation of earnings to profit or loss:

Loss used in calculation of basic EPS (12,193,043) (3,497,631)

Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share 56,155,000 55,353,634

Diluted loss per share is not shown as the result is anti-dilutive in nature.

### NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank	862,628	1,815,129
Total cash and cash equivalents in the statement of cash flows	862,628	1,815,129

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<b>NOTE 9: OTHER RECEIVABLES</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
GST receivable		4,470	6,450
Other receivable		-	73,767
		<u>4,470</u>	<u>80,217</u>
<b>NOTE 10: OTHER ASSETS</b>			
<b>CURRENT</b>			
Prepayments		511	234,628
		<u>511</u>	<u>234,628</u>
<b>NOTE 11: PLANT AND EQUIPMENT</b>		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Computer equipment		50,322	49,960
Accumulated depreciation		(35,006)	(28,035)
Accumulated impairment		(15,316)	-
		<u>-</u>	<u>21,925</u>
Plant and equipment		816,313	858,556
Accumulated depreciation		(187,159)	(111,712)
Accumulated impairment		(629,154)	-
		<u>-</u>	<u>746,844</u>
Motor vehicles		163,416	162,243
Accumulated depreciation		(80,925)	(47,785)
Accumulated impairment		(82,491)	-
		<u>-</u>	<u>114,458</u>
Buildings		394,419	382,252
Accumulated depreciation		(12,056)	(6,788)
Accumulated impairment		(382,363)	-
		<u>-</u>	<u>375,464</u>
Total property, plant and equipment at cost		1,424,470	1,453,011
Total accumulated depreciation		(315,146)	(194,320)
Total impairment		(1,109,324)	-
		<u>-</u>	<u>1,258,691</u>

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### NOTE 11: PLANT AND EQUIPMENT

#### Movements in carrying amounts

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

	Computer equipment	Plant and equipment	Motor vehicles	Buildings	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 July 2013	21,925	746,844	114,458	375,464	1,258,691
Additions	-	18,381	-	13,590	31,971
Disposals	-	(54,838)	-	-	(54,838)
Depreciation charge	(6,650)	(74,690)	(32,598)	(5,166)	(119,104)
Foreign currency movements	41	(6,543)	631	(1,525)	(7,396)
Impairment expense	(15,316)	(629,154)	(82,491)	(382,363)	(1,109,324)
Carrying amount at 30 June 2014	-	-	-	-	-

Condoto continues to closely monitor the local security situation at Novita, where its exploration camp and holding yard is located. At 30 June 2014, all Condoto equipment had been moved to and held in the Novita Camp, with a regular maintenance routine in place to ensure both, equipment and the camp are kept in good standing for re-establishment and re-deployment to test local alluvial sites for gold and platinum at an appropriate time in the future. Whilst the camp and equipment remains in good standing and is ready for re-deployment, for accounting requirements the directors impaired the carrying value of the plant and equipment assets and will revisit the assessment if the security situation changes.

### NOTE 12: EXPLORATION ASSETS

	Note	2014 \$	2013 \$
<b>NON-CURRENT</b>			
Balance at the beginning of the year		9,602,693	7,423,175
Exploration of tenements		516,757	2,066,042
Foreign exchange movement		24,886	113,476
Impairment expense		(10,144,336)	-
		-	9,602,693

The value of the Group interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Novita bulk sampling operation was put on care and maintenance. Given these factors the directors impaired the carrying value of the exploration assets and will revisit the assessment if the security situation changes.

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#### NOTE 13: TRADE AND OTHER PAYABLES

##### CURRENT

Trade payables	294,146	299,446
Accrued expenses	29,796	32,000
Other payables	3,678	6,072
	<u>327,620</u>	<u>337,518</u>

#### NOTE 14: ISSUED CAPITAL

##### (a) Share Capital

56,155,000 (2013: 56,155,000 ) fully paid ordinary shares	17,804,049	17,804,049
Transaction costs relating to share issues	(730,165)	(721,621)
	<u>17,073,884</u>	<u>17,082,428</u>

##### (b) Movements in fully paid Ordinary Capital

	Date	Number	\$
Balance at beginning of the reporting period	1 July 2013	56,155,000	17,082,428
Cost of capital		-	(8,544)
<b>Balance at end of the reporting period</b>	<b>30 June 2014</b>	<b>56,155,000</b>	<b>17,073,884</b>

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Shares have no par value.

##### (c) Options

- i. For information relating to the Condoto Platinum NL employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 16: Share-based Payments.
- ii. For information relating to share options issued to Key Management Personnel during the year, refer to Note 16.

##### (d) Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

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### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 14: ISSUED CAPITAL

The working capital position of the Group at 30 June 2014 and 30 June 2013 are as follows:

	2014	2013
	\$	\$
Cash and cash equivalents	862,628	1,815,129
Other receivables	4,470	80,217
Trade and other payables	(327,620)	(337,518)
	<u>539,478</u>	<u>1,557,828</u>

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

#### NOTE 15: RESERVES

**a) Option reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

**b) Foreign currency translation reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

#### NOTE 16: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014:

- i. On 2 September 2010, 1,000,000 share options were granted to lead broker Patersons Securities Limited for no consideration to acquire 1 share in the Company exercisable at \$0.20 on or before 1 July 2015. The options hold no dividend or voting rights and are transferrable.
- ii. On 15 March 2011, 2,000,000 share options were granted to Veritas Securities to act as corporate advisor pursuant to the acquisition of Condoto Platinum Limited. The share options were exercisable at \$0.20 per option on or before 1 July 2015. The options hold no dividend or voting rights and are transferrable.
- iii. On 18 April 2011, 1,110,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$0.80 on or before the 18 April 2016. Since grant date 200,000 of these options were cancelled. The options hold no dividend or voting rights and are not transferrable.
- iv. On 31 May 2011, 5,250,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$1.50 on or before the 30 November 2014. The options hold no dividend or voting rights and are not transferrable.
- v. On 12 December 2011, 1,000,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$1.01 on or before the 30 November 2014. The options hold no dividend or voting rights and are not transferrable.
- vi. On 28 November 2012, 500,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$0.47 on or before the 31 October 2015. The options hold no dividend or voting rights and are not transferrable.
- vii. On 28 November 2012, 1,000,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$0.70 on or before the 16 November 2015. The options hold no dividend or voting rights and are not transferrable.
- viii. On 5 December 2013, 350,000 share options were granted to employees under the Condoto Platinum NL employee option plan to take up ordinary shares at an exercise price of \$0.10 on or before the 1

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#### NOTE 16: SHARE BASED PAYMENTS

December 2016. The options hold no dividend or voting rights and are not transferrable.

ix. Options granted to Key Management Personnel are as follow:

Grant Date	Number
31 May 2011	2,125,000
28 November 2012	500,000
5 December 2013	350,000

Unless otherwise approved by shareholders these options vest over a 12 month period. Further details of these options are provided in the directors' report. The options hold no voting of dividend rights and are unlisted. The options do not lapse when a director ceases their employment with the Group. During the financial year 1,850,000 options vested with Key Management Personnel (2013: 4,125,000).

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price
<b>Options outstanding as at 30 June 2012</b>	10,360,000	\$1.00
Granted	2,200,000	\$0.65
Forfeited	(200,000)	(\$0.09)
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2013</b>	12,360,000	\$0.94
Granted	350,000	\$0.10
Forfeited	(700,000)	(\$0.70)
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2014</b>	12,010,000	\$0.93
Options exercisable as at 30 June 2014	12,010,000	\$0.93
Options exercisable as at 30 June 2013	10,160,000	\$1.00

No options were exercised during the year.

The weighted average remaining contractual life of options outstanding at year-end was 0.85 years. The exercise price of outstanding share options at the end of the reporting period was \$0.93.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.0265 (2013: \$0.02). These values were Calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	\$0.10
Weighted average life of the option:	2.99 years
Expected share price volatility:	69.28%
Risk-free interest rate:	2.79%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.



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#### NOTE 17: CASH FLOW INFORMATION

	2014	2013
	\$	\$
Loss after income tax	(12,193,043)	(3,497,631)
Non-cash flows in loss after income tax		
Foreign currency	4,749	50,617
Share-based payment expense	90,379	2,720,638
Depreciation expense	119,104	119,139
Impairment of Plant and Equipment	1,109,324	-
Restocking fee of Plant and Equipment	32,120	-
<b>Changes in assets and liabilities</b>		
Decrease/(increase) in receivables	309,864	(56,512)
(Increase)/decrease in exploration expenditure	9,602,692	(2,179,517)
Increase/(decrease) in payables	(9,897)	203,802
Cash flow from operations	<u>(934,708)</u>	<u>(2,639,464)</u>

#### Credit Standby Facilities

The Group has no credit standby facilities.

#### Non-Cash investing and financing activities

There were nil non-cash investing and financing activities for the period.

#### NOTE 18: OPERATING SEGMENTS

##### Segment Information

##### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is reviewed by the Directors.

The Group is currently operative in Australia (predominately Corporate) and Colombia (predominately Exploration).

##### Basis of accounting for purposes of reporting by operating segments

##### Accounting policies adopted

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

##### Inter-segment transactions

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

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#### NOTE 18: OPERATING SEGMENTS

##### Segment assets

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

##### Segment liabilities

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

##### Unallocated items

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

- Income tax expense
- Deferred tax assets and liabilities
- Depreciation expense

	Australian Exploration \$	Colombian Exploration \$	Corporate \$	Total \$
<b>30 June 2014</b>				
<b>REVENUE</b>				
Interest revenue	-	-	29,538	29,538
External Sales	-	-	-	-
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>29,538</b>	<b>29,538</b>
<b>Reconciliation to net loss:</b>	<b>-</b>	<b>(11,616,528)</b>	<b>(367,033)</b>	<b>(11,983,561)</b>
Share based payment expense				(90,378)
Depreciation expense				(119,104)
<b>Loss before income tax</b>				<b>(12,193,043)</b>
<b>As at 30 June 2014</b>				
<b>Segment assets</b>	<b>-</b>	<b>-</b>	<b>867,609</b>	<b>867,609</b>
Segment asset increases for the period:				
- Exploration expenditure	-	541,643	-	541,643
- Capital expenditure	-	31,965	-	31,965
- Impairment	-	(573,607)	-	(573,607)
	-	-	-	-
<b>Segment liabilities</b>	<b>-</b>	<b>274,328</b>	<b>53,292</b>	<b>327,620</b>

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 18: OPERATING SEGMENTS

#### 30 June 2013

##### REVENUE

Interest revenue	-	-	83,365	83,365
External Sales	-	18,313	-	18,313
<b>Total segment revenue</b>	-	18,313	83,365	101,678

Reconciliation to net loss:	-	(282,355)	(375,499)	(657,854)
Share based payment expense				(2,720,638)
Depreciation expense				(119,139)
Loss before income tax				(3,497,631)

#### As at 30 June 2013

Segment assets	-	11,169,779	1,821,579	12,991,358
Segment asset increases for the period:				
- Exploration expenditure	-	2,179,517	-	2,179,517
- Capital expenditure	-	484,547	-	484,547
	-	2,664,064	-	2,664,064
<b>Segment liabilities</b>	-	268,105	69,413	337,518

#### Segment information by geographical region:

The analysis of the location of total assets is as follows:

	2014	2013
	\$	\$
Australia	867,609	1,821,579
Colombia	-	11,169,779
<b>Total Assets</b>	867,609	12,991,358

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 19: FINANCIAL INSTRUMENTS

##### Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group's operations. The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below:

	2014	2013
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	862,628	1,815,129
Other receivables	4,470	80,217
<b>Total financial assets</b>	<b>867,098</b>	<b>1,895,346</b>
<b>Financial liabilities</b>		
Trade and other payables	327,620	337,518
<b>Total financial liabilities</b>	<b>327,620</b>	<b>337,518</b>

##### Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk (including fair value interest rate risk and price risk) and cash flow interest rate risk.

##### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or company of receivables under financial instruments entered into by the Group.

##### *Credit risk exposures*

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

##### Specific Financial Risk Exposures and Management

	Note	2014	2013
		\$	\$
Cash and cash equivalents			
- AA Rated	8	862,628	1,815,129

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 19: FINANCIAL INSTRUMENTS

##### (b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the Statement of Financial Position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

##### (c) Cash flow and fair value interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is below:

	<b>Floating Interest Rate</b>	<b>Non- interest bearing</b>	<b>2014 Total</b>	<b>Floating Interest Rate</b>	<b>Non- interest bearing</b>	<b>2013 Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>						
<i>- Within one year</i>						
Cash and cash equivalents	862,628	-	862,628	1,815,129	-	1,815,129
Other receivables	-	4,470	4,470	-	80,217	80,217
<b>Total financial assets</b>	<b>862,628</b>	<b>4,470</b>	<b>867,098</b>	<b>1,815,129</b>	<b>80,217</b>	<b>1,895,346</b>
<i>Weighted average interest rate</i>	3.44%			4.59%		
<b>Financial Liabilities</b>						
<i>- Within one year</i>						
Trade and other Payables	-	327,620	327,620	-	337,518	337,518
<b>Total financial liabilities</b>	<b>-</b>	<b>327,620</b>	<b>327,620</b>	<b>-</b>	<b>337,518</b>	<b>337,518</b>
<b>Net financial assets</b>	<b>862,628</b>	<b>(323,150)</b>	<b>539,478</b>	<b>1,815,129</b>	<b>(257,301)</b>	<b>1,557,828</b>

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 19: FINANCIAL INSTRUMENTS

##### Specific Financial Risk Exposures and Management

##### Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Movement in Profit	Movement in Equity
<b>Year ended 30 June 2014</b>	\$	\$
+/-1% in interest rates	8,589	8,589
<b>Year ended 30 June 2013</b>		
+/-1% in interest rates	18,151	18,151

##### (d) Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

##### *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is not material to the Group as no debt arrangements have been entered into.

##### *Price risk*

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is not exposed to securities price risk as it has no investments as held for trading or for medium to longer terms.

##### *Foreign exchange risk*

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in foreign currencies may impact on the Group's financial results. The Group's exposure to foreign exchange risk is minimal as the Group only holds small sums of money in the Subsidiary bank account in Colombian Pesos, the majority if the Groups funds are held in Australian dollars, however the Board continues to monitor this exposure.

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 19: FINANCIAL INSTRUMENTS

#### (e) Net fair Value of financial assets and liabilities

##### *Fair value estimation*

The net fair values of financial assets and financial liabilities are the same as the carrying values as presented in the in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### NOTE 20: PARENT ENTITY DISCLOSURES

#### (a) Financial Position of Condoto Platinum NL

	Note	2014	2013
		\$	\$
<b>ASSETS</b>			
Current assets		870,171	4,022,052
Non-current assets		-	7,334,258
<b>TOTAL ASSETS</b>		<u>870,171</u>	<u>11,356,310</u>
<b>LIABILITIES</b>			
Current liabilities		53,291	69,411
Non-current liabilities		-	-
<b>TOTAL LIABILITIES</b>		<u>53,291</u>	<u>69,411</u>
<b>EQUITY</b>			
Issued capital		17,073,883	17,082,428
Reserves		5,325,267	5,234,888
Accumulated Losses		(21,582,270)	(11,030,417)
<b>TOTAL EQUITY</b>		<u>816,880</u>	<u>11,286,899</u>

#### (b) Financial Performance of Condoto Platinum NL

Loss for the year	(10,551,854)	(4,741,950)
Other comprehensive income	-	-
Total comprehensive income	<u>(10,551,854)</u>	<u>(4,741,950)</u>

#### (c) Guarantees entered into by Condoto Platinum NL for the debts of its subsidiary

There are no guarantees entered into by Condoto Platinum Limited for the debts of its subsidiary as at 30 June 2014 (2013: none).

#### (d) Contingent liabilities of Condoto Platinum NL

There were no contingent liabilities as at 30 June 2014 (2013: Nil).

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## ANNUAL REPORT 30 JUNE 2014

### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

#### NOTE 20: PARENT ENTITY DISCLOSURES

(e) **Commitments by Condoto Platinum NL**

There were no commitments as at 30 June 2014 (2013: none).

(f) **Loans to and Investments in Controlled Entities**

Loans are provided by the Parent Entity to its controlled entities for their respective operating activities. Amounts receivable from controlled entities are non-interest bearing with no fixed term of repayment. The carrying value of investments in controlled entities are recognised as an asset in the Parent Entity. The future successful commercial application of these projects or the sale to third parties supports the recognition and recoverability of these assets held in the Parent Entity.

#### NOTE 21: CONTROLLED ENTITIES

(a) Subsidiaries of Condoto Platinum NL:

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned	
			2014	2013
Condoto Platinum Limited	British Virgin Islands	Ordinary	100%	100%

Investment in subsidiary is accounted for at cost.

#### NOTE 22: CAPITAL COMMITMENTS

	2014	2013
	\$	\$
<b>Capital expenditure commitments:</b>		
Capital expenditure commitments for:		
Capital assets	-	178,932
Mining concession commitments	-	280,153
		<hr/>
<b>Payable:</b>		
Not longer than 1 year	-	178,932
Longer than 1 year and not longer than 5 years	-	280,153
Longer than 5 years	-	-
		<hr/>
	-	459,085
		<hr/>

The concessions relate to the mining exploration of the subsidiary the cost of future commitments will be in USD and equate to USD \$Nil (2013: USD \$256,225).

#### NOTE 23: CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 30 June 2014 (2013: none).



# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE

The Company has received commitments to place 8,423,250 shares at \$0.021 per share to raise \$176,888 before costs. The placement will be made to sophisticated investor clients of Veritas Securities Limited and falls within the Company's 15% capacity.

There have been no other matters or circumstances since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

### NOTE 25: COMPANY DETAILS

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

Level 4, 66 Kings Park Road

West Perth WA 6005

Telephone 08 6141 3530

Facsimile 08 6141 3599

Website: [www.condotoplatinum.com.au](http://www.condotoplatinum.com.au)

Email: [info@condotoplatinum.com.au](mailto:info@condotoplatinum.com.au)

### NOTE 26: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending	Directors' assessment of potential effect of adoption
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets"	1 January 2014	30 June 2015	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015	The Group does not anticipate a material effect from the adoption of this Australian Accounting Standard.

The Group has decided not to early adopt any of the new and amended pronouncements.

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 16 to 45, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards;
  - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 1 to the financial statements; and
  - (c) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group.
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Andrew Johnstone**  
**Executive Director**

Dated 30 September 2014

## Independent Auditor's Report

### To the Members of Condoto Platinum NL

We have audited the accompanying financial report of Condoto Platinum NL ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and 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 of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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### Directors Responsibility for the Financial Report

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

### Auditor's Responsibility

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

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

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

## Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

## Opinion

In our opinion:

- a. The financial report of Condoto Platinum NL is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply 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 2014. 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 Condoto Platinum NL for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



**BENTLEYS**  
Chartered Accountants



**MARK DELAURENTIS CA**  
Director

Dated at Perth this 30<sup>th</sup> day of September 2014

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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## COPORATE GOVERNANCE STATEMENT

As the framework of how the Board of Directors of Condoto Platinum NL (“Company”) carries out its duties and obligations, the Board has considered the eight principles of corporate governance as set out in the ASX Good Corporate Governance and Best Practice Recommendations.

The essential corporate governance principles are:

1. Lay solid foundations for management and oversight;
2. Structure the Board to add value;
3. Promote ethical and responsible decision-making;
4. Safeguard integrity in financial reporting;
5. Make timely and balanced disclosure;
6. Respect the rights of shareholders;
7. Recognise and manage risk;
8. Remunerate fairly and responsibly.

### **1. Lay solid foundations for management and oversight.**

**Recommendation 1.1:** *Management should establish and disclose functions reserved to the Board and delegated to management.*

#### **Roles and Responsibilities:**

The roles and responsibilities carried out by the Board are to:

- Oversee control and accountability of the Company;
- Set the broad targets, objectives, and strategies;
- Monitor financial performance;
- Assess and review risk exposure and management;
- Oversee compliance, corporate governance, and legal obligations;
- Approve all major purchases, disposals, acquisitions, and issue of new shares;
- Approve the annual and half-year financial statements;
- Appoint and remove the Company’s Auditor;
- Appoint and assess the performance of the Managing Director and members of the senior management team;
- Report to shareholders.

**Recommendation 1.2:** *Companies should disclose the process for evaluating the performance of senior executives.*

The Board regularly reviews the performance of senior executives.

**Recommendation 1.3:** *Provide the information indicated in the ASX Corporate Governance Council’s Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

### **2. Structure the Board to add value.**

**Recommendation 2.1:** *A majority of the Board should be independent Directors.* - All Directors are independent. Refer general comment below.

**Recommendation 2.2:** *The Chairperson should be an independent Director.* – The Chairman is independent. Refer general comment below.

**Recommendation 2.3:** *The roles of the Chairperson and Chief Executive should not be exercised by the same individual.*

**Recommendation 2.4:** *Establishment of a Nomination Committee.*

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

ABN 43 131 213 824

## ANNUAL REPORT 30 JUNE 2014

### COPORATE GOVERNANCE STATEMENT

**Recommendation 2.5:** *Disclose the process for performance evaluation of the Board, its Committees and individual Directors, and key executives.*

**Recommendation 2.6:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

#### **General Comments:**

##### **Membership**

The Board's membership and structure is selected to provide the Company with the most appropriate direction in the areas of business controlled by the Company. The Board currently consists of two Non-Executive Directors. Refer to the Directors' Report for details of each Director's profile. The majority of the Board is independent.

##### **Chairman and Managing Director**

The roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the Board in its duties, and facilitating effective discussions at Board level. The Managing Director is responsible for the efficient and effective operation of the Company.

##### **Performance Evaluation**

The Board assesses its performance, the performance of individual directors and the performance of its committees annually through a process of internal review. The Board also formally reviews its governance arrangements on a similar basis annually.

The performance of Key Management Personnel ("KMP") is reviewed on an annual basis by the Board and remuneration committee.

Further details regarding the Board's remuneration policy for KMP is provided in the Remuneration Report on page 8.

##### **Nomination Committee**

The Company has a formal charter for the Nomination Committee, however, no Committee has been appointed to date. The Board as a whole deals with areas that would normally fall under the charter of the Nomination Committee. These include matters relating to the renewal of Board members, and Board performance.

##### **Skills**

The Directors bring a range of skills and background to the Board including mineral exploration and geology.

##### **Experience**

The Directors have considerable experience in business at both operational and corporate levels.

##### **Meetings**

The Board endeavours to meet at least bi-monthly on a formal basis, although the Board regularly meets informally.

##### **Independent professional advice**

Each Director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required, and is not unreasonably withheld.

#### **3. Promote ethical and responsible decision-making.**

**Recommendation 3.1:** *Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:*

3.1.1 *The practices necessary to maintain confidence in the Company's integrity;*

3.1.2 *The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;*

3.1.2 *The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

**Recommendation 3.2:** *Disclose the policy concerning trading in Company securities by Directors, officers, and employees.*

##### **Standards**

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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### COPORATE GOVERNANCE STATEMENT

**Recommendation 3.3:** *Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.*

The Company believes that the promotion of diversity on Boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality Directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating of one another with respect.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its Board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

**Recommendation 3.4:** *Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.*

Currently there are women employees in the whole organisation but not in senior executive positions or on the Board. Given the present size of the Company, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Company increases.

**Recommendation 3.5:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

A summary of both the Company's Code of Conduct and its Share Trading Policy are included on the Company's website.

#### **4. Safeguard integrity in financial reporting.**

**Recommendation 4.1:** *The Board should establish an Audit Committee.*

**Recommendation 4.2:** *Structure the Audit Committee so that it consists of:*

- *Only Non-Executive Directors;*
- *A majority of independent Directors;*
- *An independent Chairperson, who is not Chairperson of the Board;*
- *At least three members.*

**Recommendation 4.3:** *The Audit Committee should have a formal charter. – Refer to Recommendation 4.1.*

#### **General Comments:**

##### **Integrity of Company's Financial Condition**

The Company's Financial Controller and Company Secretary report in writing to the Board that the financial statements of the Company for the half and full financial year present a true and fair view, in all material respects, of the Company's financial condition and operational results are in accordance with relevant accounting standards.

##### **Audit Committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.



# CONDOTO PLATINUM NL AND ITS CONTROLLED ENTITY

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### COPORATE GOVERNANCE STATEMENT

#### 5. Make timely and balanced disclosure.

**Recommendation 5.1:** Establish written policies and procedures designed to ensure compliance with ASX Listing rules disclosure requirements and to ensure accountability at a senior management level for that compliance.

Being a listed entity on the ASX, the Company has an obligation under the ASX Listing Rules to maintain an informed market with respect to its securities. Accordingly, the Company advises the market of all information required to be disclosed under the Rules that the Board believes would have a material effect on the price of the Company's securities.

The Company Secretary has been appointed as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules, and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public.

All shareholders receive a copy of the Company's annual report.

**Recommendation 5.2:** *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

#### 6. Respect the rights of shareholders.

**Recommendation 6.1:** *Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

**Recommendation 6.2:** *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit, and the preparation and content of the auditor's report.*

#### General Comments:

The Company is committed to keeping shareholders fully informed of significant developments at the Company. In addition to public announcements of its financial statements and significant matters, the Company provides the opportunity for shareholders to question the Board and management about its activities at the Company's annual general meeting.

The Company's auditor, Bentleys, will be in attendance at the annual general meeting and will also be available to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

#### 7. Recognise and manage risk

**Recommendation 7.1:** *The Board or appropriate Board Committee should establish policies on risk oversight and management.*

**Recommendation 7.2:** *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that:*

7.2.1 *The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.*

7.2.2 *The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.*

**Recommendation 7.3:** *The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

**Recommendation 7.4:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

General Comments:

The Board oversees the Company's risk profile. The financial position of the Company and matters of risk are considered by the Board. The Board is responsible for ensuring that controls and procedures to identify, analyse, assess, prioritise, monitor and manage risk are in place, being maintained and adhered to.



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### COPORATE GOVERNANCE STATEMENT

The Financial Controller and Company Secretary state in writing to the Board that:

- The statement given in accordance with best practice recommendation 4 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

#### **8. Remunerate fairly and responsibly**

**Recommendation 8.1:** *The Board should establish a Remuneration Committee.*

**Recommendation 8.2:** *Clearly distinguish the structure of Non-Executive Directors' remuneration from that of executives.*

**Recommendation 8.3:** *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8.*

#### **General Comments:**

##### **Principles used to determine the nature and amount of remuneration**

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

The Remuneration Committee ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholders;
- Performance linked;
- Transparency;
- Capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

##### **Remuneration Committee**

Members of the Remuneration Committee are the Board members.

##### **Directors' Remuneration**

Further information on Directors' and executives' remuneration is set out in the Directors' Report and Note 5 to the financial statements.

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## ADDITIONAL INFORMATION FOR SHAREHOLDERS

The following additional information is required by the Australian Securities Exchange in respect of listed public companies only.

### Shareholding as at 25 September 2014

#### Distribution of Shareholders

Category (size of holding)	Number Ordinary
1 – 1,000	11
1,001 – 5,000	36
5,001 – 10,000	143
10,001 – 100,000	199
100,001 – and over	63
	<hr/>
	452
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The number of shareholdings held in less than marketable parcels is 260.

#### Voting Rights

The voting rights attached to each class of equity security are as follows:

##### Ordinary shares

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

### 20 Largest Shareholders — Ordinary Shares as at 25 September 2014

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Smart Kingdom Investments Limited	22,500,000	34.84
2. East Chamber Enterprises Ltd	3,700,000	5.73
3. P Ford Superannuation Pty Ltd <Patrick Ford Super Fund A/C>	1,800,000	2.79
4. Abn Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	1,666,377	2.58
5. Osterley Enterprises Limited	1,366,668	2.12
6. Nutsville Pty Ltd <Indust Electric CO S/F A/C>	1,287,000	1.99
7. MIMO Strategies Pty Ltd <MIMO A/C>	1,060,500	1.64
8. Inswinger Holdings Pty Ltd <CMSS Superannuation Fund A/C>	1,000,000	1.55
9. Bluestar Management Pty Ltd <Super Fund A/C>	960,000	1.49
10. Mr Nathan Daniel Young	850,000	1.32
11. Mckell Place Nominees Pty Ltd	800,000	1.24
12. Windamurah Pty Ltd <Atkins Family A/C>	739,166	1.14
13. Agento Pty Ltd <Murphy Family A/C>	710,000	1.10
14. Aspic Capital	710,000	1.10
15.. Mr A S Davey + Mrs M Davey <The Davey Investment A/C>	683,333	1.06

