TNT Mines Limited and Controlled Entities

ACN 107 244 039

Annual Report

for the year ended 30 June 2011

Corporate Information

ACN 107 244 039

Directors
Ian Plimer (Non-executive Chairman)
Michael Hannington (Managing Director)
Andrew Drummond (Non-executive Director)
Neville Bergin (Non-executive Director)
Michael Beer (Non-executive Director)

Company Secretary
John Ribbons

Registered Office
Ground Floor
20 Kings Park Road
WEST PERTH WA 6005

Principal Place of Business
Level 2, 34 Colin Street
WEST PERTH WA 6005

Solicitor
Richard O'Shannassy & Co Pty Ltd
Level 3, 46 Ord Street
WEST PERTH WA 6005

Bankers
National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Registry
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000
Telephone: 1300 787 272

Independent Auditor
Bentleys
Level 1, 12 Kings Park Road
WEST PERTH WA 6005

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Contents

Directors Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of TNT Mines Limited ("TNT Mines") and the entities it controlled at the end of, or during, the year ended 30 June 2011.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Professor Ian Plimer B.Sc.(Hons), PhD, FTSE, FAusIMM, FGS – Chairman (Appointed 17 January 2011)
(Member of the Nomination, Audit and Remuneration Committees)

Professor Plimer is the Professor of Mining Geology (The University of Adelaide) and Emeritus Professor of Earth Sciences (The University of Melbourne). He has previously held academic positions as Professor at the Ludwig Maximilians University in Munich and at the University of Newcastle. His academic career includes the Leopold von Buch Medal for Science, the Centenary Medal and the Eureka Prize (twice).

Professor Plimer has previously been on the staff of North Broken Hill Ltd, and is a prominent Australian geologist who has spent most of his industry, consulting and scientific life working on base metal deposits, particularly in Broken Hill, epithermal gold deposits, especially in the Mediterranean, and tungsten-tin-molybdenum deposits. He has predicted and discovered a number of epithermal gold deposits in the Mediterranean.

Professor Plimer is one of Australia's best known geologists, has published seven books for the general public and 130 specialist scientific papers, many of which are on tin and tungsten ore deposits. His PhD was on a tungsten-molybdenum-bismuth deposit and, while with North Broken Hill Ltd in the 1980s, he was involved in tin and tungsten exploration. He edited the Encyclopaedia of Geology (Academic Press). He is a Fellow of the Australian Academy of Technical Sciences and Engineering, Fellow of the Geological Society (London) and Fellow of the Australasian Institute of Mining and Metallurgy.

Professor Plimer brings to TNT Mines his extensive experience in mineral discovery and vast knowledge of economic geology.

Michael Hannington B.Sc. (Geophysics), LL.B – Managing Director (Appointed 17 March 2011)
(Member of the Safety and Environmental and Corporate Governance Committees)

Mr Hannington is a geophysicist and lawyer with 20 years industry experience working throughout Australia and North America.

Mr Hannington has supervised a diverse range of exploration and mining projects from project generation and project acquisition through to exploration, evaluation drilling and production. Mr Hannington has held key roles in financing and managing operations. He was the inaugural Managing Director of Alchemy Resources Limited, a publicly listed gold and copper exploration company operating in Western Australia and a founding director of Talisman Mining Limited.

Mr Hannington's career includes roles with Geopeko, North Limited and Oxiana Limited.

Mr Hannington brings to TNT Mines his extensive experience in building geological teams and taking exploration projects through evaluation and development to production.

Andrew Drummond B.Sc.(Hons), FAusIMM, MAIG, MGSA – Non-Executive Director
(Member of the Remuneration Committee)

Mr Drummond is a geologist with 40 years of industry experience in exploration, development, mining, management and development capital raising. He has had senior management and/or directorship roles with Zephyr Minerals NL (now Ashburton Minerals NL), Black Range Minerals NL, Westonia Mines Limited (now Catalpa Ltd), the ACM Group, Homestake Gold Australia Ltd, BCD Resources NL and Westgold Resources Limited.

Mr Drummond brings to the Company his extensive experience with many commodities in hardrock and alluvial environments in Australia, New Zealand, The Philippines, Russia, China and Namibia and in company promotion and raising of evaluation and development funds.

He is currently Managing Director and CEO of Minemakers Limited.

Directors Report (cont.)

Neville Bergin B.Sc. (Mining), ACSM, MAusIMM, MAICD – Non-Executive Director (Appointed 17 January 2011)
(Member of the Audit and Safety and Environmental Committees)

Mr Bergin is a Mining Engineer and a graduate of the Camborne School of Mines in the United Kingdom and has over 30 years of experience in the mining industry.

Mr Bergin has worked in the United Kingdom, Australia and New Zealand in underground and open pit mines. His career has included experience in gold, nickel, zinc and industrial minerals operations in both technical and operational roles. He has spent much of the last 15 years in senior operational and corporate management roles.

Mr Bergin is currently General Manager – Projects Development at Minemakers Limited and until recently was the Non-Executive Chairman of BCD Resources NL.

Previous employers include WMC, ACM (Waihi Gold), Pasminco, Perseverance Corporation and Jubilee Mines. Immediately prior to joining Minemakers he was Vice President - Head of Operations for Gold Fields Australia. He was also a Non-Executive Director of Northern Star Resources for two years.
Mr Bergin brings to TNT Mines his extensive experience in feasibility and permitting, mine development and operational and company management.

Michael Beer B.Bus (Acctcy), FCA, ACIS – Non-Executive Director (Appointed 17 January 2011)
(Member of the Nomination, Audit and Corporate Goverance Committees)

Mr Beer is a Fellow of the Institute of Chartered Accountants with initial experience gained with PriceWaterhouseCoopers over a 10 year period. He has also held a range of senior finance and commercial roles with the British Petroleum group in Australia and the United Kingdom, in the finance, oil refining and minerals sectors of that group.

In the past 15 years, Mr Beer has held senior roles within the Corporate Finance departments of several leading Australian stockbrokers, sourcing equity capital for a wide range of mineral and resource companies. He was the Managing Director of a listed public company which successfully built a gold mine in the Pilbara region of Western Australia.

Mr Beer was the Victorian State President of the Institute of Chartered Accountants in the year 2000, and is currently a Senior Manager of PhillipCapital Pty Ltd, being the corporate finance arm of Intersuisse Limited, stockbrokers, in Melbourne.

Mr Beer brings to TNT Mines his extensive experience in corporate finance and in the sourcing of equity capital from the stockmarket in Australia and overseas. He has evaluated many resource projects and has had hands-on experience in the construction and operation of a gold mine in the Pilbara. This combination of commercial, financial and operating experience will greatly assist TNT Mines as it explores and assesses the development opportunities of its suite of assets.

Dennis Wilkins B.Bus., AICD, ACIS – Non-Executive Director (Resigned 1 February 2011)

Dennis Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry.

Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

COMPANY SECRETARY

John Ribbons B.Bus., CPA, ACIS

Mr Ribbons is an experienced accountant who has worked within the minerals and resources industry for 18 years in the capacities of company accountant, group financial controller or company secretary.

Mr Ribbons has extensive knowledge and experience with ASX-listed production and exploration companies. He has considerable site-based experience with operating mines and has also been involved with the listing of several exploration companies on the ASX.

Mr Ribbons brings to TNT Mines his extensive experience in capital raising, ASX and TSX compliance and regulatory requirements. He is also a director of Montezuma Mining Company Limited and Company Secretary of Minemakers Limited.

Directors Report (cont.)

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration activities on its tenements, or tenements in which it has an interest, and applied for or acquired additional tenements with the objective of identifying economic mineral deposits.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Operating Review

During the year the Company continued its exploration and evaluation activities on its existing tenements. The Company acquired 75% of two tenements in Western Tasmania and also applied for additional tenements offshore Ringarooma Bay in Tasmania.

On 19 July 2011, TNT Mines was demerged from Minemakers Limited via an in-specie distribution of 50,000,000 shares, representing 80% of the total shares on issue in TNT Mines Limited to Minemakers' shareholders. Minemakers retains a 20% interest.

Corporate and Financial Review

On 28 February 2011 the Company acquired TNT Mines (Moina) Pty Ltd, formerly Minemakers (Moina) Pty Ltd, for $850,588 via a loan from Minemakers Limited.

On 28 February 2011 the Board approved the allotment and issue of 62,400,900 shares in the Company as consideration for the conversion of debt owed to Minemakers Limited to the value of $2,096,578.

The Company entered into a loan agreement with Minemakers Limited whereby Minemakers would loan $1,000,000 to TNT Mines to fund its activities up until IPO. The loan would be interest bearing and be repaid out of funds raised from the IPO.

On 15 April 2011 the Company changes its name from Minemakers TTT Pty Ltd to TNT Mines Limited and from a proprietary company limited by shares to a public company limited by shares.

At 30 June 2011 the total closing cash balance was $301,102.

The Group has recorded an operating loss after income tax for the year ended 30 June 2011 of $1,046,629 (2010: $265,307).

Operating Results for the Year

Summarised operating results are as follows:

	2011	
	Revenue $	Results $
Consolidated entity revenues and loss from ordinary activities before income tax expense	**855**	**(1,046,629)**

Shareholder Returns

	2011
Basic loss per share (cents)	**(2.0)**

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Directors Report (cont.)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- In February 2011 the Company issued 62,400,900 shares as consideration for the conversion of debt owed to Minemakers Limited for $2,096,578.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The ultimate parent Company, Minemakers Ltd, announced on 24 November 2010 that it was going to spin off its Tasmanian assets via one of its subsidiaries, Minemakers TTT Pty Ltd, later renamed TNT Mines Limited.

After Shareholder approval on 3 June 2011, TNT Mines Limited was demerged via an in specie distribution of 50,000,000 shares, 80% of the total shares on issue in TNT Mines Limited, to Minemakers' shareholders on 19 July 2011.

The transaction effectively resulted in Minemakers Limited becoming a 20% shareholder of TNT Mines Limited.

In September 2011 the Company issued 3,250,000 shares at 8 cents per share via a capital raising to sophisticated investors, which raised $260,000.

Apart from the above, as at the date of this report there is no matter or circumstance that has arisen since 30 June 2011 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and hence there are no likely developments in the Group's operations for the next 12 months.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation with respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, as far as it is aware is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' MEETINGS

During the year the Company held 1 meeting of directors. The attendance of directors at meetings of the Board were:

	Directors Meetings	
	A	B
Ian Plimer	-	-
Michael Hannington	-	-
Andrew Drummond	1	1
Neville Bergin	-	-
Michael Beer	-	-
Dennis Wilkins	1	1

Notes
A – Number of meetings attended.
B – Number of meetings held during the time the director held office or was a member of the Committee during the year.

The nomination, audit, remuneration, corporate governance and safety and environmental committees did not hold any meetings during the year.

Directors Report (cont.)

SHARES UNDER OPTION

At the date of this report there are 19,175,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	-
Movements of share options during the year	
Issued, exercisable at $0.30, on or before 28 February 2015	20,175,000
Total number of options outstanding as at 30 June 2011	**20,175,000**
Movements subsequent to year end:	
Cancelled, 1 October 2011 ($0.30)	(1,000,000)
Total number of options outstanding as at the date of this report	**19,175,000**

The balance is comprised of the following:

Expiry date	Grant Date	Exercise price (cents)	Number of options
28/02/2015	28/02/2011	30	7,500,000
28/02/2015	17/03/2011	30	4,000,000
28/02/2015	06/05/2011	30	5,675,000
28/02/2015	03/06/2011	30	2,000,000
Total number of options outstanding at the date of this report			**19,175,000**

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

Signed in accordance with a resolution of the directors.

M A J Hannington

Michael Hannington
Managing Director

Perth 9 November 2011

Auditor's Independence Declaration

Bentleys
THINKING AHEAD

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To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of TNT Mines Limited and Controlled Entities for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 9th day of November 2011

Consolidated Statement of Comprehensive Income

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
REVENUE	4	**855**	1,425
EXPENDITURE			
Salaries and employee benefits expense		**(73,306)**	-
Corporate expenses		**(72,814)**	(212)
Administration expenses		**(13,288)**	(505)
Other expenses		**(37,532)**	-
Consulting fees		**(280,948)**	-
Travel and accommodation expenses		**(59,625)**	-
Interest expense		**(38,450)**	-
LOSS BEFORE INCOME TAX	5	**(575,108)**	708
INCOME TAX EXPENSE	6	**(471,521)**	(266,015)
LOSS FOR THE YEAR		**(1,046,629)**	(265,307)
Loss for the year is attributable to:			
Owners of TNT Mines Limited		**(1,046,629)**	(265,307)
Total comprehensive loss for the year is attributable to:			
Owners of TNT Mines Limited		**(1,046,629)**	(265,307)
Basic loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	**(2.0)**	-

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2011

	Notes	Consolidated 2011 $	Consolidated 2010 $
CURRENT ASSETS			
Cash and cash equivalents	7	**301,102**	2,257
Trade and other receivables	8	**86,974**	19,200
TOTAL CURRENT ASSETS		**388,076**	21,457
NON-CURRENT ASSETS			
Capitalised exploration and evaluation expenditure	9	**2,492,686**	886,718
TOTAL NON-CURRENT ASSETS		**2,492,686**	886,718
TOTAL ASSETS		**2,880,762**	908,175
CURRENT LIABILITIES			
Trade and other payables	10	**358,650**	-
Provisions	11	**7,731**	-
Borrowings	12	**1,000,000**	914,951
TOTAL CURRENT LIABILITIES		**1,366,381**	914,951
NON CURRENT LIABILITIES			
Deferred tax liabilities	6	**737,536**	266,015
TOTAL NON-CURRENT LIABILITIES		**737,536**	266,015
TOTAL LIABILITIES		**2,103,917**	1,180,966
NET ASSETS/(LIABILITIES)		**776,845**	(272,791)
EQUITY			
Issued capital	13	**2,096,678**	100
Accumulated losses	14	**(1,319,833)**	(272,891)
TOTAL EQUITY		**776,845**	(272,791)

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2011

		Attributable to Owners of TNT Mines Limited		
Consolidated	Notes	Issued Capital $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2009		**100**	**(7,584)**	**(7,484)**
Profit/(Loss) for the year		-	(265,307)	(265,307)
BALANCE AT 30 JUNE 2010		**100**	**(272,891)**	**(272,791)**
Loss for the year		**-**	**(1,046,629)**	**(1,046,629)**
OTHER COMPREHENSIVE INCOME				
Acquisition of subsidiary		**-**	**(313)**	**(313)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares issued during the year		**2,096,578**	**-**	**2,096,578**
BALANCE AT 30 JUNE 2011		**2,096,678**	**(1,319,833)**	**776,845**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2011

	Notes	Consolidated 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(386,004)**	(505)
Interest received		**855**	1,425
Expenditure on mining interests		**(248,231)**	-
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23	**(633,380)**	920
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for security deposits		**(67,775)**	-
Loans from related parties		**1,000,000**	-
NET CASH INFLOW FROM INVESTING ACTIVITIES		**932,225**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		**-**	-
Payment of share issue costs		**-**	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**-**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**298,845**	920
Cash and cash equivalents at the beginning of the financial year		**2,257**	1,337
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**301,102**	2,257

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of TNT Mines Limited and its subsidiaries. The financial statements are presented in the Australian currency. TNT Mines Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 9 November 2011. The directors have the power to amend and reissue the financial statements.

(a) Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The financial statements have been prepared on an accruals basis, are based on historical cost and except where stated do not take into account changing money values or current valuations of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets.

The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of the Statement of Comprehensive Income and Statement of Financial Position requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Statement of Comprehensive Income and Statement of Financial Position are disclosed where appropriate.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TNT Mines as at 30 June 2011 and the results of all subsidiaries for the period then ended. TNT Mines and its subsidiaries together are referred to in this report as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer Note 1(f)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of TNT Mines.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(d) Revenue and other income

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

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated entities operate and generate taxable

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Costs directly attributable to the acquisition are expensed.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group’s share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is capitalised in respect of each identifiable area of interest. These costs are only carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through sale or 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 area of interest that is abandoned or the directors decide that it is not commercial are written off in full against profit in the period in which the decision is made.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

(i) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

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

(v) Financial liabilities

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

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in Note 2.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

Fair value

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

(j) Trade creditors

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

(k) Issued capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Employee benefits

(i) Wages and salaries and annual leave

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

(ii) Share-based payments

Share-based compensation benefits are provided to employees and contractors via the TNT Mines Limited Share Option Plan.

The fair value of options granted under the TNT Mines Limited Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black and Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Statement of Comprehensive Income with a corresponding adjustment to equity.

(m) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Comparative figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(p) Going Concern

The financial information has been prepared on the basis of a going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has a net deficiency of current assets to current liabilities of $978,305 as at 30 June 2011 and recorded an operating loss after income tax of $1,046,629 for the year then ended.

The financial report has been prepared on a going concern basis as the Company is undertaking a rights issue to raise up to $5,260,000 over the next 2 months. In the event that the Company is unable to raise sufficient funds to pay outstanding current liabilities the Company will endeavour to raise additional funds in the 1st half of 2012 through sophisticated investors.

Should the Group not return to profitability, and in turn positive cash flows, there would be significant uncertainty as to whether the Company and/or the Group could continue as going concerns and therefore whether they could realise their assets and extinguish their liabilities in the normal course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts, and classification of liabilities that might be necessary should the Company and/or the Group not continue as going concerns.

(q) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

(i) AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

(ii) AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

(iii) AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

(iv) AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

(v) AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(vi) AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011)

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

(vii) AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

(viii) AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

(r) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment 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 25.

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 Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group 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 that directors' best estimate, pending an assessment by the Australian Taxation Office.

Exploration and evaluation expenditure

The Group capitalises expenditure where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where pre-feasibility activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Such capitalised expenditure is carried at the end of the reporting period at $2.5m.

2. FINANCIAL RISK MANAGEMENT

Financial Risk Management Policies

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all Board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on financial risk management.

Specific Financial Risk Exposures and Management

(a) Market risk

(i) Foreign exchange risk

The Group does not have any material foreign exchange risk.

(ii) Price risk

Given the current level of operations, the Group is not presently exposed to price risk.

(iii) Interest rate risk

The Group does not have any material interest rate risk.

(b) Credit risk

The Group does not have any significant concentration of credit risk.

Credit risk related to balances with banks and other financial institutions is managed by investing surplus funds in financial institutions that maintain a high credit rating.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

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 monitors 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.

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.

(d) Net fair value

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

2. FINANCIAL RISK MANAGEMENT (cont.)

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	Consolidated 2011 $	Consolidated 2010 $
Financial Assets			
Cash and cash equivalents	7	**301,102**	2,257
Trade and other receivables	8	**86,974**	19,200
Total Financial Assets		**388,076**	21,457
Financial Liabilities			
Trade and other payables	10	**358,650**	-
Borrowings	12	**1,000,000**	914,951
Total Financial Liabilities		**1,358,650**	914,951

3. SEGMENT INFORMATION

Industry and geographical segment

The group operates in the mining exploration sector solely within Australia.

4. REVENUE

From continuing operations

	2011 $	2010 $
Other revenue		
Interest from financial institutions	**855**	1,425
	855	1,425

5. EXPENSES

Loss before income tax includes the following specific expenses

	2011 $	2010 $
Legal fees	**28,125**	-

6. INCOME TAX

(a) Income tax expense/(benefit)

	2011 $	2010 $
Current tax	**-**	-
Deferred tax	**471,521**	266,015
Adjustments for current tax of prior years	**-**	-
	471,521	266,015

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2011 $	2010 $
Loss from continuing operations before income tax expense	**(575,108)**	708
Prima facie tax benefit at the Australian tax rate of 30% (2010: 30%)	**(172,532)**	212
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	**91**	-
	(172,441)	212
Tax losses surrendered by company to head entity of consolidated group for which no payment received	**643,962**	265,803
Income tax expense	**471,521**	266,015

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

6. INCOME TAX (cont.)

	Consolidated 2011 $	Consolidated 2010 $
(c) Deferred Tax Assets		
Other provisions and accruals	**3,519**	-
Deductible establishment costs	**6,750**	-
	10,269	-
Offset against deferred tax liabilities	**(10,269)**	-
Net deferred tax assets	**-**	-
(d) Deferred Tax Liabilities		
Capitalised exploration and evaluation costs	**(747,806)**	(266,015)
	(747,806)	(266,015)
Offset against deferred tax assets	**10,269**	-
Net deferred tax liabilities	**(737,537)**	(266,015)

The Board of TNT Mines Limited is considering its options on the recoverability of the liability from Minemakers Limited under the terms of a Separation Deed dated 19 July 2011 between TNT Mines Limited and Minemakers Limited whereby any tax 'advantage' accrues to TNT Mines Limited and any tax liability is borne by Minemakers Limited. As at the date of this report the Board is uncertain as to the final outcome of the recoupment of the liability.

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank and in hand (AA rated)	**301,102**	2,257
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**301,102**	2,257

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

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
Government taxes receivable	**29,756**	-
Sundry receivables	**5,363**	-
Security deposits	**51,855**	19,200
	86,974	19,200

9. NON CURRENT ASSETS – CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	2011 $	2010 $
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Opening net book amount	**886,718**	544,259
Capitalised exploration and evaluation costs	**1,605,968**	342,459
Closing net book amount	**2,492,686**	886,718

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

Notes to the Consolidated Financial Statements (cont.)

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	Consolidated 2011 $	Consolidated 2010 $
10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES		
Trade payables	**316,200**	-
Other payables and accruals	**42,450**	-
	358,650	-
11. CURRENT LIABILITIES – PROVISIONS		
Employment benefits	**7,731**	-
	7,731	-
12. CURRENT LIABILITIES – BORROWINGS		
Loans from related parties[1]	**1,000,000**	-
Loans from parent entity[2]	**-**	914,951
	1,000,000	914,951

(1) Amount payable to the Parent which is to be repaid on the earlier of TNT Mines Limited being granted admission on the ASX or 1 July 2012. Interest charged at 11.41%.

(2) Loan from parent entity was converted to equity during the period.

13. ISSUED CAPITAL

	Notes	2011 Number of shares	2011 $	2010 Number of shares	2010 $
(a) Share capital					
Ordinary shares fully paid	13(b) 13(d)	**62,500,000**	**2,096,678**	100	100
Total issued capital		**62,500,000**	**2,096,678**	100	100
(b) Movements in ordinary share capital					
Beginning of the financial year		**100**	**100**	100	100
Transactions during the year:					
– Issued as consideration for converting debt to equity		**62,499,900**	**2,096,578**	-	-
End of the financial year		**62,500,000**	**2,096,678**	100	100

	Number of options 2011	Number of options 2010
(c) Movements in options on issue		
Beginning of the financial year	**-**	-
Issued during the year:		
– Exercisable at 30 cents, on or before 28 Feb 2015	**20,175,000**	-
End of the financial year	**20,175,000**	-

(d) Ordinary shares

Ordinary shares entitle the holder 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.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the Consolidated Financial Statements (cont.)

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13. ISSUED CAPITAL (cont.)

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to 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. The working capital position of the Group at 30 June 2011 and 30 June 2010 is as follows:

	Consolidated	
	2011 $	2010 $
Cash and cash equivalents	**301,102**	2,257
Trade and other receivables	**86,974**	19,200
Trade and other payables	**(358,650)**	-
Borrowings	**(1,000,000)**	(914,951)
Working capital position	**(970,574)**	(893,494)

14. RESERVES AND ACCUMULATED LOSSES

Accumulated losses

	2011 $	2010 $
Balance at beginning of year	**(272,891)**	(7,584)
Net profit/(loss) for the year	**(1,046,629)**	(265,307)
Acquisition of additional ownership in TNT Mines (Moina) Pty Ltd (see Note 21a)	**(313)**	-
Balance at end of year	**(1,319,833)**	(272,891)

15. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

Key management personnel compensation

	Consolidated 2011 $	Consolidated 2010 $
Short-term benefits	**80,452**	-
Post employment benefits	**7,241**	-
Other long term benefits	**-**	-
Share-based payments	**-**	-
	87,693	-

(i) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of TNT Mines Limited and other key personnel of the Group, including their personally related parties, are set out below:

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
2011							
Directors of TNT Mines Limited							
Ian Plimer	**-**	**2,500,000**	**-**	**-**	**2,500,000**	**-**	**2,500,000**
Michael Hannington	**-**	**4,000,000**	**-**	**-**	**4,000,000**	**-**	**4,000,000**
Andrew Drummond	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**-**	**2,000,000**
Neville Bergin	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**-**	**2,000,000**
Michael Beer	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**-**	**2,000,000**
Other key management personnel of the Group							
John Ribbons	**-**	**1,000,000**	**-**	**-**	**1,000,000**	**-**	**1,000,000**
Russell Fulton	**-**	**2,000,000**	**-**	**-**	**2,000,000**	**-**	**2,000,000**
Michael Woodborne	**-**	**500,000**	**-**	**-**	**500,000**	**-**	**500,000**

Options vested post balance date when TNT Mines Limited demerged from Minemakers Limited on 19 July 2011.

(ii) Shareholdings

The number of shares in the Company held during the financial year by each director of TNT Mines Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
2011				
Directors of TNT Mines Limited				
Ordinary shares				
Ian Plimer	-	-	-	-
Michael Hannington	-	-	-	-
Andrew Drummond	-	-	-	-
Neville Bergin	-	-	-	-
Michael Beer	-	-	-	-
Other key management personnel of the Group				
Ordinary shares				
John Ribbons	-	-	-	-
Russell Fulton	-	-	-	-
Michael Woodborne	-	-	-	-

(a) Loans to key management personnel

There were no loans to key management personnel during the year.

(b) Other transactions with key management personnel

There were no other transactions with key management personnel during the year.

17. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated 2011 $	Consolidated 2010 $
Audit services		
Bentleys - audit and review of financial reports	**-**	-
Bentleys - other non audit services (investigating accountants report)	**10,000**	-
	10,000	-

18. CONTINGENCIES

In relation to tenement acquisition agreements entered into by the Group, the following additional cash may be paid or shares issued dependent on future events:

(a) Tasmanian Tin and Tungsten Agreement

- $100,000 (or $110,000 worth of shares in the Company) annually for up to 5 years ending 31 December 2012 and $1,000,000 (or $1,100,000 of shares in the Company) upon commencement of mining operations, along with a 2.5% net smelter royalty.

(b) Moina Project Option Agreement

- On exercise of option, $1,250,000 of shares in the Company at a 10% discount to market at the time the option is exercised.
- 200,000 shares in the Company annually for each year the option is unexercised.
- $250,000 payable to Rio Tinto Exploration Pty Ltd and Anglo Australia Metals Pty Ltd if Moina goes into production.

19. COMMITMENTS

(a) Exploration commitments

The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

	Consolidated 2011 $	Consolidated 2010 $
within one year	**595,000**	-
later than one year but not later than five years	**210,000**	-
later than five years	**-**	-
	805,000	-

20. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is TNT Mines Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 16.

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b)(i):

Name	Country of Incorporation	Class of Shares	Equity Holding[1] 2011 %	2010 %
TNT Mines (Moina) Pty Ltd (formerly Minemakers (Moina) Pty Ltd)	Australia	Ordinary	**100**	-

(a) On 28 February 2011 the Company acquired TNT Mines (Moina) Pty Ltd, formerly Minemakers (Moina) Pty Ltd, for $850,588 via a loan from Minemakers Limited.

22. EVENTS OCCURRING AFTER THE BALANCE DATE

The ultimate parent Company announced in November 2010 that it was going to spin off its Tasmanian assets via one of its subsidiaries, Minemakers TTT Pty Ltd, later renamed TNT Mines Limited.

After Shareholder approval on 3 June 2011, TNT Mines Limited was demerged via an in specie distribution of 50,000,000 shares, 80% of the total shares on issue in TNT Mines Limited, to Minemakers' shareholders on 19 July 2011.

The transaction effectively resulted in Minemakers Limited becoming a 20% shareholder of TNT Mines Limited.

In September 2011 the Company issued 3,250,000 shares at 8 cents via a capital raising to sophisticated investors, which raised $260,000.

Apart from the above, as at the date of this report there is no matter or circumstance that has arisen since 30 June 2011 which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

	Consolidated 2011 $	2010 $
23. STATEMENT OF CASH FLOWS		
Reconciliation of loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(1,046,629)**	(265,307)
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase)/decrease in trade and other receivables	**-**	
(Increase) in mining properties	**(248,231)**	-
Increase in trade and other payables	**189,959**	212
Increase in tax liabilities	**471,521**	266,015
Net cash outflow from operating activities	**(633,380)**	920

24. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

	2011 $	2010 $
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(1,046,629)**	(265,307)

(b) Weighted average number of shares used as the denominator

	Number of shares	Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**51,541,114**	708

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2011, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

25. SHARE BASED PAYMENTS

(a) Employees and Contractors Option Incentive Plan

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted was 30 cents per option granted expire on 28 February 2015.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

	TNT Mines Ltd			
	2011		2010	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**-**	**-**	-	-
Granted	**20,175,000**	**30**	-	-
Outstanding at year end	**20,175,000**	**30**	-	-
Exercisable at year end	**-**	**-**	-	-

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 3.67 years (2010: Nil), and the exercise price is 30 cents.

The weighted average fair value of the options granted during the year was 0.41 cents (2010: Nil). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2011	2010
Weighted average exercise price (cents)	**30**	-
Weighted average life of the option (years)	**3.91**	-
Weighted average underlying share price (cents)	**3.40**	-
Expected share price volatility	**72.78%**	-
Weighted average risk free interest rate	**4.75%**	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

	Consolidated	
	2011 $	2010 $

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, TNT Mines Limited, at 30 June 2011. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

(a) Financial position

	2011 $	2010 $
Assets		
Current assets	**388,077**	21,457
Non-current assets	**2,435,210**	886,718
Total assets	**2,823,287**	908,175
Liabilities		
Current liabilities	**1,366,382**	914,951
Non-current liabilities	**737,536**	266,015
Total liabilities	**2,103,918**	1,180,966
Equity		
Contributed equity	**2,096,678**	100
Accumulated losses	**(1,377,309)**	(272,891)
Total equity	**719,369**	(272,791)

(b) Financial Performance

	2011 $	2010 $
Profit/(loss) for the year	**(1,104,418)**	(265,307)
Total comprehensive loss for the year	**(1,101,418)**	(265,307)

Notes to the Consolidated Financial Statements (cont.)

30 JUNE 2011

26. PARENT ENTITY INFORMATION (cont.)

(c) Details of any contingent liabilities of the parent entity

Refer to Note 18(a) for details on the contingent liabilities of the parent entity.

(d) Details of any commitments by the parent entity for the acquisition of property, plant and equipment

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment as at reporting date.

	Consolidated 2011 $	Consolidated 2010 $
(e) Loans to related parties		
Loans to subsidiaries		
Beginning of the year	**-**	-
Loans advanced	**58,000**	-
Provision for impairment	**(58,000)**	-
End of the year	**-**	-

Director's Declaration

The directors' declare that:

a) the financial statements and notes set out on pages 9 to 29 are in accordance with the *Corporations Act 2001*, including:

   i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date;

b) in their opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Michael Hannington
Managing Director

Perth, 9 November 2011

Independent Auditor's Report

To the Members of TNT Mines Limited

Bentleys
THINKING AHEAD

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We have audited the accompanying financial report of TNT Mines Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

The directors of the Company are responsible for the preparation 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.

Independent Auditor's Report

Independence

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

Auditor's Opinion

In our opinion:

a. The financial report of TNT Mines Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2011 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 report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 9th day of November 2011