



SAMBA MINERALS LIMITED

ACN 129 327 073

AND CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

SAMBA MINERALS LIMITED
CONTENTS

	Page
Corporate Directory	1
Review of Operations	2
Directors' Report	3
Auditor's Independence Declaration	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	31
Independent Auditor's Report	32

**SAMBA MINERALS LIMITED
CORPORATE DIRECTORY**

DIRECTORS

Robert Chanson
Nigel Ferguson
Paul Jurman

COMPANY SECRETARY

Paul Jurman

**PRINCIPAL AND REGISTERED
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SHARE REGISTRY

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SAMBA MINERALS LIMITED REVIEW OF OPERATIONS

In what continues to be difficult times for the junior minerals exploration sector, Samba Minerals made a decision to withdraw from both its Zambian projects without penalty on providing formal notice and having met its minimum expenditure commitments.

After engaging with several of its major shareholders, Samba subscribed for 225 million shares at US\$0.001 each in Panex Resources Inc, the main asset being the Giro Gold Project ("Giro Project") in the Democratic Republic of Congo ("DRC).

Subsequent to investing in Panex, the Giro Project was sold to ASX listed Burey Gold Limited (ASX:BYR).

About The Giro Projects

The Giro Project licences are located within 30kms to the west of Randgold Resources' multi-million ounce Kibali Gold deposits. Randgold and partners AngloGold Ashanti, commenced first production in September 2013 at a capital investment cost of US\$1.7b and is expecting to produce 550,000oz of gold in 2014. Both licences occur within the Kilo-Moto Belt in one of the world's principal greenstone belts hosting AngloGold Ashanti's deposits to the east, the Loncore and Kilogold deposits to the south and more than 40Moz of gold discovered in neighbouring Tanzania since 1994.

Further information on the Giro Gold Project can be found at the Burey website www.bureygold.com.

Corporate

The Board continues to monitor the progress of the Giro Project and is actively engaged with Panex management with respect to sourcing of additional projects.

The Company is being maintained on a very tight budget with only essential costs being incurred.

SAMBA MINERALS LIMITED DIRECTORS' REPORT

The directors of Samba Minerals Limited submit herewith the annual financial report of Samba Minerals Limited ("Company") and its controlled entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Dr. Robert Chanson

Non Executive Chairman

Appointed 30 September 2008

Dr. Robert Chanson is a Non Executive Chairman of Samba Minerals. Dr. Chanson is a seasoned Swiss entrepreneur and financier. Following a successful career with Zurich Financial Services and serving as a multi-term member of Parliament, he turned his focus to launching innovative SME's in an international setting in the last two decades. In this role he has gained extensive experience in legal and corporate finance matters as well as managing private and publicly traded companies in Switzerland and overseas. His professional career spans both the resource as well as the biotech industries. Dr. Chanson is a results-driven director who aims to safeguard the interests of investors and shareholders and his track record in this field has led him to become a respected non-executive board member.

Nigel Ferguson, BSc,F AusIMM, MAIG

Managing Director

Appointed 22 January 2008

Mr. Ferguson is a geologist with over 28 years of experience. Mr Ferguson has held senior management positions for the past 18 years and has experience in precious and base metal mineral resources in overseas locations including Saudi Arabia, South East Asia, South and Central America and Africa. Mr. Ferguson was Country Manager - Tanzania for Ashanti Goldfields, being instrumental in assessing the acquisition of the now multi-million ounce Geita Gold Project. Mr. Ferguson was instrumental in listing Condor Gold plc on the London Stock Exchange - AIM market and served as CEO for the company between 2003 and 2008. Mr. Ferguson is also a director of African Metals Corp (TSXV) and was previously a director of ASX listed entities RMA Energy Limited (March 2011 – May 2013) and Burey Gold Limited (March 2005 -March 2012).

Paul Jurman, BCom, CPA

Non Executive Director and Company Secretary

Appointed 22 January 2008

Mr Jurman is a Certified Practising Accountant with over 10 years experience and has been involved with a diverse range of Australian public listed companies in company secretarial and financial roles. He is also a director and company secretary of Explaurium Limited and Nemex Resources Limited and is company secretary of Carnavale Resources Limited.

Directors' interests

The interests of each Director in the shares of the company at the date of this report are as follows:

<i>Name</i>	<i>Ordinary shares</i>
R Chanson	250,000
N Ferguson	1,300,000
P Jurman	260,000

Options granted to directors and officers and analysis of share-based payments granted as remuneration

The Company did not grant any options over unissued ordinary shares during or since the end of the financial year to any Directors or officers as part of their remuneration.

SAMBA MINERALS LIMITED

DIRECTORS' REPORT

SHARE OPTIONS

As at the end of the financial year, there were no options over unissued ordinary shares outstanding.

There were no options issued after 30 June 2014 and up to the date of this report.

Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is the acquisition and exploration of global mineral projects, with a focus on Africa.

RESULTS AND REVIEW OF OPERATIONS

The result of the Group for the financial year ended 30 June 2014 after income tax was a loss of \$432,236 (2013: \$76,335).

LIKELY DEVELOPMENTS

The objectives of the group are to maximise shareholder value through the direct and indirect investment in mineral projects and working closely with existing and potential alliance partners.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

In February 2014, the Company withdrew from both the Chinzete and Jesse Mine Projects in Zambia, after it was unable to secure funding to continue to develop these projects.

In February 2014, the Company made an investment in the US OTC listed Panex Resources Inc ("Panex"). Panex is an exploration stage company, which engages in the acquisition and exploration of mineral properties.

SUBSEQUENT EVENTS

Since the end of the financial year and to the date of this report no other matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulation when carrying out exploration work.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' MEETINGS

There were no formal directors' meetings held during the financial year.

SAMBA MINERALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT – AUDITED

Remuneration policy

The remuneration policy of Samba Minerals Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Samba Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

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

- The remuneration policy and setting the terms and conditions for the Executive Director and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Consolidated Entity is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the Consolidated Entity moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. 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 Consolidated Entity. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of specified directors and specified executives

Directors

R Chanson	Non-Executive Chairman	Appointed 30 September 2008
N Ferguson	Managing Director	Appointed 22 January 2008
P Jurman	Non-Executive Director	Appointed 22 January 2008

Except as detailed in the Remuneration Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Consolidated Entity or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Consolidated Entity.

**SAMBA MINERALS LIMITED
DIRECTORS' REPORT**

Remuneration of specified directors and specified executives

Remuneration for the year ended 30 June 2014

	Short-term benefits		Post employment	Equity-based compensation	Total	Proportion related to performance
	Directors' fees	Consulting fees	Superannuation			
	\$	\$	\$	\$	\$	%
Directors						
R Chanson	-	-	-	-	-	-
N Ferguson	45,000	10,000	-	-	55,000	-
P Jurman	-	-	-	-	-	-
Total	45,000	10,000	-	-	55,000	

Remuneration for the year ended 30 June 2013

	Short-term benefits		Post employment	Equity-based compensation	Total	Proportion related to performance
	Directors' fees	Consulting fees	Superannuation			
	\$	\$	\$	\$	\$	%
Directors						
R Chanson	-	-	-	-	-	-
N Ferguson	60,000	5,000	-	-	65,000	-
P Jurman	-	-	-	-	-	-
Total	60,000	5,000	-	-	65,000	

Options granted as part of remuneration

There were no options granted as part of remuneration to the directors for the years ended 30 June 2014 and 30 June 2013.

Employment contracts of directors and executives

On 1 August 2008, the Company entered into a services agreement with Mr Nigel Ferguson (Services Agreement). Under the Services Agreement, Mr Ferguson is engaged by the Company to provide services to the Company in the capacity of Managing Director.

Mr Ferguson is to be paid AUD\$5,000 per month up until the listing of the Company and AUD\$12,000 per month thereafter plus statutory superannuation. The Company has the discretion to review and adjust the salary, including where it is deemed necessary for the provision of additional time and services. Mr Ferguson will also be reimbursed for reasonable expenses incurred in carrying out his duties.

The agreement was terminated on 31 March 2014.

Shareholdings of key management personnel

Year ended 30 June 2014

	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
Directors				
R Chanson	250,000	-	-	250,000
N Ferguson	1,300,000	-	-	1,300,000
P Jurman	260,000	-	-	260,000
Total	1,810,000	-	-	1,810,000

Other key management personnel transactions

Accounting, secretarial and corporate service fees of \$26,492 (2013: \$48,924) were paid or payable during the year ended 30 June 2014 on normal terms and conditions to Corporate Consultants Pty Ltd, a company in which Mr Jurman is a director and has a beneficial interest.

**SAMBA MINERALS LIMITED
DIRECTORS' REPORT**

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Consolidated Entity shall be indemnified out of the property of the Consolidated Entity against any liability incurred by him in his capacity as Officer or agent of the Consolidated Entity or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

There have been no non-audit services provided by the Company's auditor during the year (2013: \$Nil).

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.



NIGEL FERGUSON

Director

Dated this 31st day of October 2014.

Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Samba Minerals Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
31 October 2014

L Di Giallonardo
Partner

SAMBA MINERALS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Income			
Revenue	3	5	30
Foreign exchange gain		7,063	47,601
		7,068	47,631
Expenses			
Administrative expenses	4	(71,956)	(123,966)
Exploration expenditure impaired	4	(367,348)	-
		(432,236)	(76,335)
Loss for the year before income tax			
Income tax expense	5	-	-
Net loss for the year attributable to members of the Company		(432,236)	(76,335)
Other comprehensive income			
<i>Items that might be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations		-	32,457
Other comprehensive income for the year		-	32,457
Total comprehensive loss for the year		(432,236)	(43,878)

The accompanying notes form part of these financial statements

SAMBA MINERALS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Current assets			
Cash and cash equivalents	15(a)	53,157	463,062
Receivables	8	150	6,771
Total current assets		<u>53,307</u>	<u>469,833</u>
Non-current assets			
Available-for-sale financial assets	9	256,365	-
Deferred exploration and evaluation expenditure	10	-	293,683
Total non-current assets		<u>256,365</u>	<u>293,683</u>
Total assets		<u>309,672</u>	<u>763,516</u>
Current liabilities			
Trade and other payables	11	4,624	26,232
Total current liabilities		<u>4,624</u>	<u>26,232</u>
Total liabilities		<u>4,624</u>	<u>26,232</u>
Net assets		<u>305,048</u>	<u>737,284</u>
Equity			
Issued capital	12	2,909,730	2,909,730
Reserves	13	-	113,374
Accumulated losses	14	(2,604,682)	(2,285,820)
Total equity		<u>305,048</u>	<u>737,284</u>

The accompanying notes form part of these financial statements

SAMBA MINERALS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated

2014	Issued capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Opening Balance	2,909,730	80,917	32,457	(2,285,820)	737,284
Loss attributable to members of the parent entity	-	-	-	(432,236)	(432,236)
Total comprehensive (loss)/income for the year	-	-	-	(432,236)	(432,236)
Transfer reserve to accumulated losses	-	(80,917)	(32,457)	113,374	-
Closing Balance at 30 June 2014	2,909,730	-	-	(2,604,682)	305,048
2013	Issued capital \$	Share based payments reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total \$
Opening Balance	2,909,730	80,917	-	(2,209,485)	781,162
Loss attributable to members of the parent entity	-	-	-	(76,335)	(76,335)
Exchange differences arising on translation of foreign operations	-	-	32,457	-	32,457
Total comprehensive (loss)/income for the year	-	-	32,457	(76,335)	(43,878)
Closing Balance at 30 June 2013	2,909,730	80,917	32,457	(2,285,820)	737,284

The accompanying notes form part of these financial statements

SAMBA MINERALS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated	
		2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers		(87,623)	(115,313)
Interest received		5	30
Net cash outflows from operating activities	15(b)	(87,618)	(115,283)
Cash flows from investing activities			
Payment for shares in listed entity		(256,365)	-
Exploration expenditure		(73,665)	(92,223)
Net cash outflows from investing activities		(330,030)	(92,223)
Cash flows from financing activities			
Issue of shares		-	-
Net cash inflows from financing activities		-	-
Net decrease in cash and cash equivalents held		(417,648)	(207,506)
Net foreign exchange differences		7,743	47,102
Cash and cash equivalents at the beginning of the financial year		463,062	623,466
Cash and cash equivalents at the end of the financial year	15(a)	53,157	463,062

The accompanying notes form part of these financial statements

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

The financial report of Samba Minerals Limited (the Company) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 31st October 2013. Samba Minerals Limited is a company limited by shares, incorporated in Australia.

The nature of the operations and principal activity of the Group is mineral exploration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available for-sale financial assets that have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

(b) Adoption of new and revised standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2013. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Samba Minerals Limited ("Company" or "Parent") and its subsidiaries as at 30 June each year (the "Group" or "Consolidated Entity"). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

(g) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other 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.

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

(j) Impairment of assets

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

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) 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"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the Statement of Comprehensive Income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Statement of Comprehensive Income.

(m) Financial assets and liabilities

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through profit or loss.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Upon initial recognition a financial asset or financial liability is designated as at fair value through profit or loss when:

- (a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through profit or loss.
- (b) doing so results in more relevant information, because either:
 - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising gains or losses on them on different bases; or
 - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.

Financial assets not measured at fair value comprise:

- (a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method.
- (b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method.
- (c) investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through the Statement of Comprehensive Income.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the Statement of Changes in Equity (except for impairment losses and foreign exchange gains and losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income.

Purchases of financial assets are accounted for as follows:

- financial assets held for trading – at trade date
- held-to-maturity investments – at trade date
- loans and receivables – at trade date
- available-for-sale financial assets – at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method.

- (a) financial liabilities at fair value through profit and loss and derivatives that are liabilities measured at fair value.
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or uncollectability.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Australian dollars, which is Samba Minerals Limited's functional and presentation currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to the Statement of Comprehensive Income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(o) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(p) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(q) Other receivables

Other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Samba Minerals Limited.

(t) Significant accounting estimates

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

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined using a Black-Scholes model, using assumptions which are detailed in the financial reports of periods during which the transactions occur.

(u) Parent-entity information

The financial information for the parent entity, Samba Minerals Limited, as disclosed in Note 21, has been prepared on the same basis as the consolidated financial statements.

3. REVENUE

	Consolidated	
	2014	2013
	\$	\$
Other revenue	5	30
Interest earned	5	30
	5	30

4. EXPENSES

Exploration expenditure impaired	367,348	-
Directors remuneration	55,000	65,000

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5. INCOME TAX

(a) **Prima facie tax expense / (benefit) at 30% on profit / (loss) from ordinary activities is reconciled to the income tax provided in the financial statements**

	Consolidated	
	2014	2013
	\$	\$
Loss before income tax	(432,236)	(76,335)
Prima facie income tax benefit at 30%	129,670	22,901
Tax effect of amounts which are not tax deductible/(taxable) in calculating taxable income:		
Tax effect of capitalised share issue costs	24,351	24,351
Exploration expenses written off	(78,368)	27,667
Various timing items	-	(2,700)
Various non-deductible items	-	(8,676)
Income tax (expense) / benefit adjusted for non deductible / (taxable) items	75,653	63,543
Deferred tax asset not brought to account	(75,653)	(63,543)
Income tax benefit / (expense)	<u>-</u>	<u>-</u>

(b) Deferred tax assets

The potential deferred tax asset arising from tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet considered sufficiently probable.

	\$	\$
Carry forward revenue losses	567,491	501,574
Carry forward capital losses	470,045	470,045
Capital raising costs	10,438	21,832
	<u>1,047,974</u>	<u>993,451</u>

The benefits will only be obtained if:

- (i) The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) The companies continue to comply with the conditions for deductibility imposed by the Law; and
- (iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

(c) Deferred tax liabilities

The potential deferred tax liability arising from capitalised exploration expenditure has not been recognised as a liability as this would reduce the potential deferred tax asset noted at (b) above.

	\$	\$
Deferred exploration and evaluation expenditure	<u>-</u>	<u>78,368</u>
	<u>-</u>	<u>78,368</u>

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6. AUDITOR'S REMUNERATION

	Consolidated	
	2014	2013
	\$	\$
The auditor of Samba Minerals Limited is HLB Mann Judd.		
Amounts received or due and receivable by the Company's auditors for:		
Auditing or reviewing the Company's financial statements	3,000	3,000
Other services to the Company	-	-
	3,000	3,000
Amounts received or due and receivable by non HLB Mann Judd audit firms for:		
Auditing or reviewing the financial statements of the overseas subsidiary	-	-
	-	-

7. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors

R Chanson (appointed 30 September 2008)

N Ferguson (appointed 22 January 2008)

P Jurman (appointed 22 January 2008)

(b) Compensation of key management personnel

	Consolidated	
Short-term benefits	55,000	65,000
	55,000	65,000

(c) Other key management personnel transactions

Accounting, secretarial and corporate service fees of \$26,492 (2012: \$48,924) were paid or payable during the year ended 30 June 2014 on normal terms and conditions to Corporate Consultants Pty Ltd, a company in which Mr Jurman are directors and have a beneficial interest.

8. CURRENT RECEIVABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Other receivables (i)	150	6,771
	150	6,771

(i) Other receivables include amounts outstanding for goods and services tax (GST). These amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated	
	2014	2013
	\$	\$
Non-current		
Investment in listed entity (i)	256,365	-
	256,365	-

(i) The investment comprises 225 million ordinary fully paid shares in Panex Resources Inc (DBGF:OTC US) representing a 15.88% interest as at the date of this report. The carrying value is stated at cost as there is no active market as at balance date, and the stock was in a restricted (non-tradeable status). The lifting of the restriction enabling the investment to be traded is expected to be completed in the current financial year.

10. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014	2013
	\$	\$
Exploration and evaluation costs carried forward in respect of exploration areas of interest	-	293,683
Opening balance	293,683	169,002
Exploration expenditure (i)	73,665	92,224
Exploration expenditure impaired (ii)	(367,348)	-
Net foreign currency exchange differences	-	32,457
	-	293,683

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

- (i) The Exploration expenditure incurred in the current year relates to the Chinzete Project, Zambia and initial preliminary exploration activities with respect to the Jesse Gold Project.
- (ii) The Company made a decision to withdraw from both projects in February 2014.

11. TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
	\$	\$
Current		
Trade and other payables (i)	4,624	26,232
	4,624	26,232

(i) Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid as well as accrued expenses. The amounts are unsecured and are usually paid within 30 days of recognition.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

12. ISSUED CAPITAL

(a) Issued capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Movements in share capital

	2014	2013	2014	2013
	Number	Number	\$	\$
Balance at beginning of period	33,274,801	33,274,801	2,909,730	2,909,730
No movement for the year (i)	-	-	-	-
Balance at end of year	<u>33,274,801</u>	<u>33,274,801</u>	<u>2,909,730</u>	<u>2,909,730</u>

(i) There was no movement during the reporting period.

(ii) 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.

(c) Company Stock Option Plan

The Company has a fixed stock option plan that provides for the issuance of up to 20% of the issued and outstanding shares of the Company. The board of directors is authorised to set the exercise price, expiry date, and vesting provisions for each grant, subject to the policies of the TSX Venture Exchange. The plan provides for a maximum grant period of five years. As at 30 June 2014, the Company's had no stock options and no options were exercised during the financial year ended 30 June 2014 (2013: Nil).

Stock-Based Compensation

For the year ended 30 June 2014, the Company granted no stock options to its directors, officers, employees and consultants (2013: Nil)

13. RESERVES

	Consolidated	
	2014	2013
	\$	\$
Current		
Foreign currency translation reserve (a)	-	32,457
Share based payment reserve (b)	-	80,917
Total	<u>-</u>	<u>113,374</u>

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

13. RESERVES (CONTINUED)

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

	Consolidated	
	2014	2013
	\$	\$
Balance at beginning of year	32,457	-
Gain / (loss) on translation of foreign controlled entities	-	32,457
Transfer reserve to accumulated losses	(32,457)	
Balance at end of year	-	32,457

(b) Share-based payment reserve

The share-based payment reserve records items recognised as expenses on valuation of director and consultant share options.

	Consolidated	
	2014	2013
	\$	\$
Balance at beginning of year	80,917	80,917
Transfer reserve to accumulated losses	(80,917)	-
Balance at end of year	-	80,917

(c) Movement in Options over ordinary shares

There were no options on issue as at 30 June 2014.

14. ACCUMULATED LOSSES

	Consolidated	
	2014	2013
	\$	\$
Accumulated losses at the beginning of the year	(2,285,820)	(2,209,485)
Loss for the year	(432,236)	(76,335)
Transfer from the foreign currency translation reserve	32,457	-
Transfer from the Share based payments reserve	80,917	-
Accumulated losses at the end of the year	(2,604,682)	(2,285,820)

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	Consolidated	
	2014	2013
	\$	\$
Cash at bank	53,157	463,062

(b) Reconciliation of loss after tax to net cash flows from operations

	Consolidated	
	2014	2013
	\$	\$
Loss after income tax	(432,236)	(76,335)
Add back / (Subtract) non-cash items:		
Exploration expenditure impaired	367,348	-
Foreign exchange loss / (gain)	(7,743)	(47,102)
(Increase) / decrease in assets		
Trade and other receivables	6,621	24,198
Increase / (decrease) in liabilities		
Trade and other payables	(21,608)	(16,044)
	(87,618)	(115,283)

(c) Non-cash financing of investing activities

There were no non-cash financing of investing activities during the financial year.

16. INVESTMENT IN CONTROLLED ENTITIES

Entity	Country of incorporation	Consolidated Equity Interest 2014 %	Consolidated Equity Interest 2013 %
Parent Entity			
Samba Minerals Limited	Australia		
Muva Resources Limited (i)	Zambia	-	85

(i) On withdrawal from the Zambian projects (Note 10 (ii)) the Company has divested its interest in this entity for a nominal amount.

17. COMMITMENTS AND CONTINGENCIES

The Consolidated Entity does not have any commitments or contingent liabilities as at balance date or at the date of this report.

18. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Overview

The activities of the Group expose it to a variety of financial risks, including:

- market risk,
- credit risk, and
- liquidity and capital risks.

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 business. Samba will use different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Australian dollar is the reporting currency for the Group. The Group's Brazilian entity uses US Dollars as its functional currency.

At 30 June 2014, had the Australian Dollar weakened / strengthened by 10% against the US Dollar with all other variables held constant, post-tax loss for the year would be \$4,299 higher / \$5,254 lower, mainly as a result of the changes in value of the US denominated bank balances.

(ii) Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2014		30 June 2013	
	Assets	Liabilities	Assets	Liabilities
United States Dollar	47,289	-	412,316	-

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on short term deposits.

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
2014						
Financial assets						
Cash and cash equivalents	15(a)	53,157	-	-	53,157	0.2
Trade and other receivables	8	-	-	150	150	-
Available-for-sale financial assets	9			256,365	256,365	-
		<u>53,157</u>	<u>-</u>	<u>256,515</u>	<u>309,672</u>	

Financial liabilities

Trade and other payables	12	-	-	4,624	4,624	-
		<u>-</u>	<u>-</u>	<u>4,624</u>	<u>4,624</u>	

2013

Financial assets

	Note	Floating interest rate \$	Fixed interest rate \$	Non- interest bearing \$	Total \$	Weighted average interest rate %
Cash and cash equivalents	15(a)	463,062	-	-	463,062	0.57
Trade and other receivables	8	-	-	6,771	6,771	-
		<u>463,062</u>	<u>-</u>	<u>6,771</u>	<u>469,833</u>	

Financial liabilities

Trade and other payables	12	-	-	26,232	26,232	-
		<u>-</u>	<u>-</u>	<u>26,232</u>	<u>26,232</u>	

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below, where interest is applicable. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

Consolidated	Profit or (Loss)		Equity	
	100 bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
30 June 2014				
Variable rate instruments	2,231	(5)	2,231	(5)
Cash flow sensitivity (net)	<u>2,231</u>	<u>(5)</u>	<u>2,231</u>	<u>(5)</u>
30 June 2013				
Variable rate instruments	5,316	(30)	5,316	(30)
Cash flow sensitivity (net)	<u>5,316</u>	<u>(30)</u>	<u>5,316</u>	<u>(30)</u>

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Financial assets

Trade receivables from other entities are carried at nominal amounts less any allowance for doubtful debts. Other receivables are carried at nominal amounts due. Interest is recorded as income on an accruals basis.

Financial liabilities

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

Net fair value of financial assets and liabilities

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

(iv) Commodity price risk

As the Group is exploring for a variety of minerals including gold and copper, it will be exposed to the risks of fluctuation in prices for those minerals. The market for all of these minerals has a history of volatility, moving not only with the standard forces of supply and demand, but also in the case of gold, to investment and disinvestment. Prices fluctuate widely in response to changing levels of supply and demand but, in the long run, prices are related to the marginal cost of supply.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and investment deposits. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group does not have significant exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity and capital risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objectives when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt / equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The table below analyses the Group's financial liabilities into maturity groupings based on the remaining period from the balance date to the contractual maturity date.

2014	Within 1 year	Between 1 and 5 years	After 5 years
	\$	\$	\$
Financial liabilities			
Trade and other payables	4,624	-	-
Total Financial Liabilities	4,624	-	-

2013	Within 1 Year	Between 1 and 5 years	After 5 years
	\$	\$	\$
Financial liabilities			
Trade and other payables	26,232	-	-
Total Financial Liabilities	26,232	-	-

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

If the Group anticipates a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

SAMBA MINERALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. SEGMENT REPORTING

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the board as a whole and have concluded that during the year, Samba Minerals Limited only operated in the one sector - mineral exploration in Zambia.

21. PARENT ENTITY DISCLOSURES

(a) Summary financial information

Financial Position

	2014	2013
	\$	\$
Current assets	309,672	469,833
Non-current assets	-	293,683
Total assets	<u>309,672</u>	<u>763,516</u>
Current liabilities	4,624	26,232
Total liabilities	<u>4,624</u>	<u>26,232</u>
Net assets	<u>305,048</u>	<u>737,284</u>
Equity		
Issued capital	2,909,730	2,909,730
Share-based payment reserve	-	80,917
Accumulated losses ¹	<u>(2,604,682)</u>	<u>(2,253,363)</u>
Total equity	<u>305,048</u>	<u>737,284</u>

¹Movement in accumulated losses represents comprehensive loss for the year of \$432,236, offset by the transfer of the reserve balance \$80,917.

Financial performance

	2014	2013
	\$	\$
Loss for the year after income tax	(432,236)	(43,878)
Other comprehensive income / (loss)	-	-
Total comprehensive loss	<u>(432,236)</u>	<u>(43,878)</u>

(b) Guarantees entered into by the parent entity in relation to the debts of its subsidiary

Samba Minerals Limited has not entered into any guarantees in relation to the debts of its subsidiary.

(c) Contingent liabilities of the parent

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014 (30 June 2013 – \$Nil), the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

**SAMBA MINERALS LIMITED
DIRECTORS' DECLARATION**

In the opinion of the Directors:

- (a) The accompanying financial statements and the notes and the additional disclosures included in the directors' report designated as audited, of the Consolidated Entity are 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 that date; and
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2014.

Signed in accordance with a resolution of the Directors made pursuant to s 295(5) of the Corporations Act 2001.

On behalf of the Board.



NIGEL FERGUSON
Director

Dated this 31st day of October 2014
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Samba Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Samba Minerals Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 for the consolidated entity. The consolidated entity comprises 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Samba Minerals 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 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

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.

Auditor's opinion

In our opinion the remuneration report of Samba Minerals Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



L Di Giallonardo
Partner

Perth, Western Australia
31 October 2014