OROYA

Mining Limited

ACN 009 146 794

Annual Financial Report

For the year ended 30 June 2014

CONTENTS

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2014.

DIRECTORS

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

Mr Ping Zhao (Executive Director)

Mr Zhao is involved in Australian mine exploration through his role as Managing Director of Soaraway Development Pty Ltd and owns the China based Yucai Group of Companies. He founded the Yucai Group in 1995 and grew it into a very successful group of companies involved in mining, energy trading, real estate development, and strategic investment in China and, more recently has expanded into Australia.

Mr Zhao led the Yucai group exploration program that discovered and developed the Huaibei Liucun Coal Mine in 1995. The mine has a national award for excellence in operations. He went on to discover and commission the Huaibei Liulou Metal Mine by 2003. The mines employ over 1,150 people.

Mr Joshua Wellisch (Non-executive Director)

Mr Wellisch has a Bachelor of Science degree from Murdoch University and a Post Graduate Diploma in Project Management from Curtin University. Mr Wellisch has been an executive director of NRG Capital Pty Ltd, a corporate advisory firm, since 2009, is currently Managing Director of Mining Projects Australia Limited (ASX:MPJ) since 28 March 2013 and was formerly a director of Kingston Resources Limited (ASX:KSN) from December 2009 until September 2011. He is currently the advisor to multiple public companies in a range of industries including exploration, information technology and banking services. Mr Wellisch has a breadth of experience in capital raisings, corporate structuring and public company transactions.

Mr Wade Guo (Non-executive Director)

Mr Guo has been an executive with the Yucai Group China since 2005 as a representative for the Group's Australian operations. Mr Guo has been involved with Yucai Australia Pty Ltd real estate development projects (approximately $140 million) in the capacity of director – Admin from 2009 to 2011. Mr Guo is also a director of Soaraway Developments Pty Ltd (a substantial shareholder of Oroya) working on the group's mining exploration projects which are valued at approximately $5 million.

Mr Guo has a wide range of experience and knowledge in the Australian business community and diverse industries. Mr Guo has an engineering background in telecommunication. Prior to joining the Yucai Group he ran his own electrical and electronics service business for over 10 years.

Dr Kevin Moriarty (Non-executive Chairman) – Resigned 14 November 2013

Dr Moriarty is a geologist and company director whose career has included acquisition and management of projects in both the petroleum and mineral sectors. His later career has focused on base and precious metal exploration and development, leading to commissioning of the Angas Zinc mine in South Australia in 2008, and acquisition and management of a major mining project in North Africa. Dr Moriarty was a director of the Company from 6 July 2012 until 14 November 2013. He was previously a director of Kingston Resources Limited (ASX: KSN) from July 2012 until September 2013 and Terramin Australia Limited (ASX: TZN) from September 2000 until May 2011.

COMPANY SECRETARY

Mr Mathew Whyte (Company Secretary)

Mr Whyte is a CPA and a fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia). He has over 20 years commercial experience in the financial management, direction and corporate governance of ASX listed companies. He has held senior executive roles on a number of Australian listed entities with operations in Australia and overseas in the mining, mining services, power infrastructure and biotech industries. Mr Whyte is also a Director and Company Secretary for Kingston Resources Limited since September 2011.

DIRECTORS REPORT

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interest of the directors in shares and options of Oroya Mining Limited were:

	Number of Ordinary Shares	***Number of Unlisted Options over Ordinary Shares***	***Number of Listed Options over Ordinary Shares***
P Zhao	724,652,532*	Nil	Nil
K Moriarty	3,000,000**	50,000,000**	Nil
J Wellisch	Nil	10,000,000	Nil
W Guo	Nil	10,000,000	Nil

***Direct holding 35,177,772 shares: Indirect holding 689,474,760 shares.**
**** Held at the date of resignation on 14 November 2013.**

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were in mineral exploration.

OPERATING RESULTS

The operating loss after income tax for the financial year ended 30 June 2014 was $582,146 (2013: $2,362,002).

DIVIDENDS

During the year no dividends were paid. No dividend is recommended.

REVIEW OF OPERATIONS

Oroya is an Australian-based mineral explorer, focused on the exploration and discovery of large copper and base metal projects. The activities of the Company and its joint venture partners over the last year have progressed several of the projects. The Company is also actively assessing advanced projects for acquisition.

At the date of this report, Oroya held interests in the following projects:

Orbost Copper Project –Victoria (Oroya: 100%)

The Orbost Copper Project, about 30 kilometres north of the town of Orbost, within EL4933 that was granted to Oroya in August 2011, covers a regional copper metallogenic zone which is prospective for potential for gold mineralisation, base and strategic metals.

The first phase of drilling was completed during April 2013 comprising 9 holes for a total of 2163 metres. The Company is continuing to assess the minerals systems types present and the potential for those systems to yield significant mineralisation. In particular the Company is assessing the potential of orogenic gold systems, porphyry Cu-Mo and intrusion related gold systems associated with tungsten-tin-molybdenum mineralised centres.

NSW, Sofala Gold-Copper Project, Wiagdon Thrust Joint Venture
(Oroya 30% free -carried, Perpetual Resources 70%)

Neo Resources Limited (Neo) now 100% owned by Perpetual Resources Limited (ASX:PEC) has earned a 70% interest in the Sofala Wiagdon Thrust Joint Venture by completing the Earn-In Expenditure of a minimum of $1.5 million within the deemed Earn-In Period. Oroya is now free carried until the mining commencement date, with a 30% Interest.

The Sofala Wiagdon Thrust gold project comprises a suite of 10 exploration licenses over an area of approximately 775km2 in the Lachlan Fold Belt of New South Wales. The principal exploration objective is the discovery of large tonnage disseminated gold-copper deposits.

Sale of Rights to two EL Applications in WA

Oroya was awarded first application rights over two Exploration Licences (EL Applications) in the ballot conducted at the Karratha Wardens Court on 6 November 2013. The Directors determined the EL Applications were not core assets and have sold Oroya's rights to the EL Applications for a total cash consideration of $60,000.

New project initiative

During the period the Directors also evaluated numerous exploration and mining projects in Australia with a view to securing an opportunity capable of growing the Group and creating wealth for shareholders. Project evaluation to identify a suitable target acquisition is continuing.

COMPETENT PERSONS STATEMENT

The information in this report that relates to exploration is based on information compiled by Mr Shane Mele BSc, (Hons) M.Econ.Geol., MAusIMM. Mr Mele is a Member of the Australian Institute of Mining and Metallurgy and is a consultant to Oroya Mining Limited. Mr Mele has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral resources and Ore Reserves. Mr Mele consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year there has been no significant change in the state of affairs of the Group.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 28 August 2014 the Company issued 158,958,951 ordinary shares in a Placement at a price of $0.0008 per share raising $127,167.

Other than mentioned above, no other matters or circumstances have occurred that have or may significantly affect the operations or the state of affairs of the Group in subsequent financial years.

SHARE OPTIONS

At the date of this report the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Held at 01 Jul 13	Issued	Lapsed / Cancelled	Held at 25 Sep 14
9 Dec 11	30 Nov 15	5 cents	40,000,000	-	-	40,000,000
26 Oct 12	30 Jun 15	3 cents	600,000,000	-	-	600,000,000
26 Oct 12	30 Jun 15	3 cents	60,000,000	-	-	60,000,000
8 Oct 12	30 Nov 15	5 cents	65,000,000	-	-	65,000,000
8 Oct 12	30 Nov 15	7 cents	25,000,000	-	-	25,000,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the issue of any other registered scheme.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue its evaluation of its mineral projects and undertake generative work to identify and acquire new resource projects. Due to the nature of the business, the result is not predictable.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with various State Government Acts and Regulations.

In regard to environmental considerations, the Company is required to obtain approval from various State regulatory authorities before any exploration requiring ground disturbance, such as line clearing, drilling programs and costeaning is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the company's activities is rehabilitated in accordance with various guidelines. The Company conducts its exploration activities in an environmentally sensitive manner and is not aware of any significant breaches of these guidelines.

REMUNERATION REPORT (Audited)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group for the year ended 30 June 2014 in accordance with the requirements of the Corporations Acts 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including a director (whether executive or otherwise) of the Company.

Details of key management personnel

P Zhao	Executive Director
J. Wellisch	Non-executive Director
W Guo	Non-executive Director
K Moriarty	Non-executive Chairman (resigned 14 November 2013)
M Whyte	Company Secretary

Remuneration Philosophy

Oroya does not have a remuneration committee. The whole board takes on the function of the remuneration committee with independent advice sought as required. The board draws on comparative salary information determined by independent surveys conducted within the Australian mining industry, to gauge the appropriate terms of employment such that the Company is able to offer competitive remuneration to attract and retain the services of quality Directors and employees. The Board meets at least annually to review individual directors and officers remuneration. The Board reviews remuneration packages and policies applicable to executive and non-executive directors and senior executives. Apart from access to Options, the Company does not apply any performance linked remuneration policies at this time and therefore key management personnel remuneration is not linked to company earnings, but may do so if it is considered to be in the Company's interest.

The Company received more than 99% of 'yes' votes on its remuneration report for the financial year ended 30 June 2013. The Company received no specific feedback on its remuneration report at the Annual General Meeting.

Remuneration Structure

In accordance with best practice corporate governance, the structure of executive and non-executive director remuneration is separate and distinct.

Executive Director Remuneration

Objective

Oroya aims to reward executives with a level and mix of remuneration commensurate with their position and responsibility so as to align the interests of executives with those of shareholders and to ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of the executive remuneration, the board draws on comparative salary information determined by independent surveys conducted within the Australian mining industry and engages external consultants as needed to provide independent advice.

The current remuneration policy adopted is that no element of any executive package be directly related to the Company's financial performance. Indeed there are no elements of any executive remuneration that are dependent upon the satisfaction of any specific condition. Remuneration is not linked to the performance of the Company but rather on the ability to attract and retain executives of good calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

Long–term incentives (LTI) may be provided to key management personnel in the form of Options over ordinary shares of the Company. LTIs are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to directors subject to approval by shareholders in general meeting.

During the year there were no unlisted Options issued as LTI (2013: 90,000,000). Unlisted Options that have vested are not forfeited on resignation or termination.

The Options terms have no direct performance requirements, but a premium exercise price and specified time restrictions on the exercise of Options implies an incentive for market share price performance. Management and directors are able to exercise the share options for up to three years after vesting before the options lapse. The granting of options is in substance a performance incentive that allows executives to share the rewards of the success of the Company.

As part of the terms and conditions of employment, the Company prohibits executives and directors from entering into arrangements to protect the value of unvested options and shares awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package. Adherence to this policy is monitored on an annual basis.

Agreements

Mr Zhao was engaged as Executive Director with a commencement date effective 24 January 2013 under an Executive Director Agreement dated 15 February 2013 (Zhao Agreement). The terms of the Zhao Agreement were varied effective 6 May 2013 to reduce the monthly salary to $10,000 (was $13,750) per month plus statutory superannuation (fixed remuneration). The fixed remuneration is deemed to include payment for any leave loading, overtime loading, weekend or public holiday loading and any other form of salary loading. The Zhao Agreement has a term of 12 months from commencement date, subject to both parties rights to early termination, and continues until either party gives 30 days-notice in writing. The Zhao Agreement does not provide for any termination benefits. Mr Zhao may resign immediately if the Company fails to make payment of the remuneration, the Company enters into liquidation, a receiver is appointed to a whole or part of the Company or the Company is guilty of any gross default, breach, non-observance or non-performance of any of the terms of the Zhao Agreement. The Company may terminate the Zhao Agreement immediately if Mr Zhao is found guilty of grave misconduct in relation to the affairs of the Company or he is guilty of any gross default, breach, non-observance or non-performance of any of the terms of the Zhao Agreement. In such a case, the Company will only pay Mr Zhao that portion of the fixed remuneration and statutory entitlements accrued to the date of termination.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect their responsibilities and specific consultative contributions to the corporation. The board reviews non-executive directors' fees and payments annually. The board has also agreed to ensure non-executive directors' fees and payments are appropriate and in line with the market utilising the reports of independent remuneration consultants. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market.

The Constitution and ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at a General Meeting held on 16 April 2013, where the shareholders approved an aggregate remuneration of $160,000.

On 6 May 2013 Non-executive Directors fees were reduced from $50,000 per annum each to $40,000 per annum each.

Executive and other Officers remuneration

Mr M Whyte is engaged as an Officer of the Company in the capacity of Company Secretary under a corporate consulting agreement dated 8 November 2011. The terms include the fee for provision of services as being $720 per day worked plus GST. The contract has no fixed termination date but may be terminated by either party on one month's notice.

Remuneration of key management personnel of the Company and the Group for the year ended 30 June 2014:

	Short-term benefits		Post employment	Share-based payments	
	Salary & fees	**Non monetary benefits**	**Super-annuation**	**Share options**	**Total**
	$	$	$	$	$
P Zhao (Executive Director)				-	
2014	120,000	2,344	11,100	-	133,444
2013	62,802	844	5,652	-	69,298
JJ Wellisch (Non-executive Director)					
2014	40,000	2,344	-	-	42,344
2013	136,938	2,025	-	37,800	176,763
W Guo (Non-executive Director)				-	
2014	40,000	2,344	-	-	42,344
2013	44,666	2,025	-	37,800	84,491
MJ Whyte (Company Secretary)				-	
2014	64,080	-	-	-	64,080
2013	91,079	-	-	37,800	128,879
K Moriarty (Non-executive Director resigned 14 November 2013)					
2014	15,000	977	-	-	15,977
2013	89,723	2,025	-	183,750	275,498
MK Lim (Executive Chairman up until 6 July 2012 - deceased 22 November 2012)					
2014	26,533	-	-	-	26,533
2013	25,000	843	2,250	-	28,093
AP Armitage (Non-executive Director resigned 6 July 2012)					
2014	-	-	-	-	-
2013	8,250	-	-	-	8,250
M Safrata (Non-executive Director resigned 6 July 2012)					
2014	-	-	-	-	-
2013	8,250	-	-	-	8,250
Total 2014	**305,613**	**8,009**	**11,100**	**-**	**324,722***
Total 2013	**466,708**	**7,762**	**7,902**	**297,150**	**779,522***

*The percentage of remuneration that was performance related for all KMPs for the years ended 30 June 2014 and 30 June 2013 was nil

Unlisted Options Issued to Executives

During or since the end of the period there were no options issued to executives as remuneration. The previous year the Company granted the following options over unissued ordinary shares to executives as remuneration:

30 June 2013:

Class	*Expiry date*	*Exercise price*	*Date granted*	*Number of options*	*Grant date fair value*	*Vesting date*
Unlisted Options (OROAK)	30 November 2015	$0.005	8 October 2012	65,000,000	$0.00379	Immediate
Unlisted Options (OROAM)	30 November 2015	$0.007	8 October 2012	25,000,000	$0.00358	Immediate

30 June 2013:

	Class of options (as above)	*Options awarded*	*Number vested during year*	*Number lapsed during year*	*Value of options granted during year $*	*Remuneration consisting of share options*
K Moriarty	OROAK	25,000,000	25,000,000	-	94,500	67%
K Moriarty	OROAM	25,000,000	25,000,000	-	89,250	67%
J Wellisch	OROAK	10,000,000	10,000,000	-	37,800	21%
W Guo	OROAK	10,000,000	10,000,000	-	37,800	45%
M Whyte	OROAK	10,000,000	10,000,000	-	37,800	29%

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

Option holdings of key management personnel in listed options (consolidated)

Executive Directors	*Balance at beginning of the year*	*Granted as remuneration*	*Options exercised*	*Net change other* (ii)	*Balance at end of the year*	*Vested at end of year*	
						Exercisable	*Restricted*
30 June 2014							
Nil							
30 June 2013							
KMK Lim	6,700,000	-	-	(6,700,000)(i)	-	-	-
M Safrata	2,500,000	-	-	(2,500,000)(ii)	-	-	-
	-	-	-	-	-	-	-
Total	9,200,000	-	-	(9,200,000)	-	-	-

(i) Balance held at date Mr Lim ceased as a director on 22 November 2012
(ii) Balance held at date Mr Safrata resigned on 6 July 2012

Option holdings of key management personnel in unlisted options (consolidated)

Executive Directors	*Balance at beginning of the year*	*Granted as remunera-tion*	*Options exercised*	*Net change other*	*Balance at end of the year*	*Vested at end of year*	
						Exercisable	*Not exercisable*
2014							
K Moriarty	50,000,000	-	-	(50,000,000)(i)	-	-	-
J Wellisch	10,000,000	-	-	-	10,000,000	10,000,000	-
W Guo	10,000,000	-	-	-	10,000,000	10,000,000	-
M Whyte	10,000,000	-	-	-	10,000,000	10,000,000	-
Total	80,000,000	-	-	(50,000,000)	30,000,000	30,000,000	-

(i) Balance held at date Mr Moriarty resigned on 14 November 2013

Executive Directors	**Balance at beginning of the year**	**Granted as remunera-tion**	**Options exercised**	**Net change other**	**Balance at end of the year**	**Vested at end of year** *Exercisable*	*Not exercisable*
2013							
KMK Lim	20,000,000	-	-	(20,000,000)(i)	-	-	-
AP Armitage	10,000,000	-	-	(10,000,000)(ii)	-	-	-
M Safrata	10,000,000	-	-	(10,000,000)(iii)	-	-	-
K Moriarty	-	50,000,000	-	-	50,000,000	50,000,000	-
J Wellisch	-	10,000,000	-	-	10,000,000	10,000,000	-
W Guo	-	10,000,000	-	-	10,000,000	10,000,000	-
M Whyte		10,000,000	-	-	10,000,000	10,000,000	-
Total	40,000,000	80,000,000	-	(40,000,000)	80,000,000	80,000,000	-

(i) Balance held at date Mr Lim ceased as a director on 22 November 2012
(ii) Balance held at date Mr Armitage resigned on 6 July 2012
(iii) Balance held at date Mr Safrata resigned on 6 July 2012

Shareholdings of key management personnel (ordinary shares) (consolidated)

Executive directors	*Balance at beginning of the year*	*Granted as remuneration*	*Exercised of options*	*Net change other*	*Balance at end of the year*
2014					
K Moriarty	3,000,000			(3,000,000)(i)	-
P Zhao	724,652,532	-	-	-	724,652,532
Total	727,652,532	-	-	(3,000,000)	724,652,532
2013					
KMK Lim	35,000,000	-	-	(35,000,000)(ii)	-
AP Armitage	2,000,000	-	-	(2,000,000)(iii)	-
K Moriarty	-			3,000,000	3,000,000
P Zhao	-	-	-	724,652,532(iv)	724,652,532
Total	37,000,000	-	-	690,652,532	727,652,532

(i) Balance held at date Mr Moriarty resigned on 14 November 2013
(ii) Balance held at date Mr Lim ceased as a director on 22 November 2012
(iii) Balance held at date Mr Armitage resigned on 6 July 2012
(iv) Includes a balance of 457,985,865 held by Mr Zhao at the date of his appointment on 24 January 2013

Other transactions with directors and key management personnel

Officer's Protection Deeds

The Company has entered into a deed of indemnity with all existing Directors. Under the deed the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all existing directors in certain circumstances whilst a Director and for 7 years after each director has ceased to be a Director. The Deeds also allow the Officer continuing access to the records of the Company and for the Company to obtain and maintain director's and officer's insurance for them.

Group Performance

The Company is still in the exploration and evaluation phase of its activities and does not have regular income from mineral production. Over the last five years there were no dividends paid or other returns to shareholders. The performance of the Company over the last five years as reflected by the loss per share is as follow:

	2014	2013	2012	2011	2010
Loss per share (¢)	0.02	0.1	0.11	0.04	0.1
Share price (¢)	0.001	0.1	0.2	0.2	0.2

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a deed of indemnity with all existing Directors. Under the deed the Company has undertaken, subject to the restrictions in the Corporations Act, to indemnify all existing directors in certain circumstances whilst a Director and for 7 years after each director has ceased to be a Director.

The Company also has a contract insuring all the directors of Oroya Mining Limited against costs incurred in defending proceedings for conduct involving:

(i) all interrelated Wrongful Acts of any Insured; or
(ii) all interrelated prosecutions or inquiries

which may give rise to a claim as defined below:

(i) any writ, summons, application or other originating legal or arbitral proceedings, cross claim or counter claim issued against or served upon any of the parties insured by the Policy; or
(ii) any written or verbal demand communicated to any of the Parties insured by the Policy under any circumstance or by whatever means; or
(iii) any prosecution or inquiry (criminal or otherwise) of any of the Parties insured by the Policy; or
(iv) any investigation, examination, inquiry or other proceedings requiring the compulsory attendance of any of the Parties insured by the Policy, ordered or commissioned by any tribunal, Board, professional or official body or institution of any of the Parties insured by the Policy.

Insurance premium for the 2014 year totalled $8,009 (2013 year - $7,762).

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount).The indemnity does not apply to any loss in respect of any matters which are finally determined to have resulted from Ernst & Young’s negligent, wrongful or wilful acts of omission. No payment has been made to indemnify Ernst & Young during or since the financial year.

CORPORATE INFORMATION

Corporate Structure
Oroya Mining Limited is a Company limited by shares that is incorporated and domiciled in Australia. The ultimate parent entity is Oroya Mining Limited. Oroya Mining Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Registered Office
Suite 502, 140 Bourke Street
Melbourne, Victoria, 3000
Telephone: (03) 9077 7987

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia, 6153
Telephone: (08) 9315 2333

Employees
The consolidated entity employed 1 employee as at 30 June 2014 (2013: 1 employee).

DIRECTORS' MEETINGS

The following table sets out the number of meetings of directors held during the year ended 30 June 2014 and the number of meetings attended by each director:

	Meetings of Directors Held While in Office	Number of Meetings Attended
P Zhao	5	4
J Wellisch	5	5
W Guo	5	5
K Moriarty (resigned 14 November 2013)	3	3

Due to the nature of the operations and the size of the board, all the directors were in close communication throughout the year and most matters were attended to by way of circulatory resolution rather than formal directors meetings.

TAX CONSOLIDATION

For the purpose of income tax, Oroya Mining Limited and its 100% owned subsidiaries have not lodged an election to form a tax consolidation group. At the date of signing the financial report, Oroya has not completed its assessment of the cost and benefit of entry into tax consolidation. No decision is required until such time as the Company elects to lodge its first consolidated income tax return.

CORPORATE GOVERNANCE

The Company's corporate governance statement immediately follows the Independent Auditor's Report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Auditor's Independence Declaration immediately follows the Directors' Declaration and forms part of this Report. The Directors are satisfied as to the independence of the auditors.

During the financial year the entity's auditor, Ernst & Young, provided other non-audit services totalling $7,500 (2013: $38,000) (refer to note 22).

The Board of Directors is satisfied that the provision of any non-audit services by the Company's auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* because:

- All non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided is reviewed to ensure that they do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Signed in accordance with a resolution of directors.

Mr Ping Zhao
Director
Perth, 25 September 2014

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Auditor's Independence Declaration to the Directors of Oroya Mining Limited

In relation to our audit of the financial report of Oroya Mining Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
25 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Other income	3	70,125	98,281
Employee benefits and director fees expense		(293,860)	(387,184)
Share-based payment		-	(334,950)
Depreciation expense		(1,283)	(7,734)
Realised loss on disposal of available-for-sale financial assets		-	(35,679)
Impairment loss on available-for-sale financial assets		(41,667)	(584,500)
Impairment of exploration and evaluation expenditure	10	(25,281)	(7,865)
Impairment of receivables		-	(2,000)
Impairment of fixed assets		-	(4,630)
Provision for future environmental obligations		-	(75,600)
Loss on disposal of options	10	-	(338,750)
Loss on disposal of tenements	10	-	(20,270)
Finance costs	3	-	(75,015)
Occupancy expense		(75,764)	(71,081)
Legal and audit expense		(57,210)	(130,836)
Other expenses		(157,206)	(384,189)
Loss before income tax expense		(582,146)	(2,362,002)
Income tax expenses		-	-
Total loss for the year		(582,146)	(2,362,002)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on available-for sale financial assets		-	30,000
Net loss on available-for sale financial assets		(41,667)	(650,179)
Transfer of realised loss on disposal of available-for-sale financial assets		-	35,679
Transfer of impairment loss on available-for-sale financial assets to income statement		41,667	584,500
Income tax on items of other comprehensive income		-	-
Total comprehensive loss for the year		(582,146)	(2,362,002)

Earnings per share (cents per share)		2014 ¢	2013 ¢
Basic loss per share for the year	5	(0.02)	(0.1)
Diluted loss per share for the year	5	(0.02)	(0.1)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	18a	221,541	464,803
Trade and other receivables	6a	16,679	80,298
Available-for-sale financial assets	7a	12,500	254,167
Total Current Assets		250,720	799,268
Non-current Assets			
Available-for-sale financial assets	7b	6,000	6,000
Other assets	8	10,000	10,000
Plant and equipment	9	1,081	7,364
Exploration and evaluation expenditure	10	2,132,520	2,125,588
Total Non-current Assets		2,149,601	2,148,952
TOTAL ASSETS		2,400,321	2,948,220
LIABILITIES			
Current Liabilities			
Trade and other payables	11a	139,171	129,204
Provisions	14a	75,600	127,461
Interest-bearing loans and borrowings	12a	-	50,000
Other financial liabilities	13a	-	150,000
Total Current Liabilities		214,771	456,665
TOTAL LIABILITIES		214,771	456,665
NET ASSETS		2,185,550	2,491,555
EQUITY			
Contributed equity	15	35,557,522	35,281,381
Other reserves	16	564,313	564,313
Accumulated losses	17	(33,936,285)	(33,354,139)
TOTAL EQUITY		2,185,550	2,491,555

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

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

	Issued capital	Share based payment reserve	Accumulated losses	Total
	$	$	$	$
Consolidated				
As at 1 July 2013	35,281,381	564,313	(33,354,139)	2,491,555
Loss for the year	-	-	(582,146)	(582,146)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(582,146)	(582,146)
Issue of share capital	296,637	-	-	296,637
Transaction costs on share issue	(20,496)	-	-	(20,496)
As at 30 June 2014	35,557,522	564,313	(33,936,285)	2,185,550

	Issued capital	Share based payment reserve	Accumulated losses	Total
Consolidated				
As at 1 July 2012	34,094,242	141,688	(30,992,137)	3,243,793
Loss for the year	-	-	(2,362,002)	(2,362,002)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(2,362,002)	(2,362,002)
Issue of share capital	736,435	-	-	736,435
Transaction costs on share issue	(5,995)	-	-	(5,995)
Issue of listed options	600,000	-	-	600,000
Transaction costs on listed option issue	(143,301)	-	-	(143,301)
Share based payments	-	422,625	-	422,625
As at 30 June 2013	35,281,381	564,313	(33,354,139)	2,491,555

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

	Notes	2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(565,809)	(965,712)
Interest received		10,125	27,064
Net cash flows used in operating activities	18b	(555,684)	(938,648)
Cash flows from investing activities			
Proceeds from sale of available-for-sale investments		-	124,321
Proceeds from sale of plant and equipment		5,000	2,669
Proceeds from sale of tenements		60,000	200,000
Funds deposited for performance bonds		-	(10,000)
Performance bond funds refunded		-	160,000
Rental bond refunded		-	26,904
Loans from other entities (pending sale of shares)		-	50,000
Exploration and evaluation expenditure		(28,719)	(1,131,420)
Government grant income – research & development rebate		-	187,034
Net cash flows from/(used in) investing activities		36,281	(390,492)
Cash flows from financing activities			
Proceeds from issue of shares and options		296,637	600,900
Share issue costs		(20,496)	(89,296)
Proceeds from issue of convertible notes		-	800,000
Costs related to issue of convertible notes		-	(63,565)
Net cash flows from financing activities		276,141	1,248,039
Net increase/(decrease) in cash and cash equivalents		(243,262)	(81,101)
Cash and cash equivalents at beginning of the year		464,803	545,904
Cash and cash equivalents at end of the year	18a	221,541	464,803

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

1. CORPORATE INFORMATION

The financial report of Oroya Mining Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of directors on 25 September 2014.

Oroya Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office is Suite 502, 140 Bourke Street, Melbourne, VIC 3000.

The nature of the operations and principal activities of the Company are described in Note 28.

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, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

The consolidated entity has incurred an operating loss of $582,146 (2013: $2,362,002) and negative operating cash flows of $555,684 (2013: $938,648) excluding exploration expenditure of $28,719 (2013: $1,131,420) for the year ended 30 June 2014. The consolidated entity's net current asset position at 30 June 2014 was $35,948 (2013: $441,221).

Since the end of the financial year on 28 August 2014 the consolidated entity completed a placement of 158,958,951 shares at a price of $0.0008 per share to raise $127,167.

However, the ability of the consolidated entity to continue as a going concern is dependent on the consolidated entity raising additional capital within the coming 12 months.

The Directors will evaluate a range of funding options including further equity issues to enable it to continue to meet its obligations as and when they fall due. The Directors are confident of obtaining additional funding based on the alternatives being explored, but note that this has not been secured at the date of this report.

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

The Directors consider this to be appropriate for the following reasons:

(i) the ability to vary the consolidated entity’s cost structure and in turn the levels of cash outflow dependent on the timing of its exploration activities; and

(ii) the demonstrated ability to obtain funding through equity issues as required.

Notwithstanding this, the Directors recognise the above factors create uncertainty as to the consolidated entity’s ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements of the consolidated entity do not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification that may be necessary should the consolidated entity not continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) New Accounting Standards and Interpretations

(i) Changes in accounting policy

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations as at 1 July 2013, including:

Reference	Title
AASB 10	**Consolidated Financial Statements** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.
AASB 11	**Joint Arrangements** AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.
AASB 12	**Disclosure of Interests in Other Entities** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	**Fair Value Measurement** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.
AASB 119 (Revised 2011)	**Employee Benefits** The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities** AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

Reference	Title
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of new and amended Standards and Interpretations did not impact the financial position or performance of the Group.

(ii) Accounting Standards issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2014.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 9/IFRS 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows 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. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Group*
		eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*
		scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.		
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	**1 July 2014**	**1 July 2014**
Amendments to IAS 16 and IAS 38*****	**Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)**	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	**1 January 2016**	**1 July 2016**
IFRS 15 *****	**Revenue from Contracts with Customers**	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*) The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 July 2017

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

***** These IFRS amendments have not yet been adopted by the AASB.

The Group has not yet determined the impact of the initial application of the above Standards or Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

(a) Exploration and evaluation expenditure

Costs arising from exploration and evaluation activities are carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to the recoverable amount. Any impairment losses are recognised in the Statement of Comprehensive Income.

(b) Investments and other financial assets

Investments and other financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as available-for-sale financial assets when they are not classified as any of the other three categories provided by AASB 139. All investments are initially recognised at fair value plus transaction costs.

After initial recognition, listed investments which are classified as available-for-sale are measured at fair value. 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 income statement.

The fair value of investments that are actively traded in organised financial markets is determined by referring to market bid prices at close of business on the balance sheet date.

(c) Plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 6 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected to arise from the continued use or disposal of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

(d) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where 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.

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.

Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(e) Trade and other receivables

Trade receivables, which generally have 30 to 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 there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified. Financial difficulties of the debtor, default payments or debts more than 150 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and on 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.

(g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflect the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(h) Leases

The determination of whether an arrangement is a lease or contains a lease is based on the substance of the arrangement, and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(i) Revenue Recognition and Other Income

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 or other income is recognised:

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the Group's right to receive the payment is established.

Other income
Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(j) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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 goodwill or 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 or taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that 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; or

- in respect of deductible temporary differences associated with investment 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 sheet 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.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

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

(l) Trade and other payables

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

(m) Employee leave benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. These benefits include annual leave and long service leave.

Liabilities arising in respect of annual leave and any other employee benefits expected to be due within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows the market yield as at the reporting date on national government bonds, which have terms of maturity approximating the terms of the related liability, are used.

(n) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Group.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividend and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number or ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost
If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Available-for-sale financial assets
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Objective evidence of impairment for an available-for-sale investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

(q) Share-based payment transactions

The Group provides benefits to employees (including executives) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Oroya Mining Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, other than forfeiture, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(r) Basis of consolidation

The consolidated financial statements comprise the financial statements of Oroya Mining Limited (Oroya) and its subsidiaries as at 30 June 2014 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary

- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations are accounted for using the acquisition method.

(s) Significant Accounting Judgements, Estimates and Assumptions

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 with the next annual reporting period are:

(i) Available-for-sale financial assets

The Group measures the fair value of available-for-sale financial assets by reference to the fair value of the equity instruments at the date at which they are valued. The fair value of the unlisted securities is determined using valuation techniques. Refer to Note 2(p) for the Group's accounting policy on impairment of financial assets.

(ii) Capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

(iv) Income tax

Refer to Note 2(j) for the Group's accounting policy in relation to recognition of income tax balances.

3. INCOME AND EXPENSES

	2014 $	2013 $
Other income		
Interest revenue	10,125	22,966
Fair value gain on derivative liability (i)	-	75,015
Net gain on sale of tenements	60,000	-
Net gain on sale of plant and equipment	-	300
Total other income	70,125	98,281

(i) The fair value gain on derivative liability was recognised on the convertible note issue to Soaraway Developments Pty Ltd (Soaraway), a major shareholder of Oroya on 12 February 2013, which converted to ordinary shares on 17 April

2013. At this date the Company converted 800,000 Convertible Notes each with a face value of $1.00 held by Soaraway by the issue of 266,666,667 fully paid shares at a conversion price of $0.003 per share.

	2014 $	2013 $
4. INCOME TAX		
The components of income tax expense are as follows:		
Current tax	-	-
Deferred tax	-	-
Total expense/(benefit)	-	-

(i) The parent entity and the Group are not tax consolidated.
(ii) The parent entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward.
(iii) The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses.

	2014 $	2013 $
Numerical reconciliation of income tax expense to prima facie tax payable is as follows:		
Loss from operations before income tax expense	(582,146)	(2,362,002)
Tax at Australian tax rate of 30% (2013 also at 30%)	(174,644)	(708,601)
Permanent adjustments		
Share based payments	-	100,485
Expenses not deductible	156	2,727
Capital raising costs deductible	(32,299)	(39,173)
Prior year adjustment	(95,635)	-
Tax losses not recognised	302,422	644,562
Income tax expense / (benefit)	-	-
Amounts charged or credited directly to equity.		
Deferred income tax related to items charged or credited directly to equity		
Unrealised gain on available-for-sale investments	-	-
Income tax expense reported in equity	-	-
Tax Losses		
Unused tax losses for which no tax loss has been booked as a deferred tax asset	24,131,935	23,123,861
Potential benefit at 30%	7,239,580	6,937,158

The benefit of income tax losses will only be obtained if:
(i) the respective companies derive future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
(ii) the respective companies continue to comply with the conditions for deductibility imposed by tax legislation; and
(iii) no changes in tax legislation adversely affect the respective companies in realising benefit from the deductions from the losses.

Deferred Income Tax

	2014 $	2013 $
Deferred income tax at 30 June relates to the following:		
Deferred tax liabilities		
Exploration and evaluation assets	639,756	642,480
Accrued interest	-	-
Deferred tax assets used to offset deferred tax liabilities	(639,756)	(642,480)
	-	-
Deferred tax assets		
Property, Plant and Equipment	2,913	3,377
Provisions	-	22,964
Available-for-sale financial assets	-	216,100
Accruals	7,500	10,050
Tax losses - capital	670,679	670,679
Tax losses - revenue	7,239,580	6,937,158
Deferred tax assets used to offset deferred tax liabilities	(639,756)	(642,480)
Deferred tax assets not brought to account	(7,280,916)	(7,217,848)
	-	-

5. EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations.

(a) Earnings used in calculating earnings per share

For basic and diluted loss per share:

Net loss for the year attributable to ordinary shareholders of the parent	582,146	2,362,002

(b) Weighted average number of shares	**2014 Number**	**2013 Number**
For basic and diluted loss per share:		
Weighted average number of ordinary shares	2,875,047,742	2,364,862,604

There are 790,000,000 (2013: 790,000,000) potential ordinary shares excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

On 28 August 2014 the Company issued 158,958,951 ordinary shares in a placement.

6. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
(a) Current		
Sundry debtors (i)	16,679	80,298

(i) Sundry debtors primarily relate to GST receivable from the Australian Taxation Office (ATO) and accrued bank interest and are non-interest bearing and are generally paid on 30 days settlement terms. They are neither past due nor impaired at year end. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

7. AVAILABLE FOR SALE FINANCIAL ASSETS

	2014 $	2013 $
(a) Current		
At fair value		
Shares - listed	12,500	254,167
(b) Non-current		
At cost		
Shares - unlisted	6,000	6,000

The group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1: the fair value is calculated using quoted price in active markets;
Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (as price) or indirectly (derived from prices); and
Level 3: the fair value is estimated using inputs for the assets or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
Available for sale financial instrument	12,500	-	-	12,500
	12,500	-	-	12,500

Transfer between categories:
There were no transfer between level 1 and level 2 during the year

Reconciliation of level 3 fair value movement
There was no level 3 fair value movement during the year.

	2014 $	2013 $
8. OTHER ASSETS (NON-CURRENT)		
(a) Cash deposited for performance bond (i)	10,000	10,000
	10,000	10,000

(i) Cash deposited for performance bond
This represents monies held as a bond by the Company's banker to secure performance guarantees issued by that bank on behalf of the Company to the Minister of Mineral Resources in New South Wales to ensure that the Company has the ability to rehabilitate any areas disturbed by its mining activities in that State. The bond accrues interest at a rate of approximately 2% per annum. The carrying value is considered to approximate fair value.

	2014 $	2013 $
9. PROPERTY, PLANT AND EQUIPMENT		
At cost	50,718	63,162
Accumulated depreciation	(49,637)	(55,798)
Net carrying amount	1,081	7,364

(a) Assets pledged as security
No assets have been pledged as security for borrowings.

(b) Reconciliation
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the current financial year.

	2014	2013
Plant and equipment		
At 1 July net of accumulated depreciation	7,364	22,097
Additions	-	-
Disposals	(5,000)	(2,369)
Depreciation charge for the year	(1,283)	(7,734)
Impairment of plant and equipment	-	(4,630)
At 30 June 2014 net of accumulated depreciation	1,081	7,364

A provision has been made for impairment of plant and equipment to adjust the net carrying amount of these assets to their recoverable value.

	2014 $	2013 $
10. EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation costs	2,132,520	2,125,588
Reconciliation of carrying amount		
Opening balance	2,125,588	2,223,795
Expenditure incurred during the year	32,213	1,143,576
Impairment (i)	(25,281)	(7,865)
Disposal of tenements (ii)	-	(1,233,918)
Closing balance	2,132,520	2,125,588

(i) The Directors have reviewed all exploration projects for indicators of impairment in light of approved budgets. Where substantive expenditure on further exploration is neither budgeted nor planned, or the period for which the Company has the right to explore will expire in the near future and is not expected to be renewed, the area of interest has been written down to nil pending the outcome of any future farm out arrangement. The Company will continue to look to attract farm-in partners and/or recommence exploration should circumstances change.

(ii) On 14 May 2013 the Company sold its tenement licenses relating to the Talc Lake Nickel Project – Roe Hills, WA and Mt Barrett Gold and Base Metal Project to Mining Projects Australia Limited ("MPJ"). The Company had previously entered into agreements with MPJ over the two projects on 25 March 2013, for which MPJ issued 50 million shares and

30 million options to Oroya in consideration. The shares in MPJ were accounted for as investments classified as available-for-sale financial assets (refer to Note 7). Under the sale agreement effective 14 May 2013:

a. The joint ventures were terminated;
b. The MPJ options issued to Oroya were cancelled, resulting in a loss on disposal of $338,750 in the Statement of Comprehensive Income;
c. The shares in MPJ, which had a fair value at 30 June 2013 of $200,000 (refer to Note 7), were to be sold back to MPJ for consideration of $50,000 which was received up front, subject to MPJ shareholder approval for the buyback of its own shares (refer to Note 12). The difference of $150,000 was recognised as a derivative liability as it was in substance a sold call option over the shares (refer to Note 13);
d. Cash consideration of $200,000 was received, resulting in a net loss on disposal of tenements of $20,270 recognised in the Statement of Comprehensive Income for the year ended 30 June 2013.

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

The right to retain the tenement holdings is dependent on the Company being able to meet the tenement expenditure commitments as set out in Note 23.

Where there is doubt regarding the ability to fund future tenement obligations and that decision has been made to abandon or dispose the interest, those carried forward exploration costs have been written down to recoverable value.

	2014 $	2013 $
11.TRADE AND OTHER PAYABLES		
a. Current		
Trade creditors (i)	139,171	129,204

Terms and conditions:
(i) Trade and other payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

	2014 $	2013 $
12. INTEREST-BEARING LOANS AND BORROWINGS		
a. Current		
Consideration received in advance (i)	-	50,000

Terms and conditions:

(i) The consideration received in advance was non-interest bearing and unsecured. It was repayable at the earlier of 13 September 2013 or upon the lender, MPJ, obtaining shareholder approval to buy back its listed shares which the Company was holding as financial assets classified as available-for-sale (refer to Note 10). On 20 August 2013, MPJ shareholder approval was received for the buy-back and Oroya's holding of 50 million ordinary shares was transferred to MPJ accordingly.

	2014 $	2013 $
13. OTHER FINANCIAL LIABILITIES		
a. Current – at fair value through profit or loss		
Derivative liability – sold option	-	150,000

Terms and conditions:

(i) Under the Mt Barrett and Roe Hills sale agreement (refer to Note 10) the Company had effectively sold a call option over listed shares in MPJ, which at 30 June 2013 were accounted for as financial assets classified as available-for-sale and had a fair value of $200,000. Consideration of $50,000 was received in advance and was recognised as a payable at balance date (refer to Note 12). On 20 August 2013, MPJ shareholder approval was received for the buy-back and Oroya's holding of 50 million ordinary shares was transferred to MPJ accordingly.

	2014 $	2013 $
14. PROVISIONS		
a. Current		
Annual leave	-	26,533
Long service leave	-	25,328
Future environmental obligations	75,600	75,600
	75,600	127,461

	2014 $	2013 $
15. CONTRIBUTED EQUITY		
a. Ordinary shares	35,557,522	35,281,381

b. Movements of contributed equity

	2014 Number	2014 $	2013 Number	2013 $
Shares on issue				
Beginning of financial year	2,591,617,191	34,824,682	2,309,345,013	34,094,242
Add: Shares issued during the year (i, ii, iii)	370,796,241	296,637	282,272,178	736,435
Less: Transaction costs on security issues	-	(20,496)	-	(5,995)
End of financial year - shares	2,962,413,432	35,100,823	2,591,617,191	34,824,682
Listed options on issue				
Beginning of financial year	660,000,000	456,699	-	-
Add: Listed options issued during the year	-	-	660,000,000	600,000
Less: Transaction costs on security issues	-	-	-	(143,301)
End of financial year - listed options	660,000,000	456,699	660,000,000	456,699
End of financial year – total contributed equity		35,557,522		35,281,381

(i) On 17 April 2013 the Company issued 266,666,667 ordinary fully paid shares at 0.3 cents per share for the conversion of the convertible shares.
(ii) On 28 May 2013 the Company issued 15,605,511 ordinary fully paid shares to a drilling contractor as part payment of work undertaken, which was accounted for as a share based payment (refer to Note 21(c)).
(iii) On 24 September 2013 the Company issued 370,796,241 ordinary fully paid shares at 0.08 cents per share.

c. Terms & conditions of contributed equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of the surplus assets in proportion to the number of and amounts paid up on shares held.

Listed options
Listed options have an exercise price of $0.003 and expiry date of 30 June 2015. Options can be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date. Each option entitles the holder to subscribe (in cash) for one Share in the capital of the Company. Each Share allotted as a result of the

exercise of any Option will rank in all respect pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

Effective 1 July 1998, the Corporation legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Parent entity does not have authorised capital nor par value in respect to its issued shares.

	2014 $	2013 $
16. RESERVES		
Share-based payment reserve (i)	564,313	564,313
(i) Share-based payment reserve		
Balance at the beginning of the financial year	564,313	141,688
Shares and share options issued during the year *	-	422,625
Balance at the end of the financial year	564,313	564,313

Share-based payment reserve records the value of share options issued to Oroya's employees or others during the period.

* 65,000,000 unlisted share options exercisable at $0.005 and 25,000,000 unlisted share options exercisable at $0.007, all expiring 30 November 2013, were issued to Directors and officers at an application price of 0.001 cent each pursuant to shareholders approval received at a shareholders' General Meeting on 8 October 2012.

On 28 May 2013 the Company issued 15,605,511 ordinary fully paid shares to a drilling contractor as part payment of work undertaken.

	2014 $	2013 $
(ii) Available-for-sale reserve		
Balance at the beginning of the financial year	-	-
Fair value gain on available-for-sale financial assets net of tax	-	30,000
Decline in fair value of available-for-sale financial assets	(41,667)	(650,179)
Cumulative loss on available-for-sale financial assets reclassified from equity to profit and loss	41,667	584,500
Transfer of realised loss to other income on disposal of available-for-sale financial asset	-	35,679
Balance at the end of the financial year	-	-

The available-for-sale reserve records the fair value changes on the available-for-sale financial assets as set out in Note 7.

	2014 $	2013 $
17. ACCUMULATED LOSSES		
Accumulated losses	(33,936,285)	(33,354,139)
Movement in accumulated losses:		
Balance at the beginning of the financial year	(33,354,139)	(30,992,137)
Net loss for the year	(582,146)	(2,362,002)
Balance at the end of the financial year	(33,936,285)	(33,354,139)

	2014	2013

18. CASH FLOW STATEMENT

	$	$
b. Reconciliation of cash		
Cash at bank and on hand	22,307	356,365
Short term deposits	199,234	108,438
Total cash and cash equivalents	221,541	464,803
c. Reconciliation of net loss after tax to net cash flows from operations:		
Loss from ordinary activities after income tax	(582,146)	(2,362,002)
Adjustments for:		
Depreciation	1,283	7,734
Impairment of available-for-sale financial assets	41,667	584,500
Impairment of fixed assets	-	4,630
Provision for future environmental obligations	-	75,600
Net Loss/(Gain) on disposal of available-for-sale financial assets	-	35,679
Loss on disposal of options	-	338,750
(Gain)/Loss on disposal of exploration and evaluation tenement	-	20,270
(Gain)/Loss on disposal of plant and equipment	-	(300)
Proceeds from sale of tenements classified as investing activities	(60,000)	-
Share based payment	-	334,950
Employee benefit expenses provisions	(26,533)	(10,973)
Exploration cost written off	25,281	7,865
Changes in assets and liabilities:		
Increase/(Decrease) in payables	44,764	27,079
(Increase)/Decrease in receivables	-	(2,430)
Net cash used in operating activities	(555,684)	(938,648)

19. RELATED PARTY DISCLOSURE

a. Ultimate parent
The ultimate Australian parent entity and the ultimate parent of the consolidated entity is Oroya Mining Limited

b. Subsidiaries
The following are controlled entities at 30 June 2014 and have been included in the consolidated accounts. The financial year of the controlled entities is the same as that of Oroya Mining Limited.

			Beneficial Percentage Held by the Consolidated Entity		Book Value of Investments	
Controlled Entity	**Entity Holding Investment**	**Principal Activity**	**2014 %**	**2013 %**	**2014 $**	**2013 $**
Moreing Mining Pty Ltd*	Oroya Mining Ltd	Mining	-	100	-	1
Global Rare Earths Pty Ltd*	Moreing Mining Pty Ltd	Mining	-	100	-	-

*The Company deregistered its two wholly owned subsidiaries Moreing Mining Pty Ltd and Global Rare Earths Pty Ltd effective 18 December 2013.

Transactions with wholly controlled entities

i. Services provided on behalf of wholly controlled entities are charged at cost plus any applicable overhead.
ii. Oroya Mining Limited provides payment and receivable collection services on behalf of wholly controlled entities.

20. DIRECTORS AND KEY MANAGEMENT PERSONNEL

Compensation for Executive Directors and Key Management Personnel

	2014 $	2013 $
Short-term employee benefits	313,622	474,470
Long-term employee benefits	-	-
Share based payments	-	297,150
Post-employment benefits	11,100	7,902
Termination benefit	-	-
Total compensation	324,722	779,522

21. SHARE-BASED PAYMENT

(a) Recognised share-based payment expenses

The share-based payment expense recognised in the Statement of Comprehensive Income for the year ended 30 June 2014 was nil (2013: $334,950).

(b) General terms of share-based payment plans

The rights attaching to Options are regulated by the Constitution, the Corporations Act, the Listing Rules and the general law. The following are the terms of the Directors Options:

(a) Exercise price

Tranche 1 Options - The exercise price is $0.005 (0.5 cents) per Option.
Tranche 2 Options - The exercise price is $0.007 (0.7 cents) per Option.

(b) Entitlement

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(c) Option period

The Options will expire at 5.00pm (WST) on 30 November 2015. Options may be exercised at any time prior to the expiry date and Options not so exercised shall automatically expire on the expiry date.

(d) Ranking of share allotted on exercise of new option

Each Share allotted as a result of the exercise of any Option will rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

(e) Voting

A registered owner of a Option will not be entitled to attend or vote at any meeting of the members of the Company unless they are also a member of the Company.

(f) Transfer of a Director Option

Options are transferable at any time prior to the expiry date.

(g) Method of exercise of a Director Option

(i) The Company will provide a notice that is to be completed when exercising the Options. Options may be exercised by completing the notice and forwarding the same to the Company Secretary to be received prior to the expiry date accompanied by payment in full for the relevant number of shares being subscribed for.

(ii) Within 14 days from the date of exercise of Options the Company shall issue that number of Shares in the capital of the Company subscribed for.

(iii) The Company will after issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for official quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.

(h) ASX quotation

The Options will not be quoted on the ASX

(i) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the Options will be reconstructed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(j) Participation in share issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised.

(k) No change of new options' exercise price or number of underlying shares

There are no rights to change the exercise price of the Options or the number of underlying Shares if there is a bonus issue to holders of Shares. If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Options exercise price shall be reduced according to the formula specified in the Listing Rules.

(c) Summary of options granted

There were no options granted to directors and officers during the period. In the previous year the following options were granted to directors and officers:

Grant date	Expiry date	Grant date fair value $	Exercise price $	Number issued	Vesting date
8-Oct-12	30-Nov-15	0.00379	0.005	65,000,000	Immediate
8-Oct-12	30-Nov-15	0.00358	0.007	25,000,000	Immediate

The assessed fair value of the options was determined using a Black Scholes model, taking into account the exercise price, term of option, the share price at grant date and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The following assumptions were used in the estimation:

- Risk free interest rate of 2.57%
- Company share price of 0.5 cents
- Dividend Yield of 0%
- Expected volatility of 243%
- Option exercise price of 0.5 cents for 65 million options and 0.7 cents for 25 million options.
- Option duration of 37.74 months

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in employee share options during the year.

	2014	2014 WAEP	2013	2013 WAEP

	Number	$	Number	$
Outstanding at the beginning of the year	130,000,000	0.00538	40,000,000	0.005
Granted during the year	-	-	90,000,000	0.00556
Exercised during the year	-	-	-	-
Expired or Cancelled during the year	-	-	-	-
Outstanding at the end of the year	130,000,000	0.00538	130,000,000	0.00538
Exercisable at reporting date	130,000,000	0.00538	130,000,000	0.00538

In addition, 60 million options exercisable at 0.3 cents and expiring 30 June 2015 were issued to Melbourne Capital on 26 October 2012 and vest immediately. The issue was part of a lead manager's fee per the prospectus dated 9 October 2012. The valuation of the options has been determined at $0.001 per option, by reference to the fair value of services provided.

On 28 May 2013 the Company issued 15,605,511 fully paid ordinary shares to a drilling contractor as part payment of work undertaken. The valuation of the shares has been determined at $0.0017 per share, by reference to the fair value of services provided.

(d) Weighted average remaining contractual life

At 30 June 2014 there were 190,000,000 share options. (The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 1.3 years).

(e) Range of exercise price and weighted average share price at the date of exercise

There were no share options exercised during the year or in the previous year.

(f) Weighted average fair value

There were nil share options granted during the year and 150,000,000 during the previous year. The weighted average fair value of options granted during the previous year was $0.00264.

22. AUDITOR'S REMUNERATION

	2014 $	2013 $
The auditor of Oroya Mining Limited is Ernst & Young		
a. Amounts received or due and receivable by the auditors for:		
- auditing or reviewing accounts	40,700	49,955
- tax services	7,500	38,000
	48,200	87,955

b. The auditors received no other benefits.

23. EXPENDITURE COMMITMENTS AND CONTINGENT LIABILITIES

a. Exploration expenditure commitments

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain current interests. New mineral tenements may be applied for, existing mineral tenements reduced in area, exemption from expenditure commitments applied for, and mineral tenements can be surrendered depending on the results of ongoing exploration, changes in market conditions and commodity prices. The Company may also farm-out some of its tenement obligations to other companies. Any of the above can either reduce or increase the expenditure commitments of the consolidated entity. The minimum level of exploration commitment required as of 30 June 2014 to retain the existing mineral tenure is $159,800 (2013: $183,200) for the Group. It is anticipated that the exploration expenditure commitments in the ensuring periods will be lower as the Company rationalises its tenement holdings during the current year.

b. Lease expenditure commitments

The Company has no lease expenditure commitments.

c. Cash deposited for performance bond

The Company has a responsibility to rehabilitate any areas disturbed by its exploration activities. Accordingly, in Victoria the Company has lodged $10,000 to support Performance Bonds lodged with the Minister for Energy and Resources in Victoria.

24. FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments comprise cash and short-term deposits.

The Company has various other financial assets and liabilities such as trade receivables, and trade payables, which arise directly from its operations and available-for-sale financial assets.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 2, 6, 7 and 11 to the financial statements.

The Company manages its exposure to a variety of financial risks: market risk (including equity price risk, and interest rate risk), credit risk and liquidity risk in accordance with specific approved company policies.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Company manages credit risk by only dealing with recognized, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The Company's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

The following table summarises the impact of reasonably possible changes on interest rates for the Company at 30 June 2014. The sensitivity is based on the assumption that interest rate changes by 80 basis points with all other variables held constant. The 80 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 3 year period. The analysis is performed on the same basis for the comparative period.

The Company's exposure to interest rate risk on pre-tax profit arises from higher or lower interest income from cash and cash equivalents. The Parent's main interest rate risk arises from cash and cash equivalents and other assets with variable interest rates.

	30 June 2014	30 June 2013
	$	$
Financial assets		

Cash and cash equivalents	221,541	464,803
Other Assets	10,000	10,000
Financial Liabilities		
Interest bearing liabilities	-	-
	231,541	474,803
Impact on pre tax profit and equity		
Post-tax gain/(loss)		
80 bp increase	1,852	3,798
80 bp decrease	(1,852)	(3,798)

Foreign currency risk

The Company has no material transactional foreign currency exposure.

Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities, financing activities including deposits with banks.

The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Board of Directors based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

Credit quality of financial assets:

		S&P Credit rating				
		AAA	**A1+**	**A1**	**A2**	**Unrated**
30 June 2014						
Cash & cash equivalents	($)	-	221,541	-	-	-
Other Assets	($)	-	10,000	-	-	-
Trade and other receivables	($)	-	7,118	-	-	9,560
Available-for-sale financial assets	($)	-	-	-	-	12,500
Number of counterparties		-	3	-	-	2
Largest counterparty	(%)	-	93	-	-	57
30 June 2013						
Cash & cash equivalents	($)	-	464,803	-	-	-
Other Assets	($)	-	10,000	-	-	-
Trade and other receivables	($)	-	50,524	-	-	29,774
Available-for-sale financial assets	($)	-	-	-	-	254,167
Number of counterparties		-	3	-	-	5
Largest counterparty	(%)	-	88	-	-	90

Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.
The Company manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Company's liquidity needs can be met through a variety of sources, including: short and long term borrowings and issue of equity instruments

The following table details the Company and Company's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 $	6 months – 12 $	1-2 years $	> 2 years $
As at 30 June 2014				
Trade and other payables	139,171	-	-	-
As at 30 June 2013				
Trade and other payables	129,204	-	-	-

Capital risk management

Capital consists of share capital $35,557,522 (2013: 35,308,156)

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2013 and no dividends are expected to be paid in 2014.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

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

25. EVENTS SUBSEQUENT TO BALANCE DATE

On 28 August 2014 the Company issued 158,958,951 ordinary shars in a Placement at a price of $0.0008 per share raising $127,167.

Other than mentioned above, no other matters or circumstances have occurred that have or may significantly affect the operations or the state of affairs of the Group in subsequent financial years.

26. EXPLORATION AGREEMENTS

Neo Resources Limited (Neo) now 100% owned by Perpetual Resources Limited (ASX:PEC) has earned a 70% interest in the Sofala Wiagdon Thrust Joint Venture by completing the Earn-In Expenditure of a minimum of $1.5 million within the deemed Earn-In Period. Oroya is now free carried until the mining commencement date, with a 30% Interest.

There are no capital commitments or contingent liabilities in respect of these agreements.

27. SEGMENT INFORMATION

For management purposes, the Company is organised into one main operating segment, which involves exploration and mineral deposits throughout Australia. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole. The accounting polices used by the Group in reporting segment internally are the same as those contained in note 2 to the accounts. All non-current assets are located in Australia (the Company's country of domicile) and all revenue is earned in Australia.

28. PRINCIPAL ACTIVITIES AND OPERATIONS

The Company's principal activity during the year was mineral exploration in Victoria and New South Wales.

The Company spent $32,214 on direct exploration and evaluation expenditure during the year (2013: $1,143,576). Major exploration activities during the period are outlined in the Review of Operations as contained in the Directors Report.

29. PARENT ENTITY INFORMATION

(a) Information relating to Oroya Mining Limited	2014 $	2013 $
Current assets	250,719	799,268
Total assets	2,400,321	2,948,220
Current liabilities	(214,771)	(456,665)
Total liabilities	(214,771)	(456,665)
Issued capital	35,557,522	35,281,381
Accumulated losses	(33,936,285)	(33,354,139)
Share-based payment reserve	564,313	564,313
Total shareholders' equity	2,185,550	2,491,555
Loss of the parent entity	(582,146)	(2,362,002)
Total comprehensive income of the parent entity	(582,146)	(2,362,002)

(b) Details of any guarantees, contingent liabilities and commitments of the parent entity

Refer to Note 23. The guarantees, contingent liabilities and commitments of the parent entity are the same as those of the consolidated entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Oroya Mining Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes 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 on that date; and

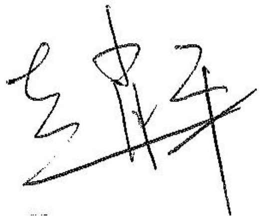
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and

(c) subject to the matter set out in Note 2(c) 'Going concern', there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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 for the year ended 30 June 2014.

On behalf of the Board.



Mr Ping Zhao
Director

Perth, 25 September 2014

Building a better working world

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Independent auditor's report to the members of Oroya Mining Limited

Report on the financial report

We have audited the accompanying financial report of Oroya Mining Limited, 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 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 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 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Oroya Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's financial position as at 30 June 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 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Oroya Mining Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(c) in the financial report. The matters set forth in Note 2(c) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

D S Lewsen

D S Lewsen
Partner
Perth
25 September 2014

CORPORATE GOVERNANCE STATEMENT

Introduction

Oroya Mining Limited (Oroya) values good corporate governance as a foundation for best serving the interests of its shareholders and for consideration of other people affected by the Company's activities. The Directors will adhere to ASX guidelines on corporate governance as appropriate to a Company of Oroya's size and level of development.

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than eight. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporation Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke the appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance statement of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CORPORATE GOVERNANCE STATEMENT

ASX Principles of Good Corporate Governance

The Company has adopted a Corporate Governance Policy which is available on the Company's website for review www.oroyamining.com.au

The Board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these Principles.

	ASX Principle	Reference/comment
	Principle 1: Lay solid foundations for management and oversight	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The functions of the Board are set out in the Company's Corporate Governance Policy. Due to its size the roles and functions within the Company must remain flexible in order for it to best function within its level of available resources.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	As contained in the Company's Corporate Governance Statement the Chairperson is responsible for reviewing the performance of the Board, each director and each executive at least once every calendar year.
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1.	See above.
	Principle 2: Structure the board to add value	
2.1	A majority of board should be independent directors.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
2.2	The chair should be an independent director.	The Chair Dr Kevin Moriarty is considered to be an independent Director.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not have a Chief Executive Officer. This role is performed by the Executive Director. The Board believes that the composition of the Board and management is both appropriate and acceptable at this stage of the Company's development and includes an appropriate mix of skills and expertise, relevant to the Company's current business. The Board will seek to recruit additional executive resources commensurate with its increased level of activity.
2.4	The board should establish a nomination committee.	The Company has not established a separate Nomination Committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee is warranted.

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Acting in its ordinary capacity, the board from time to time carries out the process of considering and determining performance issues. The Board and individual Directors are evaluated annually by way of informal meetings.
2.6	Companies should provide the information indicated in Guide to Reporting on Principle	The skills and experience of directors are set out in the Company's Annual Report and on its website.

Principle 3: Promote ethical and responsible decision-making

3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the responsible expectations of their stakeholders • the responsibility and accountability of individuals reporting or investigating reports of unethical practices.	The Company has established a Code of Conduct in its Corporate Governance Policy which can be viewed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company has established a Diversity Policy in its Corporate Governance Policy which can be viewed on the Company's website.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company does not have any women employees in the organisation, women in senior executive positions or women on the board.
3.5	Companies should provide the information indicated in Guide to Reporting on Principle	The Code of Conduct and Diversity policy can be viewed on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Principle 4: Safeguard integrity in financial reporting

4.1	The board should establish an audit committee.	No formal audit committee has been established by the Company as yet. The Company is at variance with Recommendation 4.1 and 4.2 and 4.3 in that it does not presently have an audit committee. The Board as a whole currently serves as the audit committee. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional directors for the sole purpose of satisfying this recommendation.
4.2	The audit committee should be structured so that it: • consists only non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not the chair of the board • At least three members	See 4.1
4.3	The audit committee should have a formal charter.	See 4.1
4.4	Companies should provide the information indicated in Guide to Reporting on Principle 4.	See above

Principle 5: Make timely and balanced disclosure

5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The Company has established a Disclosure Policy in its Corporate Governance Policy which can be viewed on the Company’s website.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	See above.

Principle 6: Respect the rights of shareholders

6.1	Companies should design and disclose a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	The Company has established a Communications Policy in its Corporate Governance Policy which can be viewed on the Company’s website.
6.2	Companies should provide the information indicated in Guide to Reporting on Principle 6.	See above

CORPORATE GOVERNANCE STATEMENT

Principle 7: Recognise and manage risk

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Due to the size and nature of the Company, the Company does not have formalised policies on risk management. The Board recognises its responsibility for identifying areas of material business risk and for ensuring that arrangements are in place to adequately identify, analyse, assess, prioritise, monitor and manage these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	See above
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Executive Director and the Company Secretary make this assurance to the board.
7.4	Provide information indicated in Guide to Reporting on Principle 7.	See above.

Principle 8: Remunerate fairly and responsibly

8.1	The board should establish a remuneration committee.	Due to the size and nature of the Company, the Company does not have a remuneration committee.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair has at least three members.	See 8.1
8.3	Companies should clearly distinguish the structure of non-executive directors remuneration from that of executives.	See 8.1
8.4	Companies should provide information indicated in ASX Guide to Reporting on Principle 8.	See above.

SHAREHOLDERS' INFORMATION (As at 19 September 2014)

STATEMENT OF ISSUED SECURITIES AS AT 19 SEPTEMBER28 AUGUST 2014

SECURITIES

1. The total number of holders of each class of security:

	Ordinary Fully paid Shares (ASX code ORO)	Listed Options (ASX code OROO)
Number of Holders	1,718	107

2. Each shareholder of the Ordinary Fully Paid shares is entitled to one vote for each share held. There are no voting rights attached to the options.

3. The number and class of all securities on issue:

ASX Code	Number	Security Description
ORO	3,121,372,383	Ordinary fully paid shares
OROO	660,000,000	Options expiring 30 November 2015 (exercisable at 0.3 cents each)

4. Distribution of equity securities.

Equity distribution	Ordinary Shares (ORO)	Options (OROO)
1 - 1,000	40	1
1,001 - 5,000	47	-
5,001 - 10,000	31	-
10,001 - 100,000	457	-
Over 100,000	1,143	106
TOTAL	**1,718**	**107**

5. The twenty largest ordinary fully paid shareholders (ORO) hold 56.9% of the issued capital and are tabled below:

	Name	Ordinary Shares	%
1	Soaraway Development Pty Ltd	812,933,711	26.04
2	ZJS PL <ZJS Fam A/C>	370,796,241	11.88
3	McKinna, Kerry John	123,000,000	3.94
4	Tangram Pty Ltd	75,000,000	2.40
5	Glass Klaus	41,442,990	1.33
6	Dent Tom	37,500,000	1.20
7	Mr Zhao, Ping	35,177,772	1.13
8	McKinna Kerry	32,100,001	1.03
9	Lim Lian Choo	26,000,000	0.83
10	Cheng Yong	25,050,000	0.80
11	Furlong Alan Neil & N M <Furlong S/F A/C>	25,000,000	0.80
12	Shedden Assoc Pty Ltd <Shedden S/F A/C>	21,971,039	0.70
13	JP Morgan Nominees Aust Ltd <Cash Income A/C>	21,525,555	0.69
14	Bright Douglas	21,423,335	0.69
15	Colbern Fiduciary Nom PL	20,010,600	0.64
16	Berenes Nom Pty Ltd,<Berenes S/F A/C>	20,000,000	0.64
17	Mandile Robyne Dawn	17,500,000	0.56
18	Mah Hui Foong	17,000,000	0.54
19	Specialist Magnetics Pty Ltd	16,900,001	0.54
20	Trewin Gary David	16,323,500	0.52
		1,776,654,745	**56.9**

6. The twenty largest option holders (OROO) hold 72.2% of the options and are tabled below:

	Name	Ordinary Shares	%
1	Melbourne Capital Ltd	120,000,000	18.18
2	Mungala Inv Pty Ltd	48,690,000	7.38
3	Spagnolo Giovanni <Marcus Deluca A/C>	45,012,690	6.82
4	Richsham Nom Pty Ltd	36,000,000	5.45
5	Cavka Anton	30,000,000	4.55
6	Red & White Holdings Pty Ltd <Blood S/F A/C>	25,000,000	3.79
7	Aegean Pal Pty Ltd <Elpida S/F A/C>	25,000,000	3.79
8	Healy Gerard Damien	15,000,000	2.27
9	Kramer Steven Anthony	15,000,000	2.27
10	Bergseng Linda	15,000,000	2.27
11	Correia Mario & Maria D <M & D Correia Fam>	14,000,000	2.12
12	Brand Connection Pty Ltd	10,700,000	1.62
13	Calabria Joe	10,000,000	1.52
14	AHN Meena	10,000,000	1.52
15	Austin David W & C Y L <Austin S/F A/C>	10,000,000	1.52
16	Czislowski Holdings Pty Ltd	10,000,000	1.52
17	Dalext Pty Ltd <Dalext Unit A/C>	10,000,000	1.52
18	Ferraro Felice & Diane <D & F Ferraro Fam>	10,000,000	1.52
19	Liu Bin	9,000,000	1.36
20	Goffacan Pty Ltd	8,000,000	1.21
		476,402,690	**72.20**

SUBSTANTIAL SHAREHOLDER

7. The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

- Soaraway Development Pty Ltd – 848,111,483 fully paid ordinary shares.
- The Trustee for ZJS Family Trust – 370,796,241 fully paid ordinary shares.

UNMARKETABLE PARCELS

8. The Company has 1,073 shareholders holding an unmarketable parcel of shares using a price of $0.001 per share.

TENEMENT SCHEDULE (As at 19 September 2014)

PROJECT	TENEMENT	REGISTERED HOLDER	OROYA
NEW SOUTH WALES			
Sofala (2)	E 6627	Oroya Mining Limited	30% fc
	E 6628	Oroya Mining Limited	30% fc
	E 6629	Oroya Mining Limited	30% fc
	E 6789	Oroya Mining Limited	30% fc
	E 7548	Oroya Mining Limited	30% fc
	E 7549	Oroya Mining Limited	30% fc
	E 7550	Oroya Mining Limited	30% fc
	E 7553	Oroya Mining Limited	30% fc
	E 7756	Oroya Mining Limited	30% fc
	E 8269	Oroya Mining Limited	30% fc
VICTORIA			
Orbost	E 4933	Oroya Mining Limited	100%
	E 4981	Oroya Mining Limited	100%

LEGEND
E = Exploration Licence
(2) = Neo Resources Ltd has earned 70% and Oroya is free carry for 30%