

RIDGE

RESOURCES LTD

ACN 147 325 620

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Corporate Information

ABN 56 147 325 620

Directors

Jeremy David Shervington
Non-Executive Chairman

Alec Christopher Pismiris
Executive Director

David Nicholas Kelly
Non-Executive Director

Company Secretary

Alec Christopher Pismiris

Registered Office and Principal Place of Business

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Solicitors

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West Perth WA 6005
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Bankers

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109 St George's Terrace
Perth WA 6000

Share Register

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
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Perth WA 6000
Telephone: (+61 8) 9323 2000

Auditors

Somes Cooke
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West Perth WA 6005
Telephone: (+61 8) 9426 4500

Website

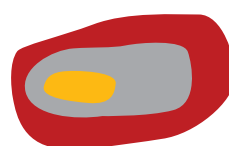
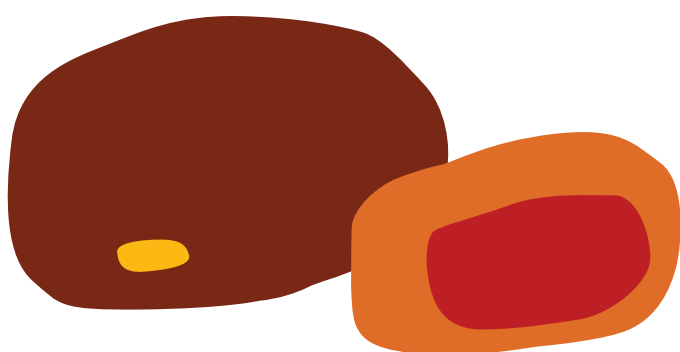
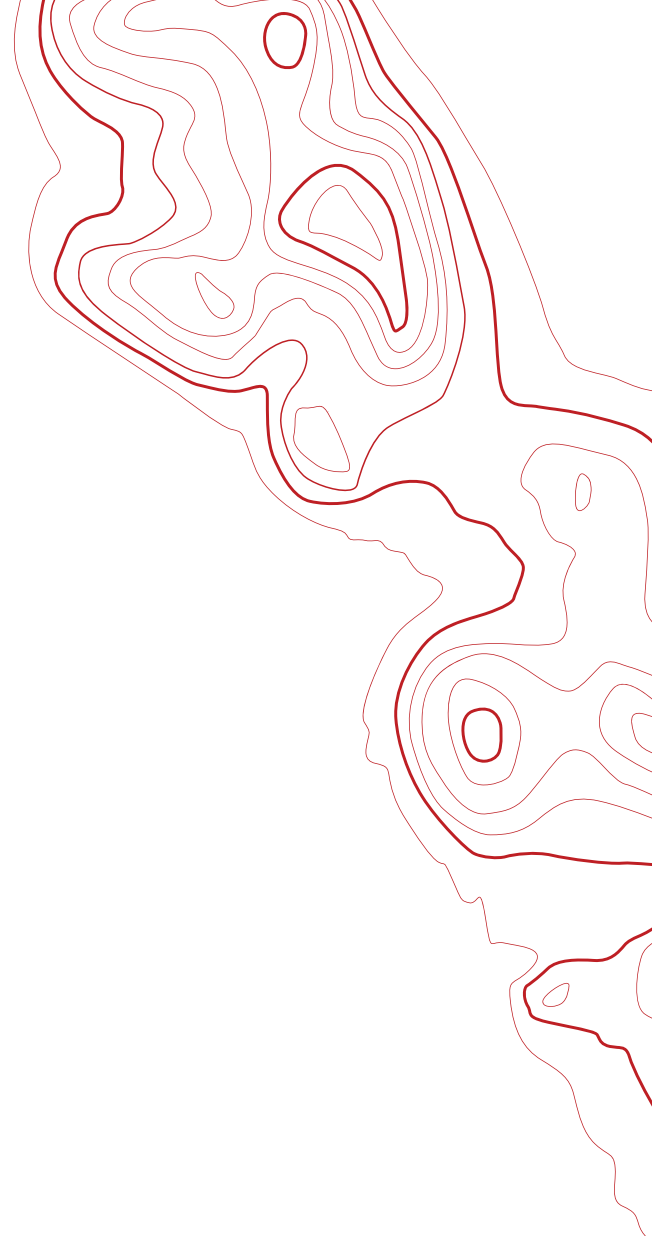
www.ridgeresources.com.au

Stock Exchange Listing

Ridge Resources Ltd shares (Code: RID) and
20 cent options expiring 30 June 2014
(Code: RIDO) are listed on the Australian
Securities Exchange.

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Chairman's Letter

On behalf of your Board of Directors, I have pleasure in presenting the Annual Report and Financial Statements of Ridge Resources Ltd ("Ridge" or the "Company") for the year ended 30 June 2012.

On 5 July 2011 the offer of securities under a Prospectus dated 26 May 2011 closed fully subscribed with the Company accepting oversubscriptions totalling \$16,700. The Company was admitted to the Official List of ASX on 12 August 2011 with Official Quotation of the Company's securities commencing on 17 August 2011.

During the financial year the Company commenced evaluation of the Mt Alexander Project. Experienced geological consultant Dr Joseph Drake-Brockman was appointed to assist with the implementation of exploration programs at the Mt Alexander Project. Dr Drake-Brockman initially reviewed historical reports and datasets acquired by the Company and undertook a field trip in November 2011 where he identified several anomalous radioactive outcrops at both the Mt Alexander and Granite Bore prospects. Following his initial work, Dr Drake-Brockman recommended an airborne radiometric/magnetic survey over the Project area which was completed in December 2011. Following interpretation of the airborne radiometric/magnetic data a second field trip was completed by Dr Drake-Brockman in May 2012. Uranium anomalies identified by the airborne survey were visited to assess their significance and further prospect mapping and reconnaissance work was also undertaken.

Ridge recorded an operating loss after tax of \$188,602 for the year ended 30 June 2012. The result was achieved on revenue of \$112,825 and operating expenses of \$301,427. The majority of the operating expenses incurred related to costs associated with exploration activities undertaken during the year and the administration of the Company. At the end of the financial year Ridge had cash and short term deposits totalling \$2,008,090.

The 2012/2013 financial year will see the continuation of activities relating to the evaluation the Mount Alexander Project. The Company will continue to actively pursue further investment opportunities including drill-ready exploration projects through to advanced projects with existing resources and upside potential. Although the preference is for the major metals or bulks other commodities will be considered. Ridge's objective is to acquire further projects that complement the Company's existing project.

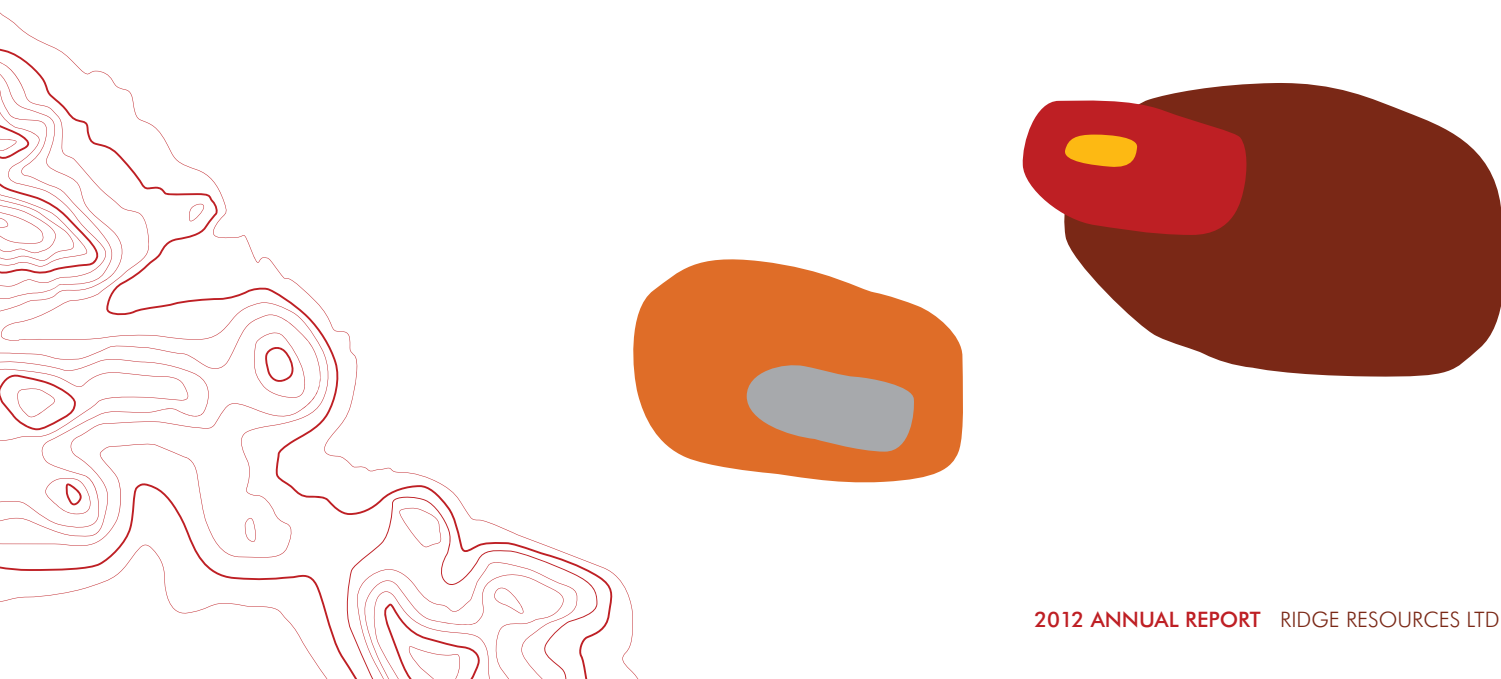
The Board of Ridge is committed to pursuing a strategy that will deliver long-term growth to shareholders. Ridge has significant cash reserves with no debt, allowing the Company to pursue its ambitions of achieving growth through acquisitions in the resources sector.

I wish to extend my sincere thanks to the Board of Ridge for their contributions and efforts to date. Appreciation is also extended to our shareholders for their support and we look forward to the financial year ahead.

Yours faithfully



Jeremy Shervington
Chairman



Directors' Report

The directors of Ridge Resources Ltd ("Ridge" or "the Company") present their financial report for the year ended 30th June 2012 ("the Balance Date").

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Jeremy David Shervington *B.Juris. LLB.* **Non-Executive Chairman** **Appointed 11 November 2010**

Mr Shervington operates a legal practice in Western Australia. He specialises in the laws regulating companies and the securities industry in Australia. Mr Shervington has 30 years' experience as a lawyer, gained since his admission as a Barrister and Solicitor of the Supreme Court of Western Australia. Mr Shervington has since 1985 served as a Director of various ASX listed companies as well as a number of unlisted public and private companies. Presently Mr Shervington also serves as a member of the Audit and Compliance Committee. During the past three years Mr Shervington has also served as a Director of the following other listed companies:

- Australian Zircon NL* - Appointed 16 February 1998
- Cokal Limited (formerly Altera Resources Limited) - Appointed 8 August 2006; Retired 23 December 2010
- Prairie Downs Metals Limited - Appointed 11 October 2002; Retired 25 August 2011
- Emerald Oil & Gas NL* - Appointed 23 January 2006
- Northern Manganese Limited (formerly Groote Resources Limited) - Appointed 11 May 2006; Retired 22 March 2010
- Horseshoe Metals Limited (formerly Shergar Limited)* - Appointed 14 December 2006
- Industrial Minerals Corporation Limited - Appointed 17 February 2004; Retired 10 March 2011
- Papillon Resources Limited (formerly Colonial Resources Limited) - Appointed 11 May 2006; Retired 27 May 2011
- Stirling Resources Limited - Appointed 13 July 2009; Retired 18 June 2010

*denotes current Directorship

Alec Christopher Pismiris *B.Com. ICSA* **Executive Director and Company Secretary** **Appointed 11 November 2010**

Mr Pismiris is currently an Executive Director of Azure Capital Limited, a company which provides corporate advisory services. He is also the Company Secretary of several companies listed on ASX and Company Secretary of several public and private companies. Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia and is an associate of Chartered Secretaries Australia. Mr Pismiris has over 27 years' experience in the securities, finance and mining industries. Presently Mr Pismiris also serves as a member of the Audit and Compliance Committee. During the past three years Mr Pismiris has also served as a Director of the following other listed companies:

- Prairie Downs Metals Limited - Appointed 16 October 2002; Retired 22 June 2012
- Horseshoe Metals Limited (formerly Shergar Limited) - Appointed 31 May 2011; Retired 25 May 2012
- Industrial Minerals Corporation Limited - Appointed 8 November 2006; Retired 22 April 2010
- Papillon Resources Limited (formerly Colonial Resources Limited)* - Appointed 11 May 2006
- Northern Manganese Limited (formerly Groote Resources Limited) - Appointed 11 May 2006; Retired 4 March 2010

*denotes current Directorship

David Nicholas Kelly *B.Sc Hons* **Non-Executive Director** **Appointed 11 April 2011**

Mr Kelly is currently an executive director of Optimum Capital Pty Ltd and has over 20 years mining experience. Mr Kelly holds a B. Sc. Hons (Major in Geology) from Victoria University of Wellington. His experience includes exploration, operations management, mine planning, project evaluation and business development with companies such as Consolidated Minerals Limited, WMC Resources Limited and Central Norseman Gold Corporation. He has spent several years in resource banking with Investec and N M Rothschild & Sons undertaking technical and operational analysis of debt and equity opportunities. During the past three years Mr Kelly has not served as a Director of any other listed companies.

DIRECTORS (cont.)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Ridge were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES
Jeremy David Shervington	1,800,397	1,750,000
Alec Christopher Pismiris	1,010,000	684,712
David Nicholas Kelly	500,000	500,000

CORPORATE INFORMATION

Corporate Structure

Ridge Resources Ltd is a company limited by shares that is incorporated and domiciled in Australia. Ridge has prepared a financial annual report for the year ended 30th June 2012.

Principal Activities

The principal activities of the Company throughout the year have comprised of the following:

- listing of the Company's securities on ASX;
- exploration activities at the Mt Alexander Project;
- seeking to identify new investment opportunities in the resources sector;
- investing cash assets in interest bearing bank accounts; and
- the general administration of the Company.

DIVIDENDS

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

OPERATIONS AND HIGHLIGHTS

On 5 July 2011 the offer of securities pursuant to the Prospectus dated 26 May 2011 closed fully subscribed with the Company accepting oversubscriptions totalling \$16,700.

On 5 August 2011 the Company issued and allotted the following new securities pursuant to the Prospectus dated 26 May 2011:

- 527,500 shares and 263,750 options to shareholders of Northern Manganese Limited (formerly Groote Resources Limited) that subscribed for securities pursuant to the Priority Offer;
- 11,972,500 shares and 5,986,250 options to investors that subscribed for securities pursuant to the Public Offer; and
- 83,500 shares and 41,750 options to investors that subscribed for securities pursuant to the Public Offer representing oversubscriptions.

In accordance with the terms of a corporate advisory mandate, Azure Capital Limited and its nominees were issued 2,000,000 Lead Manager Options as a consequence of the Company receiving the minimum subscription of \$2,500,000 raised pursuant to the Prospectus dated 26 May 2011 and the shares and options offered being granted official quotation by the ASX.

The Company was admitted to the Official List of ASX on 12 August 2011 with Official Quotation of the Company's securities commencing on 17 August 2011.

The Company appointed independent geological consultant Dr Joseph Drake-Brockman to advise on the implementation of exploration programs for the Mt Alexander Project. Dr Drake-Brockman has over 30 years' mineral exploration experience with extensive uranium experience in Australia, New Zealand, Germany, Kyrgyzstan and Tanzania, including both grassroots exploration and detailed project evaluation across a range of terrains.

OPERATIONS AND HIGHLIGHTS (cont.)

Dr Drake-Brockman undertook an assessment and evaluation of historical reports and datasets and completed a field trip in November 2011. Dr Drake-Brockman identified several anomalous radioactive outcrops at both the Mt Alexander and Granite Bore prospects. Following his initial work Dr Drake-Brockman recommended an exploration programme to assess the uranium and base-metal (IOCG) potential of the Project comprising of:

- a detailed airborne radiometric/magnetic survey;
- processing and interpretation of the airborne radiometric/magnetic data; and
- follow-up mapping field work.

In December 2011 Aerosystems Pty Ltd completed an airborne survey comprising of radiometric and magnetic surveys to:

- fully define three known surface anomalies;
- evaluate the Kilba Granite for any subtle retrogressed zones that may be uranium bearing;
- evaluate the Mount Alexander trend for any repetitions of the known mineralization, including any subtle features that may represent buried ore shoots; and
- test quartzite outcrops for any repetitions of the Granite Bore style mineralization.

In May 2012 Dr Drake-Brockman completed a second field trip to the Project area to visit the main prospects, investigate and assess the uranium targets identified by the airborne survey and undertake further prospect mapping.

No other matter or circumstance, besides those disclosed at note 24, has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Mount Alexander Project ("Project")

Ridge has entered into an agreement to earn a 60% interest in the Mount Alexander Project from Northern Manganese Limited (formerly Groote Resources Limited) through the expenditure of \$1 million on the Project, and a further 10% interest through additional expenditure of \$800,000. The project is secured by Exploration Licence EL08/1987, granted on 23 February 2010 over 90 square kilometres. The registered holder of the Tenement, is Northern Manganese Limited.

The Project is located approximately 20 kilometres southeast of Nanutarra and 120 kilometres to the south of Onslow, in the northwest of Western Australia (refer to Figure 1). Southern parts of the Project area cover the very rugged Mount Alexander which is 405 metres above sea level and an estimated 250 to 300 metres above the surrounding plain. The district is included in the catchment of the Ashburton River; tributary creeks have eroded the metamorphic rocks of a major anticlinal structure leaving the more resistant rocks as remnant ridges on the plain.

Access to the tenement is from the Northwest Coastal Highway at the Uaroo Station turnoff 20 kilometres south of Nanutarra and then to the old Coober Pedy road workings about 1.5 kilometres distant. The Coober Pedy workings are located immediately to the south of the Project. Within the licence area access is only facilitated with four wheel drive vehicle or on foot.

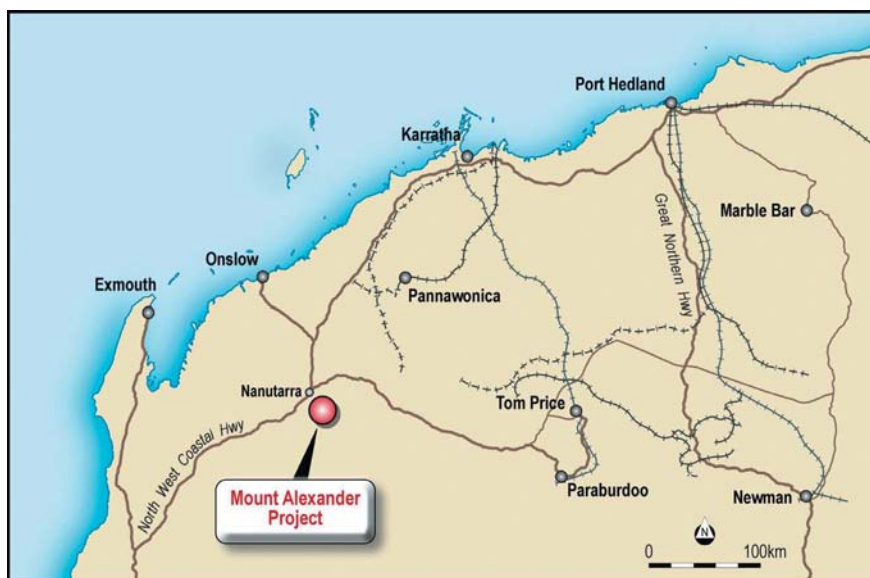


Figure 1 - Mount Alexander Project location map

OPERATIONS AND HIGHLIGHTS (cont.)

Mount Alexander Project (cont.)

The Mount Alexander Project is located within the northern part of "Yanrey Uranium Province". The metasediments of the Gascoyne Complex have been extensively intruded by sodic granitoids, an event which took place at the close of the Lower Proterozoic. The granitoids have probably provided the mineralising fluids for the mineralisation in the area representing potential sources of uranium, tin, tantalum, zinc and lead.

The dolomites banded iron formation (BIFs) and other metasedimentary rocks of the Lower Proterozoic Gascoyne Block occupy a regional synclinal structure, bounded by the Hamersley Basin and the Archaean age Pilbarra Block to the north and the Yilgarn Block to the south. The Gascoyne Complex is separated from the Lower Proterozoic Ashburton and is overlain unconformably by rocks of the Middle Proterozoic Bangemall Group to the east. The western extension is obscured by younger sediments of the Carnarvon Basin.

Ridge captured all of the previous historical data in a digital format and purchased Quickbird remote sensing image over the Project area. Following the appointment of independent geological consultant Dr Joseph Drake-Brockman, an assessment and evaluation of previous/historical exploration reports and datasets was undertaken to design exploration programmes that would assess the uranium and base metal potential of the Project. Following this work the following anomalies were identified:

- location of pits excavated by Agip Nulceare in the south-west of the Project area which had exhibiting visible uranium mineralisation and grading between 620 and 1738ppm U_3O_8 from 0.4 to 0.8m below the surface;
- the occurrence of uranium mineralisation in quartz veining at Mount Alexander in the form of visible kasolite. The uranium occurs in association with Lead, Zinc, Copper mineralisation;
- the Coober Pedy mine, which produced silver-rich galena concentrates, located immediately to the south of the Project and possible northern extensions to this mineralisation within the Project area; and
- identification of a Tin and Tantalum anomaly identified by Kagara.

In November 2011 Dr Drake-Brockman completed a five day field trip to the Project area to gain a better understanding of the main prospects and undertake prospect mapping. During the field trip Dr Drake-Brockman visited the Mount Alexander U-Cu-Pb-Zn prospect and the Granite Bore U prospect. The nearby Coober Pedy Pb-Zn prospect, the Aladdin's Skarn Zn prospect, and the Mortgage tungsten prospect were briefly inspected during reconnaissance for possible access tracks.

In December 2011 Aerosystems Pty Ltd completed an airborne survey over the Project area. A Robinson R44 Helicopter was used as the survey platform. Line orientation was 90°/270°, line spacing of 150 metres, flying height of 40 metres, radiometric station spacing of 40 metres, tie line spacing 1,500 metres plus 8 ridge top tie lines along quartzite ridges. A nominal 750 line-km was planned. Radiometric data was recorded using a 16 l crystal pack magnetic data with an on board stinger. A RSX-4 Integrated Gamma Detector and Spectrometer was fitted to record the radiometric data and a Geometrics G-823 Caesium Vapour Magnetometer and a Billingsley TFM100G2 vector magnetometer used to collect and process the magnetic signal.

The uranium data generated from the airborne survey was examined by Dr Drake-Brockman line by line with any asymmetric peaks marked. A1 to A4 ranking were assigned, an approximate value above background estimated. Figure 2 shows the anomaly picks plotted over the simplified geology but with detailed structure.

The results of the airborne survey were reviewed resulting in:

- the detection of seven uranium anomalies considered worthy of immediate follow-up;
- two subtle anomalies were located within the Mudong Metamorphics, and in particular in the quartzite sequence;
- the detection of two magnetic features of possible significance were detected; and
- the known uranium showings were not extended.

Anomalies prefixed 'A' in Figure 2 were related to the main Rank 1 clusters, those with 'B' were the lesser picks, while anomalies prefixed 'Q' were low amplitude anomalies selected from areas of quartzite outcrop which had a very low uranium background. Four peaks classed as Rank 1 occurred in four clusters (A7, 11, 12, 14). All four clusters were associated with high background granite outcrops adjacent to structure. Nine Rank 2 anomalies were noted, 5 of which occurred within the four Rank 1 clusters.

The four Rank 1 anomalies and the two of the three Rank 2 anomalies all represented significant areas of uranium response within the Kilba Granite. In particular A7 and A11 represented strong sharp uranium peaks normally associated with mineralization and structural features.

OPERATIONS AND HIGHLIGHTS (cont.)

Mount Alexander Project (cont.)

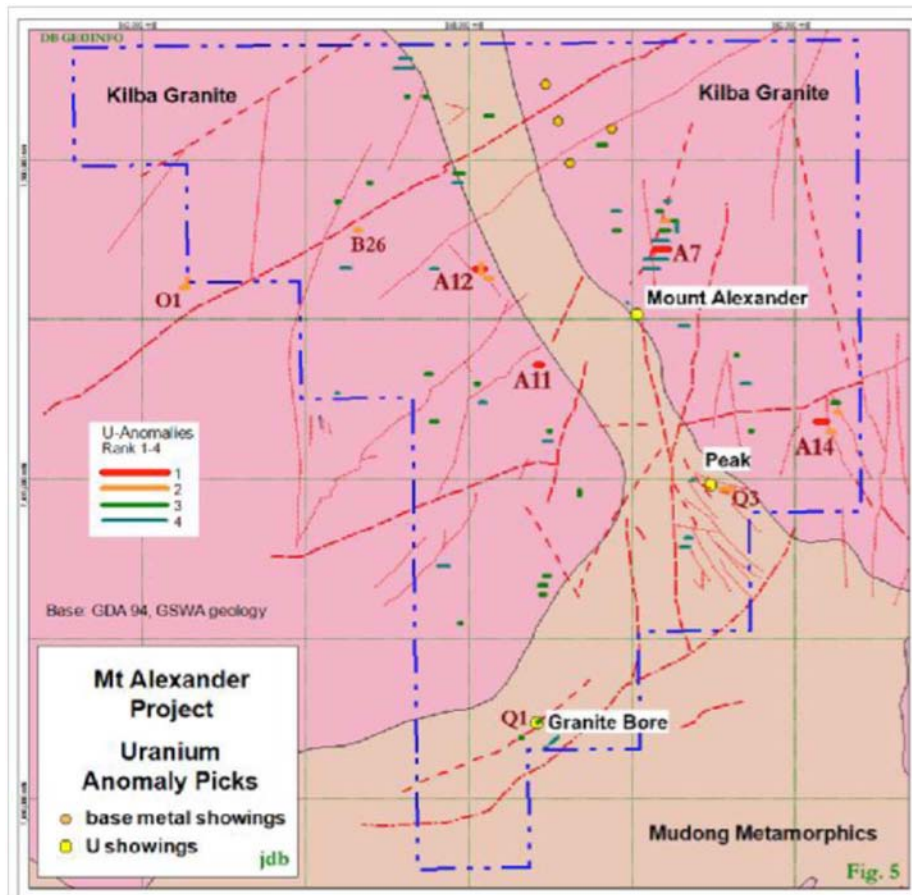


Figure 2 - Mount Alexander Project Anomaly picks on simplified Geology map

In May 2012 Dr Drake-Brockman completed a 12 day field trip to:

- investigate the best uranium anomalies detected by the airborne survey comprising of radiometric and magnetic surveys flown in December 2011;
- assess the significance of the anomalies; and
- undertake follow-up mapping field work.

Significant uranium anomalies identified by the airborne survey were visited to assess their significance. Dr Drake-Brockman's work involved grab sampling and an initial assessment of each anomaly. Figure 3 shows the topographic map of the area, the tenement outline and the location of the main areas.

A total of 16 samples were collected and together with 8 samples previously collected were submitted to Genalysis for assay with the most encouraging results obtained from the Granite Bore prospect.

Granite Bore

The main objectives of the field visit to the Granite Bore prospect were to:

- confirm the location of the trenches and the strike of the outcrops to enable the Agip radiometric and geological maps to be geo-referenced more accurately;
- check the rank 3 airborne anomalies at q2 & q7-9;
- test for further anomalies as shown on the Agip maps; and
- gain a better appreciation of the local structure.

OPERATIONS AND HIGHLIGHTS (cont.)

Mount Alexander Project (cont.)

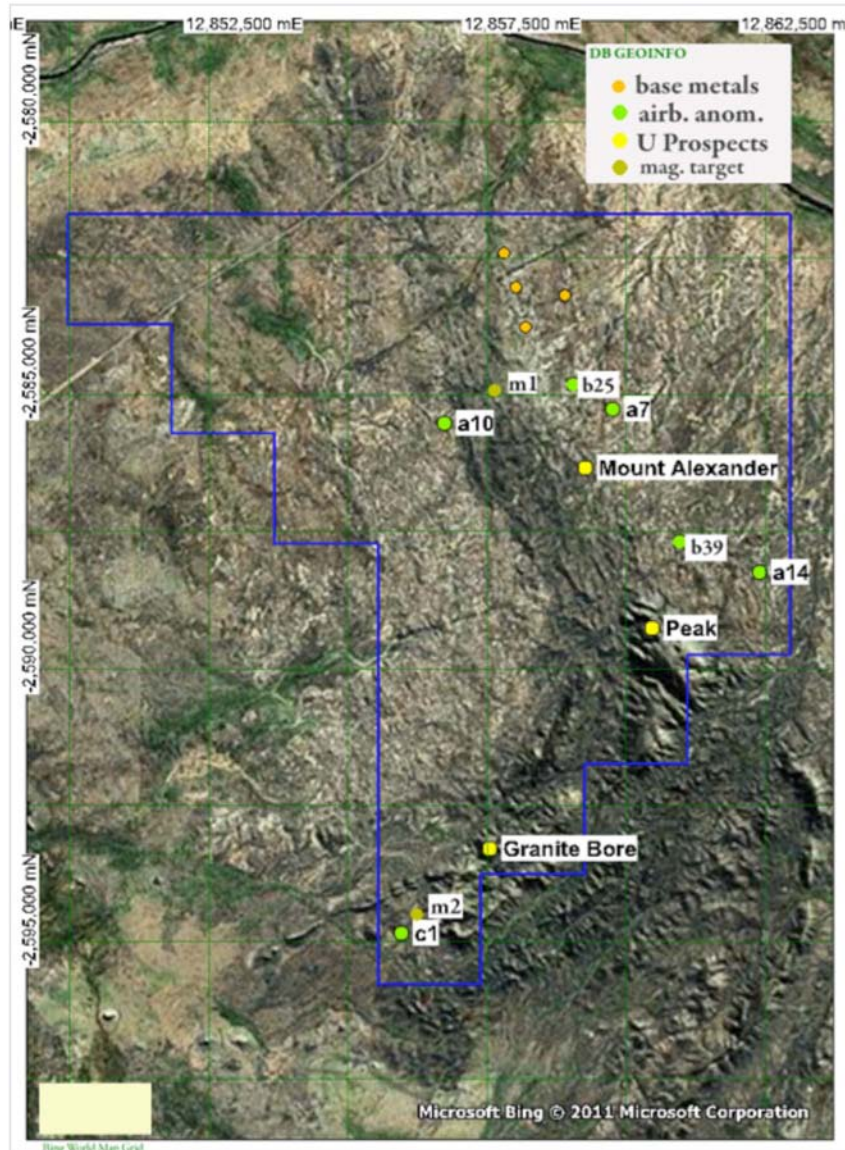


Figure 3 - Map of tenement outline and location of uranium anomalies

Figure 4 shows an overview of the airborne anomalies and also shows the present understanding of the structure. The geological traverse suggests that the Granite Bore outcrop (Mqh & Mqq) is an isoclinely folded syncline when viewed from the q8 anomaly site.

The Agip radiometric data was plotted onto the updated geological map and confirmed the presence of further anomalies along the quartzite ridge. The present extent of the anomalies is about 750 metres. Hotspots, small cross faults and fractures that divide the quartzite outcrops were plotted. It appears they do not control the precise location of the hotspots but seem to be spatially correlated to some degree. The recent work also located a few extra hotspots around the edges of the ridge.

The results confirm appreciable amounts of uranium at the site. The lack of any Th, V, P, Nb or Zr shows that the mineralization is very likely pitchblende (UO₂ - as reported by Agip). It is very unlikely to be alluvial resistate minerals such as zircon, ilmenite or monazite. The lack of Nb and Th also suggests that it is not of metamorphic derivation. The pure U content and the trace Cu amounts add support to the concept of a very old U-in-sandstone type of mineralization. Trace amounts of Ni (91-368 ppm) and Co (93-279 ppm) were also noted.

OPERATIONS AND HIGHLIGHTS (cont.)

Mount Alexander Project (cont.)

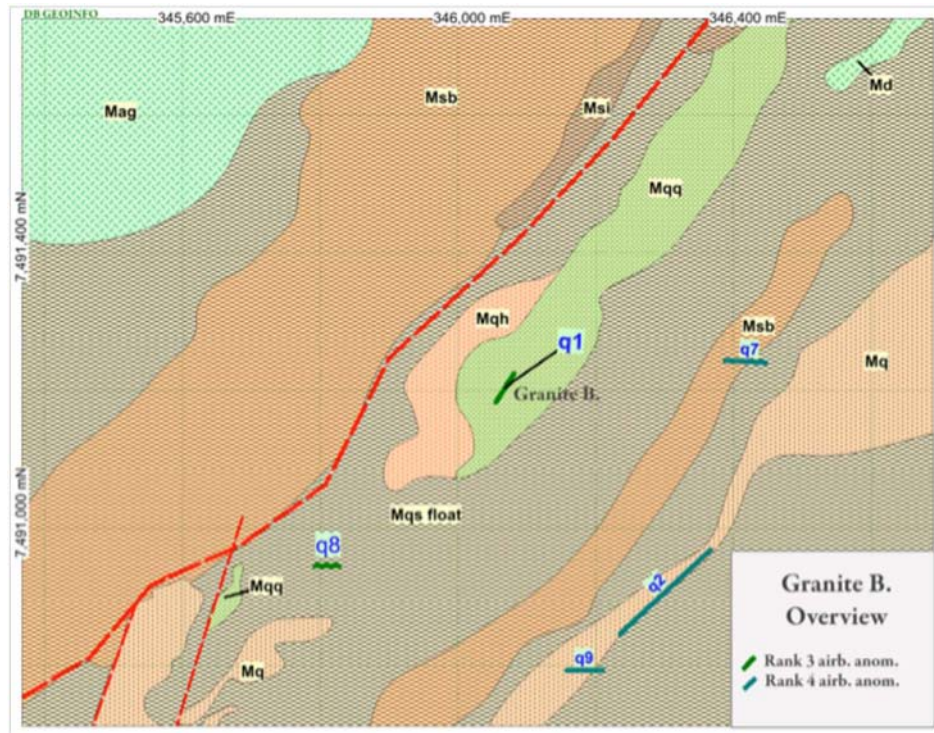


Figure 4 - Granite Bore airborne anomalies

Anomaly A7

The radiometric anomaly occurs within bare rounded outcrops of fresh granite. In general counts over the exposed granite surfaces were in the range 150-200 cps. Two zones with values constantly above 400-450 cps were identified. The largest zone measured approximately 40 x 35 metres and the smaller zone 25 x 5 metres. Within these zones frequent hotspots in the range 600-1,000 cps (best 2,000 cps) were recorded. The hotspots were distributed in a random manner through the zone. Biotite filled fractures were not appreciably more radioactive. Similarly pegmatite veins and sweats were less radioactive than the granite.

Grab samples were collected from the biggest radioactive zone. The uranium values from two hotspots of perhaps 15 x 15 cm in size returned 217 and 354 ppm U. Thorium values were consistent at around 35 ppm for all of the samples. The three samples collected from within the radioactive zone but not sampled from hotspots per se showed 45-95 ppm U. The fairly consistent Ti values (around 1,265 ppm) suggest this is the natural content for the granite and is not reflective of a U-Ti association which would have suggested brannerite (UTi₂O₆) mineralogy. Similarly the consistent Zr (145 ppm) would seem to rule out Baddeleyite (U-ZrO₂). Hence either pitchblende or coffinite (USiO₄) suggest themselves as the likely uranium mineralogy.

Anomaly A10

The geology is very similar to that found at Anomaly A7 with the radiometric anomaly associated with "massive" granite outcrops. The main anomaly located measured 25 x 9 metres with readings above a 450-500 cps threshold. Numerous hotspots in the range 750-2,000 cps were measured within this zone. Additional hotspots were in the range 750-1,000 cps were located 200 metres to the SSE.

Grab samples were collected from the radiometric zone though smaller than that at Anomaly A7 appears to be more intense with a greater frequency of hotspots.

OPERATIONS AND HIGHLIGHTS (cont.)

Mount Alexander Project (cont.)

Anomaly A14

This anomaly is associated with retrogressed zones within the granite. These zones are structurally controlled. The retrogression on the surface shows as crusty calc-clay-silica-quartz alteration and has been mapped as 'white alteration' based on the ground checks and subsequent photo interpretation. This 'alteration zone' measures approximately 1.4-1.6 kilometres long and is expressed in two NNW trending zones each variably 40-80 metres wide.

Scout traverses on the ground isolated 4 linear zones (varying from 15-75 metres in length, 1-15 metre wide) with cps > 200. Hotspots within these zones range from 300-450 cps. Readings in small hand dug holes reached 500-600 with a maximum of 1,100 cps. Ground spectrometer readings confirmed a uranium dominance; e.g. K 0.6%, U 189 ppm and Th 13 ppm and K 0.5%, U 92 ppm, Th 1 ppm. Grab samples collected from small holes.

The assays show limited or background Th values and confirm the dominance of the U response. Three samples returned relatively modest assays but sample AA015 returned 456 ppm U. The assay also showed trace amounts of Pb-Zn and perhaps increased Ti. This hints that brannerite and/or U-leucoxene (U<Ti-Fe oxide) might be involved in the uranium mineralogy. The significance of this discovery remains uncertain. There is low grade uranium present at the surface and the size of alteration and of the radiometric anomalies is substantial. Hence there is the volume available for a substantial resource. However, the nature of the alteration remains unknown.

Further mapping is proposed at the Granite Bore prospect at a scale of 1:1,000 to determine the structure and shape of the quartzite bodies to allow accurate drill testing. The area to be covered measures 1.5 kilometres x 600 metres. Detailed radiometric surveys will also test for any extensions of the known anomalies. This field work will provide the final geological data to support drill testing.

Some additional sampling with a hand held motorized diamond core bore machine will be required on the granite targets to verify the grade of some radioactive zones in the granite.

It is proposed that Anomaly A14 prospect is also mapped at a scale of 1:2,500 along with some detailed ground radiometric surveys. The area to be mapped is around 3 kilometres x 750 metres in size. In addition trenching may be undertaken across the best radiometric anomalies.

Tenement Schedule

30 June 2012

PROSPECT	TENEMENT	INTEREST
Mount Alexander ¹	EL08/1987	60%

Note: 1. Subject to joint venture agreement with Northern Manganese Limited (formerly Groote Resources Limited).

FINANCIAL REVIEW

Operating Results for the Year

The operating loss for the Company after income tax was \$188,602 (2011: \$27,411). This result was generally in line with expectations and reflected the operating costs incurred over the financial year and comprised largely of costs associated with exploration activities associated with the Mt Alexander Project, the general administration of the Company and compliance expenses incurred during the year.

Review of Financial Condition

During the financial year, the Company utilised funds from the offer of securities under a Prospectus dated 26 May 2011 in the following manner:

- evaluation of the Mount Alexander Project;
- evaluation of other investment opportunities in the resources sector;
- funds for the administration of the Company; and
- meet the expenses of the offer of securities under the Prospectus dated 26 May 2011.

Cash Flows

The Statement of Cash Flows illustrates there was an increase in cash and cash equivalents in the year ended 30 June 2012 of \$1,998,784 (2011: increase of \$9,306). Operating activities generated \$163,954 (2011: \$2,292) of net cash out-flows. During the financial year the net cash out-flow from investing activities of \$103,985 (2011: \$412) was attributable to expenditure relating to exploration activities at the Mt Alexander Project. There was a \$2,266,723 net cash in-flow (2011: \$12,010) from financing activities during the year.

The cash flows of the Company during the financial year consisted of:

- funds received from the offer of securities under a Prospectus dated 26 May 2011;
- interest income from interest bearing bank accounts;
- payments relating to the evaluation of the Mt Alexander Project;
- payments relating to the evaluation of other investment opportunities;
- payment of capital raising expenses; and
- payments to contractors and suppliers.

Shareholder Returns

	2012 \$	2011 \$
Basic and diluted loss per share (cents)	(1.2)	(0.7)

Risk Management

The Board takes a pro-active approach to risk management. The Board is responsible for ensuring that risks and also opportunities are identified on a timely basis and the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIR

Except as otherwise set out in this report, the Directors are unaware of any significant changes in the state of affairs or principal activities of the Company that occurred during the period under review.

SIGNIFICANT EVENTS AFTER BALANCE DATE

No other matter or circumstance, besides those disclosed at note 24, has arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board of Directors intends to proceed with exploration and evaluation of the Mount Alexander Project. Directors will continue to seek for new investment opportunities in the resources sector, focusing on drill-ready exploration projects through to advanced projects with existing resources and upside potential.

Further information on likely developments in the operations of the Company has not been included in this report because at this stage the Directors believe it would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

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

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current period, nor the subsequent financial year. The directors will reassess this position as and when the need arises.

REMUNERATION REPORT

The information in this section is audited.

This Remuneration Report outlines the Director and Executive remuneration arrangements of Ridge Resources Ltd in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations. For the purpose of this report Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise).

Details of Key Management Personnel

DIRECTORS

Jeremy David Shervington	Chairman (Non-Executive)
Alec Christopher Pismiris	Director (Executive) & Company Secretary
David Nicholas Kelly	Director (Non-Executive)

There were no changes between financial year end and the date of signing this report to Key Management Personnel.

Remuneration Philosophy

The Board of Directors of Ridge Resources Ltd is currently responsible for determining and reviewing compensation arrangements for the Directors and potential senior executives. The Board's remuneration policy has been implemented to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The policy seeks to provide remuneration and benefits that encourage high standards of performance and demonstrate the value the Company places on its officers by being equitable, consistent with individual performance and experience, and market competitive. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating any additional cost to the Company.

Principles used to determine the nature and amount of remuneration

The objective of the Company's remuneration policy for Key Management Personnel is to ensure that:

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

The remuneration framework has regard to shareholders' interests by:

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

The remuneration framework has regard to executives' interests by:

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

The remuneration policy is not currently linked to the Company's performance.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and senior Executive remuneration is separate and distinct.

REMUNERATION REPORT (cont.)

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a reasonable cost to shareholders.

Structure

The Constitution specifies that the aggregate remuneration of Non- Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was in the constitution adopted on 11 November 2010 which approved an aggregate remuneration of \$350,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external sources as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. Directors who are called upon to perform extra services beyond the Director's ordinary duties may be paid additional fees for those services.

Non-Executive Directors have long been encouraged by the board to hold shares in the Company. It is considered good governance for Directors to have a stake in the Company on whose board he or she sits. The Non-Executive Directors of the Company can participate in the Employee Share Option Plan which provides incentives where specified criteria are met.

Executive Director and Senior Executive Remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for company, business unit and individual performance to be determined by the Board;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board may consider independent advice from external consultants on market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with a prospective Managing Director and potential senior executives.

Fixed Remuneration

Objective

The level of fixed remuneration is set to provide a level of remuneration that is appropriate to the position and is competitive in the market. The fixed remuneration is reviewed annually by the Board with a review of individual performance, comparative remuneration in the market and external advice where appropriate.

REMUNERATION REPORT (cont.)

Variable Remuneration - Short Term Incentives

Objective

The objectives of short term incentives are to link the achievement of the Company's future operational targets to be determined by the Board with the remuneration received by the executives charged with meeting those proposed targets. The short term incentives will be determined by the Board on an annual basis and are set at levels that provide sufficient incentive to executives to achieve proposed operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual short term incentive payments to executives will be dependent on the extent to which future specific targets set at the beginning of future calendar years are met. It is envisaged that targets determined by the Board will consist of a number of key performance indicators covering financial and non-financial, corporate and individual measures of performance and include measures such as revenue, net profit, risk management and product management.

The short term incentive payments for executives of the Company are subject to approval of the Board and are delivered as a cash bonus in the following calendar year.

There is no policy for limiting at risk remuneration.

Variable Remuneration - Long Term Incentives

Objective

The objectives of long term incentives are to:

- recognise the ability and efforts of the Directors, employees and consultants of the Company who have contributed to the success of the Company and to provide them with rewards where deemed appropriate;
- provide an incentive to the Directors, employees and consultants to achieve the long term objectives of the Company and improve the performance of the Company; and
- attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its Directors, employees and consultants.

Structure

Long term incentives granted to senior executives will be delivered in the form of options issued under an Employee Share Option Plan or performance rights issued under a Performance Rights Plan that may be adopted during the coming financial year. At the commencement of each financial year, the Company and each senior executive agree upon a set of financial and non-financial objectives related to the senior executive's job responsibilities. The objectives vary but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Company Performance

It is not possible at this time to evaluate the Company's financial performance using generally accepted measures such as profitability, total shareholder return or peer company comparison as the Company is at a very early stage in the implementation of the corporate strategy. This assessment will be developed over the next few years.

The table below shows the gross revenue, losses and earnings per share since incorporation on 11 November 2010.

	2012 \$	2011 \$
Revenue and other income	112,825	206
Net loss	188,602	27,411
Loss per share (cents)	(1.2)	(0.7)
Share price at year end	\$0.10	N/A

No dividends have been declared during the period.

REMUNERATION REPORT (cont.)

Relationship of Reward and Performance

The value of options or performance rights may represent a significant portion of an Executive's salary package. The ultimate value to the Executives of the options or performance rights depends on the share price of Ridge Resources Ltd. The share price is the key performance criteria for the long term incentive as the realised value arising from options or performance rights issued is dependent upon an increase in the share price to above the exercise price of the options or issue price of the performance rights.

Short Term Incentive to Performance

The objective of the shorter term incentive plan is to reward Executives in a manner which aligns reward with the creation of shareholder wealth. As such this reward is only made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

Long Term Incentive to Performance

The objective of the long term incentive plan is to reward Executives in a manner which aligns reward with the creation of shareholder wealth. As such this reward is only made to Executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance.

Long term incentives may be delivered in the form of options or performance rights. There may be no performance conditions relating to the options, however the strike price of options will be determined so as to ensure that the options only have value if there is an increase in shareholder wealth over time. There will be performance conditions relating to the performance rights which will be determined by the Board.

Remuneration of Key Management Personnel

Remuneration for the financial year ended 30 June 2012

	Salary & Fees	SHORT-TERM Non-Monetary	POST EMPLOYMENT Superannuation	SHARE- BASED PAYMENTS Options	TOTAL	REMUNERATION CONSISTING OF OPTIONS
Non-Executive Directors	\$	\$	\$	\$	\$	%
Jeremy David Shervington	65,000	-	-	-	65,000	-
David Nicholas Kelly	45,000	-	4,050	-	49,050	-
Executive Director						
Alec Christopher Pismiris	81,000	-	-	-	81,000	-
Totals	191,000	-	4,050	-	195,050	

REMUNERATION REPORT (cont.)

Remuneration for the financial period ended 30 June 2011

	Salary & Fees	SHORT-TERM Non-Monetary	POST EMPLOYMENT Superannuation	SHARE- BASED PAYMENTS Options	TOTAL	REMUNERATION CONSISTING OF OPTIONS
Non-Executive Directors	\$	\$	\$	\$	\$	%
Jeremy David Shervington	5,417	-	-	-	5,417	-
David Nicholas Kelly	3,750	-	337	-	4,087	-
Alan Gordon Coulthard	-	-	-	-	-	-
Executive Director						
Alec Christopher Pismiris	11,750	-	-	-	11,750	-
Totals	20,917	-	337	-	21,254	

Employment Contracts

There are currently no senior executives employed under contract. It is envisaged that senior executives employed in the future will be employed under a contract of employment where either party can terminate by giving to the other not less than either one or two months' written notice.

Share Based Compensation

There were no options or performance rights issued to directors and executives as part of their remuneration during the financial year.

Shares Issued on Exercise of Compensation Options

No shares were issued on the exercise of compensation options during the financial year.

This is the end of the audited Remuneration Report.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each Director were as follows:

	BOARD OF DIRECTORS		AUDIT & COMPLIANCE COMMITTEE	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Jeremy David Shervington	2	2	2	2
Alec Christopher Pismiris	2	2	2	2
David Nicholas Kelly	2	2	-	-

COMMITTEE MEMBERSHIP

As at the date of this report the Company had an Audit & Compliance Committee. Members of the committee are J D Shervington (Chairman) and A C Pismiris.

Other directors and officers may attend meetings of the Audit and Compliance Committee at the invitation of the Chairman. The details of the functions and membership of the Audit and Compliance Committee of the Board are included in the Statement of Corporate Governance Practices.

SHARES UNDER OPTION

At the date of this report there are 12,261,750 unissued ordinary shares in respect of which options are outstanding.

	NUMBER OF OPTIONS
Total number of options outstanding as at 1 July 2011	4,000,000
Movements of share options during the year:	
Issued, exercisable at \$0.20, on or before 30 June 2014	6,291,750
Issued, exercisable at \$0.20, on or before 31 December 2015	2,000,000
Exercised, exercisable at \$0.20, on or before 30 June 2014	(30,000)
Total number of options outstanding as at 30 June 2012	12,261,750
Movements subsequent to year end:	
Nil	-
Total number of options outstanding as at the date of this report	12,261,750

The balance is comprised of the following:

EXPIRY DATE	EXERCISE PRICE	NUMBER OF OPTIONS
30 June 2014	\$0.20	6,261,750
31 December 2015	\$0.20	6,000,000
Total number of options outstanding at the date of this report		12,261,750

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Indemnity with the Directors indemnifying them against certain liabilities and costs to the extent permitted by law.

INSURANCE OF OFFICERS

The Company has paid premiums totalling \$5,900 in respect of Directors' and Officers' Liability Insurance and Company Reimbursement policies, which cover all directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON OR BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) for leave to bring proceedings on half of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

NON AUDIT SERVICES

Non-audit services provided by our auditors, Somes Cooke, and their related entities, are set out below. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Somes Cooke and their related entities received or are due to receive the following amounts for the provision of non-audit services:

	2012 \$	2011 \$
Somes Cooke:		
- Assurance related services		
- Preparation of Investigating Accountants' Report	-	2,500
	-	2,500

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 22 of this report.

Signed in accordance with a resolution of the directors.



Jeremy David Shervington
Chairman
Perth, 21st August 2012

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Ridge Resources Limited

As auditor for the audit of Ridge Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.



Somes Cooke



Kevin Somes
Perth
21 August 2012

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Ridge Resources Ltd ("Ridge") adhere to strict principles of corporate governance.

The Board of Directors of Ridge is responsible for the overall corporate governance of the Company, guiding and monitoring the business and affairs of Ridge on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement is structured with reference to the Australian Stock Exchange Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations". In accordance with the recommendations of the Council, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. Ridge's Corporate Governance Statement has been structured with reference to the Council's principles and recommendations. The following is a summary of Ridge's adherence to the Council's principles and recommendations:

Principle 1. Lay solid foundations for management and oversight

Ridge largely complies with this recommendation except the Board and senior management of Ridge actively participate in the operations of the Company due to the scale and nature of the Company's current operations.

Principle 2. Structure the Board to add value

Ridge complies with this recommendation.

Principle 3. Promote ethical and responsible decision making

Ridge complies with this recommendation except that it has not adopted a formal policy on diversity due to the scale and nature of the Company's current operations.

Principle 4. Safeguard integrity in financial reporting

Ridge does not comply with this recommendation of having at least three Non-Executive Directors on the Audit Committee. Ridge is a small Company with limited resources that does not have an operating business. Ridge's Audit and Compliance Committee is comprised of a Non-Executive Director and Executive Director.

Principle 5. Make timely and balanced disclosure

Ridge complies with this recommendation.

Principle 6. Respect the rights of shareholders

Ridge complies with this recommendation.

Principle 7. Recognise and manage risk

Ridge complies with this recommendation.

Principle 8. Remunerate fairly and responsibly

Ridge largely complies with this recommendation except that it has not established a Remuneration Committee due to the scale and nature of the Company's current operations. The Company will consider long term incentives including the grant of options or performance rights. The objective of long term incentives is to ensure maximum stakeholder benefit is achieved from the retention of a high quality Board and to provide incentive for Directors to identify new commercial opportunities for the Company.

Corporate Governance Statement (cont.)

The Ridge Resources Ltd corporate governance policies and procedures are largely consistent with the Council's best practice recommendations. The process to achieve consistency with the Council's recommendations are gradual and where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate for the Company due to the scale and nature of the Company's operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered.

RECOMMENDATION	SECTION
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Senior Executive Evaluation	1.3
Recommendation 1.3 Reporting on Principle 1	2.5
Recommendation 2.1 Independent Directors	1.2
Recommendation 2.2 Independent Chair	1.2
Recommendation 2.3 Role of the Chair and CEO	Not Applicable
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Board and Individual Director Evaluation	1.4.10
Recommendation 2.6 Reporting on Principle 2	The Directors' Report
Recommendation 3.1 Code of Conduct	2.4
Recommendation 3.2 Company Diversity Policy	1.4.10
Recommendation 3.3 Reporting on Principle 3	1.1
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of the Audit Committee	2.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	2.5
Recommendation 6.1 Communications Strategy	1.4.8 and 2.5
Recommendation 6.2 Reporting on Principle 6	1.4.8 and 2.5
Recommendation 7.1 Policies on Risk Oversight and Management	2.1
Recommendation 7.2 Risk Management Report	1.4.10
Recommendation 7.3 CEO and CFO Assurance	1.4.11
Recommendation 7.4 Reporting on Principle 7	2.4
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Structure of Remuneration Committee	2.2
Recommendation 8.3 Executive and Non-Executive Director Remuneration	2.2
Recommendation 8.3 Reporting on Principle 8	2.2

1. Board of Directors

1.1 Role of the Board

The Board's current role is to collectively govern and manage the Company. The Directors must act in the best interests of the Company as a whole. It is the role of the Board to govern and manage the Company in accordance with the stated objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors in the performance of their roles.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated on page 5 in the Director's Report. Directors are appointed based on their experience and on the independence of their decision-making and judgment.

The Company's Constitution provides for the appointment of a minimum number of Directors as three and up to a maximum of seven. Currently the Company has three Directors comprising one Executive Director. The Constitution does not require a shareholding qualification for Directors.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Kelly is a Non-Executive Director and meets the following criteria for independence adopted by the Company.

An independent Director:

- is a Non-Executive Director and;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an Executive capacity by the Company or another Company member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other Company member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Mr Shervington is a Non-Executive Director and also holds the position of Chairman. Mr Shervington is a substantial shareholder of the Company and therefore does not meet the Company's criteria for independence.

Mr Pismiris is an Executive Director and also holds the position of Company Secretary. Mr Pismiris is responsible for the overall administration and financial management of the Company and therefore does not meet the Company's criteria for independence.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- (i) Leadership of the organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
- (ii) Strategy formulation: working to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- (iii) Overseeing planning activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long-term budgets.
- (iv) Shareholder liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- (v) Monitoring, compliance and risk management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- (vi) Company finances: approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
- (vii) Human resources: appointing, and, where appropriate, removing the Managing Director/Chief Executive Officer and Chief Financial Officer as well as reviewing their performance and monitoring the performance of senior management in their implementation of the Company's strategy.
- (viii) Ensuring the health, safety and well-being of employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- (ix) Delegation of authority: where appropriate delegating appropriate powers to the Company's Executives to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of any Committees of the Board.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company and if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

- Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company is able to publish the information in accordance with this policy.

1.4.5 Education and Induction

New Directors undergo an induction process in which they are given a full briefing on the Company. Information conveyed to new Directors includes:

- Details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements;
- A copy of the Board Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget; and
- A copy of the Constitution of the Company.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- (i) Communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- (ii) Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- (iii) Making it easy for shareholders to participate in general meetings of the Company; and
- (iv) Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and for shareholders to make enquiries of the Company.

1.4.9 Trading in Company Securities

The Company has a Code for Trading in Securities ("Code") which sets out the requirements for Directors and Employees trading in Company Securities. In order to ensure that Directors and Employees do not inadvertently breach the insider trading provisions of the Corporations Act, Directors and Employees are only permitted to trade in Company Securities in limited circumstances determined by this Code. The circumstances in which Directors and Employees are not permitted to trade in Company Securities are called Closed Periods and are defined as:

- Directors and/or Employees possessing information that they know, or ought reasonably to know, is inside information in relation to Company Securities; or
- the Company Secretary has issued an instruction prohibiting trading in Company Securities by Directors and Employees; or
- it is the day on which the Company has made, or is expected to make, an announcement to the ASX; or
- when Directors and/or Employees wishing to trade in Company securities have not complied with the requirement to seek written approval from the Chair of the Board or his or her delegate.

Consideration will be given to any special circumstances (eg financial hardship).

The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

1.4.10 Diversity Policy

The Board is committed to establishing a policy concerning diversity including but not limited to gender, age, ethnicity and cultural background. On establishment of a diversity policy, the Board intends to introduce procedures to ensure its proper implementation.

1.4.11 Performance Review/Evaluation

The Board intends to conduct an evaluation of its performance annually. There was no evaluation conducted during the financial period.

1.4.12 Attestations by Company Secretary

In accordance with the Board's policy, the Company Secretary is required to make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. Board Committees

2.1 Audit & Compliance Committee

On 26 May 2011 the Board resolved to adopt an Audit and Compliance Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company to deal with the effectiveness and efficiency of business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The Board has delegated the responsibility for the establishment and maintenance of the internal control framework and ethical standards to the Audit and Compliance Committee. The Committee's responsibilities include the following:

- Oversee and appraise the independence, quality and extent of the total audit effort;
- Perform an independent overview of the financial information prepared by Company management for shareholders and prospective shareholders;
- Evaluate the adequacy and effectiveness of the Company's risk management and financial control, and other internal control systems and evaluate the operation thereof;
- Review and endorse the annual and half year attestation statements in accordance with regulatory requirements;
- The appointment of external auditors;
- Review and implement risk management and internal control structures appropriate to the needs of Ridge;
- Monitor compliance issues applicable laws and regulations, particularly compliance with the Stock Exchange Listing Rules;
- Review all public releases to the ASX of material consequence, prior to release to the market; and
- Review of Corporate Governance Practices.

The members of the Audit and Compliance Committee at its inception were Messrs J D Shervington and A C Pismiris.

The qualifications of Audit and Compliance Committee members are as follows:

Jeremy David Shervington is Chairman of the Audit and Compliance Committee and operates a legal practice in Western Australia. He specialises in the laws regulating companies and the securities industry in Australia. Mr Shervington has 30 years' experience as a lawyer, gained since his admission as a Barrister and Solicitor of the Supreme Court of Western Australia. Mr Shervington has since 1985 served as a Director of various ASX listed companies as well as a number of unlisted public and private companies. He is chairman of the Audit and Compliance Committee.

Alec Christopher Pismiris (B Com, ICSA) has significant experience in the management and administration of public and private companies. Mr Pismiris has since 2001 served as a Director and Company Secretary of various ASX listed where as part of his role, he served as Financial Controller. Mr Pismiris is an Associate of the Chartered Secretaries & Administrators.

2.2 Remuneration Committee

The Directors have elected not to appoint a Remuneration Committee due to the scale and nature of the Company's activities.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions. To assist in achieving this objective, the Board attempts to link the nature and amount of Directors' emoluments to the Company's performance. The outcome of the remuneration structure is:

- Reward Executives for Company and individual performance against appropriate benchmarks;
- Align the interests of the Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure remuneration is comparable to market standards.

For details of the amount of remuneration and all monetary and non-monetary components for each of the Directors during the financial period, refer to page 18 of the Directors' Report.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Directors.

For further information in relation to the remuneration of Directors, refer to the Directors' Report.

2.3 Nomination Committee

The Directors have elected not to appoint a Nomination Committee due to the scale and nature of the Company's activities.

Subject to the provision of the Company's Constitution, the issues of Board composition and selection criteria for Directors are dealt with by the full Board. The Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

The Constitution provides for events whereby Directors may be removed from the Board. Similarly shareholders have the ability to nominate, appoint and remove Directors. In addition, the Constitution provides for the regular rotation of Directors which ensures that Directors seek re-election by shareholders at least once every three years.

Given these existing regulatory requirements, Directors are not appointed for a specified term and Directors' continuity of service is in the hands of shareholders.

2.4 Company Code Of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.

This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company for its part is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and other employees and encourages its employees to strive to do the same.

Responsibilities to the Community

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs.

Responsibility to the Individual

The Company is committed to keeping private information collected during the course of its activities, confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

2.5 Shareholder Communication

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders as follows:

- The Annual Financial Report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document). The Board ensures that the annual report includes relevant information about the operations of the Company during the financial year, changes in the state of affairs of the Company and details of future developments, in addition to other disclosures required by the Corporations Act 2001;
- Developments, in addition to other disclosures required by the Corporations Act 2001;
- Release of a Half-Yearly Report to the Australian Stock Exchange Limited;
- The Company's website at www.ridgeresources.com.au; and
- Proposed major changes in the economic entity which may impact on share ownership rights are submitted to a vote of shareholders.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Shareholders are responsible for voting on appointment of Directors, appointment of auditors, level of remuneration of Non-Executive Directors and any matters of special business.

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012		2012	2011
	NOTES	\$	\$
REVENUE	5	112,825	206
EXPENDITURE			
Administration and corporate expenses		(16,875)	(5,982)
Board expenses		(159,050)	(13,254)
Compliance expenses		(105,334)	(8,381)
Travel and accommodation expenses		(20,168)	-
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	6	(188,602)	(27,411)
Income tax benefit / (expense)	7	-	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(188,602)	(27,411)
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF RIDGE RESOURCES LTD		(188,602)	(27,411)
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	26	(1.2)	(0.7)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012		2012	2011
	NOTES	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	2,008,090	9,306
Trade and other receivables	9	31,182	5,828
Prepayments	10	3,611	56,952
Other current assets	11	-	296,745
TOTAL CURRENT ASSETS		2,042,883	368,831
NON-CURRENT ASSETS			
Exploration and evaluation	12	103,985	-
Other non-current assets	13	412	412
TOTAL NON-CURRENT ASSETS		104,397	412
TOTAL ASSETS		2,147,280	369,243
CURRENT LIABILITIES			
Trade and other payables	14	84,560	87,899
Other current liabilities	15	-	296,745
TOTAL CURRENT LIABILITIES		84,560	384,644
TOTAL LIABILITIES		84,560	384,644
NET ASSETS		2,062,720	(15,401)
EQUITY			
Contributed equity	16	2,024,917	410
Reserves	17(a)	253,816	11,600
Accumulated losses	17(b)	(216,013)	(27,411)
TOTAL EQUITY		2,062,720	(15,401)

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

STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 30 JUNE 2011		CONTRIBUTED EQUITY	OPTIONS RESERVE	ACCUMULATED LOSSES	TOTAL
	NOTES	\$	\$	\$	\$
ON INCORPORATION		350	10,150	-	10,500
Loss for the period	17(b)	-	-	(27,411)	(27,411)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	(27,411)	(27,411)

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS

Shares issued	16	60	1,450	-	1,510
BALANCE AT 30 JUNE 2011		410	11,600	(27,411)	(15,401)

YEAR ENDED 30 JUNE 2012		CONTRIBUTED EQUITY	OPTIONS RESERVE	ACCUMULATED LOSSES	TOTAL
	NOTES	\$	\$	\$	\$
BALANCE AT 1 JULY 2011		410	11,600	(27,411)	(15,401)
Loss for the year	17(b)	-	-	(188,602)	(188,602)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	(188,602)	(188,603)

TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS

Shares issued	16	2,522,700	-	-	2,522,700
Capital raising costs	16	(498,193)	-	-	(498,193)
Share based payments expense		-	242,216	-	242,216
BALANCE AT 30 JUNE 2012		2,024,917	253,816	(216,013)	2,062,720

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

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2012		2012	2011
	NOTES	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(276,780)	(2,498)
Interest received		112,825	206
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	25	(163,954)	(2,292)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(103,985)	-
Payments on formation of company		-	(412)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(103,985)	(412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		2,522,700	12,010
Payment of share issue costs		(255,977)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,266,723	12,010
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,998,784	9,306
Cash and cash equivalents at the beginning of the financial year		9,306	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	2,008,090	9,306

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

1. Corporate Information

The financial statements of Ridge Resources Ltd for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the directors on 21 August 2012.

Ridge Resources Ltd is a company limited by shares, domiciled and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the directors' report.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied since the date of incorporation, unless otherwise stated. These financial statements are for the year ended 30 June 2012. The financial statements are presented in the Australian currency.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001 (Cth).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Historical cost convention

These financial statements have been prepared under the historical cost convention, and on a going concern and accruals basis.

(b) Segment reporting

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

(c) Revenue recognition

Interest income

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

(d) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(d) Income tax (cont.)

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

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

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

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

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

(e) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

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

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(h) Other financial assets

Loans and receivables

Receivables are recognised initially at fair value which is original invoice amount and subsequently at amortised cost less an allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(i) Exploration and evaluation expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. For each area of interest, exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest are current and either;

- the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

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. Any impairment losses are recognised in profit or loss.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms. They are recognised initially at fair value and subsequently at amortised cost.

(k) Provisions and employee benefits

(i) Wages and salaries and annual leave

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

(ii) Long service leave

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(l) Share-based payments

The cost of equity-settled transactions is measured by reference to their fair value. The fair value is determined by an internal valuation using either a binomial or Black Scholes model.

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 parties 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 options 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.

Where an equity-settled award is cancelled, 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.

(m) Contributed equity

Ordinary shares are classified as equity.

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

(n) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) Goods and Services Tax (GST)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

REFERENCE	TITLE	SUMMARY	IMPACT ON COMPANY FINANCIAL REPORT	APPLICATION DATE FOR COMPANY
AASB 9	Financial Instruments	<p>AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.</p> <p>(a) Financial assets are 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. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.</p> <p>(b) AASB 9 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.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so 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.</p>	The Company has not yet determined the impact on the Company's financial statements.	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(p) New accounting standards and interpretations (cont.)

REFERENCE	TITLE	SUMMARY	IMPACT ON COMPANY FINANCIAL REPORT	APPLICATION DATE FOR COMPANY
AASB 2009-11	Amendments to AAS arising from AASB 9 -[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	<ul style="list-style-type: none"> - These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement. - This Standard shall be applied when AASB 9 is applied. 	The Company has not yet determined the impact on the Company's financial statements.	1 July 2013
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) -[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations]	<p>The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> - The change attributable to changes in credit risk are presented in other comprehensive income (OCI). - The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	The Company has not yet determined the impact on the Company's financial statements.	1 July 2013

The Company has not elected to early adopt any new Standards or Interpretations.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

2. Summary of Significant Accounting Policies (cont.)

(q) Key estimates and judgements

(i) Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Mineral acquisition costs

The Company capitalises and carries forward mineral acquisition costs that are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

(iii) Share based payments

The Company measures the cost of equity-settled transactions with by reference to the fair value of the equity instruments. The fair value is determined by an internal valuation using a binomial or Black Scholes model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

3. Financial Risk Management

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

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all Board members to be involved in this process. The Board has responsibility for identifying, assessing, treating and monitoring risks.

(a) Market risk

(i) Price risk

Given the nature of operations, the Company is not presently exposed to price risk.

(ii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

3. Financial Risk Management (cont.)

(a) Market risk (cont.)

Sensitivity analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, total comprehensive income ('TCI') and equity would have been affected as shown. The analysis has been performed on the same basis for 2012 and 2011.

30 June 2012	NOTE	CARRYING	INTEREST RATE RISK - 100 BASIS POINTS		INTEREST RATE RISK + 100 BASIS POINTS	
		Amount \$	TCI \$	Equity \$	TCI \$	Equity \$
Financial Assets						
Cash and cash equivalents	1	2,008,090	(20,080)	(20,080)	20,080	20,080
Trade and other receivables		31,182	-	-	-	-
Financial Liabilities						
Trade and other payables		84,560	-	-	-	-
Total (decrease) / increase			(20,080)	(20,080)	20,080	20,080

30 June 2011

Financial Assets

Cash and cash equivalents	1	9,306	(93)	(93)	93	93
Trade and other receivables		5,828	-	-	-	-
Share subscriptions received in advance		296,745	-	-	-	-

Financial Liabilities

Trade and other payables		87,899	-	-	-	-
Share subscriptions received in advance		296,745	-	-	-	-
Total increase / (decrease)			(93)	(93)	93	93

Note: 1. Cash and cash equivalents include deposits at call at floating and short-term fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

3. Financial Risk Management (cont.)

(b) Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of allowance for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Company is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal.

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

(c) Liquidity risk

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

The financial liabilities of the Company are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their fair values due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

3. Financial Risk Management (cont.)

(e) Maturity analysis

	< 6 MONTHS	6 - 12 MONTHS	1 - 5 YEARS	> 5 YEARS	TOTAL
30 June 2012	\$	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	2,008,090	-	-	-	2,008,090
Trade and other receivables	31,182	-	-	-	31,182
Prepayments	3,611	-	-	-	3,611
Financial Liabilities					
Trade and other payables	84,560	-	-	-	84,560
	2,127,443	-	-	-	2,127,443
30 June 2011					
Financial Assets					
Cash and cash equivalents	9,306	-	-	-	9,306
Trade and other receivables	5,828	-	-	-	5,828
Other current assets	296,745	-	-	-	296,745
Financial Liabilities					
Trade and other payables	87,899	-	-	-	87,899
Other current liabilities	296,745	-	-	-	296,745
	696,523	-	-	-	696,523

4. Segment Information

The Company operates within a single segment being the mining and exploration industry segment, with all operations located in Australia.

5. Revenue

	NOTES	2012 \$	2011 \$
Finance Revenue			
Interest from financial institutions		112,825	206

6. Expenses

Loss before income tax includes the following specific expenses:

Company secretarial fees		36,000	-
Defined contribution superannuation expense		4,050	337
Director fees		155,000	12,917

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

7. Income Tax

	NOTES	2012 \$	2011 \$
(a) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		(188,602)	(27,411)
Prima facie tax benefit at the Australian tax rate of 30% (2011: 30%)		(56,581)	(8,223)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Non-assessable accrued income		(7,353)	-
Deductible exploration expenditure		(31,196)	-
Other non-deductible expenses		1,029	-
Tax effect of current period tax losses for which no deferred tax asset has been recognised		94,101	8,223
Income tax expense/(benefit)		-	-
(b) Income tax recognised directly in equity			
Capital raising costs		(15,383)	-
Tax losses not brought to account		15,383	-
		-	-
(c) Unrecognised deferred income tax			
Deferred Tax Liabilities (at 30%)			
Accrued interest receivable		(7,353)	-
Exploration expenditure		(31,196)	-
Prepayments		-	(3,417)
		(38,549)	(3,417)
Deferred Tax Assets (at 30%)			
Accrued expenses		3,780	2,625
Capital raising costs recognised directly in equity		61,533	-
Other		74	13,669
		65,387	16,294
Unrecognised net deferred tax assets relating to the above temporary differences		26,838	12,877

The Company has estimated tax losses of \$364,945 (2011: 27,411) that are available for offset against future taxable profits of the Company. The recoupment of available tax losses as at the 30 June 2012 is contingent upon the following:

- (i) the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continuing to be complied with; and
- (iii) there being no changes in tax legislation which would adversely affect the Company from realising the benefit from the losses.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

8. Current Assets - Cash and Cash Equivalents

	NOTES	2012 \$	2011 \$
Cash at bank and in hand		8,090	9,306
Short-term deposits		2,000,000	-
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows		2,008,090	9,306

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

Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

9. Current Assets - Trade and Other Receivables

Other receivables		24,511	-
Government taxes receivable		6,671	5,828
		31,182	5,828

No receivables are past due and no receivables are impaired.

10. Current Assets - Prepayments

Prepaid insurance premiums		3,611	-
Prepaid capital raising expenses		-	56,952
		3,611	56,952

11. Current Assets - Other

Share subscriptions received in advance		-	296,745
		-	296,745

At 30 June 2011 the Company had received valid applications to subscribe for 1,482,500 shares and 741,250 options from investors pursuant to the Prospectus dated 26 May 2011 (see also note 15). The shares and options were issued in August 2011 (note 16).

12. Non-Current Assets - Exploration and Evaluation

Balance at beginning of financial period		-	-
Additions		103,985	-
Balance at end of financial period		103,985	-

13. Non-Current Assets - Other

Company formation expenses		412	412
		412	412

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

14. Current Liabilities - Trade and Other Payables

	NOTES	2012 \$	2011 \$
Trade payables		71,960	78,812
Other accrued expenses		12,600	9,087
		84,560	87,899

15. Current Liabilities - Other

Share subscriptions received in advance		-	296,745
		-	296,745

16. Contributed Equity

Ordinary shares fully paid		2,024,917	410
		2,024,917	410

(a) Ordinary shares

		2012 NUMBER OF SHARES	2011 NUMBER OF SHARES
Issued and fully paid		16,713,500	4,100,000

(b) Movement in ordinary shares on issue

		NUMBER OF SHARES	\$
On incorporation		3,500,000	350
Transactions during the period			
- Shares issued	(i)	600,000	60
At 30 June 2011		4,100,000	410
At 1 July 2011		4,100,000	410
Transactions during the year			
- Shares issued	(ii)	12,583,500	2,516,700
- Exercise of options	(iii)	30,000	6,000
Less: Transaction costs	(iv)	-	(498,193)
At 30 June 2012		16,713,500	2,024,917

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

16. Contributed Equity (cont.)

(b) Movement in ordinary shares on issue (cont.)

(i) The following shares were issued during the financial period ended 30 June 2011:

- on 11 April 2010 there were 600,000 shares issued to seed investors, including a director, at an issue price of \$0.0001.

(ii) The following shares were issued during the financial year ended 30 June 2012:

- on 5 August 2011 there were 527,500 shares issued at an issue price of \$0.20 pursuant to the Prospectus dated 26 May 2011 to shareholders of Northern Manganese Limited (formerly Groote Resources Limited) that subscribed for securities pursuant to the Priority Offer;
- on 5 August 2011 there were 11,972,500 shares issued at an issue price of \$0.20 pursuant to the Prospectus dated 26 May 2011 to investors that subscribed for securities pursuant to the Public Offer; and
- on 5 August 2011 there were 83,500 shares issued at an issue price of \$0.20 pursuant to the Prospectus dated 26 May 2011 to investors that subscribed for securities pursuant to the Public Offer, representing oversubscriptions.

(iii) The following shares were issued on the exercise of options during the financial year ended 30 June 2012:

- on 23 August 2011 there were 25,000 shares issued on the exercise of 20 cent options expiring 30 June 2014; and
- on 9 September 2011 there were 5,000 shares issued on the exercise of 20 cent options expiring 30 June 2014.

(iv) Transaction costs represent the costs of issuing the shares, and includes:

- \$242,216, being the fair value of Lead Manager Options granted to Azure Capital Limited (see note 16c and 27); and
- \$151,002, being management and selling fees to Azure Capital Limited in pursuant to the Prospectus (see also note 19d)

(c) Movement in options on issue

	NOTES	NUMBER OF OPTIONS
On incorporation		3,500,000
Transactions during the period		
- Options issued	(i)	500,000
At 30 June 2011		4,000,000
At 1 July 2011		4,000,000
Transactions during the year		
- Options issued	(ii)	8,291,750
- Exercise of options	(iii)	(30,000)
At 30 June 2012		12,261,750

(i) The following options were issued during the financial period ended 30 June 2011:

- on 11 April 2010 there were 500,000 options issued as seed capital to a director at an issue price of \$0.0029.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

16. Contributed Equity (cont.)

(c) Movement in options on issue (cont.)

(ii) The following options were issued during the financial year ended 30 June 2012:

- on 5 August 2011 there were 263,750 options issued pursuant to the Prospectus dated 26 May 2011 to shareholders of Northern Manganese Limited (formerly Groote Resources Limited) that subscribed for securities pursuant to the Priority Offer;
- on 5 August 2011 there were 5,986,250 options issued pursuant to the Prospectus dated 26 May 2011 to investors that subscribed for securities pursuant to the Public Offer;
- on 5 August 2011 there were 41,750 option issued pursuant to the Prospectus dated 26 May 2011 to investors that subscribed for securities pursuant to the Public Offer, representing oversubscriptions; and
- on 5 August 2011 in accordance with the terms of a corporate advisory mandate, Azure Capital Limited and its nominees were issued 2,000,000 Lead Manager Options as a consequence of the Company receiving the minimum subscription of \$2,500,000 pursuant to the Prospectus dated 26 May 2011 and the securities offered being granted official quotation by the ASX (note 27).

The options issued pursuant to the Prospectus dated 26 May 2011 are exercisable at \$0.20, on or before 30 June 2014. The Lead Manager Options are exercisable at \$0.20, on or before 31 December 2015.

(iii) The following options were exercised during the financial year ended 30 June 2012:

- on 23 August 2011 there were 25,000 options expiring 30 June 2014 exercised at 20 cents; and
- on 9 September 2011 there were 5,000 options expiring 30 June 2014 exercised at 20 cents.

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

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

(e) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2012 is as follows:

	NOTES	2012 \$	2011 \$
Cash and cash equivalents		2,008,090	9,306
Trade and other receivables		31,182	5,828
Prepayments		3,611	56,952
Trade and other payables		(84,560)	(87,899)
Working capital position		1,958,323	(15,813)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

17. Reserves and Accumulated Losses

(a) Reserves

	NOTES	2012 \$	2011 \$
Options reserve	(i)	253,816	11,600
		253,816	11,600

Movements:

Options reserve

Balance at beginning of period		11,600	10,150
Issues during the period		242,216	1,450
Balance at end of period		253,816	11,600

(b) Accumulated losses

Balance at beginning of period		(27,411)	-
Net loss for the period		(188,602)	(27,411)
Balance at end of period		(216,013)	(27,411)

(c) Nature and purpose of reserves

(i) Options reserve

The options reserve is used to record the value of options issued as remuneration for services received by the Company and funds received from the issue of options.

18. Dividends

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

19. Key Management Personnel Disclosures

Short term benefits		191,000	20,917
Post-employment benefits		4,050	337
		195,050	21,254

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

19. Key Management Personnel Disclosures (cont.)

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

During the financial year there were no options provided as remuneration and no shares issued on the exercise of such options.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each key management personnel of the Company, including their personally related parties, are set out below:

2012	BALANCE AT BEGINNING OF THE YEAR	GRANTED AS COMPEN- SATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
Directors of Ridge Resources Ltd							
Jeremy David Shervington	1,750,000	-	-	-	1,750,000	1,750,000	-
Alec Christopher Pismiris	684,712	-	-	-	684,712	684,712	-
David Nicholas Kelly	500,000	-	-	-	500,000	500,000	-
	2,934,712	-	-	-	2,934,712	2,934,712	-

2011	ON INCPOR- ORATION	GRANTED AS COMPEN- SATION	EXERCISED	OTHER CHANGES	BALANCE AT END OF THE PERIOD	VESTED AND EXERCISABLE	UNVESTED
Directors of Ridge Resources Ltd							
Jeremy David Shervington	1,750,000	-	-	-	1,750,000	1,750,000	-
Alec Christopher Pismiris	1,250,000	-	-	(565,288)	684,712	684,712	-
David Nicholas Kelly	-	-	-	500,000	500,000	500,000	-
Alan Gordon Coulthard	-	-	-	-	-	-	-
	3,000,000	-	-	(65,288)	2,934,712	2,934,712	-

All vested options were exercisable at the end of the year (period).

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

19. Key Management Personnel Disclosures (cont.)

(b) Equity instrument disclosures relating to key management personnel (cont.)

(iii) Share holdings

The numbers of shares in the Company held during the financial year by key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation. There are no nominally held shares in the balances below.

2012	BALANCE AT BEGINNING OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT END OF THE YEAR
Directors of Ridge Resources Ltd				
Jeremy David Shervington	1,750,000	-	50,397	1,800,397
Alec Christopher Pismiris	760,000	-	250,000	1,010,000
David Nicholas Kelly	500,000	-	-	500,000
	3,010,000	-	300,397	3,310,397

2011	ON INCORPORATION	RECEIVED DURING THE PERIOD ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE PERIOD	BALANCE AT END OF THE PERIOD
Directors of Ridge Resources Ltd				
Jeremy David Shervington	1,750,000	-	-	1,750,000
Alec Christopher Pismiris	1,250,000	-	(490,000)	760,000
David Nicholas Kelly	-	-	500,000	500,000
Alan Gordon Coulthard	-	-	-	-
	3,000,000	-	10,000	3,010,000

(c) Loans to key management personnel

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

(d) Other transactions with key management personnel

During the financial year fees of \$255,202 were paid and accrued under normal terms and conditions to Azure Capital Limited of which Mr Pismiris is a Director, including \$81,000 for the provision of services in his capacity as a Director and Company Secretary and \$151,002 for fees in relation to the IPO at normal commercial rates. At year end, \$7,425 (2011: \$12,925) remained owing by the Company. Also, during the financial year, 2,000,000 Lead Manager Options were issued to Azure Capital Limited as a consequence of the Company receiving the minimum subscription of \$2,500,000 pursuant to the Prospectus dated 26 May 2011 and the securities offered being granted official quotation by the ASX (note 27).

During the financial year fees of \$83,830 were accrued under normal terms and conditions to Drumgaghan Pty Ltd of which Mr Shervington is a Director, including \$65,000 for the provision of services in his capacity as a Director and \$18,830 for legal services at normal commercial rates. At year end, \$20,713 (2011: \$27,979) remained owing by the Company.

The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

20. Remuneration of Auditors

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

(a) Audit services

	NOTES	2012 \$	2011 \$
Somes Cooke - audit and review of financial reports		20,600	5,000

(b) Non-audit services

Somes Cooke - Investigating Accountants' Report		-	2,500
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21. Contingencies

The Company has no contingent assets or liabilities.

22. Commitments

(a) Exploration commitments

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

Within one year		35,576	33,353
Later than one year but not later than five years		234,870	133,412
		270,446	166,765

23. Related Party Transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 19.

24. Events Occurring After the Statement of Financial Position Date

No matter or circumstance has arisen since 30 June 2012 which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

25. Statement of Cash Flows

	NOTES	2012 \$	2011 \$
Reconciliation of net loss after income tax to net cash outflow from operating activities			
Net loss for the year		(188,602)	(27,411)
Change in operating assets and liabilities			
(Increase) in trade and other receivables		(25,354)	(56,952)
Decrease/(increase) in prepayments		53,341	(5,828)
Decrease in current assets		296,745	-
(Decrease) in trade and other payables		(3,339)	-
(decrease)/increase in other current liabilities		(296,745)	87,899
Net cash outflow from operating activities		(163,954)	(2,292)

26. Loss Per Share

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

		2012	2011
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share		(188,602)	(27,411)

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

		2012 NUMBER OF SHARES	2011 NUMBER OF SHARES
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share		15,539,883	3,674,589

As the Company has made a loss for the year ended 30 June 2012, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2012

27. Share Based Payments

(a) Supplier options

During the financial year, the Company issued 2,000,000 Lead Manager Options to Azure Capital Limited, as a consequence of the Company receiving the minimum subscription of \$2,500,000 pursuant to the Prospectus dated 26 May 2011 and the securities offered being granted official quotation by the ASX, which vested immediately upon issue. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 31 December 2015 at an exercise price of \$0.20 each.

The fair value of the options issued, being \$0.121 per option, was estimated at the date of grant using the Black-Scholes option pricing model. The following table sets out the assumptions made in determining the fair value of the options granted.

	OPTIONS EXPIRING 31 DEC 2015
Grant date	17 August 2011
Dividend yield	0.00%
Expected volatility	70%
Risk-free interest rate	6.25%
Option exercise price	\$0.20
Weighted average contractual life (years)	5.00
Share price on date of grant	\$0.20

(b) Shares issued to suppliers

During the financial year there were no ordinary shares issued as consideration for services.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 32 to 56 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2012, comply with Section 300A of the Corporations Act 2001;
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements; and
- (e) the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001 (Cth).

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



Jeremy David Shervington
Chairman
Perth, 21st August 2012

Independent Auditor's Report To the members of Ridge Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Ridge Resources Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ridge Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Ridge Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the entity's financial position as at 30 June 2012 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 pages 14 to 17 of the directors' report for the year ended 30 June 2012. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ridge Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



Somes Cooke



Kevin Somes
21 August 2012
Perth

ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 1 August 2012.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Number of holders	ORDINARY SHARES	Number of holders	OPTIONS
		Number of shares		Number of options
1 - 1,000	1	10	-	-
1,001 - 5,000	4	20,000	203	1,012,500
5,001 - 10,000	161	1,610,000	34	269,250
10,001 - 100,000	130	4,589,983	107	2,808,333
100,001 - and over	36	10,493,507	14	2,171,667
	332	16,713,500	358	6,261,750

There were no shareholders holding less than a marketable parcel of shares.

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		LISTED ORDINARY SHARES
		Number of shares Percentage of ordinary shares
1	Panga Pty Ltd	1,750,000 10.49%
2	Mr Thomas Francis Corr	585,480 3.50%
3	ACP Investments Pty Ltd	500,000 2.99%
4	ACP Investments Pty Ltd	500,000 2.99%
5	Mr David Nicholas Kelly	500,000 2.99%
6	Surfboard Pty Ltd	500,000 2.99%
7	Suburban Holdings Pty Ltd	450,000 2.69%
8	Invia Custodian Pty Ltd	295,000 1.77%
9	Ark Securities & Investments Pty Ltd	250,000 1.50%
10	Goldfire Enterprises Pty Ltd	250,000 1.50%
11	Landpath Pty Ltd	250,000 1.50%
12	Mr Colin Kenneth Locke	250,000 1.50%
13	Nefco Nominees Pty Ltd	250,000 1.50%
14	Stow Court Pty Ltd	250,000 1.50%
15	Mrs Susan Ransom	240,000 1.44%
14	Baring Nominees Pty Ltd	200,000 1.20%
16	Australian Global Capital Pty Ltd	235,000 1.41%
17	Mr Ming Hong Su	208,000 1.24%
18	Archfield Holdings Pty Ltd	200,000 1.20%
19	Baring Nominees Pty Ltd	200,000 1.20%
20	Investwise Enterprises Pty Ltd	200,000 1.20%
		7,863,480 47.05%

ASX ADDITIONAL INFORMATION

(c) Substantial shareholders

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

Ordinary shareholder	Number	FULLY PAID Percentage
Panga Pty Ltd	1,800,397	10.77%
ACP Investments Pty Ltd	1,010,000	7.49%

(d) Twenty largest option holders

The names of the twenty largest holders of quoted options are:

		Number of options	LISTED OPTIONS Percentage of total options
1	Australian Trade Access Pty Ltd	297,500	4.75%
2	Mr Kenneth Ronald Lewis	200,000	3.19%
3	Suburban Holdings Pty Ltd	200,000	3.19%
4	Belloc Pty Ltd	187,500	2.99%
5	Gryphon Asset Management Pty Ltd	175,000	2.99%
6	National Nominees Limited	135,000	2.16%
7	ACP Investments Pty Ltd	125,000	2.00%
8	Ark Securities & Investments Pty Ltd	125,000	2.00%
9	Goldfire Enterprises Pty Ltd	125,000	2.00%
10	Landpath Pty Ltd	125,000	2.00%
11	Nefco Nominees Pty Ltd	125,000	2.00%
12	Surfboard Pty Ltd	125,000	2.00%
13	Pershing Australia Nominees Pty Ltd	116,667	1.86%
14	Mr Colin Kenneth Locke	110,000	1.76%
15	Mrs Nirmali Kanthi Rockwood	100,000	1.60%
16	Australian Global Capital Pty Ltd	97,833	1.56%
17	JP Morgan Nominees Australia Limited	88,500	1.41%
18	Invia Custodian Pty Limited	82,500	1.32%
19	Zap Nominees Pty Ltd	80,000	1.28%
20	Austin 4 Pty Ltd	75,000	1.20%
		2,695,500	43.05%

ASX ADDITIONAL INFORMATION

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

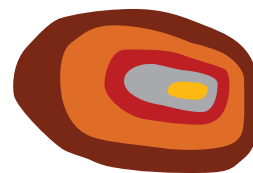
(f) Consistency with business objectives

During the financial year the Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.

(g) Schedule of interests in mining tenements

LOCATION	TENEMENT	PERCENTAGE HELD / EARNING
Mount Alexander ¹	EL08/1987	60%

Note: 1. Subject to joint venture agreement with Northern Manganese Limited (formerly Groote Resources Limited).



RIDGE

RESOURCES LTD

ACN 147 325 620

