

ARDENT MINES LTD
Form 10-K
October 15, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-50994**

Ardent Mines Limited

(Exact Name of Registrant as Specified in its Charter)

Nevada
(State of other jurisdiction of
incorporation or organization)

88-0471870
(IRS Employer Identification
Number)

100 Wall Street, 10th Floor

New York, NY 10005

(Address of principal executive offices)

778-892-9490

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K:

TABLE OF CONTENTS

ITEM 1: BUSINESS	5
ITEM 1A: RISK FACTORS	10
ITEM 1B: UNRESOLVED STAFF COMMENTS	14
ITEM 2: PROPERTIES	15
ITEM 3: LEGAL PROCEEDINGS	15
ITEM 4: MINE SAFETY DISCLOSURES	15
ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	16
ITEM 6: SELECTED FINANCIAL DATA	19
ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	20
ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	23
ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	F-1
ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	41
ITEM 9A: CONTROLS AND PROCEDURES	41
ITEM 9B: OTHER INFORMATION	41
ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	42
ITEM 11: EXECUTIVE COMPENSATION	45
ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	49
ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE	50
ITEM 14: PRINCIPAL ACCOUNTING FEES AND SERVICES	50

ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	52
SIGNATURES	55

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward-looking statements made in this Annual Report on Form 10-K (this “Report”) and in other reports and documents published by us from time to time. Any statements about our beliefs, plans, objectives, expectations, assumptions, future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as “believes,” “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “intend,” “plan,” “projection,” “outlook” and the like, constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). However, as we issue “penny stock,” as such term is defined in Rule 3a51-1 promulgated under the Exchange Act, we are ineligible to rely on these safe harbor provisions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned to carefully read all “Risk Factors” set forth under Item 1A and not to place undue reliance on any forward-looking statements. We disclaim any obligation to update any such factors or to announce publicly the results of any revisions of the forward-looking statements contained or incorporated by reference herein to reflect future events or developments, except as required by the Exchange Act. New factors emerge from time to time, and it is not possible for us to predict which will arise or to assess with any precision the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Unless otherwise provided in this Report, references to the “Company,” the “Registrant,” the “Issuer,” “we,” “us,” and “our” refer to Ardent Mines Limited.

PART I

ITEM 1: BUSINESS

Corporate Information

We were incorporated in the State of Nevada on July 27, 2000. We are presently engaged in the acquisition and exploration of mining properties. The Company's address is 100 Wall Street, 10th Floor, New York, NY 10005. The Company's telephone number is (778) 892-9490.

Background

In August 2000, we acquired the right to prospect one mineral property containing eight mining claims located on Copperkettle Creek in British Columbia, Canada. We have allowed these claims to lapse. From August 26, 2006 to December 11, 2006, we did not conduct any operations. During that period, we intended to identify an acquisition or merger candidate with ongoing operations in any field. However in December 2006 we decided to acquire the right to explore a new property in British Columbia and returned to the business of mineral exploration. On April 30, 2009, the Company decided not to renew certain claims, and later determined not to pursue its remaining claim in Canada. The Company subsequently determined to pursue other mining development opportunities.

The Company's Current Business Operations

During the period covered by this Report, the Company has appointed new officers and directors, opened a new office, and negotiated and conducted due diligence regarding several potential acquisitions. The Company's most significant achievement to date has been its acquisition of Gold Hills Mining Ltda., as described below.

Gold Hills Mining Ltda.

In January of 2011, the Company entered into a term sheet to acquire Gold Hills Mining Ltda. ("Gold Hills"), a Brazilian corporation which possesses rights for mineral extraction on properties located in Northeastern Brazil. After the completion of due diligence, on May 4, 2011, the Company acquired Gold Hills pursuant to a Purchase Agreement

(the "Purchase Agreement") by and between the Company, Gold Hills and the two shareholders of Gold Hills (such shareholders are referred to herein as the "Sellers"). Pursuant to the Purchase Agreement, the Sellers have sold to the Company One Hundred Percent (100%) of all the issued and outstanding equity interests (the "Shares") of Gold Hills in accordance with the following terms:

- (a) Payment of two hundred and fifty thousand U.S. dollars (\$250,000), which has been paid.
- (b) The Company shall conduct an exploration campaign at the properties (the "Exploration"). Upon the completion of the Exploration, the following amounts shall be paid by Gold Hills to the Sellers:
 - (i) If the Exploration confirms the existence of gold mineral reserves of less than Three Hundred Thousand (300,000) ounces, no additional payment shall be made by the Company to the Sellers.
 - (ii) If the Exploration confirms the existence of gold mineral reserves of between Three Hundred Thousand (300,000) and Four Hundred Ninety-Nine Thousand Nine Hundred and Ninety-Nine (499,999) ounces, the additional payment to be made to the Sellers shall be Four Hundred Thousand U.S. Dollars (\$400,000).

- (iii) If the Exploration confirms the existence of gold mineral reserves of greater than Four Hundred Ninety-Nine Thousand Nine Hundred and Ninety-Nine (499,999) ounces, the additional payment to be made to the Sellers shall be (a) One Million U.S. Dollars (\$1,000,000); plus (b) Two U.S. Dollars (\$2) per additional ounce in excess of the first Five Hundred Thousand (500,000) ounces, to be paid in four biannual installments starting in twelve (12) months.
- (c) Upon Gold Hills obtaining certain enumerated environmental licenses which are necessary to commence Gold Hills planned mining operations, the Company will make an additional cash payment to the Sellers in the amount of Seven Hundred Thousand U.S. Dollars (\$700,000).
- (d) Upon the commencement of the successful mining and processing of gold by Gold Hills, the Sellers shall be entitled to receive a royalty equal to Two Percent (2%) of Gold Hills' gross income, as calculated in accordance with generally accepted accounting principals.

Subject to the Company's determination of the existence of such gold reserves as set forth above, the Company has agreed to invest Three Million Five Hundred Thousand U.S. Dollars (\$3,500,000) in Gold Hills.

Pursuant to the Purchase Agreement, one of the Sellers shall be appointed to Gold Hills' Board. The Purchase Agreement also contains standard representations and warranties, and provides for arbitration in the event of any dispute.

On July 5, 2011, the Company announced that it has received a 43-101 Technical Report on Exploration prepared by SRK Consulting (U.S.) Inc. for the Gold Hills project. The report was prepared upon SRK's completion of a site visit and the analysis of geological and geophysical evidence. SRK confirmed the existence of a highly mineralized vein containing gold of high grade (4 to 7 g/t), originally prospected by the CPRM, an agency of the Brazilian government.

On July 2, 2012, the Company announced the commencement of geological exploration work at the Gold Hills project. On August 16, 2012, the Company announced that it has contracted Drilrent Ltd., a Brazilian-based company, to commence an exploratory drilling campaign at Gold Hills. The drilling program is anticipated to cost approximately \$700,000. The Company's subsidiary Gold Hills Mining Ltda. has received a definitive exploration permit from the Ministry of Mines and Energy allowing the Company to commence its exploration program.

Acquisition of Mineral Rights in Brazil's Carajás Mining District in the State of Para, Brazil

The Company announced on October 24, 2011 that Gold Hills Mining Ltda., its wholly owned Brazilian subsidiary, has, effective October 18, 2011, closed on its acquisition of the mineral rights in a highly mineralized area of 9,000 Hectares located in the Carajas Mineral Province, State of Para, with an option exercise payment of \$350,000 plus additional payments totaling \$107,756 made to the Cooperativa dos Produtores de Minerios de Curionópolis

("COOPEMIC"). The Company refers to this property as Serra do Sereno, or Misty Hills.

The Serra dos Carajás Mineral Province is a distinct geologic dominium, well known worldwide for hosting Brazil's largest iron, copper and gold deposits. The Company plans to begin the initial exploration campaign at Misty Hills as soon as financing for the project can be obtained. The Company has agreed, under the Option Agreement, to expend a minimum of \$5,000,000 in the exploration of the applicable mining rights area. The Company expects that the initial campaign will cost between \$5,000,000 and \$10,000,000.

In addition to the option exercise payment made to COOPEMIC, the Company has undertaken certain exploration commitments to COOPEMIC. The Company has also agreed to make subsequent payments to COOPEMIC on the basis of the exploration report and the extent of the extraction of gold, silver, copper and their respective by-products. If the Company determines it is advisable to continue exploration, the Company shall pay to COOPEMIC \$250,000 after six months of exploration and an additional \$150,000 after twelve months of exploration. If the Company's exploration activities confirm the existence of gold, silver or cooper and their respective by-products in

excess of 400,000 gold equivalent ounces, certified under the standard NI-43101, as established by the Canadian Securities Administration as “measured resources,” the Company shall pay to COOPEMIC, at the end of such initial exploration, 30% of \$24 per gold equivalent ounce contained in the mineral reserves in three tranches: (i) one-third shall be paid when the Brazilian National Department of Mineral Production shall approve the final mineral exploration report; (ii) one-third shall be paid upon commencement of the extraction of gold, silver, copper and their respective by-products, contained in the areas covered by the mining rights; and (iii) one-third shall be paid within six months from the date of commencement of the extraction of gold, silver and copper and their respective by-products, contained in the areas covered by the mining rights.

On August 23, 2012, the Company announced that the Brazilian National Department of Minerals Production has completed the legal procedures required to transfer to the Company the exploration rights for the Company’s Misty Hills property.

Other Prospective Acquisitions

On September 25, 2010, the Company entered into a letter of intent (the “Letter of Intent”) with Rio Sao Pedro Mineracao LTDA (“Rio Sao Pedro”), a Brazilian mining company. Rio Sao Pedro owns a prospective gold mine, the “Fazenda Lavras,” which is near the Morro do Ouro mine of Kinross Gold Corporation in the city of Paracatu, located in the State of Minas Gerais, Brazil. The Rio Sao Pedro Fazenda Lavras property covers approximately 211 hectares (approximately 521 acres), with gold mining rights and other mineral rights on a total of 828 hectares (approximately 2,046 acres). The Company and Rio Sao Pedro and the Sellers continued negotiations for the acquisition of Rio Sao Pedro amicably for some time, however, at the present time, the Company does not anticipate that this transaction will proceed.

On December 12, 2010, the Company entered into an Exploration and Acquisition Agreement (the “Capri Agreement”) with Afrocan Resources Ltd. (“Afrocan”). Afrocan owns 100% of all issued and outstanding shares of Capri General Trading Co. Ltd. (“Capri”), which is the legal and beneficial owner of 100% of all mineral rights on a property in Tanzania (the “Shenda Property”). The Company agreed that subject to certain conditions, including final due diligence satisfactory to the Company and the completion and execution of detailed long form agreements supplementing the terms and conditions of the Capri Agreement, the Company would conduct exploration activities at the Shenda Property. In the event that the Company could ascertain certain levels of commercially available and commercially exploitable reserves, the Company would acquire all of the issued and outstanding equity interests in Capri from Afrocan in exchange for shares of the Company’s common stock. As of the date of this Report, the Company is no longer actively pursuing the Capri transaction.

During 2011, the Company agreed to general terms for the purchase of 100% of the shares of Sociedad Minera Las Cumbres SAC (“Las Cumbres”), the operator of a silver mine located in the Churín region of Peru, approximately 150 miles Northeast of the capital city of Lima. The Company also entered into an option agreement with Alfredo de Lima SMRL to purchase the mineral rights for the Condorsenga mine, where the Las Cumbres operation is located.

These agreements were subject to certain conditions which were not fulfilled by the counterparties, and the Company is no longer pursuing these transactions. The Company determined that due to certain political and regulatory changes and uncertainties, it is not advisable for the Company to pursue potential mining operations in Peru in the immediate future.

Employees

As of the end of the period covered by this Report, we had no employees in Brazil, other than Mr. Luciano Borges, and we utilized the services of consultants at the Gold Hills project as needed. Since June of 2012, we have also utilized the services of Para Geoexperts for certain tasks at the project. Subsequent to the period covered by this Report, the Company's staff has expanded, and now includes one employee in the United States, one in Brazil, and two in Europe (the Company's Chief Exploration Geologist / Exploration Vice President of Gold Hills Ltda. and the Company's Investor Relations Manager). The Company has also hired two independent consultants, a geologist and an exploration technician. In addition, subsequent to the period covered by this Report, the Company announced that it has contracted Drilrent Ltd., a Brazilian-based company, to commence an exploratory drilling campaign at Gold Hills, and certain work at Gold Hills will be conducted by temporary employees of Drilrent. The Gold Hills

project is currently staffed by between 30-35 technicians, laborers and geologists at any given time, including Mr. Borges, the Company's consultants, and employees of Para Geoexperts and Drilrent. The Company intends to maintain this level of staffing at the Gold Hills project through the end of December, 2012, as the Company proceeds with its exploratory campaign work.

Corporate Development Services Agreement

On September 27, 2010, the Company entered into a Corporate Development Services Agreement (the "Services Agreement") with CRG Finance AG ("CRG"). Pursuant to the Services Agreement, CRG agreed to render to the Company consulting and other strategic advisory services (collectively, the "Advisory Services"). The Company agreed to pay to CRG the following amounts for the Advisory Services: (i) an inception fee of US\$100,000.00 (one hundred thousand U.S. dollars) and (ii) a monthly services fee of US\$25,000.00 (twenty five thousand U.S. dollars) per month, payable each month for the period commencing as of September 1, 2010. The Company agreed to pay CRG \$10,000 per month of the Advisory Services Fee beginning September 1, 2010, with the balance of \$15,000 per month of the Advisory Services Fees together with the Inception Payment accruing until completion of the first Company financing when such accruals shall be fully due and payable. In consideration of any and all Investment Banking Services provided to the Company, CRG shall receive in cash ten percent (10%) of the total value of each such transaction, payable at the closing of each such transaction. The Services Agreement also contains provisions for the reimbursement of reasonable expenses incurred by CRG, and for indemnification of CRG and its affiliates from claims related to the services provided under the Services Agreement. The term of the Services Agreement shall be three years, and may be terminated at any time for any reason by CRG upon not less than thirty (30) days' advance written notice. During May and June 2011, the inception fee and the accrued monthly service fees through June 2011 were paid in full. In July 2011, Ardent Mines and CRG entered into a suspension agreement whereby the investment banking services were terminated and the monthly service fees beginning July 2011 will no longer be due. During the year ended June 30, 2011, we borrowed a total of \$750,000 from CRG Finance AG at a rate of 7.5% per annum, calculated based on a year of 365 days and actual days elapsed. The loan, plus any interest accumulated, is due upon demand after the first anniversary of the agreement date within thirty calendar days upon delivery to the Borrower a written demand by the Lender. On October 18, 2011, the loan become convertible into common stock at the holder's option at \$3.68 per share.

CRG Finance AG Commitment Agreement

On March 1, 2012, the Company and CRG Finance AG entered into a commitment letter (the "Commitment Letter") pursuant to which CRG Finance AG has agreed to provide the Company with up to One Million U.S. Dollars (USD \$1,000,000) to maintain the Company's ordinary course of business operations. Funds underlying the Commitment Letter may be drawn by the Company in increments or tranches upon written consent of CRG Finance AG at any time prior to the first anniversary of the date of the Commitment Letter. The Commitment Letter will facilitate funding for the Company as a supplement to the prior commitment of CRG Finance AG in the amount of One Million U.S. Dollars (USD \$1,000,000) that was contained in the Corporate Development Services Agreement between CRG Finance AG and the Company, dated September 27, 2010, which has been fully drawn by the Company.

Any and all draws against the Commitment Letter shall be subject to the following conditions: (i) adherence of the Company to its business plan; (ii) satisfactory progress with respect to operations of the Company; (iii) satisfactory management of the Company; (iv) satisfactory compliance of the Company with any and all laws, rules, and regulations applicable to the Company, its subsidiaries and their respective operations; and (v) in such increments or tranches reasonably acceptable to CRG Finance AG (collectively, each of (i), (ii), (iii), (iv) and (v), are referred to as the “Conditions Precedent”). The satisfactory nature of any and all of the Conditions Precedent shall in each case be determined at the sole discretion of CRG Finance AG. Neither the Company nor any third party shall have any rights of any nature of kind whatsoever to compel CRG Finance AG to perform in respect of the Commitment Letter if CRG Finance AG has determined that the Company is deficient with respect to one or more of the Conditions Precedent.

Amended and Restated Senior Secured Note

On March 1, 2012, the Company issued an Amended and Restated Senior Secured Note to CRG Finance AG in the amount of \$1,142,900 (the “Amended and Restated Note”). The Amended and Restated Note consolidates (i) all the outstanding loans, advances and interest due and payable to CRG Finance AG for all periods prior to December 31, 2011; (ii) the additional advances and loans to the Company subsequent to December 31, 2011 through February 28, 2012, but without the inclusion of interest; and (iii) all advisory fees due and payable to CRG through February 28, 2012.

The Amended and Restated Note has an interest rate of seven and one-half percent (7.5%) per annum. All principal and interest on the Amended and Restated Note shall be due and payable thirty (30) days after notice and demand to the Company by CRG Finance AG. In the event of a default by the Company under the terms of the Amended and Restated Note, the interest rate shall increase to sixteen percent (16%) per annum.

Security Agreement

The Amended and Restated Note is secured by a senior security interest of CRG Finance AG in all tangible and intangible assets and properties of the Company and its subsidiaries as collateral pursuant to the terms and conditions of a Security Agreement entered into with CRG Finance AG (the “Security Agreement”). The Security Agreement will also secure and include all future notes issued by the Company as and when the Company draws upon the supplemental funds to be made available to the Company under the terms of the Commitment Letter. The extent of the security interest in such collateral includes all currently owned assets and properties of the Company and its subsidiaries and all after-acquired worldwide assets of the Company and its subsidiaries.

Where You Can Find More Information

The Company files annual, quarterly and other requisite filings with the U.S. Securities and Exchange Commission (the “SEC”). Members of the public may read and copy any materials which we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Members of the public may obtain additional information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, as well as other information regarding issuers that file electronically with the SEC. This site is located at <http://www.sec.gov>.

We maintain an Internet website at www.ardentmines.com. In addition to news and other information about our company, we make available on our website our annual report on Form 10-K, our quarterly reports on Form 10-Q, our

Edgar Filing: ARDENT MINES LTD - Form 10-K

current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after we electronically file this material with, or furnish it to, the Securities and Exchange Commission and copies of our Code of Ethics. The information available on our website is provided for convenience only and is not incorporated into this Report.

You may also request a copy of our filings at no cost, by writing or telephoning us at:

Ardent Mines Limited

100 Wall Street, 10th Floor

New York, NY 10005

Telephone: (778) 892-9490

Attention: Urmas Turu

Title: Interim Chief Executive Officer

ITEM 1A. RISK FACTORS

An investment in our Company involves a risk of loss. You should carefully consider the risks described below, before you make any investment decision regarding our Company. Additional risks and uncertainties may also impair our business. If any such risks actually materialize, our business, financial condition and operating results could be adversely affected. In such case, the trading price of our common stock could decline.

Risks Related to Our Company

We have not yet commenced revenue generating operations under our business model and we have no past performance which can serve as an indicator of our future potential.

We are presently at the early stages of the implementation of our business plan. Our most recent financial statements will therefore not provide sufficient information to assess our future prospects. Our likelihood of success must be considered in light of all of the risks, expenses and delays inherent in establishing a new business, including, but not limited to unforeseen expenses, complications and delays, established competitors and other factors.

Our Auditors have issued an opinion expressing uncertainty regarding our ability to continue as a going concern. If we are not able to continue operations, investors could lose their entire investment in our Company.

We have a history of operating losses, and may continue to incur operating losses for the foreseeable future. This raises substantial doubts about our ability to continue as a going concern. Our auditors issued an opinion in their audit report dated October 15, 2012 expressing uncertainty about our ability to continue as a going concern. This means that there is substantial doubt whether we can continue as an ongoing business without additional financing and/or generating profits from our operations. If we are unable to continue as a going concern and our Company fails, investors in our Company could lose their entire investment.

We need to raise additional capital which may not be available to us or might not be available on favorable terms.

We will need additional funds to implement our business plan as our business model requires significant capital expenditures. We will need substantially more capital to execute our business plan. Our future capital requirements will depend on a number of factors, including our ability to grow our revenues and manage our business. Our growth will depend upon our ability to raise additional capital, possibly through the issuance of long-term or short-term

indebtedness or the issuance of our equity securities in private or public transactions. If we are successful in raising equity capital, because of the number and variability of factors that will determine our use of the capital, our ultimate use of the proceeds may vary substantially from our current plans.

We were incorporated in July 2000 and have yet to generate any revenues. We have losses which we expect to continue into the future. As a result, we may have to suspend or cease operations.

We were incorporated on July 27, 2000, and have not generated any revenues. Our net loss since inception is significant. To achieve and maintain profitability and positive cash flow we are dependent upon our ability to generate revenues and control exploration costs.

Based upon current plans, we expect to incur operating losses in future periods. This will happen because there are expenses associated with the exploration of our mineral properties. As a result, we may not generate revenues in the future. Failure to generate revenues will cause us to suspend or cease operations.

We will have to hire additional qualified personnel. If we cannot locate qualified personnel, we may have to suspend or cease operations.

We will have to hire additional qualified persons to perform surveying, exploration, and excavation of the Gold Hills property and properties we may acquire in the future. If we are unable to hire additional skilled employees, our operations will not succeed.

Indebtedness may burden us with high interest payments and highly restrictive terms which could adversely affect our business.

As a matter of Company policy, our financial plans will limit our debt exposure to a reasonable level. However, a significant amount of indebtedness could increase the possibility that we may be unable to generate sufficient revenues to service the payments on indebtedness, when due, including principal, interest and other amounts.

We may be exposed to tax audits.

Our U.S. federal and state tax returns may be audited by the U.S. Internal Revenue Service (the “IRS”). An audit may result in the challenge and disallowance of deductions claimed by us. We are unable to guarantee the deductibility of any item that we acquire. We will claim all deductions for federal and state income tax purposes which we reasonably believe that we are entitled to claim. In the event the IRS should disallow any of our deductions, the directors, in their sole discretion, will decide whether to contest such disallowance. No assurance can be given that in the event of such a contest the deductions would be sustained by the courts.

Because we intend to conduct our mineral exploration and development activities outside of the United States, we will be required to obtain approvals from foreign national and local governments.

The Company intends to pursue projects outside of the United States, which may require us to seek the approval of various foreign governments. Seeking such approvals may be expensive, complex, time consuming and uncertain.

Risks related to our Stock

We do not anticipate paying cash dividends.

We do not anticipate paying cash dividends in the foreseeable future. We intend to retain any cash flow we generate for investment in our business. Accordingly, our common stock may not be suitable for investors who are seeking current income from dividends. Any determination to pay dividends on our common stock in the future will be at the discretion of our board of directors.

Because the market for our common shares is limited, investors may not be able to resell their common shares.

Our common shares trade on the pink sheets electronic quotation system. Trading in our shares has historically been subject to very low volumes and wide disparity in pricing. Investors may not be able to sell or trade their common shares because of thin volume and volatile pricing with the consequence that they may have to hold your shares for an indefinite period of time.

There are legal restrictions on the resale of the common shares offered, including penny stock regulations under the U.S. Federal Securities Laws.

Our common stock may continue to be subject to the penny stock rules under the Securities Exchange Act of 1934, as amended. These rules regulate broker/dealer practices for transactions in “penny stocks.” Penny stocks are generally equity securities with a price of less than \$5.00. The penny stock rules require broker/dealers to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker/dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker/dealer and its salesperson and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations and the broker/dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction, the broker and/or dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. The transaction costs associated with penny stocks are high, reducing the number of broker-dealers who may be willing to engage in the trading of our shares. These additional penny stock disclosure requirements are burdensome and may reduce all of the trading activity in the market for our common

stock. As long as the common stock is subject to the penny stock rules, our shareholders may find it more difficult to sell their shares.

If we raise additional funds through the issuance of equity or convertible debt securities, your ownership will be diluted.

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by existing shareholders will be reduced. New securities may contain certain rights, preferences or privileges that are senior to those of our common shares. Furthermore, any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants, which may limit our operating flexibility with respect to certain business matters.

Grants of stock options and other rights to our directors, officers and employees may dilute your stock ownership.

We plan to attract and retain our directors, officers and employees in part by offering stock options and other purchase rights for a significant number of common shares. The issuance of common shares pursuant to such options, and additional options which may be issued in the future, will have the effect of reducing the percentage of ownership of our shareholders.

Our stock price may be volatile and market movements may adversely affect your investment.

The market price of our stock may fluctuate substantially due to a variety of factors, many of which are beyond our control. The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of our stock. Future sales of our common shares by our shareholders could depress the price of our stock.

Risks Related to the Exploration of Minerals

Mining involves financial risk and uncertainty related to hazardous operations.

The operations carried out by the Company will be subject to all the hazards and risks normally encountered in the exploration and development of gold mineral reserves and mining operations generally, including unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, producing facilities, damage to life or property and environmental damage, all of which may result in possible legal liability. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate.

The Company may not be able to adequately insure against risk.

Although we intend to maintain insurance to protect against certain risks in such amounts as we consider being reasonable, our insurance will not cover all the potential risks associated with our development, exploration and mining activities. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. We may also become subject to liability for pollution or other hazards that may not be insured against or that we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

The financial success of a mining operation is difficult to predict.

Major expenses may be required to locate and establish mineral reserves. The same is true for the development of mining facilities at a particular site once such mineral reserves have been established. It is impossible to ensure that the exploration or development of the gold mineral reserves by us will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which

are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital.

The success of the exploration and development of gold mineral reserves by us will also be subject to a number of factors including the availability and performance of engineering and construction contractors, suppliers and consultants, the receipt of required governmental approvals and permits (including environmental permits). There can be no assurance that personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete our activities as planned; that we will be able to obtain all necessary governmental approvals and permits if necessary; and that the ongoing operating costs associated with the exploration or development of the gold mineral reserves will not be significantly higher than anticipated by us. Any of the foregoing factors could adversely affect our operations and financial condition.

There is no certainty that the expenditures which will be made by us towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of gold ore.

Environmental risks and hazards may adversely impact the profitability of our Company.

All phases of our Gold Hills operations will be subject to environmental regulation in Brazil. Other mines that we may develop will also be subject to regulation in any other jurisdiction where we operate. These regulations may mandate, among other things, water quality standards and land reclamation. These standards may also regulate the generation, transportation, storage and disposal of hazardous waste. This will require a high degree of responsibility for us and our officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect our business, financial condition and results of operations.

Inadequate infrastructure could adversely impact the Company's profitability.

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect our operations, financial condition and results of operations.

The Company will require certain permits to commence operations.

Our development and exploration activities are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of our properties, we must receive permits from appropriate governmental authorities. There can be no assurance that we will continue to hold all permits necessary to develop or continue operating at any particular property.

There are risks of economic and political instability in Brazil.

The Gold Hills property where the Company has rights for mineral extraction is located in Brazil. There are risks relating to an uncertain or unpredictable political and economic environment in Brazil.

Certain political and economic events, such as acts or failures to act by a government authority in Brazil and political and economic instability in Brazil could have a material adverse effect on our ability to start or continue our development and exploration activities in Brazil.

These risks and uncertainties include, but are not limited to: terrorism; hostage taking; extreme fluctuations in currency exchange rates; high rates of inflation; labor unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency

controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on our operations or profitability.

Changes in policy by the Brazilian Government could adversely impact the Company.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil where Gold Hills operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, price controls, export controls, currency remittance, income and other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company could experience problems with title to its current property or to future properties.

Although we believe that we have taken reasonable measures to ensure proper title in all the issued and outstanding equity interests of Gold Hills and have carried out a reasonable due diligence as to the proper title of Gold Hills in the rights for mineral extraction on the property, there is no guarantee that any such title or interest will not be challenged or impaired. Third parties may have valid claims underlying portions of our Gold Hills interests, including prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to exercise or to enforce our respective rights. As the Company acquires additional properties, similar issues could arise in connection with those properties as well.

The Company faces intense competition.

The mining industry is intensely competitive in all of its phases and we will compete with companies possessing greater financial and technical resources than we do. Competition in the precious metals mining industry is primarily for: mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labor to operate the properties; and the capital for the purpose of funding such properties. Existing or future competition in the mining industry could materially adversely affect our prospects for mineral exploration and success in the future.

The Company will face extensive governmental regulation of the mining industry.

Our mineral exploration activities will be subject to various laws governing exploration, development, production, taxes, labor standards, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Amendments to current laws and regulations governing the operations and activities of our Company or more stringent implementation thereof could have a material adverse effect on our business, financial condition and results of operations.

Our right to engage in mineral extraction may be terminated in certain circumstances. Under the laws of certain jurisdictions in which we may operate, mineral resources belong to the state and governmental concessions are required to explore for, and exploit, mineral reserves. Termination of any one or more of the Company's exploration or other rights could have a material adverse effect on our financial condition or results of operations.

ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

ITEM 2: PROPERTIES

The Company does not own any real estate or other property. Our business office is located at 100 Wall Street, 10th Floor, New York, New York 10005. There is no rent charged for this space, which is being temporarily provided to the Company by its counsel. The Company has also established offices in Brazil.

ITEM 3: LEGAL PROCEEDINGS

During the fiscal year ended June 30, 2012, the Company filed a Complaint with the Supreme Court of the State of New York. The action was removed to the United States District Court for the Southern District of New York on May 17, 2011. The defendants include Tydus Richards; Lotus Funds, Inc.; Dave Hibbard, as trustee of the Irrevocable Trust For the Benefit of Sloane Ricky Richards dated January 14, 2008; Christopher Wilson, individually and as trustee of the Irrevocable Trust For the Benefit of Chloe Belle Richards dated January 14, 2008; Scott Richards, as trustee of the Irrevocable Trust For the Benefit of Major Tydus Richards, dated January 14, 2008; Blackwater Industries LLC; Shelly Sean Singhal; and Pacific Stock Transfer Company.

Tydus Richards has demanded the replacement of certain certificates of shares which he contends are his and which were lost or misplaced. The Company contends that Mr. Richards is not entitled to the certificates since he did not perform under a consulting agreement with the Company (Mr. Richards was supposed to perform certain services in consideration of the certificates). It is the Company's position that since Mr. Richards did not perform under his agreement with the Company, he is not entitled to the certificates. In January 2012 the Company filed a withdrawal of the injunctive action with the court and returned the certificates to counsel for the shareholders of record affiliated with Mr. Richards thereby terminating the litigation against the Richards shareholder group. Since January 2012, there has been no known or threatened legal action on the part of the Company or shareholders of record affiliated with Mr. Richards.

ITEM 4: MINE SAFETY DISCLOSURES

Not Applicable.

PART II**ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*****(a) Market Information.***

Our common stock began quotation on the Bulletin Board operated by the National Association of Securities Dealers on September 3, 2004, and is currently quoted under the symbol "ADNT" on the pink sheets electronic quotation system. The following sets forth the high and low bid quotations for the common stock as reported on the applicable quotation system for each quarter since July 1, 2010. These quotations reflect prices between dealers do not include retail mark-ups, markdowns, and commissions and may not necessarily represent actual transactions.

	Common Stock	
	High	Low
Quarter Ended June 30, 2012	0.64	0.23
Quarter Ended March 31, 2012	0.29	0.08
Quarter Ended December 31, 2011	4.50	0.10
Quarter Ended September 30, 2011	5.75	3.75
Quarter Ended June 30, 2011	5.62	4.40
Quarter Ended March 31, 2011	5.00	4.05
Quarter Ended December 31, 2010	4.00	1.55
Quarter Ended September 30, 2010	2.10	.35

(b) Holders.

At October 11, 2012, the Company had 16,623,391 shares issued and outstanding (the number of shares issued and outstanding includes 350,000 shares of the Company's common stock which the Company has undertaken to issue, but which the Company's transfer agent has not yet issued). At October 11, 2012 there were 27 stockholders of record of the Company's common stock. As of October 11, 2012, Cede & Company, held of record 5,725,264 shares of Company common stock as the custodian for stockholders whose shares are held in brokerage accounts.

(c) Dividends.

We have not declared any cash dividends, nor do we intend to do so. We are not subject to any legal restrictions respecting the payment of dividends, except that they may not be paid to render us insolvent. Dividend policy will be based on our cash resources and needs and it is anticipated that all available cash will be needed for our operations in the foreseeable future.

(d) Securities authorized for issuance under equity compensation plans

On February 24, 2012, the Company adopted a Stock Option Plan, authorizing the grant of up to 1,600,000 shares of the Company's common stock. This plan was amended on June 28, 2012.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	0	\$0	0
Equity compensation plans not approved by security holders	1,300,000	\$0.13	300,000(1)
Total	1,300,000	\$0.13	300,000(1)

(1) On July 1, 2012, these options to purchase 300,000 shares of the Company's common stock were issued to two employees of the Company.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Issuances of Shares

Between April 26, 2011 and June 14, 2011, the Company executed five subscription agreements to sell a total of 556,000 shares of the Company's Common Stock (the "Shares") at a purchase price of \$3.85 per share. The Company raised a total of \$2,140,600 from the sale of an aggregate of 556,000 shares. All of the aforementioned stock issuance transactions were subscribed by non-U.S. persons and were undertaken by the Company in reliance upon the exemption from securities registration under Regulation S of the U.S. Securities Act of 1933, as amended.

In connection with the sales of the Shares, the Company has also compensated Mobax Securities Limited for its services to the Company in connection with facilitating financing for the Company. The Company has made grants of Common Stock Purchase Warrants to Mobax Securities Limited to purchase 51,600 shares of the Company's common stock, at an exercise price of \$3.85 per share. Mobax Warrants to purchase 41,600 shares were exercisable until May 30, 2012; Mobax Warrants to purchase 10,000 shares were exercisable until July 13, 2012.

The Company entered into an Introduction Agreement (the "Introduction Agreement") dated as of December 15, 2010 regarding the identification of potential acquisitions of mining companies and/or mining rights with SV Commercial S.A. (the "Agent"). The Introduction Agreement contemplated that the Agent would notify the Company of potential

acquisitions that it believes are suitable for the Company. Pursuant to the Introduction Agreement, the Company agreed to compensate the Agent through the issuance of 500,000 shares of the Company's common stock in the event that certain acquisitions were made by the Company. On May 4, 2011, the Company completed the acquisition of Gold Hills Mining Ltda., and the Company subsequently issued 500,000 shares of the Company's common stock to the Agent.

On September 7, 2011 (the "Closing Date"), pursuant to a securities purchase agreement, dated September 1, 2011 (the "Securities Purchase Agreement"), the Company completed the closing of an offering of our securities (the "Offering") for a total subscription proceeds of \$1,000,003.50 through the issuance of 259,741 shares of the Company's Common Stock at a purchase price of \$3.85 per share (the "Shares") to certain accredited investors (the "Investors"). In connection with the issuance of the Shares, the Investors received common stock purchase warrants to purchase up to 259,741 additional shares of our common stock (the "Warrants"). The initial exercise price of the Warrants is \$4.15 per share, subject to adjustment therein, with a term of exercise equal to 5 years.

For a period of 6 months after the Closing Date, the purchase price per Share and the exercise price of the Warrants were subject to adjustment pursuant to certain events, including a subsequent financing by the Company on terms more favorable to the Investors than the terms in the Securities Purchase Agreement. Additionally, the number of shares of common stock to be received upon the exercise of the Warrants (the “Warrant Shares”) and the exercise price of the Warrants are subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the common stock that occur after the Closing Date.

In connection with the Offering, we granted the Investors registration rights pursuant to a registration rights agreement, dated September 1, 2011 (the “Registration Rights Agreement”). The Company was required to file a registration statement in order to register the Shares and the Warrant Shares. Pursuant to the terms of the Registration Rights Agreement, we were required to file a registration statement within 30 days following the date of the Securities Purchase Agreement and to cause the registration statement to be declared effective within 90 days of the date of the Securities Purchase Agreement (120 days in the event the SEC reviews the registration statement).

Net proceeds from the private placement were used primarily to support the Company's current exploration and development plans in Brazil together with the Company's ongoing general corporate and working capital requirements.

On June 15, 2011, the Company entered into an engagement agreement (the “Engagement Agreement”) with Rodman & Renshaw, LLC to act as our exclusive placement agent (the “Placement Agent”) in connection with the Offering. Pursuant to the terms of the Engagement Agreement, the Company has compensated the Placement Agent for its services with (i) a cash compensation equal to 7% of the gross proceeds received by the Company and (ii) common stock purchase warrants to purchase a total of 18,182 shares of the Company's common stock, with an exercise price of \$4.15 per share (the “Agent Warrants”). The Company also agreed to compensate the Placement Agent for all of its reasonable expenses in connection with the Offering.

Description of Securities

Our authorized capital stock consists of 100,000,000 shares of common stock at a par value of \$.00001 per share. As of the date of this Report, there were 16,623,391 shares of our common stock issued and outstanding (the number of shares issued and outstanding includes 350,000 shares of the Company's common stock which the Company has undertaken to issue, but which the Company's transfer agent has not yet issued).

The holders of our common stock:

- have equal ratable rights to dividends from funds legally available if and when declared by our board of directors;
 - do not have cumulative voting rights;
- are entitled to share ratably in all of our assets available for distribution to holders of common stock upon
- liquidation, dissolution or winding up of our affairs; and
- do not have preemptive, subscription or conversion rights and there are no redemption or sinking fund provisions or rights.

All shares of common stock now outstanding are fully paid for and non-assessable. The full scope of the terms, rights and liabilities holders of our securities possess are set forth in our Company's Articles of Incorporation, Bylaws and the applicable statutes of the state of Nevada.

Dividend Policy

As of the date of this Report, we have not paid any cash dividends to stockholders. The declaration of any future cash dividend will be at the discretion of our board of directors and will depend upon our earnings, if any, our

capital requirements and financial position, our general economic conditions, and other pertinent conditions. It is our present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in our business operations.

Nevada Anti-Takeover Laws

Nevada Revised Statutes sections 78.378 to 78.379 provide state regulation over the acquisition of a controlling interest in certain Nevada corporations unless the articles of incorporation or bylaws of the corporation provide that the provisions of these sections do not apply. Our articles of incorporation and bylaws do not state that these provisions do not apply. The statute creates a number of restrictions on the ability of a person or entity to acquire control of a Nevada company by setting down certain rules of conduct and voting restrictions in any acquisition attempt, among other things. The statute is limited to corporations that are organized in the state of Nevada and that have 200 or more stockholders, at least 100 of whom are stockholders of record and residents of the State of Nevada; and does business in the State of Nevada directly or through an affiliated corporation. Because of these conditions, the statute currently does not apply to our company.

Limitation on the liabilities of Directors

Our bylaws provide that we shall indemnify any and all of our present or former directors and officers for expenses incurred in connection with the defense of any action relating to their services. Costs, charges and expenses (including attorneys' fees) incurred by such person in defending a civil or criminal proceeding shall be paid by the Company in advance upon receipt of an undertaking to repay all amounts advanced if it is ultimately determined that the person is not entitled to be indemnified by the Company as authorized by the bylaws, and upon satisfaction of other conditions required by current or future legislation. To the extent that a director has been successful in defense of any proceeding, the Nevada Revised Statutes provide that he shall be indemnified against reasonable expenses incurred in connection therewith. These provisions may limit the ability of our stockholders to recover damages against our directors through legal proceeding or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy and is, therefore, unenforceable.

ITEM 6: SELECTED FINANCIAL DATA

Pursuant to permissive authority under Regulation S-K, Rule 301, we have omitted Selected Financial Data.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the financial statements and the related notes thereto included elsewhere in this Report. This Report contains certain forward-looking statements and the Company's future operating results could differ materially from those discussed herein. Certain statements contained in this Report, including, without limitation, statements containing the words “believes”, “anticipates,” “expects” and the like, constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). However, as the Company intends to issue “penny stock,” as such term is defined in Rule 3a51-1 promulgated under the Exchange Act, the Company is ineligible to rely on these safe harbor provisions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to announce publicly the results of any revisions of the forward-looking statements contained or incorporated by reference herein to reflect future events or developments, except as required by the Exchange Act.

Plan of Operation

There is no historical financial information about us upon which to base an evaluation of our performance. We are an exploration stage corporation and have not generated any revenues from operations.

The Company anticipates that it will require approximately \$4,000,000 over the next twelve months to develop the Gold Hills project according to the Company's plans. As of October 12, 2012, the Company had \$63,411.27 (unaudited) in cash on hand, and is a party to an agreement with CRG Finance AG pursuant to which the Company may borrow an additional \$470,000, out of an initial amount of up to \$1,000,000. The Company will be seeking equity financing to provide the capital required to implement its exploration phase.

Should the Company develop additional mining projects, the Company will require additional funds in amounts to be determined.

Results of Operations

Revenues

During the fiscal year ended June 30, 2012, the Company had no revenues from operations and incurred a net loss of \$5,537,391. During the year ended June 30, 2011 we did not earn any revenues and incurred a net loss of \$6,100,322. Our net loss from inception through June 30, 2012 was \$12,144,694.

Expenses

During the year ended June 30, 2012 we incurred total operating expenses of \$5,798,410 which included \$303,147 in consulting fees, \$3,949,874 in officer and director compensation, \$300,000 in investment banking services, \$428,636 in other general and administrative expenses, \$603,020 in legal and accounting fees, \$5,068 in marketing, \$6,200 in mining exploration and \$202,465 in travel expenses. During the year ended June 30, 2011 we incurred total operating expenses of \$6,075,715 which included \$2,612,425 in consulting fees, \$2,392,275 in officer and director compensation, \$258,560 in investment banking services, \$53,303 in other general and administrative expenses, \$453,142 in legal and accounting fees, \$86,080 in marketing, \$10,000 in mining exploration and \$209,930 in travel expenses. From inception through June 30, 2012, we incurred total operating expenses of \$12,417,530 which included \$3,229,818 in consulting fees, \$6,342,149 in officer and director compensation, \$558,560 in investment banking services, \$523,466 in other general and administrative expenses, \$1,219,667 in legal and accounting fees, \$91,148 in marketing, \$30,788 in mining exploration and \$421,934 in travel expenses.

Liquidity and capital resources

As of the date of this Report, we have yet to generate any revenues from our business operations. The Company has raised funds through the sale of equity and borrowing. The Company will need to raise additional capital to commence operations. The amount of capital required will be determined by the size and nature of the mining projects which the Company may commence in the future. We have no assurance that financing will be available to us on acceptable terms. If financing is not available on satisfactory terms, we may be unable to continue, develop or expand our operations. Any equity financing we may pursue will result in additional dilution to existing shareholders.

The Company will require significant additional funding in order to conduct proposed operations for the next year. The amount of funding required will be determined by the number of acquisitions of mining properties the Company engages in during such time.

On September 7, 2011 (the "Closing Date"), pursuant to a securities purchase agreement, dated September 1, 2011, we completed the closing of a private placement offering of our securities (the "Offering") for a total subscription proceeds of \$1,000,004 through the issuance of 259,741 shares of the Company's Common Stock at a purchase price of \$3.85 per share (the "Shares") to certain accredited investors (the "Investors"). In connection with the issuance of the Shares, the Investors received common stock purchase warrants to purchase up to 259,741 additional shares of our common stock (the "Warrants"). The initial exercise price of the Warrants is \$4.15 per share, subject to adjustment therein, with a term of exercise equal to 5 years. In connection with the Offering, we granted the Investors registration rights pursuant to a registration rights agreement, dated September 1, 2011. We have filed a registration statement in order to register the Shares and the Warrant Shares, which was declared effective by the SEC on December 30, 2011. Net proceeds from the private placement have been used primarily to support our current exploration and development plans in Brazil together with our ongoing general corporate and working capital requirements.

On July 27, 2007 we completed our private placement. We raised \$82,432 by selling 8,243,200 shares of common stock at a price of \$0.01 per share to twelve investors. The proceeds of the offering have been used to sustain operations through the date of this Report.

On March 1, 2012, the Company and CRG Finance AG entered into a commitment letter (the "Commitment Letter") pursuant to which CRG Finance AG has agreed to provide the Company with up to One Million U.S. Dollars (USD \$1,000,000) to maintain the Company's ordinary course of business operations. Funds underlying the Commitment Letter may be drawn by the Company in increments or tranches upon written consent of CRG Finance AG at any time prior to the first anniversary of the date of the Commitment Letter. The Commitment Letter will facilitate funding for the Company as a supplement to the prior commitment of CRG Finance AG in the amount of One Million U.S. Dollars (USD \$1,000,000) that was contained in the Corporate Development Services Agreement between CRG Finance AG and the Company, dated September 27, 2010, which has been fully drawn by the Company.

Any and all draws against the Commitment Letter shall be subject to the following conditions: (i) adherence of the Company to its business plan; (ii) satisfactory progress with respect to operations of the Company; (iii) satisfactory management of the Company; (iv) satisfactory compliance of the Company with any and all laws, rules, and regulations applicable to the Company, its subsidiaries and their respective operations; and (v) in such increments or tranches reasonably acceptable to CRG Finance AG (collectively, each of (i), (ii), (iii), (iv) and (v), are referred to as the "Conditions Precedent"). The satisfactory nature of any and all of the Conditions Precedent shall in each case be determined at the sole discretion of CRG Finance AG. Neither the Company nor any third party shall have any rights of any nature of kind whatsoever to compel CRG Finance AG to perform in respect of the Commitment Letter if CRG Finance AG has determined that the Company is deficient with respect to one or more of the Conditions Precedent.

On March 1, 2012, the Company issued an Amended and Restated Senior Secured Note to CRG Finance AG in the amount of \$1,142,900. The Amended and Restated Note consolidates (i) the outstanding loan with CRG Finance with a principal amount of \$750,000, accrued interest payable to CRG Finance AG of \$56,250; (ii) the additional advances and loans to the Company of \$186,650; and (iii) all advisory fees due and payable to CRG Finance of \$150,000. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures upon 30 days of demand.

The Amended and Restated Note is secured by a senior security interest of CRG Finance AG in all tangible and intangible assets and properties of the Company and its subsidiaries as collateral pursuant to the terms and conditions of a Security Agreement entered into with CRG Finance AG (the "Security Agreement"). The Security Agreement will also secure and include all future notes issued by the Company as and when the Company draws upon the supplemental funds to be made available to the Company under the terms of the Commitment Letter. The extent of the security interest in such collateral includes all currently owned assets and properties of the Company and its subsidiaries and all after-acquired worldwide assets of the Company and its subsidiaries.

Between March and September, 2012, the Company borrowed an aggregate of \$130,000 from CRG Finance AG under a commitment whereby CRG Finance AG has agreed to provide the Company with up to \$1,000,000. The loan is secured by the assets of the Company, bears interest at 7.5% per annum and matures upon 30 days of demand.

On April 3, 2012, the Company borrowed \$250,000 from Tumlins Trade Inc. The loan is unsecured, bears interest at 7.5% per annum and matures April 4, 2013.

The Company has received a loan in the amount of \$300,000 from Volodymyr Khopta. In connection with such loan, the Company has issued a note to Volodymyr Khopta dated as of June 18, 2012 (the "Khopta Note"). The Khopta Note has an interest rate of seven and one-half percent (7.5%) per annum and shall be due upon thirty (30) days notice and demand following the first anniversary of the date of such note.

Between August and September 2012, the Company borrowed an aggregate of \$400,000 from CRG Finance AG under a commitment whereby CRG Finance AG has agreed to provide the Company with up to \$1,000,000. The loan is secured by the assets of the Company, bears interest at 7.5% per annum and matures 30 days after demand following the first anniversary of the date of the loans. After this loan, \$470,000 remains available under this commitment.

As of June 30, 2012 we had total assets of \$1,265,426 consisting of total current assets of \$339,165, mining rights in the amount of \$898,577 and property, plant and equipment of \$27,684. Total current assets consisted of cash and cash equivalents in the amount of \$287,052, employee advances in the amount of \$48,571 and pre-paid \$3,542. As of June 30, 2011 we had total assets of \$1,139,619, consisting of total current assets of cash in the amount of \$885,978, mining rights in the amount of \$250,000 and property, plant and equipment in the amount of \$3,641. As of October

12, 2012, the Company had \$63,411 (unaudited) in cash on hand.

As of June 30, 2012 we had total liabilities of \$2,730,665 all of which were current liabilities. As of June 30, 2011, we had total liabilities of \$953,845, all of which were current liabilities.

During the year ended June 30, 2012 we spent net cash of \$1,715,989 on operating activities. The noncash items included in this amount included options expense of \$2,889,174 and common shares issued for services of \$700,000. During the year ended June 30, 2011 we spent net cash of \$1,604,807 on operating activities. The noncash items included in this amount were common shares issued for services of \$2,300,000 and options expense of \$1,997,730. Net cash used in investing activities for the year ended June 30, 2011 was \$253,641 consisting of cash paid for computer equipment of \$3,355, cash paid for software of \$286 and cash paid for the acquisition of mining rights of \$250,000.

Net cash provided by financing activities for the year ended June 30, 2012 was \$1,768,153 consisting of net proceeds from the sale of stock of \$901,503 and proceeds from notes payable of \$866,650. Net cash provided by

financing activities for the year ended June 30, 2011 was \$2,739,690 consisting of net proceeds from the sale of stock of \$2,028,180, proceeds from convertible notes payable of \$750,000 and offset by the repayment of related party advances of \$38,490. Net cash provided by financing activities from the inception of the Company through June 30, 2012 was \$4,753,339 consisting of net proceeds from the sale of stock of \$3,120,560, proceeds from convertible notes payable of \$750,000 , proceeds from notes payable \$866,650 and related party advances of \$16,129.

Plant and Equipment

The Company has spent \$28,151 on plant and equipment to date.

Employees

As of the end of the period covered by this Report, we had no employees in Brazil, other than Mr. Luciano Borges, and we utilized the services of consultants at the Gold Hills project as needed. Since June of 2012, we have also utilized the services of Para Geoexperts for certain tasks at the project. Subsequent to the period covered by this Report, the Company's staff has expanded, and now includes one employee in the United States, one in Brazil, and two in Europe (the Company's Chief Exploration Geologist / Exploration Vice President of Gold Hills Ltda. and the Company's Investor Relations Manager). The Company has also hired two independent consultants, a geologist and an exploration technician. In addition, subsequent to the period covered by this Report, the Company announced that it has contracted Drilrent Ltd., a Brazilian-based company, to commence an exploratory drilling campaign at Gold Hills, and certain work at Gold Hills will be conducted by temporary employees of Drilrent. The Gold Hills project is currently staffed by between 30-35 technicians, laborers and geologists at any given time, including Mr. Borges, the Company's consultants, and employees of Para Geoexperts and Drilrent. The Company intends to maintain this level of staffing at the Gold Hills project through the end of December, 2012, as the Company proceeds with its exploratory campaign work.

Recent accounting pronouncements

Certain accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

Off Balance Sheet Arrangements

As of June 30, 2012, we did not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We did not have any operations which implicated market risk as of the end of the latest fiscal year. We expect that our planned operations will engender market risk, particularly with respect to interest rate risk, foreign currency exchange rate risk, commodity price risk (in regard to our prospective customer base), and other relevant market risks, such as equity price risk. We intend to implement an analysis and assessment program which will on a regular basis determine exposures of our Company to such risks. We expect to report the results of all such quantitative and qualitative risk assessments prior to entering into any material agreements, and on a regular monthly and annual basis to our Audit Committee so that responsive risk management measures can be discussed and actions taken to the extent reasonably feasible.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Expenses	F-3
Consolidated Statements of Changes Stockholders' Equity (Deficit)	F-4
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Ardent Mines Limited

(An exploration stage company)

New York, New York

We have audited the accompanying consolidated balance sheets of Ardent Mines Limited and its subsidiary (an exploration stage company) ("Ardent Mines") as of June 30, 2012 and 2011, and the related consolidated statements of expenses, changes in stockholders' equity (deficit), and cash flows for the years then ended and for the period from July 27, 2000 (inception) through June 30, 2012. These consolidated financial statements are the responsibility of Ardent Mines' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Ardent Mines is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ardent Mines' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ardent Mines and its subsidiary as of June 30, 2012 and 2011, and the results of their operations and their cash flows for the years then ended and for the period from July 27, 2000 (inception) through June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Ardent Mines will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Ardent Mines has suffered recurring losses from operations and has negative working capital, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ MaloneBailey, LLP

www.malonebailey.com

Houston, Texas

October 15, 2012

F-1

25

ARDENT MINES LIMITED
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

	June 30,	June 30,
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 287,052	\$ 885,978
Employee advances	48,571	-
Prepaid expenses	3,542	-
Total Current Assets	339,165	885,978
Property, plant and equipment, net of accumulated depreciation of \$1,091	27,684	3,641
and \$0, respectively		
Mining rights	898,577	250,000
TOTAL ASSETS	\$ 1,265,426	\$ 1,139,619
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 606,516	\$ 203,845
Convertible notes payable	-	750,000
Notes payable	1,822,900	-
Derivative liabilities	301,249	-
Total Current Liabilities	2,730,665	953,845
TOTAL LIABILITIES	2,730,665	953,845
Stockholders' Equity (Deficit)		
Preferred Stock, \$0.00001 par value, 100,000,000 shares authorized, none issued and outstanding	-	-
Common Stock, \$0.00001 par value, 100,000,000 shares authorized 16,623,391 and 16,013,650 issue and outstanding, respectively	167	160
Additional paid-in capital	10,657,758	6,792,917
Deficit accumulated during the exploration stage	(12,144,694)	(6,607,303)

Edgar Filing: ARDENT MINES LTD - Form 10-K

Accumulated other comprehensive income	21,530	-
Total Stockholders' Equity (Deficit)	(1,465,239)	185,774
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 1,265,426	\$ 1,139,619

The accompanying notes are an integral part of these consolidated financial statements.

F-2

26

ARDENT MINES LIMITED**(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF EXPENSES**

	Years Ended June 30,		July 27, 2000 (Inception) Through June 30, 2012
	2012	2011	
Operating expenses:			
Consulting fees	\$ 303,147	\$ 2,612,425	\$ 3,229,818
Officer and director compensation	3,949,874	2,392,275	6,342,149
Investment banking services	300,000	258,560	558,560
Other general and administrative	428,636	53,303	523,466
Legal and accounting	603,020	453,142	1,219,667
Marketing	5,068	86,080	91,148
Mining exploration	6,200	10,000	30,788
Travel	202,465	209,930	421,934
Total operating expenses	5,798,410	6,075,715	12,417,530
Other income (expenses)			
Interest expense	(64,455)	(24,941)	(90,686)
Other income	627	231	858
Interest income	267	103	370
Debt forgiveness	-	-	37,714
Gain on derivatives	324,580	-	324,580
Total other income (expenses)	261,019	(24,607)	272,836
NET LOSS	\$ (5,537,391)	\$ (6,100,322)	\$ (12,144,694)
Other comprehensive income:			
Gain on foreign currency translation	21,530	-	21,530
Comprehensive loss	\$ (5,515,861)	\$ -	\$ (12,123,164)
Net loss per share – basic and diluted	\$ (0.34)	\$ (0.40)	
Weighted average shares outstanding - basic and diluted	16,440,020	15,101,168	

The accompanying notes are an integral part of these consolidated financial statements.

F-3

27

ARDENT MINES LIMITED**(An Exploration Stage Company)****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)****July 27, 2000 (Inception) Through June 30, 2012**

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Exploration Stage	Accumulated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
Shares issued for services	5,000,000	\$ 50	\$ 274,950	\$ -	-\$	275,000
Net loss	-	-	-	(288,255)	-	(288,255)
Balances at June 30, 2001	5,000,000	50	274,950	(288,255)	-	(13,255)
Net loss	-	-	-	(9,982)	-	(9,982)