



Interim Financial Statements

**For the three months ended
31 March 2014**

RTG MINING INC.

Level 2, 338 Barker Road, Subiaco WA 6008

Website: www.rtgmining.com

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

The interim financial report for RTG Mining Inc. (“RTG” or the “Company”) is a general purpose condensed financial report which has been prepared in accordance with the requirements of International Accounting Standard 34 (“IAS 34”) as issued by the International Accounting Standards Board. The consolidated financial statements have also been prepared on a historical cost basis and are presented in United States Dollars (US\$). These financial statements are the responsibility of management and have not been reviewed by the auditors. The most significant accounting principles have been set out in the audited financial statements and Annual Information Form dated 31 March 2014 for the period ended 31 December 2013 and the related notes thereto. A precise determination of many assets and liabilities is dependent on future events. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

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CORPORATE DIRECTORY

DIRECTORS:

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SECRETARY:

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BANKERS:

Australia and New Zealand Banking Group Limited
77 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE:

Toronto Stock Exchange Inc.
Exchange Code:
RTG – Fully paid ordinary shares

SHARE REGISTER:

Canadian Register
Computershare Investor Services Inc.
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LAWYERS

Middletons
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RTG MINING INC.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Unaudited - Prepared By Management

For the three months ended 31 March

	Note	Consolidated Three months ended 31 Mar 2014 US\$	Consolidated Three months ended 31 Mar, 2013 US\$
Continuing Operations			
Revenue	3(a)	10,366	117
Exploration and evaluation expenditure	3(b)	-	(124,052)
Operating expenses	3(d)	-	(136,104)
Business development		(424,439)	(118,577)
Foreign exchange gains/(losses)		(349,085)	(119,777)
Administrative expenses	3(c)	(1,108,563)	(549,907)
Borrowing costs		-	(55,025)
Loss from continuing operations		<u>(1,871,721)</u>	<u>(1,103,325)</u>
Income tax benefit		-	-
Loss for the period		<u>(1,871,721)</u>	<u>(1,103,325)</u>
Other comprehensive income for the period		<u>-</u>	<u>0</u>
Total comprehensive income/(loss) for the period		<u>(1,871,721)</u>	<u>(1,103,325)</u>
Earnings per share for loss attributable to the ordinary equity holders of the company			
Basic loss per share (cents)		(0.57)	(0.74)
Diluted loss per share (cents)		(0.57)	(0.74)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**RTG MINING INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Unaudited – Prepared By Management

As at

BALANCE SHEET		31 March 2014	31 December
	Note	US\$	2013
			US\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	9,098,108	10,987,534
Trade and other receivables		359,612	276,255
Prepayments		-	187
Total Current Assets		9,457,720	11,263,976
Non-Current Assets			
Property, plant and equipment		242,610	362,329
Available for sale financial assets		1,841,854	1,841,854
Derivative financial asset		1,330,228	1,330,228
Total Non-Current Assets		3,414,692	3,534,411
TOTAL ASSETS		12,872,412	14,798,387
LIABILITIES			
Current Liabilities			
Trade and other payables		154,371	208,625
Total Current Liabilities		154,371	208,625
TOTAL LIABILITIES		154,371	208,625
NET ASSETS		12,718,041	14,589,762
SHAREHOLDER'S EQUITY			
Issued capital	4(a)	34,162,759	34,162,759
Reserves	4(b)	(1,160,957)	(1,160,957)
Accumulated losses		(20,283,761)	(18,412,040)
TOTAL SHAREHOLDER'S EQUITY		12,718,041	14,589,762

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**RTG MINING INC.
CONSOLIDATED STATEMENT OF CASH FLOWS**

Unaudited – Prepared By Management

For the three months ended 31 March

	Note	Three months ended 31 March 2014 US\$	Three months ended 31 March 2013 US\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,544,804)	(455,517)
Exploration costs		-	(124,052)
Interest received		10,366	118
Net cash outflow from operating activities		<u>(1,534,438)</u>	<u>(579,451)</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(5,903)	-
Net cash inflow/(outflow) from investing activities		<u>(5,903)</u>	<u>-</u>
Cash flows from financing activities			
Loan funds received		-	713,721
Net cash inflow from financing activities		<u>-</u>	<u>713,721</u>
Net increase / (decrease) in cash and cash equivalents		(1,540,341)	134,270
Cash and cash equivalents at beginning of the period		10,987,534	174,539
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(340,985)	(119,777)
Cash and cash equivalents at end of the financial period	5	<u>9,098,108</u>	<u>189,032</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**RTG MINING INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Unaudited – Prepared By Management

For the three months ended 31 March 2014

	<i>Issued capital US\$</i>	<i>Acquisition reserve US\$</i>	<i>Share based payment reserve US\$</i>	<i>Accumulated losses US\$</i>	<i>Total US\$</i>
At 1 January 2014	34,162,759	(4,300,157)	3,139,200	(18,412,040)	14,589,762
Loss for the period	-	-	-	(1,871,721)	(1,871,721)
Total comprehensive income /(loss) for the period	-	-	-	-	(1,871,721)
At 31 March 2014	34,162,759	(4,300,157)	3,139,200	(20,283,761)	12,718,041

For the three months ended 31 December 2013

	<i>Issued capital US\$</i>	<i>Acquisition reserve US\$</i>	<i>Share based payment reserve US\$</i>	<i>Accumulated losses US\$</i>	<i>Total US\$</i>
At 1 October 2013	34,162,759	(4,300,157)	3,139,200	(18,969,233)	14,032,569
Loss for the period	-	-	-	557,193	557,193
Total comprehensive income /(loss) for the period	-	-	-	-	-
At 31 December 2013	34,162,759	(4,300,157)	3,139,200	(18,412,040)	14,589,762

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 31 March 2014

Unaudited – Prepared By Management

1. CORPORATE INFORMATION

The interim financial report of RTG Mining Inc. (“the Company”, “RTG”, “the Group” or “the Entity”) is presented as at 31 March 2014 and for the period 1 January 2014 to 31 March 2014.

RTG Mining Inc. was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. Its registered address is Jayla Place, Wickhams Cay I, Road Town, Tortola, VG1110 British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the “Merger”) of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger is a wholly-owned subsidiary of RTG. The principal activity of the Group during the period consisted of mineral exploration and development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The interim financial report is a general purpose condensed financial report which has been prepared in accordance with the requirements of International Accounting Standard 34 (“IAS 34”) as issued by the International Accounting Standards Board. The consolidated financial statements have also been prepared on a historical cost basis and are presented in United States Dollars (US\$).

RTG Mining Inc. was incorporated on 27 December 2012 and is domiciled in the British Virgin Islands. On 28 March 2013, Ratel Group and RTG completed the merger (the “Merger”) of Ratel Group and Ratel Merger Ltd., a wholly-owned subsidiary of RTG. As a result, the surviving corporation formed by the Merger became a wholly-owned subsidiary of RTG. On 15 April 2013 the restructuring transaction was fully completed along with the satisfaction of the escrow release conditions pursuant to the private placement (the “Private Placement”) of 162,538,641 subscription receipts of RTG at C\$0.13 each, raising gross proceeds in the order of C\$21.1M. As a result, the previously issued ordinary shares of Ratel Group (the “Ratel Shares”) were exchanged for ordinary shares of RTG (the “RTG Shares”) the surviving corporation formed by the Merger became a wholly-owned subsidiary of RTG; and the 162,538,641 previously issued subscription receipts were automatically converted (for no additional consideration) into 162,538,641 RTG Shares and the gross proceeds of the Private Placement, less the commission paid to Haywood Securities Inc. as agent under the Private Placement and less the fees paid to the subscription receipt agent under the Private Placement, were released to RTG. The RTG Shares began trading on the TSX under the former symbol for the Ratel Shares, “RTG”, effective as of the open of markets on April 15, 2013.

For the purposes of preparing the interim financial report, the interim period has been treated as a discrete reporting period. During the 2013 calendar year, RTG changed its financial year end from 30 June to 31 December, hence the March 2014 quarter is the first financial quarter for the 2014 financial year.

(b) Significant accounting policies

The interim consolidated financial statements have been prepared using the same accounting policies as used in the financial statements for the period ended 31 December 2013 contained in the audited financial statements for RTG Mining Inc. dated 31 March 2014.

	3 months ended Mar 31, 2014 US\$	3 months ended Mar 31, 2013 US\$
3(a) REVENUES		
Interest income	10,366	117
	10,366	117

3(b) EXPLORATION AND EVALUATION EXPENSES

	3 months ended Mar 31, 2014 US\$	3 months ended Mar 31, 2013 US\$
Employee benefits	-	75,644
Motor vehicle expenses	-	21,806
Travel expenses	-	3,075
Exploration and drilling costs	-	8,177
Depreciation expense	-	1,394
Rental expense	-	9,452
Other	-	4,504
	-	124,052

The Company sold its interest in the Mkushi Copper Project in October 2013 and has entered into an unconditional Share Sale and Purchase Agreement for the sale of its interest in the Segilola Gold Project, hence there is no exploration and evaluation expenditure during the current period.

3(c) OPERATING EXPENSES

	3 months ended Mar 31, 2014 US\$	3 months ended Mar 31, 2013 US\$
Consultants fees	-	813
Depreciation	-	105,147
Employee benefits	-	16,207
Other	-	13,937
	-	136,104

The Company sold its interest in the Mkushi Copper Project in October 2013, its only operating project, hence there are no operating costs in the current period.

3(d) ADMINISTRATIVE EXPENSES

	3 months ended Mar 31, 2014 US\$	3 months ended Mar 31, 2013 US\$
Audit & accounting fees	13,134	38,486
Employee and directors fees	341,630	-
Legal fees	375,296	364,923
Listing and shareholder reporting costs	20,808	55,984
Other	357,694	90,514
	1,108,563	549,907

4. SHAREHOLDERS EQUITY

	Mar 31, 2014 Number	Dec 31, 2013 Number
(a) Issued and paid up capital:		
Issued and fully paid shares	326,538,643	326,538,643

Movements in contributed equity during the past three months were as follows:

Ordinary Shares	Number	US\$
Opening balance at 1 January 2014	326,538,643	34,162,759
Total shares on issue at 31 March 2014	326,538,643	34,162,759

(b) Reserves

	Mar 31, 2014 US\$	Dec 31, 2013 US\$
Acquisition reserve	(4,300,157)	(4,300,157)
Share based payment reserve	1,224,000	1,224,000
	(3,076,157)	(3,076,157)

5. CASH AND CASH EQUIVALENTS

	Mar 31, 2014 US\$	Dec 31, 2013 US\$
Cash at bank and on hand	9,098,108	189,032
	9,098,108	189,032

6. EVENTS AFTER BALANCE SHEET DATE

On 24 February 2014, RTG announced it had entered into a conditional Scheme Implementation Deed with Sierra Mining Limited ("Sierra") to combine the two companies. The annual general and special shareholders meeting of RTG was held on 13 May 2014 whereby the issuance of the RTG securities under the Scheme, the issuance of RTG securities pursuant to the acquisition of the unlisted Sierra options and the amendment of the Company's memorandum and articles, along with re-election of the current board of directors' and appointment of the Company's auditors for the ensuing year were all

approved. The merger is still conditional upon approvals from Sierra shareholders, to be sought at Sierra's shareholder meeting to be held 16 May 2014, the Australian Court as well as necessary regulatory approvals and other customary conditions (see the Merger Agreement available on sedar.com for more details). Provided that the required approvals are obtained, it is currently expected that the merger will complete in late May 2014, with the new RTG securities issued and RTG listed on the ASX in early June 2014.