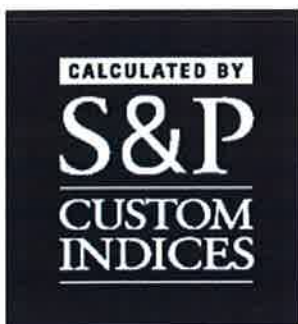




DIGGA Australian Mining Fund
ARSN 154 057 459

DIGGA Australian Mining Fund
ARSN 154 057 459
Financial Statements
For the year ended
30 June 2014



DIRECTORS' REPORT

For The Year Ended 30 June 2014

The directors of Chimaera Capital Limited ('Responsible Entity'), the Responsible Entity of the DIGGA Australian Mining Fund (the 'Fund'), present their report together with the financial statements of the Fund for the year ended 30 June 2014 and the auditors' report thereon.

FUND INFORMATION

The Fund is a registered managed investment scheme domiciled in Australia.

The registered office of the Responsible Entity is 349 Collins Street Melbourne, VIC 3000.

PRINCIPAL ACTIVITIES

The Fund is an exchanged traded fund (ETF) that invests in a diversified portfolio of ASX listed equity securities from the Australian Mining sector. The Fund seeks to track the performance of the Chimaera Australian Mining Index in accordance with the provisions of the Fund Constitution.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

DIRECTORS

The Directors of the Responsible Entity during or since the end of the financial year and up to the date of this report are as follows:

Director

Qualifications/Experience

SAL CATALANO

B.Jurisprudence, LLB, FITA
Chief Executive Officer and Chairman
Age: 49
Residence: Melbourne

A lawyer, Mr Sal Catalano has over 20 years experience in investment banking and the capital markets. He was a former Head of the Asia Pacific Securities Financing and Derivative business for Donaldson Lufkin & Jenrette and a Director of Credit Suisse First Boston's Alternative Capital Group.

IAN D.R. PATTISON

B.COM, LLB, CA, FITA
Chief Financial Officer and Company
Secretary
Age: 46
Residence: Melbourne

A lawyer and chartered accountant, Mr Ian Pattison has over 20 years experience in the equity capital markets and investment banking. He was a former Senior Executive of Paloma Partners and Donaldson Lufkin & Jenrette.

ANGELO CATALANO

B.LLB, B.A, GradDipLaw(Comm),
MAppFin
Age: 47
Residence: Singapore

Mr Angelo Catalano has over 18 years experience in the capital markets, particularly in the global bond markets. He was formerly a Director of Asia Pacific Credit Trading at the Royal Bank of Scotland based in Singapore, prior to which, he was a Senior Vice President of Debt Capital Markets. Prior to joining DBS, he held the position of Head of Credit Research for the Commonwealth Bank of Australia.

DIRECTORS' REPORT

For The Year Ended 30 June 2014

REVIEW OF RESULTS AND OPERATIONS

Performance

The performance of the Fund, as represented by the results of its operations, was as follows:

	2014	2013
Operating profit/(loss) attributable to unitholders (\$)	77,436	(437,530)
Distribution to unitholders (\$)	4,021	160
Distribution (cents per unit – CPU)	0.9831	0.0392
Unit redemption price (quoted ex-distribution) as at 30 June (\$)	1.65	1.47

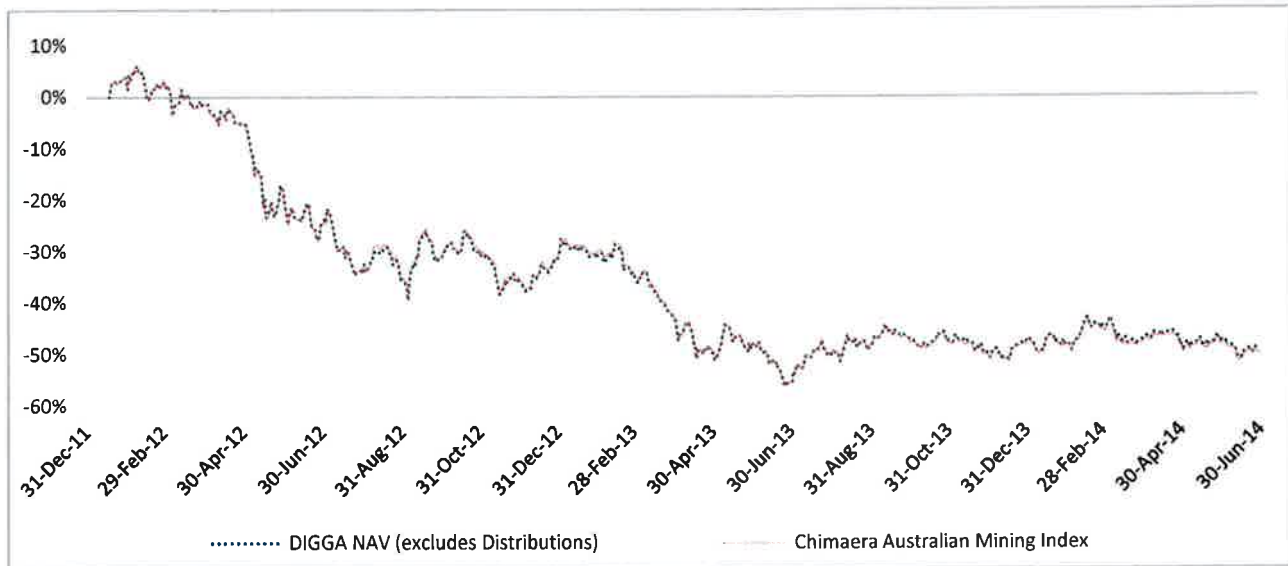
Consistent with the statements in the governing documents of the Fund, the performance of the Fund is not guaranteed and past performance is not an indication of future performance.

Since the Fund's inception, the performance of the Fund measured by the returns on Net Asset Value ('NAV') has tracked closely with the performance of the Chimaera Australian Mining Index – refer figure 1 below.

	Returns (%)					Since inception
	1 month	3 months	6 months	1 Year	2 Year	
DIGGA Australian Mining Fund (NAV)*	(3.49)	(4.05)	(3.49)	12.93	(33.06)	(49.85)
Chimaera Australian Mining Index	(3.59)	(4.43)	(3.94)	11.90	(33.59)	(50.42)

* Excludes distributions

Figure 1: DIGGA Australian Mining Fund NAV vs Chimaera Australian Mining Index



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

AFTER BALANCE DATE EVENTS

There has not been any matter or circumstances occurring after the balance date that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund in future financial years.

DIRECTORS' REPORT

For The Year Ended 30 June 2014

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past performance is not an indication of future performance.

Further information on likely developments in the operations of the Fund and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Fund.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Indemnification

Under the Fund Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Fund.

Insurance premiums

No insurance premiums were paid out of the Fund's assets in relation to insurance cover provided to the Responsible Entity, its officers and employees, the Compliance Committee or the auditors of the Fund.

INTERESTS OF THE RESPONSIBLE ENTITY

Fees paid to the Responsible Entity and its associates out of the Fund property during the year are disclosed in note 14 to the financial statements.

No fees were paid out of the Fund property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in note 14 to the financial statement.

INTERESTS IN THE FUND

The movement in units on issue in the Fund during the year is disclosed in note 6 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the statement of financial position and derived using the basis set out in note 2 to the financial statements.

ENVIRONMENTAL REGULATION

The Fund's operations are not subject to any significant environmental regulation under Commonwealth, State or Territory legislations.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of the directors of Chimaera Capital Limited.



Sal Catalano
Director


Ian Pattison
Director

Melbourne
25 September 2014



Hayes Knight Audit
chartered accountants · your partners in success

Hayes Knight Audit Pty Ltd
ABN: 86 005 105 975

Level 12, 31 Queen St,
Melbourne, VIC 3000

T: 03 8613 8888 F: 03 8613 8800

Email: info@hayesknightaudit.com.au

www.hayesknight.com.au

Registered Audit Company 291969

AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF DIGGA AUSTRALIAN MINING FUND

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit

Hayes Knight Audit Pty Ltd
Melbourne

Geoff S. Parker
Director

Dated this

25

day of

SEPTEMBER

2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue			
Dividend income		11,362	10,770
Interest income		87	86
Net gain/(loss) on financial assets held at fair value through profit and loss		73,416	(437,691)
Other revenue		-	502
Total revenue		84,865	(426,333)
Expenses			
Management fees	14	(6,416)	(8,402)
Transaction costs		(1,013)	(2,795)
Total expenses		(7,429)	(11,197)
Loss from operating activities		77,436	(437,530)
Finance costs attributable to unitholders			
Distributions to unitholders	7	(4,021)	(160)
Change in net assets attributable to unitholders (total comprehensive income)	6	73,415	(437,690)

STATEMENT OF FINANCIAL POSITION

As At 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Cash and cash equivalents	8	6,166	2,503
Trade and other receivables	9	5	50,351
Financial assets held at fair value through profit and loss	10	671,523	592,856
Total assets		677,694	645,710
Liabilities			
Trade and other payables	11	582	45,874
Distributions payable	7	4,021	160
Total liabilities (excluding net assets attributable to unitholders)		4,603	46,034
Net assets attributable to unitholders - liability	6	673,091	599,676
Represented by:			
Net assets attributable to unitholders at redemption price		673,091	599,676
		673,091	599,676

STATEMENT OF CHANGES IN EQUITY

As At 30 June 2014

	2014	2013
	\$	\$
Total equity at the beginning of the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total equity at the end of the financial year	-	-

The Fund's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments: Presentation*. As a result, the Fund has no equity and no items of changes in equity have been presented for the current or comparative year.

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Cash flow from operating activities			
Interest received		83	98
Dividends received		11,362	10,770
Other income received		-	501
Management fees paid		(6,299)	(7,938)
Transaction costs paid		(1,012)	(2,795)
Net cash inflow from operating activities	13(b)	<u>4,134</u>	<u>636</u>
Cash flow from investing activities			
Proceeds from sale of financial assets held at fair value through profit or loss		375,057	1,531,359
Payments for purchase of financial assets held at fair value through profit or loss		(375,368)	(966,947)
Net cash inflow/(outflow) from investing activities		<u>(311)</u>	<u>564,412</u>
Cash flow from financing activities			
Proceeds from issue of units		-	50,001
Payments on redemption of units		-	(607,500)
Distributions paid		(160)	(8,652)
Net cash inflow/(outflow) from financing activities		<u>(160)</u>	<u>(566,151)</u>
Net increase/(decrease) in cash and cash equivalents		3,663	(1,103)
Cash and cash equivalents at the beginning of the year		<u>2,503</u>	<u>3,606</u>
Cash and cash equivalents at the end of the year	13(a)	<u><u>6,166</u></u>	<u><u>2,503</u></u>

STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. REPORTING ENTITY

DIGGA Australian Mining Fund is a registered managed investment scheme under the Corporations Act 2001. The financial statements of the Fund is for the year ended 30 June 2014.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Fund complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors of the Responsible Entity on 25 September 2014.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss, which are measure at fair value. Financial instruments classified as loans and receivables are measure at amortised cost.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Fund's functional currency and the functional currency of the Responsible Entity.

(d) Adoption of new and revised accounting standards

During the year, the Fund has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Adoptions of these standards and interpretations did not have any material impact on the financial position or performance of the Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue

Interest income and expense are recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Dividend income relating to exchange-traded equity investments is recognised in the statement of comprehensive income on the ex-dividend date.

(b) Expenses

All expenses, including management fees, are recognised in the statement of comprehensive income on an accrual basis.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset, or as part of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as an asset or liability in the balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments

(i) Recognition and initial measurement

Financial assets and liabilities at fair value through profit or loss are recognised initially on the date the Fund becomes a party to the contractual agreement (trade date).

Financial assets and liabilities at fair value through profit or loss are measured initially at fair value with transaction costs recognised in the statement of comprehensive income. Financial assets or liabilities not at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

(ii) Measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

The fair value of financial assets that are actively traded on a recognised stock exchange is determined by reference to exchange quoted market bid prices at the end of the reporting period without any deduction for estimated future selling costs.

The fair value of financial assets that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest method.

Financial liabilities arising from the units issued by the Fund are carried at the redemption amount representing the unitholders' right to a residual interest in the Fund's assets, effectively fair value at reporting date.

(iii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset have expired or the Fund has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract have been discharged, cancelled or expired.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short-term highly liquid investments that are readily convertible to know amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Other receivables include amounts due from brokers for securities sold that have been contracted for but not yet settled by the end of the year. Trades are recorded on trade date, and for equities, they are normally settled within three business days.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Trade and other payables

Trade and other payables are recognised as and when they are incurred and carried at amortised cost.

Payables include liabilities and accrued expenses owing by the Fund which are unpaid at the end of the reporting period.

Other payables include amounts due to brokers for securities purchased that have been contracted for but not yet settled by the end of the year.

(h) Distribution and taxation

Under current legislation the Fund is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders. The Fund fully distributes its distributable income, calculated in accordance with the Fund constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the constitution.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised that portion of the gain that is subject to capital gain tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to the unitholders.

(i) Change in net assets attributable to unitholders

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax-deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the profit and loss as change in net assets attributable to unitholders.

These items are included in the determination of distributable income in the period for which they are assessable for taxation purposes.

(j) Redeemable units

All redeemable units issued by the Fund provide the investors with the right to require redemption for cash and give rise to a financial liability. In accordance with the product disclosure document, the Fund is contractually obliged to redeem units at redemption price, which includes an allowance for transaction costs that would be incurred by the Fund on disposal of its assets required to fund the redemptions. As a result of the transaction cost factor, there will be a difference between the carrying amount of the net assets of the Fund (excluding the unitholders' funds classified as a financial liability) and the contractual amount payable to unitholders, which is based on the redemption price. The adjustments arising from different unit pricing and AIFRS valuation principles are presented in the statement of financial position as part of the net assets attributable to unitholders.

(k) Unit prices

The unit price is based on unit price accounting outlined in the Fund's Constitution and product disclosure statement.

(l) Finance costs

Distributions paid and payable to unitholders are recognised in the statement of comprehensive income as finance costs and as a liability until paid. Distributions paid are included in cash flows from financing activities in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

4. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on ensuring compliance with the Fund's Product Disclosure Statement ('PDS') and seeks to track the performance of the Chimaera Australian Mining Index ('Mining Index') by investing in ASX listed shares. The Fund may use derivative financial instruments to achieve a desired investment exposure without buying or selling the underlying asset. Financial risk management is carried out by the Investment Manager under an Investment Mandate approved by the Board of Directors of the Responsible Entity (the 'Board').

The main risks arising from the Fund's financial instruments are equity price risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Equity price risk

Equity price risk is the risk that the fair value of equities increases/decreases as a result of changes in market price, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market, such as economic, technological, political and legal conditions and sentiments. Equity price risk exposure arises from the Fund's direct investments in listed securities.

The Investment Manager manages the price risk by following a clearly established investment mandate for the Fund's investment. The Fund is designed to track the performance of the Mining Index by using a full replication strategy. Therefore, the Fund will attempt to invest in as many of the securities as contained in the Mining Index.

	2014		2013	
	Increase of 10%	Decrease of 10%	Increase of 10%	Decrease of 10%
Price risk sensitivity (\$)				
Net profit/(loss)	67,152	(67,152)	59,286	(59,286)
Net assets attributable to unitholders	67,152	(67,152)	59,286	(59,286)

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Fund's exposure to interest rate risk is managed in accordance with the underlying investment strategy of the Fund. In respect of the Fund's interest-bearing financial instruments, the Fund's policy is to transact in financial instruments that mature or reprice in the short term, i.e. no longer than 12 months. Accordingly, the Fund would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in prevailing levels of market interest rates.

A summary of the Fund's interest rate gap position is as follows:

30 June 2014	< 1 month	1 – 3 months	3 months to 1 year	Total
Assets				
Cash and cash equivalents	6,166	-	-	6,166
Total assets	6,166	-	-	6,166
Liabilities				
Total liabilities	-	-	-	-
Total interest sensitivity gap	6,166	-	-	6,166

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Interest rate risk (continued)

30 June 2013	< 1 month	1 – 3 months	3 months to 1 year	Total
Assets				
Cash and cash equivalents	2,503	-	-	2,503
Total assets	2,503	-	-	2,503
Liabilities				
Total liabilities	-	-	-	-
Total interest sensitivity gap	2,503	-	-	2,503

The table below sets out the effect on the Fund's net assets attributable to unitholders of a reasonably possible increase or decrease of 100 basis points in interest rates at 30 June 2014 (2013: 100 basis points).

Interest rate risk sensitivity (\$)	2014		2013	
	Increase of 100bps	Decrease of 100bps	Increase of 100bps	Decrease of 100bps
Net profit/(loss)	62	(62)	25	(25)
Net assets attributable to unitholders	62	(62)	25	(25)

(c) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. Credit risk for the Fund primarily arises from balances due from brokers and cash and cash equivalents. As at 30 June 2014, no financial assets were past due or impaired.

Balances due from brokers represent sale transactions awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The Fund's cash and cash equivalents are held with the Custodian of the Fund who is licensed as an Australian Financial Services Licensee.

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

(d) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or other financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund has no significant liquidity risk exposure as the redemptions of redeemable units by unitholders are made through in-specie asset transfers and not payable wholly in the form of cash.

The Fund's listed securities are considered realisable as they are traded on the Australian Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

A summary of the Fund's maturity analysis for financial liabilities is as follows:

30 June 2014	< 1 month	1 – 3 months	3 months to 1 year	Total
Trade and other payables	582	-	-	582
Distributions payable	4,021	-	-	4,021
Net assets attributable to unitholders	673,091	-	-	673,091
	677,694	-	-	677,694

30 June 2013	< 1 month	1 – 3 months	3 months to 1 year	Total
Trade and other payables	45,874	-	-	45,874
Distributions payable	160	-	-	160
Net assets attributable to unitholders	599,676	-	-	599,676
	645,710	-	-	645,710

5. VALUATION OF FINANCIAL INSTRUMENTS

The Fund measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted price (unadjusted) in an active market for an identical instrument
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted prices in active markets for similar instruments; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant observable inputs. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below sets out the Fund's financial assets and liabilities measured at fair value according to the fair value hierarchy at the end of the reporting period.

30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss:				
Listed equity securities	671,523	-	-	671,523
Total	671,523	-	-	671,523
Financial liabilities at fair value through profit or loss:				
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

5. VALUATION OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss:				
Listed equity securities	592,856	-	-	592,856
Total	592,856	-	-	592,856
Financial liabilities at fair value through profit or loss:				
Total	-	-	-	-

During the financial year ended 30 June 2014:

- (i) there were no financial instruments classified as level 2 and 3 within the Fund; and
- (ii) there were no transfers between the levels in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

	2014		2013	
	#	\$	#	\$
6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS				
Opening balance	409,044	599,676	647,648	1,594,865
Applications	-	-	34,014	50,001
Redemptions	-	-	(272,618)	(607,500)
Change in net assets attributable to unitholders	-	73,415	-	(437,690)
Closing balance	409,044	673,091	409,044	599,676

As stipulated within the Fund Constitution, a Unit confers an equal undivided, vested, and indefeasible interest in the Assets as a whole, subject to the Liabilities. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

	2014		2013	
	\$	CPU	\$	CPU
7. DISTRIBUTIONS TO UNITHOLDERS				
The distributions for the year were as follows:				
Distributions paid	-	-	-	-
Distributions payable	4,021	0.9831	160	0.0392
Total distributions	4,021	0.9831	160	0.0392

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

	2014	2013
	\$	\$
8. CASH AND CASH EQUIVALENTS		
At call deposit	6,166	2,503
	<u>6,166</u>	<u>2,503</u>
9. TRADE AND OTHER RECEIVABLES		
Interest receivable	5	-
Other receivable	-	50,351
	<u>5</u>	<u>50,351</u>
10. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS		
Equity securities listed on ASX	671,523	592,856
	<u>671,523</u>	<u>592,856</u>
11. TRADE AND OTHER PAYABLES		
Trade payables	582	464
Other payables	-	45,410
	<u>582</u>	<u>45,874</u>
12. AUDITOR'S REMUNERATION		
Fees paid or payable to Hayes Knight Audit Pty Ltd for:		
Audit or review of financial statements	3,500	4,150
Audit of compliance plan	4,300	4,200
	<u>7,800</u>	<u>8,350</u>

The fees paid or payable for the services provided by the auditor of the Fund was borne by the Responsible Entity.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

	2014	2013
	\$	\$
13. NOTES TO THE CASHFLOW STATEMENT		
(a) Reconciliation of cash and cash equivalents		
Cash balance comprises:		
Cash and cash equivalents	6,166	2,503
(b) Reconciliation of profit/(loss) to net cashflows from operating activities:		
Profit/(loss) for the year	77,436	(437,530)
Adjustments for:		
Net (gain)/loss on financial assets held at fair value through profit or loss	(73,416)	437,691
Other	1	(1)
Changes in operating assets and liabilities		
(Increase)/decrease in trade receivables	(5)	12
Increase/(decrease) in trade payables	118	464
Cash flows from operating activities	4,134	636

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

14. RELATED PARTY TRANSACTIONS

Responsible Entity ('RE')

The Responsible Entity of DIGGA Australian Mining Fund is Chimaera Capital Limited (ABN 66 074 577 647).

Key management personnel

The Fund does not employ personnel in its own right. However it is required to have an incorporated RE to manage the activities of the Fund. Directors of the RE are considered to be the key management personnel. The Directors of the RE during or since the end of the financial year and up to the date of this report are S Catalano, I Pattison and A Catalano.

No compensation is paid directly by the Fund to any of the key management personnel of the RE.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personal related entities at any time during the reporting period.

Management fees and other transactions

The following services were provided to the Fund by related parties during the course of the financial year:

Entity name	Services provided
Chimaera Capital Limited	Responsible Entity and Custodian
Chimaera Private Limited	Investment Manager
Chimaera Index Advisors Pty Ltd	Index Provider

During the year, the management fees charged by the RE, exclusive of GST were \$6,416 (2013: \$8,402). As at balance date, the amount due to the RE, inclusive of GST was \$582 (2013: \$464).

As stipulated in the PDS, the management fees paid forms part of the management costs for the Funds, and is currently set at 1%.

All transactions with related parties are conducted on normal commercial terms and conditions. From time to time, the Responsible Entity, its directors, or its director-related entities may acquire or dispose of units in the Fund. These investments or disposal are on the same terms and conditions as those entered into by other unitholders.

Related party investments held by the Fund

The Fund has no investment in the Responsible Entity or its associates.

Units in the Fund held by KMP and related parties

Details of holdings in the Fund by key management personnel and related parties are set out as below:

	Opening unitholding	Movements	Closing unitholding	Interest held	Distributions paid / payable
30 June 2014	#	#	#	%	\$
S Catalano	15,152	-	15,152	3.70	149
I Pattison	67,570	(9,400)	58,170	14.22	572
Pershing Nominees Pty Ltd*	34,014	-	34,014	8.32	334
Chimaera Equity Market Neutral Fund**	43,321	8,922	52,243	12.77	514
	160,057	(478)	159,579	39.01	1,569

* S Catalano and I Pattison have common interest

** The responsible entity is an entity related to S Catalano and I Pattison

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

14. RELATED PARTY TRANSACTIONS (CONTINUED)

Units in the Fund held by KMP and related parties (Continued)

	Opening unitholding #	Movements #	Closing unitholding #	Interest held %	Distributions paid / payable \$
30 June 2013					
S Catalano	15,152	-	15,152	3.70	6
I Pattison	67,340	230	67,570	16.52	26
Pershing Nominees Pty Ltd*	103,751	(69,737)	34,014	8.32	13
Chimaera Equity Market Neutral Fund**	28,869	14,452	43,321	10.59	17
	215,112	(55,055)	160,057	39.13	62

* S Catalano and I Pattison have common interest

** The responsible entity is an entity related to S Catalano and I Pattison

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel has entered into a material contract with the Fund and there were no material contracts involving directors' interests existing at year end.

15. CONTINGENCIES

There are no contingent assets and liabilities or commitments as at 30 June 2014.

16. AFTER BALANCE DATE EVENTS

There has been no matter or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the Fund's operations in future financial years, the results of those operations or the Fund's state of affairs in future financial years.

DIRECTORS' DECLARATION

For The Year Ended 30 June 2014

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes, set out on pages 5 to 20, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The directors draw attention to note 2(a) of the financial statements which contains a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors of Chimaera Capital Limited.



Sal Catalano
Director



Ian Pattison
Director

Melbourne

25 September 2014



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INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS OF DIGGA AUSTRALIAN MINING FUND

Report on the financial report

We have audited the accompanying financial report of DIGGA Australian Mining Fund ('the fund'), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year ended on that date and the directors' declaration.

Directors' responsibility for the financial report

The directors of Chimaera Capital Limited ('the responsible Entity') are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2, the directors of the responsibility entity also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Fund's financial position, and of its performance.

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

Independence

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

An independent Member of the Hayes Knight Group and Morison International.

Liability limited by a scheme approved under Professional Standards Legislation.

Associated Offices : Adelaide | Auckland | Brisbane | Darwin | Melbourne | Perth | Sydney

Auditor's opinion

In our opinion:

- a. the financial report of DIGGA Australian Mining Fund is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Fund's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Hayes Knight Audit
Hayes Knight Audit Pty Ltd
Melbourne


Geoff S. Parker
Director

Dated this 25 day of September 2014

