

ARDENT MINES LTD  
Form 10-Q  
May 21, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 10-Q**

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended: March 31, 2012

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-50423**

**ARDENT MINES LIMITED**

(Exact Name of Registrant as Specified in its Charter)

**Nevada**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**88-0471870**  
(IRS Employer Identification  
Number)

**100 Wall Street, 10<sup>th</sup> Floor**

**New York, New York 10005**

(Address of principal executive offices)

**(778) 892-9490**

(Registrant's telephone number, including area code)

N/A

(Former Name, Former Address and Former Fiscal Year,

If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: The Issuer had 16,623,391 shares of Common Stock, par value \$0.00001, outstanding as of May 21, 2012.

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**ARDENT MINES LIMITED**

**FORM 10-Q**

**March 31, 2012**

**INDEX**

**PART I-- FINANCIAL INFORMATION**

- Item 1. Financial Statements (unaudited)
- Item 2. Management's Discussion and Analysis of Financial Condition
- Item 3. Quantitative and Qualitative Disclosures About Market Risk
- Item 4. Control and Procedures

**PART II-- OTHER INFORMATION**

- Item 1. Legal Proceedings
- Item 1A. Risk Factors
- Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
- Item 3. Defaults Upon Senior Securities
- Item 4. Mine Safety Disclosures
- Item 5. Other Information
- Item 6. Exhibits and Reports on Form 8-K

**SIGNATURE**



**ITEM 1. FINANCIAL STATEMENTS**

Ardent Mines Limited  
(An Exploration Stage Company)

March 31, 2012

**FINANCIAL STATEMENTS**

Consolidated Balance Sheets (unaudited)

F-1

Consolidated Statements of Expenses (unaudited)

F-2

Consolidated Statements of Cash Flows (unaudited)

F-3

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

F-4

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

	March 31,	June 30,
	2012	2011
<b>ASSETS</b>		
Current Assets		
Cash	\$ 3,880	\$ 885,978
Prepaid expenses	14,167	-
Total Current Assets	18,047	885,978
Property and equipment, net of accumulated depreciation	6,746	3,641
Mining rights	868,095	250,000
<b>TOTAL ASSETS</b>	<b>\$ 892,888</b>	<b>\$ 1,139,619</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities		
Accounts payable	\$ 358,634	\$ 108,904
Accrued liabilities	162,463	94,941
Notes payable	1,172,900	750,000
Related party advances	8,264	-
Derivative liability	131,781	-
Total Current Liabilities	1,834,042	953,845
<b>TOTAL LIABILITIES</b>	<b>1,834,042</b>	<b>953,845</b>
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	10,757,933	6,792,917
Deficit accumulated during the exploration stage	(11,850,358)	(6,607,303)
Accumulated other comprehensive income	151,104	-
Total Stockholders' Equity (Deficit)	(941,154)	185,774
	<b>\$ 892,888</b>	<b>\$ 1,139,619</b>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY  
(DEFICIT)

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

F-1

4

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

(Unaudited)

	Three Months Ended		Nine Months Ended		July 27, 2000 (Inception) Through
	March 31,		March 31,		March 31,
	2012	2011	2012	2011	2012
Operating expenses:					
Consulting fees	\$ 28,380	\$ 4,000	\$ 108,484	\$ 10,500	\$ 3,035,155
Executive and director compensation	380,164	84,545	4,010,049	305,545	6,402,324
Investment banking services	105,000	75,000	225,000	275,000	483,560
Other general and administrative	38,741	17,394	467,394	33,143	562,224
Legal and accounting	181,881	76,116	642,279	169,607	1,258,926
Marketing	-	75,660	5,068	75,660	91,148
Mining exploration	-	-	-	10,000	24,588
Travel	-	43,208	234,640	101,835	454,109
Total operating expenses	734,166	375,923	5,692,914	981,290	12,312,034
Other income (expenses)					
Interest expense	(16,698)	(8,812)	(45,093)	(12,250)	(71,324)
Other income (expense)	(7)	-	637	-	868
Interest income	-	-	267	-	370
Gain on derivatives	(95,306)	-	494,048	-	494,048
Debt forgiveness	-	-	-	-	37,714
Total other income (expense)	(112,011)	(8,812)	449,859	(12,250)	461,676
NET LOSS	\$ (846,177)	\$ (384,735)	(5,243,055)	(993,540)	\$ (11,850,358)
Other comprehensive income:					
Gain (loss) on foreign currency translation	5,501	-	151,104	-	151,104
Comprehensive loss	\$ (840,676)	\$ (384,735)	(5,091,951)	(993,540)	\$ (11,699,254)
Net loss per share – basic and diluted	\$ (0.05)	\$ (0.03)	(0.32)	(0.07)	

Weighted average  
shares outstanding -

basic and diluted	16,623,391	14,257,650	16,379,341	14,257,650
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The accompanying notes are an integral part of these unaudited consolidated financial statements.

F-2

5

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**ARDENT MINES LIMITED**  
**(An Exploration Stage Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Inception (July 27, 2000)	
	Through March 31,	
	March 31,	
	2012	2011
	2012	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (5,243,055)	\$ (993,540)
Adjustments to reconcile net loss to cash used in operating activities:		
Debt forgiveness	-	-
Gain on derivative liabilities	(494,048)	-
Options expense	2,989,349	-
Imputed interest on related party payable	-	12,250
Stock issued for services	700,000	84,500
Change in:		
Other assets	-	(100,000)
Prepaid expenses	(14,167)	-
Accounts payable accrued liabilities	523,502	373,052
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,538,419)</b>	<b>(623,738)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash paid for acquisition of property and equipment	(3,105)	(2,370)
Cash paid for acquisition of mining rights	(618,095)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(621,200)</b>	<b>(2,370)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sales of common stock, net of issuance costs	901,503	-
Advances from related party	8,264	5,064
Proceeds from notes payable	216,650	620,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,126,417</b>	<b>625,064</b>
	151,104	-

EFFECTS OF FOREIGN EXCHANGE ON  
CASH

NET CHANGE IN CASH	(882,098)	(1,044)	3,880
CASH AT BEGINNING OF PERIOD	885,978	4,736	-
CASH AT END OF PERIOD	\$ 3,880	\$ 3,692	\$ 3,880
Supplemental Disclosures:			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	-	-	-
Noncash Investing and Financing Activities:			
Derivative liabilities	\$ 625,829	\$ -	\$ 625,829
Payables and accrued interest converted to debt	206,250	-	206,250

The accompanying notes are an integral part of these unaudited consolidated financial statements.  
F-3

**ARDENT MINES LIMITED**

**(An Exploration Stage Company)**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying unaudited interim financial statements of Ardent Mines Limited ("Ardent Mines") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission and should be read in conjunction with the audited financial statements and notes thereto contained in Ardent Mines' Annual Report filed with the SEC on Form 10-K for the fiscal year ended June 30, 2011. In the opinion of management, all adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which substantially duplicate the disclosure contained in the audited financial statements for the fiscal year ended June 30, 2011 as reported in the Form 10-K have been omitted.

**NOTE 2 - GOING CONCERN**

Ardent Mines has incurred net losses since inception and has a negative working capital at March 31, 2012. The ability of Ardent Mines to emerge from the exploration stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and/or attain profitable mining operations. Management has plans to seek additional capital through a private placement and public offering of its common stock. There is no guarantee that Ardent Mines will be able to complete any of the above objectives. These factors raise substantial doubt regarding the Ardent Mines' ability to continue as a going concern.

**NOTE 3 – ACQUISITION OF MINING RIGHTS**

On May 4, 2011, Ardent Mines acquired Gold Hills Mining Ltda. which owns certain mining rights in Brazil. The aggregate purchase price paid was \$400,000 which was recorded as capitalized mining rights in the balance sheet as of March 31, 2012. \$250,000 of this purchase price was paid prior to June 30, 2011 and the remaining \$150,000 was paid during the nine months ended March 31, 2012.

Under the terms of the acquisition, additional amounts will be paid pursuant to the results of reserves testing performed on the mining properties. Should the reserves testing confirm the existence of gold, silver and byproduct

reserves of less than 300,000 equivalent gold ounces; Ardent Mines will not be required to make an additional payment. Should the reserves testing confirm the existence of gold, silver and byproduct reserves between 300,000 and 499,999 equivalent gold ounces; Ardent Mines will be required to pay an additional \$400,000 payable within 30 days after completion of a pre-feasibility study. Should the reserves testing confirm the existence of gold, silver and byproduct reserves in excess of 499,999 equivalent gold ounces; Ardent Mines will be required to pay an additional \$1,000,000, payable within 30 days after completion of a pre-feasibility study, and \$2.00 per additional ounce in excess of 500,000 equivalent gold ounces.

In addition to the amounts to be paid based upon the reserves testing, Ardent Mines will also be required to pay an additional \$700,000 within 30 days from the date that Ardent Mines obtains an environmental installation license. Once Ardent Mines begins extracting gold, silver or byproduct from the properties, Ardent Mines will be required to pay a monthly royalty equal to 2% of the net income from the sale of the mineral product. Ardent Mines will also be required to invest at least \$3,500,000 in Gold Hills Mining Ltda. upon the development of an extensive extraction program.

On October 18, 2011, Ardent Mines closed on its acquisition of the mineral rights in a highly mineralized area of 9,000 acres located in the Carajas Mineral Province of Brazil with an option exercise payment of \$350,000 made to the Cooperativa dos Produtores de Minerios de Curionópolis (“COOPEMIC”). During the nine months ended March 31, 2012, aggregate payments (including the option exercise payment) of \$468,095 were made towards this acquisition. The payments are classified on the balance sheet as mining rights as of March 31, 2012.

F-4

7

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In addition to the option exercise payment made to COOPEMIC, Ardent Mines has undertaken certain exploration commitments to COOPEMIC. Ardent Mines 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 Ardent Mines determines it is advisable to continue exploration, Ardent Mines shall pay to COOPEMIC \$250,000 after six months of exploration and an additional \$150,000 after twelve months of exploration. If Ardent Mines' exploration activities confirm the existence of gold, silver or copper and their respective by-products in excess of 400,000 gold equivalent ounces, Ardent Mines shall pay to COOPEMIC 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.

#### **NOTE 4 – LOANS**

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.

On March 2, 2012, the Company borrowed \$30,000 from CRG Finance AG. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures 30 days after demand.

#### **NOTE 5 – DERIVATIVES**

As of March 31, 2012, Ardent Mines has an aggregate of 277,923 outstanding warrants containing exercise price reset provisions which requires derivative treatment under FASB ASC 815-15. The warrants were originally issued on September 7, 2011.

The fair value of these liabilities as of September 7, 2011 and March 31, 2012 totaled \$625,829 and \$131,781, respectively and was calculated using a lattice model. The net change in the fair value of these derivative liabilities during the nine months ended March 31, 2012 resulted in a gain on the change in the fair value of derivatives of \$494,048.

#### *Fair Value Measurement*

Ardent Mine's values its derivative instruments under FASB ASC 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Ardent utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. Ardent classifies fair value balances based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy defined by ASC 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date.

F-5

8

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Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value. Ardent Mine’s uses Level 3 to value its derivative instruments.

The following table sets forth by level with the fair value hierarchy the Company’s financial assets and liabilities measured at fair value on March 31, 2012.

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
None	\$ -	\$ -	\$ -	\$ -
<b>Liabilities</b>				
Derivative warrants	\$ -	\$ -	\$ 131,781	\$ 131,781

The following table provides a summary of the changes in fair value, including net transfers in and/or out, of the derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs:

	Warrants
Fair value at June 30, 2011	\$ -
Fair value of warrants issued	625,829
Change in fair value of derivative liabilities	(494,048)
Fair value at March 31, 2012	\$ 131,781

## NOTE 6 – STOCKHOLDERS’ EQUITY

### *Common Stock*

A chronological history of Ardent Mines' stock transactions is as follows:

July 27, 2000 - Ardent Mines incorporated in Nevada. Ardent Mines is authorized to issue 100,000,000 shares of its \$0.00001 par value common stock.

August 1, 2000 - Ardent Mines issued 5,000,000 shares of common stock to each of Ardent Mines' President and Secretary and Treasurer for services rendered. This is accounted for as compensation expense of \$273,048 and

advances and reimbursement expense of \$1,952.

During the year ended June 30, 2004, Ardent Mines sold 1,014,450 shares of common stock at \$0.10 per share for cash proceeds of \$101,445.

During the year ended June 30, 2008, Ardent Mines sold 8,243,200 shares of common stock for cash proceeds of \$82,432.

On May 11, 2010, Ardent Mines sold 700,000 common shares at \$0.01 per share or \$7,000.

During the year ended June 30, 2011, Ardent Mines issued 500,000 shares for services pursuant to an introduction agreement valued at \$2,300,000.

During the year ended June 30, 2011, Ardent Mines sold an aggregate of 556,000 common shares for cash proceeds of \$2,028,180, net of cash commissions paid of \$112,420.

On April 27, 2011, Darby Investments Services Inc. purchased 156,000 common shares pursuant to Regulation S at a purchase price of \$3.85 per share or \$600,600 total. In addition to the cash commissions, Ardent Mines also granted 41,600 common stock warrants as additional commissions. The warrants have a fair value of \$142,375 (see *Common Stock Warrants* section below).

During the nine months ended March 31, 2012, Ardent Mines sold an aggregate of 259,741 common shares and 259,741 common stock warrants for aggregate cash proceed of \$901,503, net of stock issuance costs of \$98,500. In addition to the cash commissions, Ardent Mines also granted 18,182 common stock warrants as additional commissions. The commission warrants have a fair value of \$40,945. See *Common Stock Warrants* section below for details of the warrants.

During November 2011, Ardent Mines issued 350,000 common shares to its former President, Leonardo Riera, pursuant to a separation agreement. The shares were valued at \$700,000 and expensed during the nine months ended March 31, 2012.

### *Common Stock Options*

On February 4, 2011, the Company granted Leonardo Riera options to purchase 50,000 common shares at \$0.01 per share which options vest immediately and have a term of 5 years. The options were granted in lieu of the 50,000 shares he was entitled to receive pursuant to his employment agreement dated September 27, 2010. The 50,000 common shares he was originally granted were fair valued and expensed at \$84,500 during September 2010. On the date of the modification of the award, the fair value of the options granted was determined to be \$229,066 and the fair value of the shares originally granted was determined to be \$229,500. The fair value of the modified award on February 4, 2011 decreased; accordingly, there was no additional expense recorded. The fair value of the options was determined using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 1.25%, (2) expected life of 2.5 years (3) expected volatility of 169.52% and (4) zero expected dividends.

On May 12, 2011, the Company granted its Board members an aggregate of 1,300,000 stock options exercisable at \$0.01 per share. The options vest 25% upon grant and an additional 25% vests each six months from the date of the grant. The fair value of the options was determined to be \$5,368,121 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.98%, (2) expected terms between 2.5 and 3.25 years (3) expected volatilities between 165.66% and 198.46% and (4) zero expected dividends. The fair value is being expensed over the vesting period of the options. During the nine months ended March 31, 2012, \$2,916,290 was expensed. A total of \$430,583 will be expensed over the remaining vesting period.

On November 22, 2011, Leonardo Riera, the Company's Chief Executive Officer resigned. In accordance with his separation agreement, all of his unvested options became vested on that date and expired on February 22, 2012. As a result of the accelerated vesting, a total of \$509,816 of additional option expense was recorded during the nine months ended March 31, 2012. This amount is included in the total options expense above of \$2,916,290.

On January 5, 2012, Luis Feliu, the Company's Chief Financial Officer resigned. As a result of his resignation, he forfeited 25,000 unvested options and his 25,000 vested options expired on April 5, 2012.

On February 24, 2012, the Company granted its Board members an aggregate of 1,300,000 stock options exercisable at \$0.13 per share. The options vest 25% upon grant and an additional 25% vests each six months from the date of the grant. The fair value of the options was determined to be \$218,045 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.43%, (2) expected terms between 2.5 and 3.25 years (3) expected volatilities of 187.95% and (4) zero expected dividends. The fair value is being expensed over the vesting period of the options. During the nine months ended March 31, 2012, \$73,059 was expensed. A total of \$144,986 will be expensed over the remaining vesting period.

A summary of option activity for the nine months ended March 31, 2012 is reflected below:

		<b>Weighted-</b>
		<b>Average</b>
	<b>Options</b>	<b>Exercise Price</b>
Outstanding at June 30, 2011	1,350,000	\$ 4.57
Granted	1,300,000	0.13
Canceled	-	-
Forfeited	550,000	4.32
Outstanding at March 31, 2012	2,100,000	\$ 1.89
Exercisable at March 31, 2012	725,000	\$ 2.68

F-7

10

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At March 31, 2012, the range of exercise prices and the weighted average remaining contractual life of the options outstanding were \$0.13 to \$4.75 and 4.51 years, respectively. The intrinsic value of the exercisable options outstanding at March 31, 2012 was \$208,000.

### *Common Stock Warrants*

On May 30, 2011, the Company granted 41,600 common stock warrants as a commission for the sale of common stock. The warrants are exercisable at \$3.85 per share, vest immediately and have a term of 1 year. The fair value of the warrants was determined to be \$142,375 using the Black-Scholes Option Pricing Model. The significant assumptions used in the model include (1) discount rate of 0.18%, (2) expected term of 1 year (3) expected volatility of 148.57% and (4) zero expected dividends. The fair value was recorded against additional paid-in capital as stock issuance costs.

On September 7, 2011, the Company sold 259,741 common stock warrants for cash (see *Common Stock* section above) and issued 18,182 common stock warrants for commissions on the sale. The warrants are exercisable at \$4.15 per share, vest immediately and expire on September 7, 2016. The aggregate fair value of these warrants was determined to be \$625,829 using a lattice model (see Note 5). The warrants were accounted for as derivative liabilities.

A summary of warrant activity for the year ended March 31, 2012 is reflected below:

		<b>Weighted-</b>
		<b>Average</b>
	<b>Warrants</b>	<b>Exercise Price</b>
Outstanding at June 30, 2011	51,600	\$ 3.85
Granted	277,923	4.15
Canceled	-	-
Forfeited	-	-
Outstanding at March 31, 2012	329,523	\$ 4.10
Exercisable at March 31, 2012	329,523	\$ 4.10

At March 31, 2012, the range of exercise prices and the weighted average remaining contractual life of the warrants outstanding were \$3.85 to \$4.15 and 3.78 years, respectively. The intrinsic value of the warrants exercisable at March 31, 2012 was \$0.

**NOTE 7 – SUBSEQUENT EVENTS**

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

On April 3, 2012, the Company borrowed \$50,000 from CRG Finance AG. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures upon 30 days of demand.

F-8

11

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## **ITEM 2. 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 Quarterly Report on Form 10-Q (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.

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

### **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. Our address is 100 Wall Street, 10<sup>th</sup> Floor, New York, NY 10005. Our 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 September 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 September 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, we decided not to renew certain claims, and later determined not to pursue its remaining claim in Canada. We subsequently determined to pursue other mining development opportunities.

### **The Company's Current Business Operations**

Our most significant achievements to date has been our acquisitions of Gold Hills Mining Ltda. and mining rights in Para, Brazil, in each case as described below.

**Gold Hills Mining Ltda.**

In January of 2011, we 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, we 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 us One Hundred Percent (100%) of all the issued and outstanding equity interests (the “Shares”) of Gold Hills. The Company has agreed to explore the Gold Hills property, and, if certain gold reserves are established, to make investments and pay additional sums to the Sellers, as set forth in the Purchase Agreement.

## **Closing of 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 copper 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.

## **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.

To become profitable and competitive, we have to conduct exploration on the property and find mineralized material. We will be seeking equity financing to provide for the capital required to implement our research and exploration phases.

## Results of Operations

### Revenues

#### *For the Three Month Period Ended March 31, 2012 and March 31, 2011*

From the Company's inception through March 31, 2012, we did not earn any revenues and incurred a net loss of \$11,850,358. During the three month period ended March 31, 2012, we incurred a net loss of \$846,177, as compared to the three month period ended March 31, 2011, in which we incurred a net loss of \$384,735.

#### *For the Nine Month Period Ended March 31, 2012 and March 31, 2011*

From the Company's inception through March 31, 2012, we did not earn any revenues and incurred a net loss of \$11,850,358. During the nine month period ended March 31, 2012, we incurred a net loss of \$5,243,055, as compared to the nine month period ended March 31, 2011, in which we incurred a net loss of \$993,540.

## Expenses

### *For the Three Month Period Ended March 31, 2012 and March 31, 2011*

During the three months ended March 31, 2012 we incurred total operating expenses of \$734,166 which included \$380,164, in executive and directors compensation, \$28,380 in consulting fees, \$181,881 in legal and accounting fees, \$105,000 in investment banking services, and \$38,741 in other general and administrative fees. Comparatively, during the same period in 2011, we incurred total expenses of \$375,923 which included \$84,545 in executive compensation, \$4,000 in consulting fees, \$76,116 in legal and accounting fees, \$75,660 in marketing expenses, \$75,000 in investment banking services, \$17,394 in other general and administrative fees, and \$43,208 for travel expenses. The Company's expenses have increased as the Company has begun negotiating acquisitions, conducting due diligence and retaining staff.

### *For the Nine Month Period Ended March 31, 2012 and March 31, 2011*

During the nine months ended March 31, 2012 we incurred total operating expenses of \$5,692,914 which included \$4,010,049 in executive and director compensation, \$108,484 in consulting fees, \$642,279 in legal and accounting fees, \$467,394 in other general and administrative fees, \$225,000 in investment banking services, \$5,068 in marketing and \$234,640 for travel expenses. Comparatively, during the same period in 2011, we incurred total expenses of \$981,290 which included \$305,545 in executive and director compensation, \$10,500 in consulting fees, \$169,607 in legal and accounting fees, \$275,000 in investment banking services, \$10,000 in mining exploration, \$33,143 in other general and administrative fees, and \$101,835 for travel expenses. The Company's expenses have increased as the Company has begun negotiating acquisitions, conducting due diligence and retaining staff.

## Since Inception

Since the inception of the Company on July 27, 2000, we have incurred total operating expenses of \$12,312,034 which included \$3,035,155 in consulting fees, \$6,402,324 in executive and director compensation, \$483,560 in investment banking services, \$1,258,926 in legal and accounting fees, \$562,224 in other general and administrative fees, \$91,148 in marketing, \$24,588 in mining and exploration, and \$454,109 for 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. The Security Agreement and the Commitment Letter are described in further detail in Item 1.01 of the Current Report on Form 8-K filed by the Company with the SEC on March 2, 2012, which is incorporated herein by reference thereto.

On March 2, 2012, the Company borrowed \$30,000 from CRG Finance AG. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures 30 days after demand.

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

On April 3, 2012, the Company borrowed \$50,000 from CRG Finance AG. The note is secured by the assets of the Company, bears interest at 7.5% per annum and matures upon 30 days of demand.

As of March 31, 2012 we had current assets of \$18,047 and current liabilities of \$1,834,042. As of March 31, 2012 we had total assets of \$892,888 comprised entirely of cash, prepaid expenses, mining rights and property and equipment.

***For the Nine Month Period Ended March 31, 2012 and March 31, 2011***

During the nine months ended March 31, 2012 we spent net cash of \$1,538,419 in operating activities, compared to net cash spending of \$623,738 on operating activities during the same period in 2011. Since the Company's inception, we have spent net cash of \$3,383,986 in operations.

Cash used in investing activities totaled \$621,200 for the nine months ended March 31, 2012 compared to net cash used in investing activities of \$2,370 during the same period in 2011. Since the Company's inception, the cash used in investing activities has totaled \$874,841.

Cash provided by financing activities totaled \$1,126,417 for the nine months ended March 31, 2012 compared to net cash provided by financing activities of \$625,064 during the same period in 2011. Since the Company's inception, the cash provided by financing activities has totaled \$4,111,603.

### **Employees and Directors**

As of the date of this Report, we have four employees. Mr. Urmaz Turu is a member of our Board of Directors and the Interim Chief Executive Officer of the Company. Mr. Luciano de Freitas Borges is a member of our Board and our President, and we have two additional employees in Brazil. Mr. Gabriel Margent serves on the Company's Board of Directors. On January 5, 2012, Mr. Luis Feliu, the Chief Financial Officer of the Company resigned from his position as an officer of the Company. Mr. Urmaz Turu was subsequently appointed by the Board to serve as Interim Chief Financial Officer in addition to his service as Interim Chief Executive Officer.

### **Research and Development**

The Company anticipates spending approximately \$12 million on mining exploration in the fiscal year ending June 30, 2012 for the Gold Hills project, and additional funds in amounts to be determined by the number of mining projects acquired by the Company.

### **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 March 31, 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.**

Not Applicable.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this Report, the Company carried out, under the supervision and with the participation of the Company’s management, including its Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures in ensuring that information required to be disclosed by the Company in its reports is recorded, processed, summarized and reported within the required time periods. Based on their evaluation of the Company’s disclosure controls and procedures as of March 31, 2012, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of that date, the Company’s controls and procedures were not effective for the purposes described above.

## **Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the quarter ended March 31, 2012 that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

As previously disclosed in the Company's periodic reports, on May 10, 2011, we filed a Complaint with the Supreme Court of the State of New York. The action pertains to disputed rights of ownership among certain shareholders of the Company. As of as of the date of this Report, the defendants have not made any counterclaims against the Company and no hearings have taken place.

### **ITEM 1A. RISK FACTORS.**

Not Applicable.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Not Applicable.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

Not Applicable.

**ITEM 4. MINE SAFETY DISCLOSURES**

This item is not applicable, as the Company does not own or operate mining operations in the United States. The Company plans to conduct its operations outside of the United States.

**ITEM 5. OTHER INFORMATION.**

Not Applicable.

**ITEM 6. EXHIBITS.**

The following documents are included herein:

<b>Exhibit No.</b>	<b>Document Description</b>
Exhibit 10.19	Commitment Letter, by and among the Company and CRG Finance AG, dated as of March 1, 2012.
Exhibit 10.20	Security Agreement, by and among the Company and CRG Finance AG, dated as of March 1, 2012.
Exhibit 10.21	Amended and Restated Senior Note to CRG Finance AG in the amount of \$1,142,900, dated as of March 1, 2012.
Exhibit 10.22	Form of Option Grant Agreement.
Exhibit 31.1	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for the Chief Executive Officer and Chief Financial Officer.
Exhibit 101	Interactive Data Files  101.INS – XBRL Instance Document 101.SCH - XBRL Taxonomy Schema 101.CAL - XBRL Taxonomy Calculation Linkbase 101.DEF - XBRL Taxonomy Definition Linkbase 101.LAB - XBRL Taxonomy Label Linkbase 101.PRE - XBRL Taxonomy Presentation Linkbase



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ARDENT MINES LIMITED**

**(Registrant)**

By:

/s/ URMAS TURU

Name: Urmaz Turu

Title: Interim Chief Executive Officer,  
Principal Executive Officer, Interim Chief  
Financial Officer, Principal Financial Officer  
and Director

Dated: May 21, 2012

