
Uranex Limited

ABN 26 115 111 763

Annual Report

For the year ended 30 June 2014

CORPORATE DIRECTORY

ABN 26 115 111 763

DIRECTORS

P SARANTZOUKLIS	(CHAIRMAN)
J C JOOSTE-JACOBS	(NON-EXECUTIVE DIRECTOR)
S B HUNT	(NON-EXECUTIVE DIRECTOR)
F POULLAS	(NON-EXECUTIVE DIRECTOR)

CHIEF EXECUTIVE OFFICER

R J CHITTENDEN

COMPANY SECRETARY

C J LIOUTAS

FINANCIAL CONTROLLER

P C TJU

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AUSTRALIA

ASX

URANEX SHARES (CODE UNX) AND OPTIONS (CODE UNXO) ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX)

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DIRECTORS' REPORT

The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Uranex Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The following persons were directors of Uranex Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Sarantzouklis (Non-Executive Chairman – Age 41)

B.Bus, Master of Business Administration (Charles Sturt University)

Appointed 23 July 2013 (Director), 4 June 2014 (Chairman)

Peter Sarantzouklis is the Chief Financial Officer of the St George Group and has held executive roles within the banking industry with wide ranging experiences over the past 20 years.

Previously, Peter worked in Westpac's New Zealand operations, sitting on their Executive Team. Prior to this, Peter was with the General Electric Group for 10 years. Peter has strong marketing and business development skills to bring to the Board. Over the past 15 years, he has been closely following the resources and energy sectors and has been a long term shareholder of Uranex.

Current and former directorships of listed companies in last three years:

None

Special responsibilities

None

Johann C Jooste-Jacobs (Non-Executive Director – Age 60)

B.Acc, MBL, FCA, FAICD

Appointed 27 August 2010

Johann has more than 30 years experience in the resource sector where he has managed established companies, acquisitions, expansions and start-up mining operations in Australia, South Africa and Indonesia. He is currently Chairman of King Island Scheelite Limited, whilst recent roles have included the Chairmanship of IMX Resources Limited and Coalworks Limited.

Current and former directorships of listed companies in last three years:

King Island Scheelite Limited

Coalworks Limited

IMX Resources Ltd

Australian Zircon NL

TW Holdings Limited

Special responsibilities

He is Chairman of the Audit Committee and a member of the Remuneration Committees.

Stephen B Hunt (Non-Executive Director – Age 52)

B.Bus (Marketing), MAICD

Appointed 27 August 2010

Stephen Hunt has significant minerals marketing experience gained from more than 15 years with BHP. In addition, Stephen has been a Director of Australian Zircon NL and more recently has been a Director of his own minerals trading business, Standout Enterprises Ltd, as well as iron ore producer, IMX Resources Ltd.

Current and former directorships of listed companies in last three years:

IMX Resources Limited

Special responsibilities

He is Chairman of the Remuneration Committee and a member of the Audit Committees.

DIRECTORS' REPORT CONTINUED

Frank Poullas (Non-Executive Director – Age 35)

Appointed 10 September 2010

Frank Poullas is an information technology consultant and in his personal capacity, a professional investor specialising in the uranium and graphite sectors. For the last eight years he has been involved in various ventures increasing shareholder value in both these sectors. Frank has significant number of share and options holdings in the Company.

Current and former directorships of listed companies in last three years:

None

Special responsibilities

He is the chairman of Sustainability Committee and a member of the Audit and Remuneration Committee.

COMPANY SECRETARY

Chris J Lioutas (Company Secretary and Legal Counsel – Age 32)

B.Com (Accounting), LLB (Honours)

Appointed 17 April 2014

Chris Lioutas is an experienced corporate and commercial lawyer whose background includes working in the corporate advisory groups of national law firms including Clayton Utz, specialising in the energy and resource sector. Chris assisted in the provision of legal services to a variety of large corporates and undertook legal counsel secondments to ASX 100 and Fortune 100 companies.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was prospecting and exploration for graphite on its 100% owned Nachu project in Tanzania. There was no significant change in the nature of that activity during the year.

DIVIDENDS

No dividends have been paid during the year (2013: \$NIL). The Directors do not recommended the payment of a dividend for this financial year.

CORPORATE INFORMATION

Uranex Limited is a Company limited by shares that is incorporated and domiciled in Australia. The shares and options are listed on the Australian Securities Exchange ("ASX") under the ASX codes UNX and UNXO respectively. Unlisted options issued to Directors beneficially via the Company's employee option trust scheme are included in the option aggregate.

EMPLOYEES

Uranex Limited had five employees as at 30 June 2014 (2013: three employees).

Category of employee	Total	Gender		Total (%)
		Male	Female	
All Employees and Board	9	8	1	11%
Senior Executives	5	4	1	20%
Board	4	4	–	0%

REVIEW OF OPERATIONS

The loss for the consolidated entity amounted to \$5,177,375 (2013:\$4,912,364)

The past financial year provided some exciting new opportunities for Uranex through the exploration efforts in Tanzania with the highlight being the highly prospective graphite tenement at Nachu in the south-east of the country.

Graphite Industry Developments

- For the first time in decades, China is now a net importer of graphite on the back of growing consumption needs in their industry. More recently, existing mines are being closed or consolidated given environmental concerns and marginal economics. Consolidation will see some 200 graphite mines amalgamate into approximately 30.

DIRECTORS' REPORT CONTINUED

- While supply out of China is slowing, demand is growing strongly through new technology from significant end users.
 - o Tesla is building their advanced battery giga factory in the US to better supply exponential growth in hybrid electric vehicle sales. They are aiming to more than double total world existing production of advanced battery power alone. This is using natural flake graphite; and
 - o Chinalco is seeking to replace 15% of petroleum coke with graphite for use in their aluminium smelting. Credit Suisse has called this a 'paradigm shifting' for the graphite producing industry which is likely to more than double total existing world consumption.

As our Nachu Graphite project progresses, the board is focused on the growth of the Company to support this.

TANZANIA

NACHU GRAPHITE

The Nachu project is located near Ruangwa, in Southern Tanzania and approximately 200km to the Tanzanian port of Mtwara.

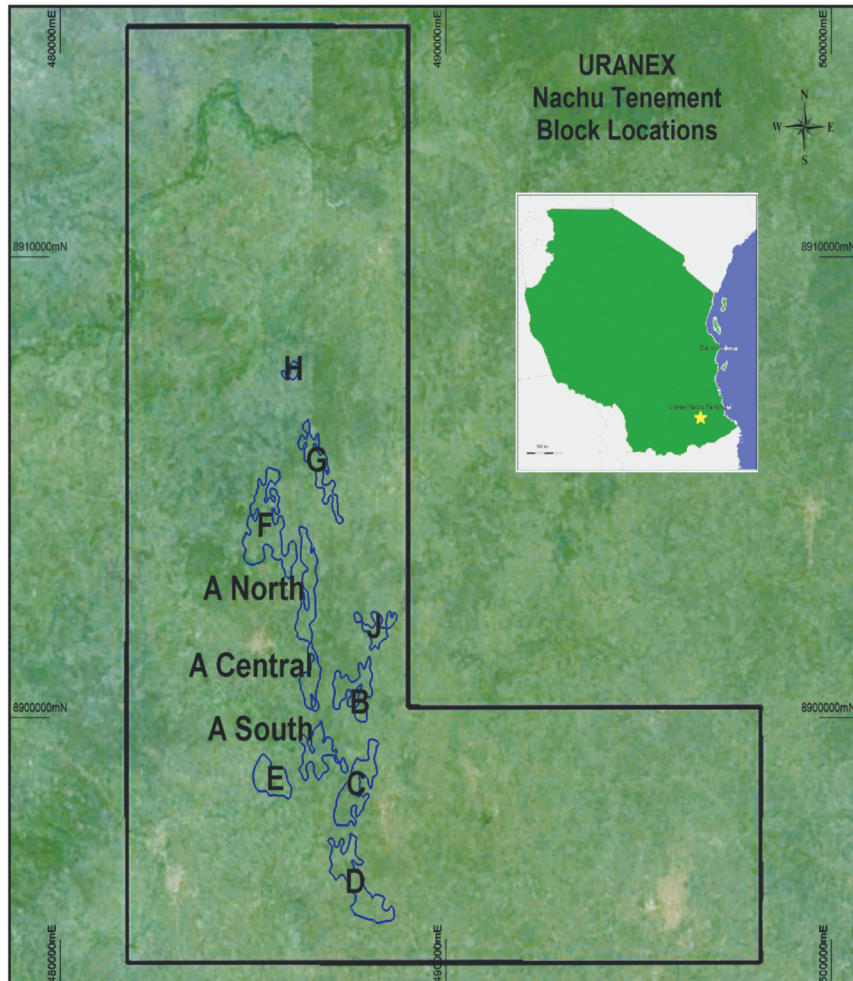
In the past 12 months a vigorous exploration programme was undertaken which included:

- Initial EM survey which highlighted an area of approximately 900 hectares of potential mineralization in 9 delineated blocks.
- Over 3kms of trenching
- Graphitic mineralisation in all these blocks was then confirmed through an extensive RC drilling programme
- A short diamond drill program followed the RC drilling before the wet season commenced.

With the diamond drill programme the following key objectives were achieved:

- Validating the use of RC drill analysis through correlation with diamond drill results.
- Provide representative samples for metallurgical testing.
- Use the geological information obtained from the diamond core for use in the estimation of the Exploration Target.

Map of Nachu Tenement



EXPLORATION TARGET (ET)

Following the successful EM and drilling program in 2013 the Company had sufficient information for the estimation of an ET. Independent mining and geological consultants, AMC Consultants Pty Ltd in Melbourne completed the block model and calculated the tonnage and grade ranges shown in Table 1 and 2 below.

Table 1 – using a 2% (Cg) lower cut off – depicts the Exploration Target estimate of tonnes and grade for the delineated blocks on the Nachu Tenement

Exploration Block	Maximum Depth from Surface (m)	Tonnage Range (Mt)	% Cg Range
A	58	70 – 90	3 – 6
B	52	30 – 50	3 – 11
C	60	30 – 40	2 – 4
D	58	30 – 40	4 – 11
E	64	50 – 60	3 – 5
F	58	80 – 130	3 – 8
G	48	25 – 50	4 – 5
H	42	5 – 15	3 – 5
J	42	5 – 15	8 – 11
Total		325 – 490	4 – 9

Table 2 – using a 5% Cg lower cut off – depicts the Exploration Target estimate of tonnes and grade for the delineated blocks on the Nachu Tenement

Exploration Block	Maximum Depth from Surface (m)	Tonnage Range (Mt)	% Cg Range
A	58	5 – 10	6 – 7
B	52	5 – 20	6 – 14
C	60	0 – 5	5 – 6
D	58	10 – 15	8 – 14
E	64	0 – 5	5 – 6
F	58	30 – 40	5 – 10
G	48	–	
H	42	0 – 5	5 – 6
J	42	5 – 15	8 – 11
Total		55 – 115	6 – 12

Cautionary Statement as required by JORC - These estimates of potential quantity and quality of the mineralization are conceptual in nature and there has been insufficient drilling to produce a mineral resource. There is also no certainty that these estimates can be converted to a Mineral Resource with further exploration.

Summary of Exploration Target (ET)

Table 1 presents a total ET of between 325 Mt and 490 Mt with a grade range potential of between 4% and 9% Cg when a 2% Cg cut-off has been used.

Table 2 presents the Exploration Target of between 55 Mt and 115 Mt at a grade of between 6% and 12% Cg when a 5% Cg cut-off has been used.

To put the above ET estimate into practical terms, 115 Mt of material at an average grade of 9% Cg producing 100,000 tonnes of graphite product per year would have a mine life of greater than 100 years.

Metallurgical Test work

This metallurgical data is based on results from work conducted on samples at the metallurgical laboratory operated SGS Lakefield Orestest Pty Ltd (SGS), Perth, WA. The results are from interim technical notes issued to Uranex by SGS (the Company's ASX announcement issued 15 April 2014 gives further details of the test work).

Product Quality and Recovery

Table 3 shows the relevant information at grind sizes of 300 and 500 micron respectively.

Initial Graphite Concentrate Grades and Recovery

Sample	Initial Rod Mill Grind size – 100% passing	Secondary Rod Mill Grind Size – 100% passing	Calculated Test Head Grade	Graphite Concentrate Grade	Graphite Recovery
	microns	microns	%Cg	%Cg	%
D Block Composite	300	150	6.38	93.5	92.6
	500	150	6.46	93.1	94.4
C Block Composite	300	–	3.62	94.4	96.4
	500	212	3.63	94.2	96.7

These results are significant at such an early stage in the program and show that, despite a relatively low head grade in Block C, a product can be produced that would be commercial both in terms of product quality and flake size. Achieving such a high product quality and good recoveries from a conventional grinding and flotation process only, is an excellent result.

While the concentrate grade decreases marginally at the coarser grind size, there is a corresponding increase in flake size at the coarser primary grind in both composites (Table 4).

Flake size

The flake size of the concentrates was screened on a standard sieve set and these results show that a significant percentage of the product could be classed as large to jumbo. These categories are regarded as premium products in the market as they are ideally suited to the high growth battery industry.

Table 2 shows the relevant percentages of flake size range for each composite corresponding to the product classifications can we put the various categories in the table.

With optimisation of the metallurgical process we expect the proportion of flakes reporting to the medium category and above to increase.

Table 4 – Flake Size Analysis of the Final Concentrates

Final Concentrate Flake Size Analysis					
		D Block Composite		C Block Composite	
Sieve Size microns	Initial Grind size microns	300	500	300	500
		% Distribution	% Distribution	% Distribution	% Distribution
+300		8.0	13.1	8.6	13.1
-300 +180		30.0	32.3	28.3	30.0
-180 +106		27.0	25.3	25.3	23.0
-106 +45		24.0	22.2	24.7	22.5
-45		11.0	7.1	13.1	11.3
Total		100.0	100.00	100.0	100.0

Composite Details

The composites were prepared and tested at the SGS laboratory in Perth from diamond core samples. The composites are as follows

- Block C composite which contains core drilled in December 2013. The composite generally contains intervals from the holes that would form minable zones.
- Block D composite primarily includes core from both NADD002 and NADD003 which were drilled in 2013.

Figure 1- Graphite Concentrate in the Laboratory Flotation Cell



Downstream Metallurgical Processing

A graphite concentrate of 99.4% TGC has been achieved following a test using a caustic bake process on a sample of D block flotation concentrate. This was the first chemical leach test to be conducted on the flotation concentrate produced during the program of work described above.

This is an excellent result from the first leach test conducted on this concentrate. It confirms that Nachu graphite is highly suitable for use in technologies that require higher purity graphite such as the electric vehicle battery market.

Test work will continue on optimising and improving the metallurgical process, however results to date show that the ore from the Nachu tenement is able to be processed to produce a very marketable high grade flotation concentrate. Further, it demonstrates the ability for the concentrate to be upgraded through chemical processing to the high purity required for the premium markets.

URANIUM

MKUJU URANIUM PROJECT (URANEX 100%)

The Mkuju Uranium Project is located in Southern Tanzania, 500km southwest of Dar es Salaam and comprises 11 granted licences (100% Uranex) plus applications. There is currently a JORC resource of 6.1m lbs @ 237ppm.

Mineralisation at Mkuju is exclusively within the sediments of the Karoo Supergroup and is located adjacent to a north-easterly striking crustal scale fault which has juxtaposed Triassic-aged sediments against the younger Upper Mbarangandu Series. This fault extends northeast some 30km along strike to the Nyota Prospect (119.4m lbs @ 290ppm U3O8 at a 100ppm U3O8 cut-off grade) of the Mkuju River Project owned by Russian Uranium Company, ARMZ.

DIRECTORS' REPORT CONTINUED

MANYONI URANIUM PROJECT (URANEX 100%)

The Manyoni Uranium Project located in central Tanzania is host to 29Mlbs U3O8 at 100ppm cut off. During the year there was no work undertaken on the project.

REGIONAL EXPLORATION

Minimal exploration work was completed in regional areas.

SONGEA COAL PROJECT (URANEX 100%)

The Songea Coal Project is in the south west of Tanzania. With the increase in tenement rents during 2012 the Board resolved to allow these tenements to expire at their renewal dates.

AUSTRALIA

THATCHER SOAK PROJECT (URANEX 100%)

The Thatcher Soak Project is located within the main Yilgarn calcrete province in Western Australia. Other deposits in this province include Yeelirrie, Lake Way, Centipede and Lake Maitland. Below is the JORC resource table for the project.

Table 5 – Block model cut-off analysis.

Uranex Ltd - Thatcher Soak Deposit Mineral Resource Estimate as at 25th June 2012			
Cut-off grade	Tonnage (mt)	Grade (U3O8 ppm)	Contained U3O8 (Mlb)
150ppm	11.6	425	10.8
250ppm	11.1	431	10.6
300ppm	9.9	448	9.8
400ppm	5.7	510	6.5
500ppm	2.3	609	3.1

SWIM CREEK JOINT VENTURE AGREEMENT

The Company has entered into a joint venture agreement with Rum Jungle Resources Ltd (ASX: RUM) in respect to the Swim Creek Tenement in the Alligator Rivers region of the Northern Territory.

Under the agreement RUM can earn up to a 70% interest in the joint venture following expenditure of \$500,000 over a 3 year period.

SUSTAINABILITY

At Uranex, the environmental, safety and social aspects of our projects are treated as core considerations. Communities and governments are consulted prior to exploration and project development activities taking place and the communication is open and respectful. Protecting the environment is a central deliberation in project planning and environmental performance is regarded as critical throughout the project lifecycle. Uranex is committed to using the highest international benchmarks appropriate for project development in addition to satisfying regulatory requirements.

Sustainability highlights during the past year include the following:

- In November 2013 Uranex commenced some of the key components of the environmental baseline study for the Nachu Graphite Project, for which seasonal data is essential. Monitoring to date has included meteorological, hydrogeological, hydrological and water quality as well as various other environmental and social studies. The baseline study for the Project will be used to conduct an Environmental and Social Impact Assessment (ESIA) in compliance with the Tanzanian regulatory approvals process and in accordance with international benchmarks.
- In June 2014 Uranex engaged Digby Wells Environmental to conduct an Environmental and Social Rapid Assessment for the Nachu Graphite Project. The information obtained through the Rapid Assessment will also form part of the ESIA.
- Stakeholder consultation during the past year has included considerable engagement at the district, regional and national levels as well as extensive consultation with local communities. Uranex has an excellent track record on stakeholder engagement and as a result has developed positive relationships with governments and local communities.

DIRECTORS' REPORT CONTINUED

- In the area of Occupational Health and Safety, Uranex promotes active employee participation in continuous improvement processes. Through employee training and engagement in this area Uranex has achieved improved standard of safety. Over the past year Uranex has had few incidents or near misses, however continuous improvement in minimising safety risks remains a key focus.
- In the area of Corporate Social Responsibility (CSR), the Uranex Community Partnership Program (UCPP) is ongoing. Though UCPP contributions are at an early stage for the Nachu Graphite Project, some sporting equipment has been donated to the villages of Matambarate, Mihewe, Namikulo and Chunyu, with the aim of increasing local involvement in soccer. Through the UCPP Uranex contributes to community development in areas such as cultural awareness, education, agriculture, environment, sport and health.
- Uranex also contributes to the economic and social development of our host communities in other ways. Our presence benefits local populations by creating direct employment (exploration activities) and indirect economic benefits through the provision of food, accommodation and other supplies.
- In Tanzania Uranex has been successfully contributing to skills building within the mining industry. Uranex is currently hosting four geology students from the Universities of Dar es Salaam and the University of Dodoma in order to provide exploration experience and technical training.

During the next 12 months Uranex aims to complete the Environmental and Social Impact Assessment (ESIA) for the Nachu Graphite Project.

CORPORATE

DIRECTORS

After being appointed as an independent Non-Executive Director on 23 July 2013, Mr Peter Sarantzouklis became Non-Executive Chairman on 4 June 2014. The former Non-executive Chairman, Mr Johann Jooste-Jacobs, remains on the Board as a Non-Executive Director.

Placements

A placement to sophisticated investors was announced on 27 November 2013. The placement raised \$2 million at a price of 11c per share.

On the 13 June 2014 a placement to sophisticated and institutional investors from Australia and overseas was announced. The amount raised was \$5 million at 16c per share.

Both placements were undertaken to fast track exploration of the Nachu Graphite Project.

COMPANY STAFFING

Dr Frank Houllis has been appointed as Uranex Limited's new Chief Executive Office and will commence with the Company 27 August 2014. Dr Houllis brings an incredible depth of experience, which includes over 20 years of practical experience in the development and engineering of metallurgical processes. He has worked on processes for a wide range of commodities, including rare earths, base metals, precious metals, lithium, titanium and uranium. His particular area of expertise is in the application of systems engineering techniques to ensure seamless project development from concept through to commercialisation in a timely and cost effective manner. Front end engineering to take into account technical, economic, regulatory and environmental considerations are central to his approach. Following completion of his doctorate in chemical engineering in 1995, Frank has led process development teams at ANSTO (2008 – present), BHP Billiton (2005 – 2008), and Intec Ltd (1995 – 2005).

Our current CEO, Rod Chittenden, will become Head of Operations thereby allowing him and the Company to focus critically and even more deeply on expanding and optimising metallurgy and attaining our maiden JORC resources, and bringing Nachu into production.

Mr Brent Laws joined the Company as Exploration Manager. Mr Laws has most recently spent five years working in Botswana primarily on Uranium and Coal exploration and the Board and Management of the Company are delighted that Brent decided to join the team. Mr Laws will be based in Australia but will spend a significant amount of time in Tanzania working with our capable Tanzania team during the critical exploration period.

DIVESTMENT OF NON CORE ASSETS

The Australian assets of Thatcher Soak, Bremer Basin and Alligator Rivers were part of a sale process managed by KPMG. This process did not attract any acceptable offers.

A tenement boundary runs through the Thatcher Soak uranium deposit with the adjoining tenement being under lease to Gold Road Resources (ASX: GOR). KPMG were also engaged by GOR to manage the sale of their portion of the Thatcher Soak uranium resources (along with other GOR uranium assets) in a joint sale process with the Uranex assets.

While the sale process is not actively being pursued at present, the Board would still consider reasonable offers.

OPERATING RESULTS FOR THE YEAR

The Group incurred an operating loss after tax of \$5,177,375 (2013: \$4,912,364). Refer to Note 1 of the financial statements for accounting policies used. Summarised segment operating results are as follows:

	2014	
	Income \$	Results \$
Australia	108,609	(5,052,650)
East Africa	411	(4,240,999)
Intersegment elimination	(45,000)	4,116,274
Income and losses before tax	64,020	(5,177,375)

The Group continued its focus on exploration in Tanzania. Exploration costs for the year amounted to \$2,246,430 (2013: \$2,840,295) of which \$2,115,698 was expended in Tanzania. This substantial drilling expenditure was spent at the Nachu Graphite Project.

REVIEW OF FINANCIAL CONDITION

Liquidity and Capital Resources

The statement of cash flows shows an increase in cash and cash equivalents for the year ended 30 June 2014 of \$2,639,910 (2013: \$4,810,050 decrease). During the year the Group raised \$7,160,620 (2013: NIL) before costs from a share placement; \$10,616 (2013: NIL) from options exercised and \$280,703 (2013: \$1,834,354) from an offer of options via a Prospectus. At year end the Group has liquid funds of \$4,652,346 (2013: \$2,012,436) available for future operational use and has no borrowings (2013: \$NIL).

Going concern

In light of the circumstances disclosed in note 1 of the Financial Report, the auditor has included an emphasis of matter in their audit report.

Shares and Options Issues

During the year the Company raised funds from equity as follows:

- \$280,703 (2013: \$1,834,354) from 28,070,307 options issued at one cent each.
- \$7,160,620 (2013: NIL) from a share placement of 50,477,699 (2013: NIL) ordinary fully paid shares.
- \$10,616 (2013: NIL) from the exercise of options and subsequent issue of 106,162 (2013: NIL) ordinary fully paid shares.

Capital Expenditure

Capital expenditure on property, plant and equipment during the year was \$17,191 (2013: \$6,887).

GROUP PERFORMANCE**Annual Net Income**

	2014	2013	2012	2011	2010	2009
Consolidated loss after tax	5,177,375	4,912,364	11,757,348	11,103,431	10,230,585	7,120,989

Shareholder Returns

	2014	2013
Basic loss per share (cents)	1.98	2.32
Diluted loss per share (cents)	1.98	2.32

RISK MANAGEMENT

The Board is responsible for ensuring that risks are identified on a timely basis and that the Group's activities manage the risks identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process. The Board has not established a separate risk management committee but reviewed the major risks to the business with management and has the following processes in place to monitor it:

- The Board has undertaken strategic reviews of its activities and conveyed to management and shareholders its objectives.
- The Board approved operating budgets and at its meetings monitors actual expenditure to budget.
- The Board reviews sovereign, operating and environmental risks with management and from time to time external consultants provide reports on its practices.
- The Board assesses political and sovereign risks relating to its international assets by monitoring local media and politics. Group representatives liaise with all levels of Government to maintain awareness as to matters that may affect the Company.

The Directors have identified risks associated with our business. Inherently, exploration is a risky undertaking that often provides substantial rewards to investors whenever success is achieved. This is the foremost risk that the Board endeavours to mitigate through its strategic identification of potential mineralisation targets and oversight of management subsequently conducting the respective exploration programmes. The Board is very aware of the financial risks associated with the exploration industry. The Group presently accesses funds through the capital markets in order to fund its future business needs. The capital markets are subject to prevailing economic conditions so the Directors are attuned to raising funds to meet future needs when circumstances permit. In addition, the Board has actively marketed its assets for direct sale or farm out to raise additional funds but without success to date.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company or the Group during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 15 July 2014, the Company announced that it had signed a Memorandum of Understanding ("MOU") for an Off-take Agreement with China National Materials Industry Import and Export Corporation ("SINOMA"). SINOMA is a subsidiary of major State Owned Enterprise ("SOE") China National Materials Group Corporation, which has in excess of 100,000 employees and is responsible for the research, development, production and marketing of non-metallic products in China.

Under the MOU, SINOMA has expressed an interest in purchasing 100,000 tonnes of graphite per annum for a period of five years with an option to extend for a further five years. The grading of the product is intended to be in the range of 90% to 95% TGC.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The operations report highlights that the Group intends conducting detailed exploration programmes at its Nachu Graphite Project in Tanzania over the ensuing year. The immediate objective is to define a mineral resource before commencing prefeasibility studies for the project.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration activities, both in Australia and overseas, are subject to environmental regulations and guidelines operating in the licence areas. Failure to meet environmental conditions attaching to the group's mineral tenements could lead to forfeiture of the tenements. No environmental breaches have occurred or have been notified by any government agencies during the year ended 30 June 2014.

DIRECTORS MEETINGS

The number of Directors meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors Committee		Audit Committee		Remuneration Committee		Sustainability Committee	
	A	B	A	B	A	B	A	
Number of meetings attended:								
P Sarantzouklis	5	5	*	*	*	*	*	*
J C Jooste-Jacobs	5	5	2	2	—	—	*	*
S B Hunt	5	5	2	2	—	—	*	*
F Poullas	5	5	2C	2	—	—	—	—

Notes

- A Number of meetings attended.
 B Number of meetings held during the year whilst the director held office.
 * Not a member of the relevant committee.
 C Chairman of committee at time of meeting.

The Audit Committee comprised J C Jooste-Jacobs (Chairman), F Poullas, and S B Hunt. The Remuneration Committee comprised S B Hunt (Chairman), J C Jooste-Jacobs and F Poullas. The Sustainability Committee comprised of F. Poullas (Chairman), R J Chittenden (Chief Executive Officer), S I Lawley (Sustainability Manager).

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives.

REMUNERATION POLICY

The Board recognises that the performance of the Group depends upon the quality of its Directors and executives. To achieve its operating and financial activities the Group must attract, motivate and retain highly skilled Directors and executives.

The Group's policy for determining the nature and amount of emoluments of Board members and executives of the Company is assessed annually at the end of each calendar year and are set by reference to the mineral exploration industry market place. The Remuneration Committee submits its recommendation to the Board for its consideration.

All Directors receive a superannuation contribution which is currently 9.25% (and becomes 9.5% for 2014-15) and do not receive any other retirement benefits. All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities based on recommendations from the Remuneration Committee. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Furthermore, the Remuneration Committee ensures its remuneration recommendations are free from undue influence either by or to whom its recommendations may relate through the establishment of on an agreed set of protocols previously set by McDonald & Partners, committee members and Key Management Personnel. Having followed these protocols, the Board is satisfied that no such undue influence was exerted upon the Committee.

The current maximum aggregate of Non-Executive Directors fees payable is \$400,000; having been approved by members on 14 November 2008. Presently, Non-Executive Directors receive annual fees of \$50,000 and the Non-Executive Chairman \$100,000. An additional \$5,000 per annum is paid to Directors who act as Chairman of Committees.

DIRECTORS' REPORT CONTINUED

Any increase in the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the annual general meeting. Fees for Non-Executive Directors are not linked to the performance of the group. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

DIRECTOR AND OTHER EXECUTIVES DETAILS

Listed on pages 2 and 3 of the Directors Report are persons who acted as a director of the Company during or since the end of the financial year.

For the purposes of this report, Key Management Personnel (KMP) of the Group are those persons having authority and responsibility for planning directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and senior or key management. In addition to the Directors, the following were KMP during the financial year:

Rod Chittenden – Chief Executive Officer

PERFORMANCE BASED REMUNERATION

The Group currently has a performance based remuneration component built into the Chief Executive Officer's remuneration package. Bonuses may be payable at the Board's discretion following the annual performance review. The Company does not have policies regarding risk management of flexible components of remuneration packages.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES REMUNERATION

In accordance with the remuneration policy noted above, the Group includes the following principles in its remuneration framework:

- Competitive rewards are set to attract high calibre executives;
- Executive rewards are linked to shareholder value.

For executives the Group's policy is to position total employment costs within a peer group determined by the remuneration consultants. The Remuneration Committee did rely on previous reports of the consultant for determining remuneration during the period. The mix of fixed and variable components of employment costs is derived from data assessing market rate labour costs by position.

There are no financial measures that are included in the assessment but the Remuneration Committee considers the growth in market capitalisation an important parameter. For non-financial measures a range of factors are considered; market position, relationship with a range of stakeholders, risk management, leadership and team contribution.

EMPLOYEE SHARE OPTION PLAN

Uranex Limited operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the plan, shares and options are held on behalf of Plan Participants by the Trustee of the Uranex Option Share Trust ("UOST").

During the financial year 1,045,881 shares (2013: nil), 14,000,000 rights subject to seven tranches of performance hurdles (2013: nil), and 2,800,000 options on varying terms and conditions were allotted to the Trust under the share scheme (2013: 5,500,000).

Table 1: Performance Hurdles and Vesting Probability Attaching to Rights

Tranche	Performance Condition at Nachu Graphite Project.	Service Condition	Deemed vesting probability %
Tranche 1 - 500,000 Rights	Achieve a JORC resource by 28 February 2014	Hold role of Director at time of announcement	Lapsed
Tranche 2 - 500,000 Rights	Completion of Scoping study by 31 March 2014	Hold role of Director at time of Scoping study completion.	Lapsed
Tranche 3 - 500,000 Rights	Signed Heads of Agreement with an investment partner by 30 June 2014.	Hold role of Director at time of signing of Heads of Agreement.	Lapsed (recorded as subsequent event)
Tranche 4 - 500,000 Rights	Completion of Pre-feasibility Study by 31 December 2014	Hold role of Director at time of completion of Pre-feasibility Study	80
Tranche 5 - 500,000 Rights	Signed Off-take Agreement by 31 December 2014	Hold role of Director at time of signing of Off-take Agreement	75
Tranche 6 - 500,000 Rights	Signed Project Finance Agreement by 31 March 2015	Hold role of Director at time of signing of Project Finance Agreement	50
Tranche 7 - 500,000 Rights	Production by 31 December 2015	Hold role of Director at time of Production	25

Performance Income as a proportion of total compensation

The Company's performance as measured by the ordinary shares, share price for the opening and closing of the financial year was \$0.049 and \$0.16 respectively (226% increase). Also the Company has listed options, where the option price for the opening and closing of the financial year was \$0.01 and \$0.082 respectively (720% increase). In addition, new capital of \$7.451 million was raised during the financial year to conduct exploration for Nachu Graphite Project and provide working capital.

The options (excluding the Rights referred to above) issued to Directors and Employees were not tailored to performance targets because exploration companies' inherent assets are highly variable in value and are, in effect, unknown until exploration has been completed. As asset values are the key to corporate growth, it is not feasible in these circumstances to set up a fair performance measure.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreement.

Remuneration agreements are set out below:

Rodney Chittenden - Chief Executive Officer

- No agreement expiry date;
- Remuneration is \$260,000 per annum plus statutory superannuation guarantee (9.25% for the year ended 30 June 2014);
- The agreement and the employment created by it may be terminated by either Uranex Limited or Mr Chittenden giving the other party 1 month notice. The agreement also includes a 6 month 'non-compete' clause for Mr Chittenden; and
- The agreement is subject to annual review.

DIRECTORS' REPORT CONTINUED

Table 2: Remuneration for the year ended 30 June 2014

	Short term benefits		Post Employment Benefits^	Share Based Payments Options#	Total~
	Salary & Fees	Termination Benefits			
	\$	\$			
Non Executive Directors					
P Sarantzouklis	9,487	—	4,689	109,043 ¹	123,219
J C Jooste-Jacobs	33,816	—	—	128,848 ²	162,664
S B Hunt	18,803	—	—	93,082 ³	111,885
F Poullas*	13,750	—	5,053	92,708 ⁴	111,511
Key management personnel					
R J Chittenden	260,000	—	24,050	—	284,050
	335,856	—	33,792	423,681	793,329

* Fees paid to related entities.

^ Includes superannuation and movements in employee entitlements.

Share based payments consist of shares, options and rights issued.

~ Other than where indicated, no remuneration was performance based.

1 Represents \$16,575 options, \$45,260 Rights, \$30,888 shares and \$16,320 shares to be issued

2 Represents \$45,260 Rights, \$61,777 shares and \$21,811 shares to be issued

3 Represents \$45,260 Rights, \$33,977 shares and \$13,844 shares to be issued

4 Represents \$45,260 Rights, \$33,977 shares and \$13,471 shares to be issued

Table 3: Remuneration for the year ended 30 June 2014

	Short term benefits		Post Employment Benefits^	Share Based Payments Options#	Total~
	Salary & Fees	Termination Benefits			
	\$	\$			
Non Executive Directors					
J C Jooste-Jacobs	109,000	—	—	827 ⁵	109,827
S B Hunt	59,950	—	—	820 ⁶	60,770
F Poullas*	55,000	—	4,950	820 ⁷	60,770
Executive Directors					
A R Clayton (resigned)*	147,925	63,625 ⁸	—	22,007 ⁹	233,557
Key management personnel					
R J Chittenden	260,000	—	23,400	30,314 ¹⁰	313,714
S C Muller (resigned)	158,120	—	—	2 ¹¹	158,122
	789,995	63,625	28,350	54,790	936,760

5 Represents an incremental change in value following a reduction in the exercise price (refer note 25 for details) and amounts to 0.7% of total remuneration paid to J C Jooste-Jacobs

6 Represents an incremental change in value following a reduction in the exercise price (refer note 25 for details) and amounts to 0.13% of total remuneration paid to S B Hunt

7 Represents an incremental change in value following a reduction in the exercise price (refer note 25 for details) and amounts to 0.13% of total remuneration paid to F Poullas

8 Being \$63,625 payment in lieu of notice

9 Represents 9.3% of total remuneration paid to A R Clayton resigned on 14 February 2013 and the value ascribed to 3 million options that vested was expensed while the value ascribed to 1 million options that were forfeited was expensed and credited as prescribed by AASB 2.

10 Represents 9.5% of total remuneration paid to R J Chittenden

11 Represents an incremental change in value following a reduction in the exercise price (refer note 25 for details) and amounts to an immaterial percentage of total remuneration paid to S C Muller

DIRECTORS' REPORT CONTINUED

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2014	2013	2014	2013	2014	2013
<i>Non-Executive Directors:</i>						
P Sarantzouklis	77,959	–	45,260	–	–	–
J C Jooste-Jacobs	117,404	109,827	45,260	–	–	–
S B Hunt	66,624	60,770	45,260	–	–	–
F Poullas*	66,251	60,770	45,260	–	–	–
Key management personnel						
R J Chittenden	284,050	313,714	–	–	–	–

No bonuses were paid during the current or preceding year.

Compensation options granted and vested

During the financial year, the following share-based payments were awarded, vested or lapsed:

Table 1: Options

Options Issued	Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Exercise Price \$
Mar-11	28-Mar-11	28-Mar-14	0.1654	250,000*	0.4761
Mar-11	28-Mar-11	28-Mar-14	0.1557	250,000*	0.5763
Mar-12	16-Mar-12	27-Feb-14	0.1600	250,000*	0.4700
Mar-12	16-Mar-12	27-Feb-14	0.1490	250,000*	0.5700
Sep-13	03-Sep-13	03-Sep-16	0.0127	750,000	0.1000
Sep-13	03-Sep-13	03-Sep-16	0.0094	750,000	0.1500
Nov-13	17-Nov-13	17-Nov-16	0.0327	500,000*	0.1800
Mar-14	31-Mar-14	31-Mar-17	0.0762	500,000*	0.2900
May-14	23-May-14	31-May-17	0.0518	300,000*	0.2000

*Non Director or KMP Options.

Table 2: Rights

Rights Issued	Grant Date	Expiry Date	Grant Date Fair Value \$	Number	Exercise Price \$
Sep-13	03-Sep-13	28-Feb-14	0.0400	2,000,000	0
Sep-13	03-Sep-13	31-Mar-14	0.0400	2,000,000	0
Sep-13	03-Sep-13	30-Jun-14	0.0250	2,000,000	0
Sep-13	03-Sep-13	31-Dec-14	0.0400	2,000,000	0
Sep-13	03-Sep-13	31-Dec-14	0.0375	2,000,000	0
Sep-13	03-Sep-13	31-Mar-15	0.0250	2,000,000	0
Sep-13	03-Sep-13	31-Dec-15	0.0125	2,000,000	0

Table 3: Shares

Shares Issued	Grant Date and Vesting Date	Grant Date Fair Value #	Number
Dec-13	31-Dec-13	0.1680	546,265
Mar-14	31-Mar-14	0.1378	499,616

DIRECTORS' REPORT CONTINUED

The following table summarises the value of options granted, exercised or lapsed during the financial year to directors and other key management personnel:

Name	Value of options granted at grant date	Value of options exercised at the exercise date	Value of options lapsed at the date of lapse
P Sarantzouklis	16,575	—	—
J C Jooste-Jacobs	—	—	—
S B Hunt	—	—	—
F Poullas	—	—	—
R J Chittenden	—	—	—

The following table summarises the value of rights granted, exercised or lapsed during the financial year to directors and other key management personnel:

Name	Value of rights granted at grant date	Value of rights exercised at the exercise date	Value of rights lapsed at the date of lapse ¹
P Sarantzouklis	85,260	—	(40,000)
J C Jooste-Jacobs	85,260	—	(40,000)
S B Hunt	85,260	—	(40,000)
F Poullas	85,260	—	(40,000)
R J Chittenden	—	—	—

1 The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition has been satisfied.

Shares Issued on exercise of rights (consolidated)

During the financial year, no shares were issued upon exercise of rights.

ADDITIONAL INFORMATION

The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2014 \$	2013 \$	2012 \$	2011 \$	2010 \$
Income	64,020	659,266	1,194,028	386,154	245,321
EBITDA	(5,075,705)	(4,768,580)	(11,594,887)	(10,855,503)	(9,991,023)
EBIT	(5,177,375)	(4,912,052)	(11,757,166)	(11,103,212)	(10,229,889)
Profit after income tax	(5,177,375)	(4,912,364)	(11,757,348)	(11,103,431)	(10,230,585)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2014	2013	2012	2011	2010
Share price at financial year end (\$)	0.16	0.049	0.14	0.38	0.16
Total dividends declared (cents per share)	—	—	—	—	—
Basic loss per share (cents per share)	1.98	2.32	6.27	7.41	9.97

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL*Shareholding*

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
P Sarantzouklis	2,500,000 ¹²	201,131	–	–	2,701,131
J C Jooste-Jacobs	1,812,857	402,262	500,000	–	2,715,119
S B Hunt	1,292,857	221,244	267,714	–	1,781,815
F Poullas	4,775,000	221,244	289,905	–	5,286,149
R J Chittenden	100,167	–	800,000	–	900,167
	10,480,881	1,045,881	1,857,619	–	13,384,381

Option holding

The number options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Additions	Exercised/ Lapsed	Balance at the end of the year
<i>Options over ordinary shares</i>					
P Sarantzouklis	2,500,000 ¹⁴	1,500,000	–	–	4,000,000
J C Jooste-Jacobs	2,812,857	–	–	–	2,812,857
S B Hunt	1,850,000	–	–	–	1,850,000
F Poullas	5,220,000	–	1,320,500	–	6,540,500
R J Chittenden	2,100,167	–	–	–	2,100,167
	14,483,024	1,500,000	1,320,500	–	17,303,524

Right holding

The number of rights to shares in the Company tied to seven tranches of performance hurdles held during the financial year by each director is set out below:

	Balance at the start of the year	Granted	Exercised/ Lapsed*	Balance at the end of the year*
<i>Rights over ordinary shares</i>				
P Sarantzouklis	–	3,500,000	(1,000,000)	2,500,000
J C Jooste-Jacobs	–	3,500,000	(1,000,000)	2,500,000
S B Hunt	–	3,500,000	(1,000,000)	2,500,000
F Poullas	–	3,500,000	(1,000,000)	2,500,000
R J Chittenden	–	–	–	–
	–	14,000,000	(4,000,000)	10,000,000

*An additional tranche of Rights (500,000 per director) expired 1 July 2014 (and is noted as a subsequent event), thereby reducing the balance held by each director to 2,000,000 and bringing the total Rights on issue to 8,000,000.

12 Number of shares held by P Sarantzouklis prior to joining Uranex's board.

14 Number of options held by P Sarantzouklis prior to joining Uranex's board.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the consolidated accounts, by reason of a contract entered into by the Company or an entity that the Company controlled or a body corporate that was related to the Company when the contract was made or when the Director received, or became entitled to receive, the benefit with:

- a Director, or
- a firm of which a Director is a member, or
- an entity in which a Director has substantial financial interest except the usual professional fees for their services paid by the Company to:

a) Strong Solutions Pty Ltd, being a company in which F Poullas is beneficially interested;

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of	Aggregate Amount 2014	2013
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a director of Uranex Limited	Consulting fees and PP&E purchases	Normal commercial terms	65,413	19,436
Pandora Services Limited	A R Clayton was a director of Pandora and Uranex Limited	Rent	Normal commercial terms	–	8,375

2013 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members (91%) at the 2013 Annual General Meeting.

This concludes the remuneration report, which has been audited

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option as at 30 June 2014 in Uranex Limited are:

Number of Ordinary Shares under Option	Class of Shares	Exercise Price of option	Expiry Date of option	Number of Holders
1,500,000	Ordinary	0.175	19-Nov-15	3
1,750,000	Ordinary	0.815	26-Aug-14	3
1,750,000	Ordinary	0.605	26-Aug-14	3
150,000	Ordinary	0.515	11-Jul-14	1
100,000	Ordinary	0.425	11-Jul-14	1
250,000	Ordinary	0.485	11-Jul-14	1
250,000	Ordinary	0.585	11-Jul-14	1
750,000	Ordinary	0.100	14-Jun-16	1
750,000	Ordinary	0.150	14-Jun-16	1
750,000	Ordinary	0.100	3-Sep-16	1
750,000	Ordinary	0.150	3-Sep-16	1
2,000,000	Ordinary	Nil	30-Jun-14	4
4,000,000	Ordinary	Nil	31-Dec-14	4
2,000,000	Ordinary	Nil	31-Mar-15	4
2,000,000	Ordinary	Nil	31-Dec-15	4
500,000	Ordinary	0.180	17-Nov-16	4
300,000	Ordinary	0.200	31-May-17	1
500,000	Ordinary	0.290	31-Mar-17	1
211,399,544	Ordinary	0.100	31-May-14	N/A~

DIRECTORS' REPORT CONTINUED

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme. No voting rights attached to the options.

Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option is 106,162 (2013: NIL).

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and executive officers for any breach of laws by the Company for which they may be held personally liable. The agreement provides for the Company to pay liabilities or legal expenses to the extent permitted by law.

During or since the financial year, the Company has paid premiums insuring all the Directors of Uranex Limited against costs incurred in defending proceedings for conduct other than:

- (a) a wilful breach of duty;
- (b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy.

INDEMNIFICATION AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below:

- Taxation compliance services –Tanzania \$6,755.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

Signed in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



J C Jooste-Jacobs
Non-Executive Director
Sydney, 20 August 2014

COMPETENT PERSONS STATEMENT

All information with respect to geology, assay results, results interpretation or resource statements of the Nachu tenement has been extracted from ASX announcements made by the Company in 2013 and 2014 as listed below, and which are available to view at www.uranex.com.au. The Company confirms that it is not aware of any new information or data subsequent to those announcements that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially altered.

Previous ASX announcements: 19 February 2013; New Coal Discovery in Tanzania (S Muller, former Exploration Manager Uranex Ltd); 21 March 2013; New Graphite Mineralisation Discovered in SE Tanzania (L Matthews, Badger Mining and Consulting Ltd); 7 June 2013; Nachu Project – High Grade Graphite Results. (J Erasmus, Badger Mining and Consulting Ltd); 24 June 2013: Nachu Project – Graphite Exploration Update. (J Erasmus, Badger Mining and Consulting Ltd); ASX announcement 6 November 2013, EM survey extends strong conductor zones by 49% (J. Erasmus, Badger Mining and Consulting Ltd); ASX announcement 30 January 2014, High grade Graphite intersected at Nachu Project, (J. Erasmus, Badger Mining and Consulting Ltd). ASX announcement 8 April 2014, Completion of Exploration Target on Nachu Graphite Project, (R. Webster, AMC Consultants and J. Erasmus, Badger Mining and Consulting Ltd); ASX announcement 15 April 2014, Significant Initial Metallurgy results at Nachu Graphite, (J. Erasmus, Badger Mining and Consulting Ltd)

CSA Global and is acting as an independent technical consultant to the Company. Mr Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Titley consents to the inclusion of the data in the form and context in which it appears.

The work reported herein relating to the Thatcher Soak Project was undertaken by Peter Gleeson, MAIG, who is a full-time employee of SRK Consulting. Peter Gleeson is a Competent Person as defined by the 2004 JORC Code, and takes responsibility for all components of the Thatcher Soak Mineral Resource Estimate, including the assessment of data quality, the geological model, and the geostatistical estimation. He has more than five years experience relevant to the style of mineralisation and type of deposit described in the Report and is a Member of the Australian Institute of Geoscientists.

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration to the Directors of Uranex Limited

In relation to our audit of the financial report of Uranex Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Matthew A. Honey
Partner
20 August 2014

CORPORATE GOVERNANCE STATEMENT

The Company's Board of Directors ('Board') is responsible for the overall corporate governance of the Company and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its corporate governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation, the Company has, subject to the exceptions set out below, had regard to the eight principles set out in the ASX Corporate Governance Council's booklet 'Corporate Governance Principles and Recommendations' (2nd Edition) ('ASX Principles').

THE BOARD OF DIRECTORS

The Board is responsible for the corporate governance of the Company. The Board has developed strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholder value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board commits to the following responsibilities:

- to review the corporate, commercial and financial performance of the Company on a regular basis;
- to act on behalf of, and be accountable to, the shareholders;
- to identify business risks and implement actions to manage those risks; and
- to develop and implement management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate their participation in Board discussions on a fully informed basis.

The role and functions of the Board as set out above is consistent with ASX Principle 1.

COMPOSITION OF THE BOARD

Election of Board Members is substantially at the behest of the shareholders in general meetings. However, subject thereto, the Company commits to the following principles:

- that the Board should comprise directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- that the principal criterion for the appointment of new directors should be their ability to add value to the Company and its business.

The Company does not have a formal Nomination Committee as recommended by ASX Principle 2.4. However, the whole Board will meet to consider additional appointments.

The Board now consists of four Non-Executive Directors. A majority of the Board are independent Directors thereby complying with Principle 2.1. The consents in writing of each director are on file and all Directors have made the necessary disclosures concerning potential conflicts of interest. Details of each Director are set out in the Directors' Report.

The Non-Executive Chairman, P Sarantzouklis, is an independent Chairman thus complying with principle 2.2.

Subject to the Chairman's prior approval (not to be unreasonably withheld) Directors, at the Company's expense, may obtain professional advice on issues arising in the course of their duties.

TRADING POLICY

The Company's Trading Policy concerns trading in the Company's listed securities by relevant persons including Directors, Employees and their associates. These persons are precluded from trading in the Company's listed securities within 2 weeks prior to the issue to the ASX of statutory financial and quarterly exploration reports and also must not deal in any Company securities at any time whilst in possession of unpublished price sensitive information unless clearance is given by specified Company officers pursuant to the Trading Policy.

REMUNERATION POLICIES

The Board appointed a separately constituted Remuneration Committee comprising of three Non-Executive Directors, consistent with ASX Principle 8. The members of the Remuneration Committee throughout the year were: S B Hunt (Chairman), J C Jooste-Jacobs and F Poullas.

The Remuneration Committee advises the Board on remuneration and incentive policies and practices. It makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other Senior Executives and Non-Executive directors.

Any increase in the maximum remuneration of Non-Executive Directors is the subject of shareholder resolution in accordance with the Company's constitution, the Corporations Act and the ASX Listing Rules, as applicable. The apportionment of Non-Executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or undertake special duties on behalf of the Company.

EXTERNAL AUDIT

The Members at general meetings are responsible for the appointment of the external auditors of the Company. The Board from time to time will review the scope, performance and fees of the external auditors. Consistent with ASX Principle 6, the auditors are invited to attend and answer questions at the Company's Annual General Meeting.

AUDIT COMMITTEE

The Company has a separately constituted Audit Committee. The members of the Audit Committee during the year were: J C Jooste-Jacobs (appointed Chairman 4 June 2014), F Poullas (previous Chairman), and S B Hunt.

The main responsibilities of the Audit Committee are to:

- review and report to the Board on the periodic reports and financial statements;
- provide assurance to the Board that it is receiving adequate, timely and reliable information;
- assist the Board in reviewing effectiveness of the group's internal control environment covering:
 - compliance with applicable laws and regulations
 - reliability of financial reporting; and
- liaise with the external auditors and ensure that the annual audit and half-year review are conducted in an efficient manner.

The Audit Committee reviews the performance of the external auditors on an annual basis. A representative of the committee meets with them during the year to discuss the external audit plan, any significant problems that may arise, and to review the fees proposed for the audit work to be performed.

Any written matters raised by the auditors are discussed and dealt with at full board meetings. The auditors, by request, may attend audit committee meetings and board meetings to discuss any matter that they believe warrants attention by the Board. The auditors also attend shareholder meetings of the Group.

The Audit Committee structure was consistent with ASX Principle 4 during the financial year.

SUSTAINABILITY COMMITTEE

The Sustainability Committee members comprised F Poullas (Chairman), S I Lawley (Sustainability Manager) and R J Chittenden (CEO).

The main responsibility of the Sustainability Committee is to be satisfied that effective measures, systems and controls are in place in relation to:

- Environmental, community, occupational health and safety, radiation protection and other sustainability issues that have material strategic and business implications.
- Significant safety, health and environmental incidents; and
- Reporting by Uranex should accord with the Global Reporting Initiative guidelines.

CONTINUOUS DISCLOSURE POLICY

The Company has a continuous disclosure policy dealing with the timely disclosure of price sensitive information including announcements to the ASX, conduct of investor and analyst briefings and media communications.

The Company's continuous disclosure policy is consistent with ASX Principle 5.

IDENTIFICATION AND MANAGEMENT OF RISK

The Director's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at board meetings.

Determined areas of risk that are regularly considered at board meetings or reported on monthly include:

- performance and funding of exploration activities;
- budget control and asset protection;
- status of mineral tenements;
- sovereign risk and native title considerations; and
- continuous disclosure obligations.

The Company's practice is consistent with ASX Principle 7.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and Financial Controller, who is performing a Chief Financial Officer function in relation to the Company for the purposes of section 295A(6) of the Corporations Act, have each provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal compliance and control assurance from the Chief Executive Officer and (Financial Controller who is performing the function of the) Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

DIVERSITY

The Company recognises the value contributed by employing people with varying skills, cultural backgrounds, ethnicity and experience and believes its diverse workforce is the key to its continued growth, improved productivity and performance.

We actively value and embrace the diversity of our employees and are committed to creating an inclusive workplace where everyone is treated equally and fairly and where discrimination, harassment and inequity are not tolerated. Uranex is committed to fostering diversity at all levels.

The Company's gender diversification targets were not met during the year owing to unfavourable fiscal circumstances for our industry that resulted in a significant reduction of our workforce numbers which precluded any new employment opportunities.

ETHICAL STANDARDS AND CODE OF CONDUCT

The Board is committed to the establishment of a code of conduct and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

The Board's code of conduct is consistent with ASX Principles 3 and 7.

SHAREHOLDER COMMUNICATION

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

- the internet web site: www.uranex.com.au
- the Annual Report is distributed to eligible shareholders. The Board ensures that the Annual Report includes relevant information about the operations of the group during the year, changes in the state of affairs of the group and details of future developments, in addition to other disclosures required by Corporations Act 2001;
- quarterly reports and half-yearly financial statements are lodged with the ASX and copies are sent to any shareholder upon request;
- any proposed major changes in the group which may impact on the share ownership rights would be submitted to a vote of shareholders; and
- the Board ensures that the continuous disclosure requirements of the ASX are fully complied with, ensuring that shareholders are kept informed on significant events affecting the group.

The Board's respect of the rights of shareholders is consistent with ASX Principle 6.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

The table below summarises the Company's compliance with ASX Corporate Governance Council published guidelines and recommendations.

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Complies	Corporate governance policy disclosed on page 25.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Complies	Disclosed in Remuneration Report on pages 14 – 21.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Complies	Disclosed in Remuneration Report. The Performance evaluation of senior executives has taken place during the reporting period.
Principle 2:	Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	Complies	P Sarantzouklis is an independent, Non-executive Chairman. J C Jooste-Jacobs is an independent, Non-executive Director. S B Hunt is an independent, Non-executive Director. F Poullas is an independent, Non-Executive director.
2.2	The Chairman should be an independent director.	Complies	The Chairman (P Sarantzouklis) is independent.
2.3	The roles of Chairman and Chief Executive Officer should not be exercised by the same individual.	Complies	Annual report page 4.

CORPORATE GOVERNANCE STATEMENT CONTINUED

2.4	The Board should establish a Nomination Committee.	Does not comply	The Company does not have a formal Nomination Committee. The Board meets to consider any appointments.
2.5	Companies should disclose the process for evaluating the performance of the Board, its committee and individual Directors.	Complies	Disclosed in notes to Annual Report.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Complies	Disclosed in notes to Annual Report.
Principle 3: Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the Company's integrity the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	Complies	Corporate governance page 25 and as disclosed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both objectives and progress in achieving them.	Does not comply	The Company has established a policy but not measurable objectives as the Group already engage a diverse range of personnel, including females.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply	The Group's personnel are diverse so no objective required. New positions are filled on merit.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Complies	Corporate governance section page 27.
3.5	Companies should provide the information indicated in the guide to reporting on Principle 3.3.	Complies	Corporate governance section page 27.
Principle 4: Safeguard integrity in financial reporting			
4.1	The Board should establish an Audit Committee.	Complies	Corporate governance section page 26.
4.2	The Audit Committee should be structured so that it: <ul style="list-style-type: none"> consists only of Non-Executive Directors consists of a majority of independent Directors is chaired by an independent chair, who is not chair of the Board has at least three members 	Complies	The Audit Committee comprises three Non-Executive Directors.
4.3	The Audit Committee should have a formal charter.	Complies	Disclosed on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Complies	Disclosed on the Company's website.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 5: Make timely and balanced disclosure

5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies	Corporate governance section page 27.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Complies	Disclosed on the Company's website.

Principle 6: Respect the rights of shareholders

6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Complies	Corporate governance section page 28.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Complies	Corporate governance section page 28.

Principle 7: Recognise and manage risk

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Complies	Corporate governance section page 27.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Complies	Corporate governance page 27 and as disclosed on the Company's website.
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies	Disclosed in Annual Report (Directors' Declaration).
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Complies	Corporate governance section page 27.

Principle 8: Remunerate fairly and responsibly

8.1	The Board should establish a Remuneration Committee.	Complies	Disclosed in notes to Annual Report and corporate governance section page 26.
8.2	Companies should clearly distinguish the structure of Non-Executive Directors remuneration from that of Executive Directors and senior executives.	Complies	Disclosed in notes to Annual Report on page 26.
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Complies	Disclosed in notes to Annual Report on page 26.
8.4	Companies should provide the information indicated in the guide to reporting in Principle 8.	Complies	Disclosed in notes to Annual Report on pages 14 - 21.

FINANCIAL STATEMENTS

GENERAL INFORMATION

The financial statements cover Uranex Limited as a consolidated entity consisting Uranex Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Uranex Limited's functional and presentation currency.

Uranex Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 915, 301 George Street,
SYDNEY, NSW, AUSTRALIA, 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2014. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	Consolidated 2013 \$
Income			
Interest received		37,120	128,040
Rent received		26,495	221,117
Net foreign exchange gains		–	259,128
Gain on sale of plant and equipment		405	28,254
Joint venture fee received		–	22,727
Total income		64,020	659,266
Expenditure			
Audit fees		153,665	181,133
Consulting fees		9,657	127,852
Depreciation		101,670	143,472
Directors fees		311,664	440,450
Employee share remuneration		267,606	54,805
Exploration expenditure		2,246,432	2,840,295
Insurance		28,211	75,865
Interest paid		155	312
Legal expenses		42,311	47,011
Foreign exchange loss		305,756	–
Onerous Lease		187,080	–
Rental expenses		104,277	145,847
Salaries and wages		761,043	593,224
Staff procurement		355	13,500
Superannuation		89,031	84,394
Taxes and duties		114,927	91,109
Travel costs		108,634	104,614
Other expenses		408,921	627,747
Total expenditure		5,241,395	5,571,630
(Loss) before income tax expense		(5,177,375)	(4,912,364)
Income tax expense	5	–	–
Net (loss) for the year		(5,177,375)	(4,912,364)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to comprehensive income			
Foreign currency translation		243,446	52,283
Other comprehensive income / (loss) for the year, net of tax		243,446	52,283
Total comprehensive income / (loss) for the year, net of tax		(4,933,929)	(4,860,081)
Basic loss per share (cents per share)	20	1.98	2.32
Diluted loss per share (cents per share)	20	1.98	2.32

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014 \$	Consolidated 2013 \$
Current assets			
Cash and cash equivalents	6, 15(b)	4,652,346	2,012,436
Trade and other receivables	7	1,422,811	1,675,266
Total current assets		6,075,157	3,687,702
Non current assets			
Other receivables	8	86,385	239,621
Property, plant & equipment	9	105,647	203,021
Total non current assets		192,032	442,642
Total assets		6,267,189	4,130,344
Current liabilities			
Trade and other payables	10(a)	1,023,073	1,478,123
Provisions	11	172,196	78,148
Total current liabilities		1,195,269	1,556,271
Non current liabilities			
Other payables	10(b)	–	6,821
Provisions	11	155,519	74,593
Total non current liabilities		155,519	81,414
Total liabilities		1,350,788	1,637,685
Net assets		4,916,401	2,492,659
Equity			
Contributed equity	12(a)	62,705,970	55,615,905
Reserves	14	5,366,738	4,855,686
Accumulated Profits/(Losses)		(63,156,307)	(57,978,932)
Total equity		4,916,401	2,492,659

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2014

	Issued Capital \$	Options \$	Share Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated (Losses) \$	Total Equity \$
At 1 July 2013	53,920,623	1,695,282	1,069,973	3,785,713	(57,978,932)	2,492,659
Loss for the period	–	–	–	–	(5,177,375)	(5,177,375)
Other comprehensive income/(loss)	–	–	–	243,446	–	243,446
Total comprehensive income/(loss) for the year	–	–	–	243,446	(5,177,375)	(4,933,929)
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs	6,810,424	–	–	–	–	6,810,424
Options issued / exercised	–	279,641	–	–	–	279,641
Share based payments	–	–	267,606	–	–	267,606
At 30 June 2014	60,731,047	1,974,923	1,337,579	4,029,159	(63,156,307)	4,916,401

	Issued Capital \$	Options \$	Share Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated (Losses) \$	Total Equity \$
At 1 July 2012	53,920,623		1,909,118	3,733,430	(53,960,518)	5,602,653
Loss for the period	–	–	–	–	(4,912,364)	(4,912,364)
Other comprehensive income/(loss)	–	–	–	52,283	–	52,283
Total comprehensive income/(loss) for the year	–	–	–	52,283	(4,912,364)	(4,860,081)
Transactions with owners in their capacity as owners						
Options issue	–	1,834,354	–	–	–	1,834,354
Share-based payments reclassified	–	–	(893,950)	–	893,950	–
Option issue transaction costs	–	(139,072)	–	–	–	(139,072)
Incremental value of share based payments	–	–	2,498	–	–	2,498
Share based payments	–	–	52,307	–	–	52,307
At 30 June 2013	53,920,623	1,695,282	1,069,973	3,785,713	(57,978,932)	2,492,659

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	Consolidated 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(2,009,931)	(2,637,395)
Payment of exploration expenditure		(2,456,059)	(4,513,331)
Rent received		–	221,117
Interest received		39,782	149,559
Grant received		–	231,002
Joint venture fee received		–	22,727
Net cash from/(used in) operating activities	15(a)	(4,426,208)	(6,526,321)
Cash flows from investing activities			
Acquisition of property, plant & equipment		(17,191)	(6,887)
Proceeds from sale of property, plant and equipment		1,032	34,339
Receipt of non-refundable deposit		–	–
Payment of security bond		–	(6,463)
Receipt of security bond		–	–
Net cash flows (used in) investing activities		(16,159)	20,989
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		7,172,298	1,706,854
Proceeds from options to be issued		279,641	127,500
Capital raising expenses		(361,874)	(139,072)
Net cash flows from /(used in) financing activities		7,090,065	1,695,282
Net increase/(decrease) in cash and cash equivalents		2,647,698	(4,810,050)
Net foreign exchange differences		(7,788)	8,874
Add opening cash and cash equivalents		2,012,436	6,813,612
Closing cash and cash equivalents	15(b)	4,652,346	2,012,436

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the consolidated group of Uranex Limited and controlled entities ("the Group"). Uranex Limited is a company, limited by shares, incorporated in Australia whose shares are publicly traded on Australian Securities Exchange ("ASX").

The following is a summary of the material accounting policies adopted by the consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial report is a general purpose financial report for a 'for-profit' entity that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis under the historical cost convention, as modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial report is prepared in Australian dollars.

Going concern

The Group is involved in the exploration and evaluation of mineral tenements. Further expenditure will be required upon these tenements to ascertain whether they contain economically recoverable reserves.

For the year ended 30 June 2014 the Group reported a net loss of \$5,177,375 (2013: \$4,912,364) and net operating cash outflows of \$4,426,208 (2013: \$6,526,321). The operating cash outflows have been funded by cash inflows from equity raisings of \$7,451,939 (2013: \$1,834,354) during the year. As at 30 June 2014 the Group had net current assets of \$ 4,879,888 (2013: \$2,131,431) including cash reserves of \$4,652,346 (2013: \$2,012,436).

The balance of these cash reserves may not be sufficient to meet the Group's planned expenditure budget, including exploration activities, and operating and administrative expenditure, for the 12 months to 30 June 2015. The Group has exploration commitments over the next 12 months totalling \$760,052 and additional planned expenditure. In order to fully implement its exploration strategy the Group will require additional funds.

Notwithstanding the above, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

To continue as a going concern, the Group requires additional funding to be secured from sources including but not limited to:

- The successful completion of the sale of the uranium assets;
- A further equity capital raising including the exercise of options;
- The potential farm out of participating interests in the Group's tenements; and / or
- The generation of sufficient funds from operating activities including the successful development of the existing tenements.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group's ability to effectively manage their expenditures and cash flows from operations and the opportunity to farm out participating interests in existing permits, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is significant uncertainty whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

Compliance with IFRS

The financial report of the Group complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

New accounting standards and interpretations

(i) Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year. The group has adopted the following standards and interpretations from 1 July 2013:

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments
The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

The adoption of these standards have had no impact on the accounting policies of the Group.

(ii) New Accounting Standards and Interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2014, but have not been applied in preparing this financial report. No accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are those of the consolidated entity, comprising Uranex Limited (the parent entity), special purpose entities and all entities which Uranex Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee

A list of controlled entities and special purpose entities is contained in note 24.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree, the equity issued by the acquirer and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. This method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

SEGMENT REPORTING

An operating segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is provided on plant and equipment, motor vehicles, office equipment, furniture and fittings, and is calculated on a straight line basis, commencing from the time the asset is first used, so as to write off the net costs of each asset over the expected useful life. The following useful lives are used in the calculation of depreciation;

- Plant & equipment 2 to 5 years
- Vehicles 2 to 5 years
- Office equipment, furniture & fittings 2 to 20 years

Both asset residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

IMPAIRMENT OF ASSETS

At each reporting date, the Group reviews the carrying values of its property, plant & equipment assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

EXPLORATION AND EVALUATION COSTS

Exploration and evaluation expenditure is expensed directly to profit and loss when incurred.

OPERATING LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use a specific asset or assets and the arrangement conveys a right to use the asset.

Leases under which the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

INCOME TAX

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of financial position.

Deferred tax assets and deferred tax liabilities are offset only where a legally enforceable right of set off exists and the deferred tax assets and liabilities relate to the same taxable entity.

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

GOODS AND SERVICES TAX (GST AND/OR VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

Withholding tax and other indirect taxes are incurred on amounts of VAT recoverable from, or payable to, the taxation authority.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Financial statements of foreign operations

The financial results and position of foreign operations whose functional currency is not Australian dollars, the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in other comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are uncollectible are written off when identified. An impairment provision is recognised where there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated cash flows, discounted at the original effective interest rate.

ACCOUNTS PAYABLE

Trade and other payables are recognised when the Group becomes obliged to make further payments resulting from the purchase of goods and services and are measured at amortised cost using the effective interest method, less any impairment losses.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave when it is probable that settlement will be required.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled including related on-costs, such as workers compensation and payroll tax. Non accumulating non monetary benefits, such as medical care, cars or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

DEFINED CONTRIBUTION SUPERANNUATION FUNDS

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

SHARE BASED PAYMENT TRANSACTIONS

The Group provides benefits to employees (including directors) of, and consultants to, the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ('equity-settled transactions').

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options and performance rights with market based performance criteria is determined by an external valuer using a binomial option pricing model. The fair value of performance plan rights with non-market performance criteria is determined by reference to the Company's share price at date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the recipient becomes fully entitled to the award ('vesting date').

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors, based on the best available information at reporting date will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in determination of fair value at grant date. The charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period. Where awards vest immediately, the expense is also recognised in profit or loss.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

REVENUE RECOGNITION

Interest revenue is recognised as interest accrues using the effective interest method.

Rental revenue is accounted for on a straight line basis over the lease term. Contingent rental revenue is recognised as income in the periods in which it is earned.

Revenue from the disposal of assets is recognised when the Group has passed control of the asset to the buyer.

GOVERNMENT GRANTS

Government grants for research and development incurred during the financial year ended are recognised as revenue when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

EARNINGS PER SHARE (EPS)

Basic earnings per share

Basic EPS is calculated as the profit (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

CASH AND CASH EQUIVALENTS

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Where applicable, bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

INVESTMENTS (HELD TO MATURITY)

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as term deposits, are subsequently measured at amortised cost.

JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment

JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Financial Assets

Initial recognition and measurement

Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Initial recognition and measurement

The Group's financial assets include cash and short-term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlated with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributed transaction costs. The Group's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, described as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using a binomial option pricing model that uses the assumptions detailed in note 19(e).

Indirect tax receivables and liabilities

The Group is subject to indirect taxes in Australia and the jurisdiction where it has foreign operations. Significant judgement is required in determining the amounts recorded as receivables for recovery of such taxes and payables for payment of such taxes. The Group is subject to an audit by a tax authority in a jurisdiction in which it operates. The tax authority is disputing the quantum of goods and services tax receivable and withholding taxes payable. Discussions with the relevant tax authority are ongoing. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The Group has adequately recorded receivables and payables for the amounts it believes will ultimately be payable. Where the final outcome of any matters is different from amounts recorded, such differences will impact the indirect tax receivables or provision in the period in which such determination is made.

3. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the exploration expenditure is allocated to the geographical region. Discrete financial information about each of these operating segments is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the exploration expenditure, as these are the source of the Group's major risks.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are per note 1 of the accounts. To avoid asymmetrical allocation within segments which management believe would be inconsistent policy is that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments.

	2014 Profit/(loss) before tax \$	2014 Segment revenue \$	2013 Profit/(loss) before tax \$	2013 Segment revenue \$
Segment results and revenues				
Segments				
Australia	(5,052,650)	108,609	(5,862,959)	503,422
East Africa	(4,240,999)	411	(2,696,193)	275,844
Inter-segment elimination	4,116,274	(45,000)	3,646,788	(120,000)
Consolidated	(5,177,375)	64,020	(4,912,364)	659,266
	2014 Segment assets \$	2014 Segment liabilities \$	2013 Segment assets \$	2013 Segment liabilities \$
Segment assets and liabilities				
Segments				
Australia	4,694,465	611,334	2,282,711	485,044
East Africa	1,572,815	36,127,976	1,847,635	33,548,651
Inter-segment elimination	(91)	(35,388,522)	(2)	(32,396,010)
Consolidated	6,267,189	1,350,788	4,130,344	1,637,685

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

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

5. INCOME TAX

	2014 \$	Consolidated 2013 \$
Current income tax		
Current income tax credit/(expense)	1,369,191	1,789,186
Tax losses not recognised as not probable	(1,246,907)	(1,583,029)
	122,284	206,157
Deferred income tax		
Relating to origination and reversal of temporary differences	(122,284)	(206,157)
Tax losses brought to account to offset net deferred tax liability	–	–
	–	–
Income tax credit/(expense) reported in the Statement of Comprehensive Income	–	–
a) Statement of Changes in Equity		
Deferred income tax related to items charged or credited directly to equity		
Share issue costs	83,372	(52,180)
Deferred tax offset	(83,372)	52,180
Income tax benefit reported in Equity	–	–
b) Tax Reconciliation		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (loss) before tax	(5,177,375)	(4,912,364)
At the Group's statutory 30% tax rate (2013: 30%)	1,553,213	1,473,709
Share based payment expense	(150,004)	(7,352)
Non-deductible expenses	(261,833)	(1,520)
Deductible option issue costs	105,532	118,192
Tax losses not brought to account	(1,246,907)	(1,583,029)
Income tax (expense) reported in the Statement of Comprehensive Income	–	–

	Consolidated statement of Financial Position 2014 \$	2014 \$	Consolidated Income Statement 2013 \$	2013 \$
c) Deferred Income Tax				
Deferred income tax at 30 June relates to the following::				
Prepayments	(74,232)	(75,223)	(991)	36,347
Interest receivable	(408)	(1,207)	(799)	6,456
Accruals	35,725	34,786	(939)	(237,909)
Provisions	84,070	45,822	(38,248)	18,765
Other	85,218	3,910	(81,308)	(29,816)
Share issue costs	197,500	114,128	–	–
Temporary differences not recognised as not probable	(327,872)	(122,216)	–	–
Net Deferred Tax Asset / (Liability)	–	–		
Deferred tax (expense)			(122,284)	(206,157)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The benefit of these losses and temporary differences will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the Group continues to comply with the condition of deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

At the reporting date, the Group has estimated tax losses of \$54,229,575 (2013: 50,073,217) available to offset against future taxable income subject to continuing to meet relevant statutory tests. To the extent that it does not offset a deferred tax liability, a deferred tax asset has not been recognised for these losses because it is not probable that future taxable income will be available to use against such losses.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2014 \$	Consolidated 2013 \$
Cash on hand	797	4,229
Cash at bank	1,636,549	1,534,135
Cash on deposit	3,015,000	474,072
	<u>4,652,346</u>	<u>2,012,436</u>

Reconciliation to cash and cash equivalents
at the end of the financial year

The above figures are reconciled to cash and
cash equivalents at the end of the financial year
as shown in the statement of cash flows as follows:

Balances as above	4,652,346	2,012,436
Balance as per statement of cash flows	<u>4,652,346</u>	<u>2,012,436</u>

7. TRADE AND OTHER RECEIVABLES

	2014 \$	Consolidated 2013 \$
Accrued interest	1,361	4,023
Goods and services tax recoverable	1,157,659	1,417,836
Prepayments and other receivables	263,791	253,407
	<u>1,422,811</u>	<u>1,675,266</u>

Trade and other receivables do not contain impaired assets, are not past due and are expected to be received when due.

8. NON CURRENT ASSETS - RECEIVABLES

	2014 \$	Consolidated 2013 \$
Bond	6,463	85,000
Security deposit	79,922	154,621
	<u>86,385</u>	<u>239,621</u>

The \$29,222 bank guarantee for office lease that Uranex has in Melbourne is due to be repaid by 30 June 2016. The \$50,000 bank guarantee for NAB overdraft facility and \$6,463 Bond Money for one of mining tenement are not collected until the finish of the bank overdraft facility contract and the mining exploration respectively. The effect of discounting is considered not to be material. This receivable is not past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. PROPERTY PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the year.

Consolidated

	Plant and Equipment \$	Office Equipment \$	Software \$	Office Furniture and Fittings \$	Office Improvements \$	Motor Vehicles \$	Total \$
Year ended 30 June 2014							
Balance at 1 July 2013 net of accumulated depreciation	163,431	28,220	559	7,948	2,863	–	203,021
Additions	–	15,232	717	–	–	1,242	17,191
Disposals	–	(627)	–	–	–	–	(627)
Currency translation differences	(13,814)	1,560	–	–	–	(14)	(12,268)
Depreciation charge for the year	(79,143)	(16,644)	(452)	(2,384)	(2,863)	(184)	(101,670)
Balance at 30 June 2014 net of accumulated depreciation	70,474	27,741	824	5,564	–	1,044	105,647
At 30 June 2014							
Cost	270,365	91,058	2,327	15,302	23,033	1,228	403,313
Accumulated depreciation and impairment	(199,891)	(63,317)	(1,503)	(9,738)	(23,033)	(184)	(297,666)
Net carrying amount	70,474	27,741	824	5,564	–	1,044	105,647
Year ended 30 June 2013							
Balance at 1 July 2012 net of accumulated depreciation	254,115	46,494	960	10,473	7,457	10,146	329,645
Additions	3,496	3,391	–	–	–	–	6,887
Disposals	–	(1,074)	–	–	–	(5,012)	(6,086)
Currency translation differences	15,472	683	–	–	–	(109)	16,046
Depreciation charge for the year	(109,652)	(21,274)	(401)	(2,525)	(4,594)	(5,025)	(143,471)
Balance at 30 June 2013 net of accumulated depreciation	163,431	28,220	559	7,948	2,863	–	203,021
At 30 June 2013							
Cost	345,092	74,893	1,610	15,302	23,033	–	459,930
Accumulated depreciation and impairment	(181,661)	(46,673)	(1,051)	(7,354)	(20,170)	–	(256,909)
Net carrying amount	163,431	28,220	559	7,948	2,863	–	203,021

10. TRADE AND OTHER PAYABLES

	2014 \$	Consolidated 2013 \$
a) Current		
Trade payables	16,562	95,850
Other payables and accruals	1,006,511	1,339,454
	1,023,073	1,435,304
Other payables and accruals	–	42,819
	1,023,073	1,478,123
b) Non Current		
Other payables	–	6,821
	–	6,821

11. PROVISIONS

	2014 \$	Consolidated 2013 \$
Current		
Provision for annual leave (a)	80,490	65,461
Provision for restructure (b)	–	12,687
Provision for onerous lease (c)	91,706	–
	172,196	78,148
Non-current		
Provision for long service leave (d)	12,664	25,910
Provision for make-good (e)	47,480	48,683
Provision for onerous lease (c)	95,375	–
	155,519	74,593

Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out as follows:

	Onerous Lease \$	Restructure Costs \$	Make-good Costs \$
At 1 July 2013	–	12,687	48,683
Additions/(utilised)	187,081	–12,687	–1,203
At 30 June 2014	187,081	–	47,480

(a) Annual Leave

An estimate of annual leave is provided after reviewing relevant workplace agreements and industrial awards for respective employees and determining entitlement at the reporting date. The cost includes an account of direct employment costs.

(b) Restructure

The Company closed its Perth (Western Australia) office in March 2010. All future premises costs were provided for as a restructure cost in the 2010 financial year. The provision is reduced to profit and loss on a straight line basis until its expiry.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(c) Onerous lease

The lease for the Company's former registered office in Melbourne, which has been vacated, expires on 30 June 2016. As the office has not been and is not expected to be sublet, a provision has been established for this onerous lease.

(d) Long Service Leave

The significant assumptions applied in the measurement of this provision include devising probabilities for employees complying with the legislative requirements (years of service) and the computed employment costs discounted by using the relevant RBA bond rate applied for the respective years of service.

(e) Make - good

Provision has been made for make – good of the Company's premises.

12. CONTRIBUTED EQUITY

	Numer of shares and options	2014 \$
a) Issued capital and options		
Ordinary shares fully paid	262,089,567	60,731,047
Options - listed	211,399,544	1,974,923
	473,489,111	62,705,970
b) Movements in fully paid shares		
At 1 July 2013	211,505,706	53,920,623
Shares issued	50,477,699	7,160,620
Exercise of options	106,162	11,678
Transaction costs	–	(361,874)
At 30 June 2014	262,089,567	60,731,047
c) Movements in options		
At 1 July 2013	170,685,399	1,695,282
Options issued	40,820,307	280,703
Options exercised	(106,162)	(1,062)
At 30 June 2014	211,399,544	1,974,923

During the year the Company raised funds from equity as follows:

- \$7,160,620 (2013: NIL) from share placement and exercise of options of 50,477,699 (2013: \$NIL). Transaction costs amounted to \$361,874.
- \$280,703 (2013: \$1,834,345) from 28,070,307 (2013:170,685,399) options issued at one cent and 12,750,000 options issued from \$127,500 last year proceed.
- \$10,616 (2013: NIL) from the exercise of options and subsequent issue of 106,162 (2013: NIL) ordinary fully paid shares.

d) Capital management

Management's prime objective when managing the Group's capital is to ensure the entity continues as a going concern as well as ensuring that funds expended provide shareholders with optimal returns. Other stakeholders benefit from this careful management of capital. The capital structure is intended to provide the lowest cost of capital available to the Group considering its present phase of operations.

Management is continually reviewing the Group's equity needs. During the financial year the entity raised \$7,451,939 (2013: \$1,834,354) before costs of \$361,874 (2013: \$139,072). During the previous year the Company used an equity instrument combination of shares and forfeited shares to raise funds.

The Group is undertaking an exploration program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A new term capital raising or asset sale should ensure the Group has a safety margin of funds available to continue with its desired level of operations - refer Note 1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Capital risk management

During the previous year the Company used an equity instrument combination of shares and forfeited shares to raise funds. The group is undertaking an exploration program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A new term capital raising or asset sale should ensure the group has a safety margin of funds available to continue with its desired level of operations – refer Note 1.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

13. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The carrying amounts of cash, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

There are no other financial assets or liabilities as at 30 June 2014.

14. RESERVES

	2014 \$	Consolidated 2013 \$
a) Reserves		
Foreign currency translation	4,029,159	3,785,713
Equity-settled employee benefits	1,377,579	1,069,973
	5,366,738	4,855,686

b) Nature and purpose of reserves

i. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1. The reserve is recognised in profit or loss when the net investment is disposed of.

ii. Equity-settled employee benefits reserve

The equity-settled employee benefits reserve is used to recognise the fair value of partly paid shares and options issued to Directors and employees.

15. STATEMENT OF CASH FLOWS**a) Reconciliation of the net loss after income tax to the net cash flows from operating activities****Operating activities**

	2014	Consolidated
	\$	2013
		\$
Net loss	(5,177,375)	(4,912,364)
Non cash and non operating items		
Depreciation of non current assets	101,670	143,472
Employee share based remuneration	267,708	54,805
(Profit)/Loss on sale of assets	(405)	(28,254)
Net foreign currency translation gain (loss)	263,400	5,132
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	262,843	(282,617)
(Increase)/decrease in prepayments	(10,388)	121,157
(Increase)/decrease in security bonds	153,236	(5,250)
Increase/(decrease) in trade and other payables	(461,871)	(1,553,382)
Increase/(decrease) in provisions	174,974	(69,020)
Net cash outflow from operating activities	(4,426,208)	(6,526,321)
b) Reconciliation of cash and cash equivalents		
Cash at bank		
Cash at bank and in hand	1,637,346	1,538,364
Short term deposits	3,015,000	474,072
	4,652,346	2,012,436

16. COMMITMENTS**a) Exploration commitments**

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. Note 1 outlines the Group's future funding options to meet its commitments. Outstanding exploration commitments are as follows:

	2014	Consolidated
	\$	2013
		\$
Not later than one year	760,052	1,137,564
1 to 5 years	1,849,028	3,867,229
	2,609,080	5,004,793

At last balance date, exploration expenditure commitments beyond twelve months could not be reliably determined because the annual commitment was set at the anniversary date for each tenement.

b) Remuneration

Amounts disclosed as remuneration commitments include commitments arising from the service contracts of key management personnel referred to in note 18 and other senior employees that are not recognised as liabilities and are not included in the key management personnel compensation.

Not later than one year	174,152	339,107
Later than one year and no later than five years	–	–
	174,152	339,107

c) Leasing

Operating lease commitments – the Group as lessee

The Group has commercial leases on commercial property and equipment. These leases now have an average life of between one and three years with renewal options included in the property leases. There are no restrictions placed upon the lessee by entering into these leases.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2014 are as follows:

	2014 \$	Consolidated 2013 \$
Within one year	91,706	115,383
After one year but not more than five years	95,374	187,653
Total minimum lease payment	187,080	303,036

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2014. The group has guarantees for property leases, banking finance facilities and mining tenements of \$86,385 (2013: \$239,621).

18. SUBSEQUENT EVENTS

On 15 July 2014, the Company announced that it has signed a Memorandum of Understanding ("MOU") for an Off-take Agreement with China National Materials Industry Import and Export Corporation ("SINOMA"). SINOMA is a subsidiary of major State Owned Enterprise ("SOE") China National Materials Group Corporation, which has in excess of 100,000 employees and is responsible for the research, development, production and marketing of non-metallic products in China.

Under the MOU, SINOMA has expressed an interest in purchasing 100,000 tonnes of graphite per annum for a period of five years with an option to extend for a further five years. The grading of the product is intended to be in the range of 90% to 95% TGC.

19. AUDITORS' REMUNERATION

	2014 \$	Consolidated 2013 \$
The auditor of Uranex Limited in the current year is Ernst & Young.		
a) Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	123,698	140,381
Other services in relation of the entity and any other entity in the consolidated group	–	9,937
	123,698	150,318
b) Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entities in the consolidated group	10,894	27,270
Other services in relation of other entities in the consolidated group – Taxation compliance services	6,755	7,406
	17,649	34,676
c) Amounts received or due and receivable by non Ernst & Young firms for:		
An audit or review of the financial report of other entities in the consolidated group	1,002	1,106
Other services in relation of other entities in the consolidated group	15,492	2,654
	16,494	3,760

20. LOSS PER SHARE

	Number of shares \$	Number of shares \$
a) Reconciliation of earnings to profit or loss		
Net loss		
Loss used in calculating basic loss per share	5,150,294	4,912,364
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	262,089,567	211,505,706

c) Effect of dilutive securities

For the year ended 30 June 2014 and for the comparative period there are no dilutive ordinary shares because conversion of share options and performance rights would decrease the loss per share and hence be non-dilutive.

21. KEY MANAGEMENT PERSONNEL

	2014 \$	Consolidated 2013 \$
<i>Compensation</i>		
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:		
Short-term employee benefits	335,856	804,453
Termination benefits	–	63,625
Post-employment benefits	33,792	28,350
Share-based payments	423,681	54,790
	793,329	951,218

a) Other transactions and balances with key management personnel and their related parties

Transactions with Directors' related entities

Identity of Related Party	Nature of Relationship	Type of Transaction	Aggregate Amount Terms & Conditions of Transaction	2014 \$	2013 \$
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a director of Uranex Limited	Consulting fees and PP&E purchases	Normal commercial terms	65,413	19,436
Pandora Services Limited	A R Clayton was a director of Pandora and Uranex Limited	Rent	Normal commercial terms	–	8,375

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Amounts recognised at the reporting date in relation to other transactions with key management personnel.

	2014 \$	2013 \$
Assets and liabilities		
<i>Non-Current assets</i>		
Property Plant and Equipment	14,622	–
Total assets	14,622	–
<i>Current liabilities</i>		
Trade and other payables	–	44,032
Total liabilities	–	44,032
<i>Revenue and expenses</i>		
Consulting fees	50,791	19,436
Rent	–	8,375
Total expenses	50,791	27,811

22. RELATED PARTY DISCLOSURES

Parent entity

Uranex Limited is the ultimate Australian parent entity of the consolidated entity. Its interests in controlled entities are set out in note 24.

Wholly owned group transactions

Controlled entities made payments and received funds on behalf of Uranex Limited and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand. However, demand for repayment is not expected in the next twelve months.

Transactions and balances between the Company and its controlled entities were eliminated in the preparation and consolidation of the financial statements of the group.

Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 21 and the Remuneration Report in the Directors Report.

Transactions with related parties

All amounts payable to related parties are unsecured and at no interest cost.

The amount outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties. The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade payables at year-end, refer to note 10).

	Year	Other transactions with related parties
Related party		
Entities with significant influence over the Group:		
Mazzdel Pty Ltd	2014	–

Entity with significant influence over the Group

MAZZDEL PTY LIMITED controls 8.1% of the ordinary shares (fully diluted) in Uranex Limited (2013: 1.3%) and 19.7% of the listed options in Uranex Limited (2013: 24.6%).

23. PARENT ENTITY INFORMATION

	2014 \$	Parent 2013 \$
Set out below is the supplementary information about the parent entity.		
<i>Statement of profit or loss and other comprehensive income</i>		
Profit after income tax	(4,831,949)	(5,877,321)
Total comprehensive income	(4,831,949)	(5,877,321)
<i>Statement of financial position</i>		
Total current assets	1,582,980	2,159,893
Total assets	4,711,018	2,277,912
Total current liabilities	267,510	416,209
Total liabilities	349,505	442,119
Equity		
Issued capital	62,707,024	57,511,10
Equity settled employee benefits reserve	1,337,579	1,069,973
Retained profits	(59,683,090)	(56,745,280)
Total equity	4,361,513	1,835,793

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2014 and 30 June 2013.

24. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of Shares	Equity Holding*	
			2014 %	2013 %
Uranex Tanzania Limited	Tanzania	Ordinary	100	100
Uranex Mozambique Limitada	Mozambique	Ordinary	100	100
Uranex ESIP Pty Ltd	Australia	Ordinary	100	100
Faru Resources Limited	Tanzania	Ordinary	100	100
Juhudi Minerals Limited	Tanzania	Ordinary	100	100
Investor Resources Services Pty Ltd	Australia	Ordinary	100	100
Uranex Option Share Trust #	Australia	Ordinary	—	—

*percentage of voting power is in proportion to ownership.

#special purpose entity consolidated under AASB 10.

25. SHARE-BASED PAYMENT PLANS**a) Recognised share-based payment expenses**

The expense recognised for employee services received during the year is shown below:

	2014	Consolidated	2013
	\$		\$
Expense arising from the issue of options	86,565		54,805
Expense arising from the issue of rights	181,040		–
Expense arising from the issue of shares	160,619		–
Total expense arising from share-based payment transactions	428,224		54,805

The share-based payment plans are described below.

b) Types of share-based payment plans**Employee share option plan (ESOP)**

Share options are granted to Directors, other Key Management Personnel (KMP) and other employees. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set by the Board on the date of grant. The issue of options and rights concerning Directors (\$197,615) was approved by members at the annual general meeting held on 28 October 2013.

The life of options to Directors, other KMP and other employees granted range between 3 months and 3 years but these must be exercised within 3 months of the option holder ceasing employment with Uranex Limited. There are no cash settlement alternatives.

c) Summaries of options and rights granted under ESOP

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year.

	2014	2014	2013	2013
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	8,250,000	0.46	10,750,000	0.53
Granted during the year	16,800,000	0.03	5,500,000	0.29
Exercised during the year	–	–	–	–
Expired during the year	(5,000,000)	0.10	(8,000,000)	0.41
Outstanding at the end of the year	20,050,000	0.20	8,250,000	0.46
Exercisable at the end of the year	20,050,000	0.20	8,250,000	0.46

The range of exercise prices for rights and options outstanding at the end of the year was between \$0.00 and \$0.815 (2013: \$0.10 and \$0.815).

The weighted average share price at the date of exercise was nil (2013: nil).

Weighted average remaining estimated life

The weighted average remaining estimated life for the share options outstanding as at 30 June 2014 is 0.93 years (2013: 1.64 years).

d) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.037 (2013: \$0.029).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

e) Option pricing model: ESOP

Equity-settled transactions

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the year ended 30 June 2014.

	ESOP 2014
Dividend yield (%)	Nil
Expected volatility (%)	67 - 78
Risk-free interest rate (%)	2.52 - 2.585
Expected life of option (years)	0.5-3
Option exercise price (cents)	0 - 29
Weighted average share price at measurement dates (cents)	4.4 - 16
Exercise price multiple	2-2.25
Model used	Binomial

The effects of early exercise have been incorporated into calculations by using an expected life for the option that is shorter than the estimated life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of 48 month-end Company share-prices. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. The option holders were assumed to exercise prior to expiry date when the price is twice that of the exercise price. This reflects the restrictions to trading of directors and employees outlined in the Company's share trading policy.

During the financial year the UOST acquired and was issued with 16,800,000 options on varying terms and conditions for allotment to Directors, Key Management Personnel (refer to Remuneration Report for details) and Employees. Directors were granted 15,500,000 options by members of the Company at a 2013 Annual General Meeting. Employees were granted 1,300,000, 3 year options with an exercise price range of \$0.18 to \$0.29.

26. FINANCIAL INSTRUMENTS

a) Financial risk management objectives and policies

The Group's principal financial instruments consist of short term deposits, receivables and payables. These activities expose the Group to a variety of financial risks: market risk, i.e. (interest rate risk and foreign exchange risks), credit risk and liquidity risk.

The overall objective of the Group's financial risk management policies is to meet its financial targets whilst protecting future financial security.

The Board fulfils its corporate governance and oversight responsibilities by monitoring and reviewing the integrity of financial statements, the effectiveness of internal financial control and the policies on risk oversight and management. Management is charged with implementing the policies. The management manages the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to interest risk and by being aware of market forecasts for interest rates. Liquidity risk is monitored through general business budgets and forecasts. The Board reviews and agrees on policies for managing these risks.

b) Market Risk

Interest rate risk

The Group is exposed to movements in market interest rates on short-term deposits. Management ensures a balance is maintained between the liquidity of cash assets and the interest rate return. Presently, the Group has no interest bearing liabilities.

At reporting date, the Group had the following financial assets and liabilities exposed mostly to Australian variable interest rates and are unhedged.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Consolidated 2014 \$	Consolidated 2013 \$
Cash and cash equivalents	4,652,346	2,012,436

The weighted average interest rate for the Group at reporting date was 3.29% (2013: 4.06%).

In accordance with the Group policy of reviewing this risk, the following sensitivity analysis based on interest rate exposures at reporting date where the interest rate movement varies and other variables remain constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for both 2014 and 2013.

		Interest Rate Risk +1%		Interest Rate Risk +1%	
	Carrying Amount	Net Loss \$	Equity \$	Net Loss \$	Equity \$
30 June 2014					
Consolidated Entity					
Financial Asset					
Cash and cash equivalents	4,652,346	(46,523)	(46,523)	46,523	46,523
30 June 2013					
Consolidated Entity					
Financial Asset					
Cash and cash equivalents	2,012,436	(20,124)	(20,124)	20,124	20,124

The movements in losses are due to lower interest receivable from cash balances. The sensitivity is higher in 2014 than 2013 because of a combination of higher cash balances. The analysis assumes the carrying amounts noted will be maintained over the next financial year.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from transactions including exploration commitments in currencies other than Australian dollars, the Group's presentation currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar and to the Tanzanian shilling.

The net exposure to financial assets and liabilities denominated in currencies other than the functional currency of each entity in the Group were immaterial at reporting date.

c) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at reporting date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any lending or any other credit risk and low level of debtors, a formal credit risk management policy is not maintained nor a sensitivity analysis prepared.

d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility as to its source.

The Directors monitor cash flow monthly and increase the frequency of review when the safety margin is or is nearly breached. The Board formulates plans to replenish its cash resources when required and implements cost reduction programmes to reduce cash expenditure.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The table below reflects all contractually fixed pay-offs, repayments and interest from recognised financial liabilities. For these obligations the undiscounted cash flows for the respective upcoming financial years are presented. Cash flows for financial assets and liabilities without fixed timing or amount are based on the conditions existing at 30 June 2014.

The remaining contractual maturities of the Group entity's financial liabilities consisting of trade and other payables are:

	2014	Consolidated	2013
	\$		\$
On demand	–		–
< 3 months	16,562		512,146
3-12 months	1,006,511		965,977
1-5 years	–		6,821
> 5 years	–		–
	1,023,073		1,484,944

e) Net Fair Values

The carrying amounts of financial assets and liabilities as shown in the statement of financial position approximate their fair value.

27. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Superannuation commitments

The Group contributes to superannuation for employees in accordance with the government superannuation guarantee legislation. Neither the Company nor the Group have any obligation to meet any shortfall in the superannuation funds obligations to provide benefits to employees on retirement.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Uranex Limited, I state that:

1. In the opinion of the Directors:
 - a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of its financial position as at 30 June 2014 and performance for the financial year ended on that date.
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.
 - c) There are reasonable grounds to believe that the Company, as noted by Directors in Note 1 – Going concern, will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the board

A handwritten signature in black ink, appearing to be 'J C Jooste-Jacobs', written over a horizontal line.

J C Jooste-Jacobs
Non-Executive Director
Sydney, 20 August 2014

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report to the members of Uranex Limited

Report on the financial report

We have audited the accompanying financial report of Uranex Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, 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 controls relevant to the entity'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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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



Opinion

In our opinion:

- a. the financial report of Uranex Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity'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 and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualification to the opinion expressed above, attention is drawn to the following matter. In the event that the consolidated entity is unable to raise additional funding from the sources as described in Note 1 to the financial report and based on the current exploration commitments and planned expenditure, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to recoverability and classification of recorded assets amounts nor to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Uranex Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'Matthew A. Honey'.

Matthew A. Honey
Partner
Melbourne
20 August 2014

Additional Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 July 2014.

a) Distribution of equity securities

The numbers of shareholders, by size of holding, in each class of share are:

	Ordinary Shares		Listed Options	
	Number of holders	Number of shares	Number of option holders	Number of options
1 – 1,000	265	125,188	25	13,445
1,001 – 5,000	804	2,459,655	100	308,530
5,001 – 10,000	537	4,340,391	84	669,673
10,001 – 100,000	1,183	43,071,349	203	7,780,028
100,001 and over	366	212,092,984	177	202,627,868
	3,155	262,089,567	589	211,399,544

The number of shareholders holding less than a marketable parcel of shares are:

	541	589,604	98	191,149
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b) Twenty largest shareholders

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

Name	Number of Shares	% of Ordinary Shares
MAZZDEL PTY LIMITED	20,999,500	8.01
M & A GROUP PTY LTD	7,150,000	2.73
4F INVESTMENTS PTY LTD	5,670,632	2.16
MR FRANK POULLAS	5,286,149	2.02
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,202,100	1.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,920,527	1.50
CITICORP NOMINEES PTY LIMITED	3,454,977	1.32
BOEMI INVESTMENTS PTY LTD	3,148,546	
ANNANDALE STREET HOLDINGS PTY LTD	3,125,000	1.19
MERRIWEE PTY LTD	2,937,500	1.12
FINMIN SOLUTIONS PTY LTD	2,715,119	1.04
MR PETER SARANTZOUKLIS	2,701,131	1.03
MR JURGEN BEHRENS	2,700,000	1.03
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,657,961	1.01
MRS JACLYN STOJANOVSKI & MR CHRIS RETZOS & MRS SUSIE RETZOS	2,653,000	1.01
MRS HAZEL DARCY	2,593,486	0.99
MR MARLON PATHER	2,400,000	0.92
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,384,486	0.91
MR AMRON D'SILVA	2,360,656	0.90
S P ANDREWS & CO PTY LTD	2,306,484	0.88
	85,367,254	32.57

ADDITIONAL SHAREHOLDER CONTINUED

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

Name	Number of Options	% of Ordinary Options
MAZZDEL PTY LIMITED	41,640,000	19.70
MRS JACLYN STOJANOVSKI & MR CHRIS RETZOS & MRS SUSIE RETZOS	10,000,000	4.73
MR MATTHEW JOHN BOYSEN	8,000,000	3.78
M & K KORKIDAS PTY LTD	5,944,520	2.81
MR FRANK POULLAS	5,040,500	2.38
MR JURGEN BEHRENS	4,700,000	2.22
MRS HAZEL DARCY	3,704,217	1.75
ALESTE INVESTMENTS PTY LIMITED	3,700,000	1.75
MR EMMANUEL POULLAS	3,600,000	1.70
GIBBS PLUMBING SERVICES PTY LTD	3,500,000	1.66
MR JOHN PETER SAUNIG	3,000,000	1.42
MR MINA NAROUZ	2,905,000	1.37
BOEMI INVESTMENTS PTY LTD	2,865,000	1.36
MR ANTHONY JOHN O'TOOLE	2,743,100	1.30
ALL FOR US PTY LTD	2,699,694	1.28
T E & J PASIAS PTY LTD	2,650,000	1.25
MR PETER SARANTZOUKLIS	2,500,000	1.18
MR JOHN WHITFORD HENSON TRUSCOTT	2,500,000	1.18
MR DAVID BYEONG YEON CHO	2,334,794	1.10
MR TRAVIS PELUSO	2,280,000	1.08
	116,306,825	55.02

c) Substantial shareholders

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

	Fully Paid Number of Shares	Percentage %
MAZZDEL PTY LIMITED	20,999,500	8.01

Voting rights

All ordinary shares carry one vote per share without restriction.

d) Stock Exchange Listing

Uranex Limited is listed on the Australian Stock Exchange.

The Company's ASX code for ordinary shares is UNX and for options it is UNXO.

ADDITIONAL SHAREHOLDER CONTINUED

e) Schedule of mining tenements

Tenement Number	Project/ Tenement Name	Locality	Group Ownership %
E 38/1732	Thatcher Soak	Western Australia	100
M 38/1253 (Pending)	Thatcher Soak	Western Australia	100
P 38/3298	Thatcher Soak	Western Australia	100
EL 25165	Alligator Rivers	Northern Territory	100
PL9018/2013	Manyoni East	Tanzania	100
PL7334/2011	Mkwese	Tanzania	100
PL5832/2009	Kilimatinde	Tanzania	100
PL5833/2009	Saranda	Tanzania	100
PL5834/2009	Kianju	Tanzania	100
PL5830/2009	Mhalala	Tanzania	100
PL6573/2011	Madumai	Tanzania	100
PL9017/2013	Issuna	Tanzania	100
PL8481/2013	Itigi	Tanzania	100
PL8488/2012	Choda	Tanzania	100
HQ-P23439 (Application)	Makuru	Tanzania	100
PL4870/2007	Mkuju West	Tanzania	100
PL5726/2009	Mkuju 2	Tanzania	100
PL8076/2012	Mkuju 1	Tanzania	100
PL8418/2012	Ilongo North	Tanzania	100
PL5998/2009	Mkuju East	Tanzania	100
PL6425/2010	Mkuju 3	Tanzania	100
PL6943/2011	Ruanda	Tanzania	100
PL6946/2011	Itimba	Tanzania	100
PL6945/2011	Mbunga	Tanzania	100
PL5999/2009	Lisitu	Tanzania	100
PL9590/2014	Kutunga	Tanzania	100
PL7463/2011	Lihehe	Tanzania	100
PL7377/2011	Ruangwa	Tanzania	100
PL8697/2012	Rutamba North	Tanzania	100
PL8696/2012	Lihehe East	Tanzania	100
PL9076/2013	Nachu	Tanzania	100
PL6404/2010	Rutamba	Tanzania	100
HQ-P20784 (Application)	Rutamba South	Tanzania	100
PL7465/2011	Sipuka North	Tanzania	100
PL8016/2012	Sipuka East	Tanzania	100