Mayan Iron Corporation Limited

(ABN 46 136 636 005)

Annual Financial Report

for the Year Ended 30 June 2014

Index

Corporate Information

ABN 46 136 636 005

Directors

Bruce McLeod
Non-Executive Chairman

Bruce Richardson
Managing Director

Peter (Greg) Knox
Non-Executive Director

Company Secretary

Michael van Uffelen

Registered and Principal Office

Level 1, 8 Outram Street
West Perth, WA 6005

Telephone: +61 8 9226 0299
Facsimile: +61 8 9321 1627

Email: info@mayaniron.com

Web Address

www.mayaniron.com

ASX Code: MYN, MYNO

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

Share Registry

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross, WA 6953

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Web address: www.securitytransfer.com.au

Solicitors to the Company

Jackson MacDonald
140 St Georges Terrace
Perth WA 6000

Directors' Report

Your Directors submit their report for the year ended 30 June 2014.

Directors

The names of directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Bruce William McLeod, B.Sc (Maths), M.Com (Econ)
Non Executive Chairman

Mr McLeod has had 20 years experience in the Australian capital markets. He has been involved in raising debt and equity capital for a number of public and private businesses, property and resources projects, as well as the takeover and rationalisation of listed and unlisted companies. Prior to this he spent 6 years with a major international bank where he was Executive Director, responsible for the financial and capital market operations. In the early 1980's he spent several years in the stockbroking industry in New Zealand before moving to Australia.

During the last three years, Mr McLeod has also served as a director of the following listed companies:

- Empire Energy Group Limited* - appointed 21 May 1996

* Denotes current directorship

Bruce Andrew Richardson, B.A (Hons)
Managing Director

Mr Richardson has spent over 25 years developing business opportunities in China and is fluent in Mandarin. He has held senior positions in industry and government. He has 17 years experience in the private sector having worked as General Manager of Foster's Group for a period of 3 years and oversaw the doubling of capacity of the brewery in Shanghai. He has also worked as General Manager of UK based Bulmers Ltd production and marketing operations in China and General Manager of a business consultancy company based in Beijing.

Mr Richardson has also had 10 years experience in the public sector having worked as an Australian Trade Commissioner in the Australian Embassy in Beijing, with responsibility for the resources portfolio, and Trade Development Director, Australian Commerce & Industry Office Taipei, Taiwan. In 2006/07 Mr Richardson worked for the Government of Western Australia as Manager China, Department of Industry and Resources developing business and political relationships with China. Mr Richardson has lived in China for over 15 years where he has an extensive business network, particularly in the iron and steel industry. In the past five years Mr Richardson has been involved in the development of resource projects and in attracting Chinese investment to these projects.

Directorships in the past 3 years: None

Peter (Greg) Knox B.Sc (Geology)
Non-Executive Director

Mr Knox is a qualified Geologist and has more than 22 years of experience as both an exploration and a mining geologist for a number of companies in Australia.

Directorships in the past 3 years: None

Directors' Report (continued)

Directors (continued)

Directors' interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares and options of Mayan Iron Corporation were:

	Unlisted 20c Option 31/5/16	Unlisted 25c Option 31/10/15	Number of fully paid ordinary shares
Bruce McLeod	1,174,964	750,000	1,922,000
Bruce Richardson	1,174,964	500,000	4,390,000
Peter (Gregory) Knox	-	-	850,000

There were no ordinary shares issued during the period as a result of the exercise of options.

Company Secretary

Michael van Uffelen, B.Com CA

Company Secretary

Mr van Uffelen holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has more than 25 years accounting and finance experience gained with major accounting firms, investment banks and public companies, both in Australia and internationally.

Dividends

No dividends have been paid or declared since the start of the period and the Directors do not recommend the payment of a dividend in respect of the period.

Principal Activities

The principal activities during the year of the entities within the consolidated entity were:

- Managing the exit from a Guatemalan iron sands project
- Searching for further resource projects
- Exploration for minerals in the mid-west of Western Australia.

Operating and financial review

Group overview

Mayan Iron Corporation Limited was formed in 2009 and was listed on the Australian Stock Exchange in July 2010.

Directors' Report (continued)

Operating and financial review (continued)

Guatemalan iron sands project

In June 2009, Mayan acquired Tikal Minerals S.A., a company incorporated in the Republic of Guatemala. Tikal was the registered holder of Reconnaissance Licence applications covering an area of 5,912 km2 onshore along the Pacific Ocean coastline of Guatemala. Tikal Minerals S.A. lodged ten Exploration Licence applications in July and August 2009. At the time of lodging the applications for the ten Exploration Licences, the Company also lodged applications for three Reconnaissance Licences with an area of 4,984 km^2, maintaining its rights to the areas covered by the earlier Reconnaissance Licences applications lodged by Tikal Minerals S.A..

Iron sand deposits occur in Guatemala along the Pacific coastal plain where they are present as beach deposits and raised beaches extending inland as platforms from the coast. The Pacific coastal plain in Guatemala extends for some 260 km along the coastline and is approximately 22 km to 50 km in width. Major rivers that drain the coastal plain are responsible for the transportation of the magnetite bearing material from the hinterland to the beach depositional environment.

Despite 4 years of trying, the Company was unable to secure environmental permits over the exploration permits. Accordingly the Company decided to withdraw from the project.

Gidgee Project – Western Australia

In July 2011 the Company acquired the exploration licences, E53/1585 and E53/1628, which forms the Gidgee Project in the emerging Mid West iron ore province of Western Australia. The tenements cover approximately 219 square kilometres of the Gum Creek Greenstone Belt and are located 850 km north-northeast of Perth and 90km southwest of Wiluna.

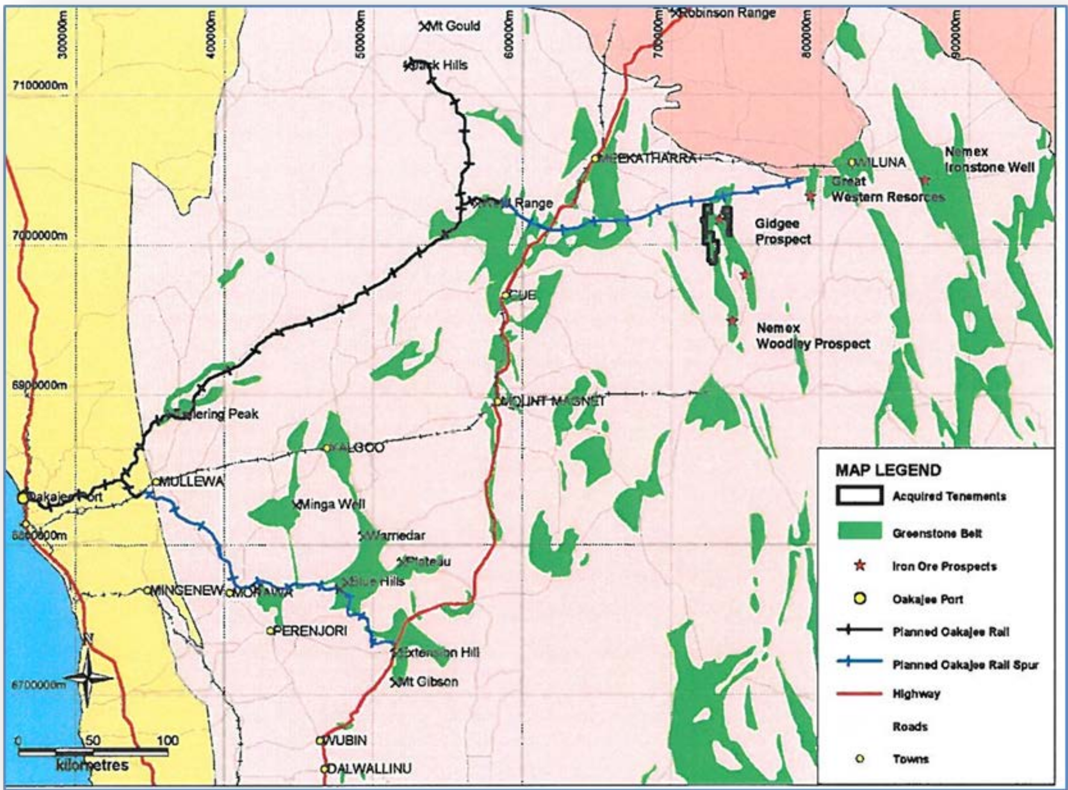

Figure 1 - Location of Gidgee Tenements - Gum Creek & German Well

Directors' Report (continued)

Operating and financial review (continued)

The Gum Creek Greenstone Belt is surrounded by intrusive granitoids, which contain rafts of the greenstones which have metamorphosed the basalts and banded iron formations at the belt margins.

Previous historical work concentrated on gold exploration on the Gidgee tenements and the exploration potential for iron mineralization has never been tested, despite surface iron oxide outcrop.

Exploration success in the region by Golden West Resources at its Wiluna West Iron Ore Project and Newmex Resources at both its Iron Well and Woodley deposits has occurred within similar prospective BIF units. More recently, Gateway Mining Ltd has discovered highly prospective Volcanogenic Massive Sulphide (VMS) targets, where the geology and the associated geophysics of the Gidgee region compare favourably.

During the year, exploration was concentrated on E53/1585. Geologically, the main outcrop occurs where there is minor relief and is comprises north-south trending low lying ridges of BIF. Using both the geological mapping and geophysical reprocessed data, along with all the geochemical data available, gold and iron ore targets were generated to aid the development of future exploration.

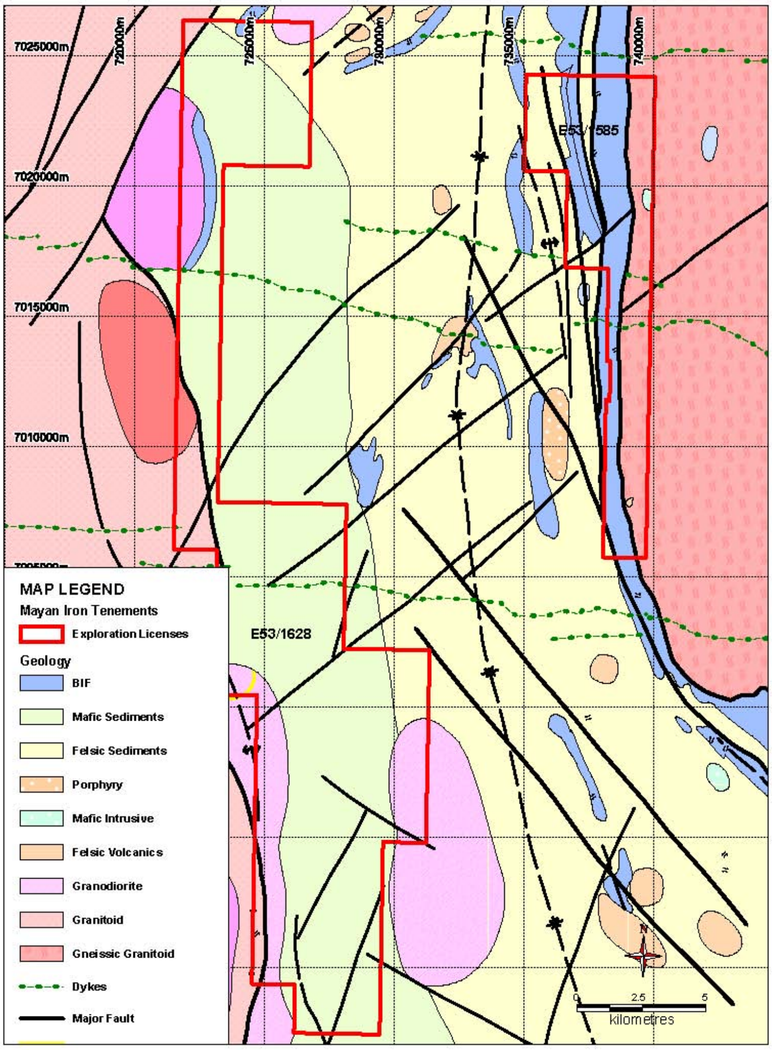

Figure 2 – Geological interpretation of the Gidgee region.

Directors' Report (continued)

Operating and financial review (continued)

The drilling program which was completed in the September quarter, did not intersect significant gold mineralisation, but produced anomalous geochemical results for copper, lead, zinc and nickel mineralisation, see Table 1. The 8 drill holes completed, only concentrated on one small target area. There are numerous other interpreted target zones to be followed up in the next drilling program for both gold and iron mineralisation.

				Interval		Maximum Assays (ppm)			
HOLE_ID	EASTING	NORTHING	DEPTH	From	To	Co	Cu	Ni	Zn
GERC1	738223	7020599	59	4	32	81	105	993	184
GERC2	738209	7020597	60	4	32	123	108	2075	173
GERC3	738188	7020597	72	0	64	103	38	1688	91
GERC4	738158	7020597	72	0	68	91	38	1238	82
GERC5	738229	7020527	48	20	28	95	352	262	105
GERC6	738181	7020525	81	0	76	79	34	1129	60
GERC7	738219	7020440	48	0	16	100	86	1208	139
GERC8	738148	7020444	90	0	90	78	26	1101	58

Table 1 - Drill hole collars and maximum geochemical assays (4m composites).

Operating results for the year

Net loss attributable to equity holders of the parent for the year ended 30 June 2014 was $755,132 of which $66,856 was spent on exploration activities and $43,473 was spent on due diligence of prospective new projects. Loss per share was 0.8 cents.

Financial position and significant changes in state of affairs

Cash on hand at 30 June 2014 totalled $1.9 million.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report, not otherwise disclosed in this report.

Significant events after balance date

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations.

Likely developments and expected results

The Company intends to continue exploration and to develop the resources on its Gidgee Project, specifically a RAB drilling programme is planned to confirm both gold and iron mineralisation. The Company is also considering the acquisition of further tenements for exploration of minerals and to seek other areas of investment.

Directors' Report (continued)

Environmental legislation

The Company's projects are subject to the respective laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials in the countries in which the projects are located. As with all exploration, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the respective laws and regulations.

Share Options

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

	Number of options	Exercise price	Expiry date
Unlisted options	200,000	15 cents	30 Jun 2015
Unlisted options	2,000,000	25 cents	31 Oct 2015
Unlisted options	3,524,892	20 cents	31 May 2016

The Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any Shares as a result of the exercise of Options.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The total amount of premium paid was $9,986.

Directors' Meetings

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
B McLeod	4	4
B Richardson	4	4
G Knox	4	4

Directors' Report (continued)

Auditor Independence and Non-Audit Services

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on the next page.

Non-Audit Services

No non-audit services have been provided by the Company's auditor, Stantons International, during the year.

Stantons International Audit and Consulting Pty Ltd
trading as
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5 September 2014

Board of Directors
Mayan Iron Corporation Limited
Level 1, 8 Outram Street
West Perth, WA 6005

Dear Sirs

RE: MAYAN IRON CORPORATION LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mayan Iron Corporation Limited.

As Audit Director for the audit of the financial statements of Mayan Iron Corporation Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the year ended 30 June 2014 outlines remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as 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 parent company, and including the executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors, senior management and company secretaries of the Parent and the term "director" refers to non-executive directors only.

Individual key management personnel disclosures

Details of KMP including the top five remunerated executives of the Parent and Group are set out below:

Key management personnel

(i) Directors

B McLeod	Non-executive Chairman
B Richardson	Managing Director
G Knox	Non-executive Director

(i) Executives

M van Uffelen	Company Secretary

There have not been any changes to KMP after reporting date and before the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

This report outlines the remuneration arrangements in place for Directors and executives of Mayan Iron Corporation (the "company").

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

Directors' Report (continued)

Remuneration report (audited) (continued)

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive compensation 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

Messrs McLeod and Richardson were involved in the creation of the Company and therefore hold significant numbers of shares and options. Shareholders approved the grant of options to all Directors at the Company's Annual General Meeting in October 2010. To further incentivise the board and management, a loan funded share plan was introduced in 2013 and it is intended that this plan and additional share based incentive programmes will be introduced. Given the current structure, there exists a direct link between the creation of shareholder wealth performance and the financial rewards for the Directors.

Remuneration Reviews

The Board of Directors of the Parent is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-executive directors receive a fee for being a director of the company. The compensation of non-executive directors for the year ending 30 June 2014 is detailed below.

Directors' Report (continued)

Remuneration report (audited) (continued)

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation - Long Term Incentive (LTI).

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Variable Pay — Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth. As such LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Company's performance against the relevant long term performance hurdle.

Structure
LTI grants to key management personnel are delivered in the form of loan funded share plans, options and performance rights.

Directors' Report (continued)

Remuneration report (audited) (continued)

B. Details of remuneration for the year ended 30 June 2014

Directors	Salary & Fees	Non monetary benefits	Super-annuation	Share-base payments	Total	% of Remuneration received as Options
B McLeod	55,000	2,497	-	9,586	67,083	-
B Richardson	192,381	2,497	-	12,781	207,659	-
P G Knox	40,000	2,496	-	9,586	52,082	-
Total Directors	**287,381**	**7,490**	**-**	**31,953**	**326,824**	**-**
Other key management personnel						
M van Uffelen	65,750	2,496	-	6,390	74,636	-
Total executive KMP	65,750	2,496	-	6,390	74,636	-
Totals	**353,131**	**9,986**	**-**	**38,343**	**401,460**	**-**

C. Details of remuneration for the year ended 30 June 2013

Directors	Salary & Fees	Non monetary benefits	Super-annuation	Share-base payments	Total	% of Remuneration received as Options
B McLeod	55,000	3,011	-	-	58,011	-
B Richardson	187,656	3,012	-	-	190,668	-
P G Knox	43,200	3,011	-	-	46,211	-
Total Directors	**285,856**	**9,034**	**-**	**-**	**294,890**	**-**
Other key management personnel						
M van Uffelen	61,200	3,011	-	-	64,211	-
Total executive KMP	61,200	3,011	-	-	64,211	-
Totals	**347,056**	**12,045**	**-**	**-**	**359,101**	**-**

D. Service agreements

Employment contract

The Managing Director, Mr Richardson is employed under contract. The current employment contract commenced on 1 July 2009 and terminates on 30 June 2014 and subsequent to reporting date was extended for a further 12 months to 30 June 2015.

The main terms of the employment contract with Mr Richardson are as follows:

- Remuneration of $179,850 pa plus GST, which is increased to reflect CPI annually; and
- Either party is entitled to terminate the agreement by giving three months notice.

Directors' Report (continued)

Remuneration report (audited) (continued)

D. Service agreements (continued)

Non-executive Directors' fees

The fees of the Non-executive Chairman, Mr McLeod of $55,000 per year was set by the Board in 2010.

The fees of the Non-executive Director, Mr Knox, of $40,000 per year was set by the Board in 2011. In addition to director's fees, Mr Knox is paid $80 per hour for any services above his director's duties.

E. Share-based compensation

Compensation options - granted and vested during the year

2014 No options were granted as compensation during the 2014 year. Nor did any options vest during the 2014 year. The Company issued 3,000,000 shares to Key Management Personnel under a loan funded share plan.

2013 No options were granted as compensation during the 2013 year. Nor did any options vest during the 2013 year.

Value of options awarded, exercised and lapsed during the year

2014 No options were granted as compensation during the 2014 year. Nor did any compensation options vest during the 2014 year. The cost of the 3,000,000 shares issued under a loan funded share plan is recognised as an equity based payment expense and is valued using a Black Scholes Option Pricing Model. The amount recognised as part of employee benefits expense for the Loan Funded Share Plan shares issued during the year was $38,343.

3,529,000 options acquired by Key Management Personnel in an entitlement issue available to all shareholders expired unexercised during the year.

2013 No options were granted as compensation during the 2013 year. Nor did any compensation options lapse nor vest during the 2013 year.

F. Option holdings of key management personnel

30 June 2014	Balance at start of the period	Granted as remuneration	Options Exercised	Net change other	Balance at the end of period	Vested and exercisable
Directors						
Bruce McLeod	2,803,964	-	-	(879,000)	1,924,964	1,924,964
Bruce Richardson	3,624,964	-	-	(1,950,000)	1,674,964	1,674,964
Peter (Greg) Knox	700,000	-	-	(700,000)	-	-
Specified Executives						
Michael van Uffelen	-	-	-	-	-	-
	7,128,928	-	-	(3,529,000)	3,599,928	3,599,928

Remuneration report (audited) (continued)

F. Option holdings of key management personnel (continued)

30 June 2013	Balance at start of the period	Granted as remuneration	Options Exercised	Net change other	Balance at the end of period	Vested and exercisable
Directors						
Bruce McLeod	2,803,964	-	-	-	2,803,964	2,803,964
Bruce Richardson	3,624,964	-	-	-	3,624,964	3,624,964
Peter (Greg) Knox	700,000	-	-	-	700,000	700,000
Specified Executives						
Michael van Uffelen	-	-	-	-	-	-
	7,128,928	-	-	-	7,128,928	7,128,928

G. Share holdings of key management personnel

30 June 2014	Balance at start of the period	Granted as remuneration	On exercise of options	Acquisit-ions (h)	Balance at the end of period	Vested and exercisable
Directors						
Bruce McLeod	1,172,000	-	-	750,000	1,922,000	1,922,000
Bruce Richardson	3,340,000	-	-	1,050,000	4,390,000	4,390,000
Peter (Greg) Knox	100,000	-	-	750,000	850,000	850,000
Specified Executives						
Michael van Uffelen	-	-	-	500,000	500,000	500,000
	4,612,000	-	-	3,050,000	7,662,000	7,662,000

30 June 2013	Balance at start of the period	Granted as remuneration	On exercise of options	On market acquisit-ions	Balance at the end of period	Vested and exercisable
Directors						
Bruce McLeod	1,172,000	-	-	-	1,172,000	1,172,000
Bruce Richardson	2,680,000	-	-	660,000	3,340,000	3,340,000
Peter (Greg) Knox	100,000	-	-	-	100,000	100,000
Specified Executives						
Michael van Uffelen	-	-	-	-	-	-
	3,952,000	-	-	660,000	4,612,000	4,612,000

Remuneration report (audited) (continued)

H. Loans to Key Management Personnel (Consolidated)

On 27 February 2014, the Company issued 3,000,000 shares at 1.4 cents per share to Key Management Personnel (KMPs) under a loan funded share plan approved at the Annual General Meeting of the Company held on 28 November 2013. The cost of the loan funded share plan is recognized as an equity share-based payment expense. The terms of the loans are:

- Term of loan: 10 years.
- Interest rate: 8% per annum.
- Lien: The Company shall have a lien over the shares until the loan is repaid and the Company shall be entitled to sell the shares in accordance with the terms of the Employee Share Plan if the loan is not repaid when due.
- Payments in relation to shares: Any dividends or capital returns in relation to the shares shall be applied against repayment of the loan.
- Proceeds of sale: In the event of sale of the shares all sales proceeds shall be applied against repayment of the loan.
- Limit of liability: The liability of the employee to repay the loan is limited to the payments received by the employee in relation to the shares and any proceeds from the disposal of the shares.

I. Other transactions and balances with Key Management Personnel

2014:
No other transactions with key management personnel have occurred during the year.

2013:
No other transactions with key management personnel have occurred during the year.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Bruce Richardson
Managing Director

Perth, 5 September 2014

Information in this report that relates to exploration results and exploration targets is based on information compiled by Mr P G Knox, who is a Member of the Australian Institute of Geoscientists. Mr Knox is a director of the Company and 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 in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Knox consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Mayan Iron Corporation Limited is responsible for the corporate governance of the Group. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement of Mayan Iron Corporation Limited is structured with reference to the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations" ("ASX Principles") as revised in August 2007 the Principles of which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balances disclosures
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, the fact is disclosed, together with reasons for the departure.

Explanation for Departures from Best Practice Recommendations

Principle 2

Nomination committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2014, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

Principle 4

Audit committee

Recommendation 4.2 requires the audit committee to be structured so that it consists only of non-executive directors with a majority of independent directors, chaired by an independent chairperson who is not chairperson of the Board and has at least three members. During the year ended 30 June 2014, the Company did not have a separately established audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of appointing additional independent Non-Executive Directors simply to fill the audit committee.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8

Remuneration Committee

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2014, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

With the exception of the departures from the Corporate Governance Council recommendations in relation to the establishment of a nomination committee and remuneration committee as stated above, the corporate governance practices of the Company are compliant with the Council's best practice recommendations.

Board Function

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. The responsibility for the operation and administration of the Group is delegated, by the Board, to the CEO and the executive management team.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk
- Ongoing development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity
- Implementation of budgets by management and monitoring progress against budget — via the establishment and reporting of both financial and non-financial key performance indicators

Other functions reserved to the Board include:

- Approval of the annual and half-yearly financial reports
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored
- Reporting to shareholders

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' report.

Directors of Mayan Iron Corporation Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgement.

CORPORATE GOVERNANCE STATEMENT (continued)

In the context of director independence, “materiality” is considered from both the Group and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount.

Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors that point to the actual ability of the director in question to shape the direction of the Group’s loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Mayan Iron Corporation are considered to be independent:

Name	Position
Bruce McLeod	Chairman – non-executive (appointed 30 April 2009)
Peter (Gregory) Knox	Director – non-executive (appointed 23 September 2011)

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Bruce McLeod	Appointed 30 April 2009, tenure 5 years 2 months
Bruce Richardson	Appointed 30 April 2009, tenure 5 years 2 months
Mr Peter (Gregory) Knox	Appointed 23 September 2011, tenure 2 years 9 months

Performance

The skills, experience and expertise relevant to the position held by each director are disclosed in the Directors Report.

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company’s expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

Trading policy

Under the Company’s securities trading policy, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

It is contrary to Mayan Iron Corporation’s policy for Directors and employees to be engaged in short-term trading of Mayan Iron Corporation securities.

CORPORATE GOVERNANCE STATEMENT (continued)

Directors and employees must not deal in Mayan Iron Corporation securities during the week immediately before or 24 hours after:

- the release of Mayan Iron Corporation half-yearly or yearly results;
- the release of Mayan Iron Corporation quarterly results; or
- the Annual General Meeting.

Directors and senior management must also not deal in Mayan Iron Corporation securities during the week immediately before or 24 hours after:

- the date of the Board meeting for the approval of the Company's interim or annual results; or
- the deadline for the Company to publish its annual results announcement.

Requests to trade during the closed periods may be considered in exceptional circumstances. In the case of Directors and Senior Management approval will be required by the Managing Director or from the Chairman where the Managing Director makes such a request (Designated Officer).

Any permission provided under this must be obtained by the Applicant not less than 2 business days before the proposed trade.

Risk

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place which are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

CEO and CFO certification

In accordance with section 295A of the *Corporations Act*, the CEO and Company Secretary have 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 compliance and 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.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board has set remuneration by benchmarking to industry peers.

CORPORATE GOVERNANCE STATEMENT (continued)

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained within the directors' report.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the CEO.

Shareholder communication policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all times.

The Company is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way;
- Complying with continuous disclosure obligations contained in the ASX listing rules and the Corporations Act in Australia; and
- Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letters and other forms of communications directly to shareholders
- By posting relevant information on the Company's website: www.mayaniron.com.au

The Company's website publishes all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity policy

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

50% of the Company's employees are females, none of whom are classified as key management personnel.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Continuing Operations			
Revenue	2(a)	19,572	119,033
		19,572	119,033
Audit fees	17	(4,537)	(33,822)
Consultants		(60,750)	(68,000)
Depreciation expenses		(1,765)	(1,765)
Directors' fees		(287,381)	(282,641)
Employee benefits expenses		(37,963)	(40,113)
Exploration costs		(66,856)	(95,584)
Foreign exchange gain / (loss)		(56,198)	19,632
Insurance		(11,825)	(12,086)
Office expenses		(51,195)	(51,754)
Other expenses	2(b)	(80,655)	(75,524)
Prospective new project due diligence costs		(43,473)	(80,590)
Share-based payment expenses	12	(38,343)	-
Travel and accommodation		(33,763)	(50,710)
(Loss) from continuing operations before income tax expense		(755,132)	(653,924)
Income tax expense	3	-	-
(Loss) from continuing operations after income tax expense		(755,132)	(653,924)
Other Comprehensive Income:			
- Items that will not be reclassified to profit or loss		-	-
- Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive (loss)		(755,132)	(653,924)
(Loss) for the year attributable to members of the parent entity		(755,132)	(653,924)
Total comprehensive (loss) for the year attributable to members		(755,132)	(653,924)
Basic and diluted loss per share (cents per share)	5	(0.9)	(0.8)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
CURRENT ASSETS			
Cash and cash equivalents	6	1,900,763	2,606,052
Trade and other receivables	7	15,528	42,346
Total Current Assets		1,916,291	2,648,398
NON-CURRENT ASSETS			
Property, plant & equipment	8	809	2,574
Total Non-Current Assets		809	2,574
TOTAL ASSETS		1,917,100	2,650,972
CURRENT LIABILITIES			
Trade and other payables	9	18,727	35,810
Total Current Liabilities		18,727	35,810
TOTAL LIABILITIES		18,727	35,810
NET ASSETS		1,898,373	2,615,162
EQUITY			
Issued capital	10	6,626,195	6,626,195
Reserves	11	925,181	886,838
Accumulated losses		(5,653,003)	(4,897,871)
TOTAL EQUITY		1,898,373	2,615,162

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 Inflows/(Outflows) $	2013 $
Cash flows from Operating Activities			
Receipts from customers		-	-
Payments to suppliers and employees		(732,758)	(778,641)
Interest received		27,469	135,835
Net cash (used in) operating activities	6(ii)	(705,289)	(642,806)
Cash Flows from Investing Activities			
Purchase of property, plant & equipment		-	-
Net cash (used in) investing activities		-	-
Cash Flows from Financing Activities			
Proceeds from issue of shares/options		-	-
Capital raising costs		-	-
Net cash provided by financing activities		-	-
Net decrease in cash held		(705,289)	(642,806)
Cash at the beginning of the financial year		2,606,052	3,248,858
Cash at the end of the financial year	6	1,900,763	2,606,052

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Group	**Ordinary Shares**	**Accumulated Losses**	**Share Option Reserve**	**Foreign Currency Translation Reserve**	**Total**
	$	$	$	$	$
Balance at 1 July 2013	6,626,195	(4,897,871)	885,831	1,007	2,615,162
Loss attributable to members of the parent entity	-	(755,132)	-	-	(755,132)
Shares issued under a loan funded share plan	-	-	38,343	-	38,343
Balance at 30 June 2014	6,626,195	(5,653,003)	924,174	1,007	1,898,373

Consolidated Group	**Ordinary Shares**	**Accumulated Losses**	**Share Option Reserve**	**Foreign Currency Translation Reserve**	**Total**
	$	$	$	$	$
Balance at 1 July 2012	6,626,195	(4,243,947)	885,831	1,007	3,269,086
Loss attributable to members of the parent entity	-	(653,924)	-	-	(653,924)
Balance at 30 June 2013	6,626,195	(4,897,871)	885,831	1,007	2,615,162

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The Company is an ASX listed public company since 6 July 2010, incorporated in Australia and operating in Australia and Guatemala. The principal activities were the exploration for iron sands in Guatemala and minerals in Western Australia.

(b) Application of new and revised Accounting Standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: *Consolidated Financial Statements;*
- AASB 11: *Joint Arrangements;*
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 13: *Fair Value Measurement;*
- AASB 119: *Employee Benefits; and*
- AASB 127: *Separate Financial Statements*

Account Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

a) it has power over an investee;
b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Application of new and revised Accounting Standards (continued)

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Application of new and revised Accounting Standards (continued)

Application is AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

  AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*
  These standards are not expected to have a material impact on the entity in the current or future reporting periods.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Application of new and revised Accounting Standards (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2017	30 June 2018
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Mayan Iron Corporation Limited) and its subsidiary. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of the subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Basis of Consolidation (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes Option Pricing Model, using the assumptions detailed in note 12.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are generally due for settlement within periods ranging from 30 to 90 days.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) De-recognition of financial assets and financial liabilities

(i) Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:

  (a) has transferred substantially all the risks and rewards of the asset, or

  (b) 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 and has neither transferred nor retained substantially all 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. 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 received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is de-recognised 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost 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 credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, 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, discounted at the current market rate of return for a similar financial asset.

(k) Foreign currency translation

Both the functional and presentation currency of Mayan Iron Corporation is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation (continued)

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the foreign operations, Tikal Minerals SA, is USD.

As at the reporting date the assets and liabilities of this subsidiary are translated into the presentation currency of Mayan Iron Corporation at the rate of exchange ruling at the balance date and their income statements are translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(l) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, 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 difference can be controlled and it is probable that the temporary difference 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 credits and unused tax losses can be utilised, except:

- when 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; or

- when the deductible temporary difference 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 difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax (continued)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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, which are stated with the amount of GST included.

The net amount of GST 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 Consolidated Statement of Cash Flows on a gross basis and the GST 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 recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office Equipment – over 5 to 8 years
Computer Equipment – over 2.5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment (continued)

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments
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 bonds, are subsequently measured at amortised cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial assets (continued)

This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(p) Intangible Assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date, They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(v) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model, further details of which are given in Note 12.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Mayan Iron Corporation (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

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 Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If 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 modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share-based payment transactions (continued)

If 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 (see Note 5).

The value of shares issued to employees financed by way of a non-recourse loan under the Employee Share Plan is recognised with a corresponding increase in equity when the Company receives funds from either the employees repaying the loan or upon the loan termination. All shares issued under the plan with non-recourse loans are considered, for accounting purposes, to be options.

(w) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(y) Exploration, evaluation and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case by case basis and if appropriate may be capitalised. These acquisition costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area. Accumulated acquisition costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

(z) Fair Value of Assets and Liabilities (continued)

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(a) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(b) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2014	2013
	$	$
(a) Revenue from continuing operations		
Interest received - other	19,572	119,033
Total revenue	19,572	119,033

The loss from continuing operations before income tax has been determined after:

	Consolidated	
	2014	2013
	$	$
(b) Other expenses		
Listing fees	13,757	28,789
Computer costs	16,897	8,038
Legal fees	24,462	330
Sundry expenses	25,539	38,367
Total other expenses	80,655	75,524

NOTE 3: INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the parent or consolidated entities as they recorded losses for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated	
	2014	2013
	$	$
Accounting loss before tax	(755,132)	(653,924)
Income tax benefit/(expense) at 30%	226,540	196,177
Non-deductive expenses:		
Foreign exchange gain/(loss)	-	-
Other non deductable expenses:		
Unrecognised tax losses	(226,540)	(196,177)
Income tax benefit attributable to loss from ordinary activities	-	-

NOTE 3: INCOME TAX (continued)

(c) Unrecognised deferred tax balances

Tax losses attributable to members of the tax consolidated group	3,624,324	2,818,322
Potential tax benefit at 30%	1,087,297	845,497
Deferred tax asset not booked		
Amounts of recognised in profit & loss:		
- employee provisions	259	1,064
- other	51,259	55,468
Amounts recognised in equity:		
- share issue costs	-	-
Net unrecognised deferred tax asset at 30%	1,138,815	902,029

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 1(l) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 1(l) are satisfied.

NOTE 4: SEGMENT REPORTING

The Group operates predominately in the mineral exploration industry. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals in Guatemala. All of the Group's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial results of the Group as a whole.

NOTE 5: EARNINGS/(LOSS) PER SHARE

	Consolidated	
	2014	**2013**
	$	**$**
Basic and diluted loss per share (cents per share)	(0.9)	(0.8)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(755,132)	(653,924)
Weighted average number of shares outstanding during the year used in calculations of basic loss per share:	87,667,361	86,648,183

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

NOTE 6: CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	$	$
Cash at bank	1,900,763	731,052
Term Deposit	-	1,875,000
	1,900,763	2,606,052

Cash at bank earns interest at floating rates based on daily bank deposit rates.

	Consolidated	
	2014	2013
	$	$
(i) Reconciliation to Cash Flow Statement		
For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank.		
Cash and cash equivalents as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	1,900,763	2,606,052
(ii) Reconciliation of loss after income tax to net cash flows from operating activities:		
Loss after income	(755,132)	(653,924)
Depreciation	1,765	1,765
Share-based payment	38,343	-
	(715,024)	(652,159)
Changes in operating assets and liabilities, net of the effects of purchase of subsidiaries:		
(Increase)/Decrease in trade and other receivables	26,818	468
Increase/(Decrease) in trade an other payables	(17,083)	8,885
Net cash outflow from operating activities:	(705,289)	(642,806)

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	2013
	$	$
Current		
Accrued interest receivable	-	5,704
Prepayments	4,006	18,650
GST recoverable	11,522	17,992
	15,528	42,346

The average credit period on sales of goods and rendering of services is 30-90 days. No debts are past due and no impairment is required

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2014	2013
	$	$
Opening balance at 1 July	2,574	4,339
Additions	-	-
Disposal of non-current assets	-	-
Depreciation/amortisation for the year	(1,765)	(1,765)
At 30 June, net of accumulated depreciation	809	2,574

The useful life of the assets were estimated as follows for 2014:

Office equipment: 5-8 years

At cost	8,793	8,793
Accumulated depreciation	(7,984)	(6,219)
	809	2,574

NOTE 9: TRADE AND OTHER PAYABLES

	Consolidated	
	2014	2013
	$	$
Current		
Trade payables	3,863	3,165
Employee entitlements - annual leave	864	3,546
Accruals	14,000	29,099
	18,727	35,810

Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTE 10: CONTRIBUTED EQUITY

	Consolidated 2014 $	Consolidated 2013 $
Paid up capital – ordinary shares	6,633,235	6,633,235
Capital raising costs	(7,040)	(7,040)
	6,626,195	6,626,195

(a) Ordinary shares

	Number of shares	$
2014 movements in ordinary share capital:		
Balance at 1 July 2013	86,648,183	6,626,195
Issue of Loan Funded Share Plan shares	3,000,000	-
Balance at 30 June 2014	89,648,183	6,626,195

On 27 February 2014, the Company issued 3,000,000 shares to Key Management Personnel (KMPs) under a loan funded share plan approved at the Annual General Meeting of the Company held on 28 November 2013. The cost of these shares is recognised as an equity share-based payment expense and is valued using a Black Scholes Option Pricing Model.

	Number of shares	$
2013 movements in ordinary share capital:		
Balance at 1 July 2012	86,648,183	6,626,195
Movement during the year	-	-
Balance at 30 June 2013	86,648,183	6,626,195

(b) Share options

	Listed, 20c Options 30/11/13 *(Note i)*	Unlisted, 15c Options 30/06/15 *(Note ii)*	Unlisted, 25c Options 31/10/15 *(Note iii)*	Unlisted, 20c Options 31/05/16
2014 movements in share options:				
Balance at 1 July 2013	64,986,135	200,000	2,000,000	3,524,892
Movement during the year	(64,986,135)	-	-	-
Balance at 30 June 2014	-	200,000	2,000,000	3,524,892
2013 movements in share options:				
Balance at 1 July 2012	64,986,135	200,000	2,000,000	3,524,892
Movement during the year	-	-	-	-
Balance at 30 June 2013	64,986,135	200,000	2,000,000	3,524,892

(i) 64,986,136 listed options convertible into ordinary shares at an exercise price of 20 cents on or before 30 November 2013 were issued on 12 November 2010 under an entitlement issue which raised $649,861. These options expired unexercised.

(ii) 200,000 unlisted options convertible into ordinary shares at an exercise price of 15 cents on or before 30 June 2015 and vesting on 8 June 2012 were issued on 9 June 2011 for as an employee incentive. See note 12 for further details.

NOTE 10: CONTRIBUTED EQUITY (continued)

(iii) 2,000,000 unlisted options convertible into ordinary shares at an exercise price of 25 cents on or before 31 October 2015 were issued on 4 November 2010 as director and officer incentives as approved at the Company's 2010 Annual General Meeting. See note the Remuneration Report for further details.

NOTE 11: RESERVES

	Consolidated	
	2014	**2013**
	$	**$**
Value of reserves:		
At the start of the year	886,838	886,838
Issue of Loan Funded Share Plan shares	38,343	-
Balance at 30 June	925,181	886,838

(a) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments and the cash price of rights options issued to investors and the proceeds raised from the issue of options under an entitlement issue.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 12: SHARE BASED PAYMENTS

(a) Loan Funded Share Plan Shares

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and employees of a high calibre, the Company has an established Loan Funded Share Plan.

The Directors and employees of the Company have been, and will continue to be, essential to the growth of the Company.

The Directors considered the Plan an appropriate method to:

a) Reward Directors and employees for their past performance;

b) Provide long-term incentives to participate in the Company's future growth;

c) Motivate Directors and employees and generate loyalty in employees; and

d) Assist to retain the services of valuable employees.

The Plan is used as part of the remuneration planning for senior Employees. ASX corporate governance guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals. The Plan is also to be used as part of the remuneration package for Non-Executive Directors. Although this is not in accordance with the recommendations contained in the corporate governance guidelines, the Company considers that it is appropriate for Non-Executive Directors to participate in the Plan from time to time, given the size of the Company.

The Company obtained shareholder approval for the introduction of the Plan in November 2013, and any Shares issued under the Plan within 3 years of approval of the Plan, is an exception to Listing Rule 7.1.

NOTE 12: SHARE BASED PAYMENTS (continued)

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities representing more than 15% of the nominal value of the company's issued capital at the beginning of any 12 month period without shareholder approval.

Pursuant to the terms of the Plan, the Board or a duly appointed committee of the Board ("Committee") may, at such time as it determines, issue invitations to Directors and Employees of the Company to apply for Shares.

It is at the discretion of the Committee who were issued invitations to apply for Shares under the Share Plan and the number of Shares the subject of an invitation. Offers of Shares by the Board or the Committee are subject to the limits imposed by the Plan. Except where necessary to comply with the provisions of an employment contract or other contract approved by the Board whereby executive or technical services are provided to the Company, neither the Board nor the Committee may offer or issue.

Shares under the Plan where the effect would be that the number of Shares offered or granted, when aggregated with the number of Shares issued on the same date or within the previous 5 years under any share incentive scheme, would exceed 5% of the total number of Shares on issue at the date of the proposed offer or issue.

The issue price for Shares offered under the Plan is the volume weighted average price at which Shares were traded on the ASX over the 5 trading days ending on the day prior to the date of issue of the Incentive Shares

A Director or Employee ("Participant") who is invited to subscribe for Shares under the Plan may also be invited to apply for a loan up to the amount payable in respect of the Shares accepted, on the following terms:

(a) the repayment term of each loan shall be 10 years. The loan must be repaid in full by the expiry of the repayment term, but a Director may elect to repay the loan at any time prior to the repayment date;
(b) the loan shall bear interest at the rate of 8% per annum;
(c) the loan shall be applied by the Company directly towards payment of the issue price of the Incentive Shares;
(d) the Company shall have a lien over the Incentive Shares in respect of which a loan is outstanding and the Company shall be entitled to sell those Incentive Shares in accordance with the terms of the Plan if the loan is not repaid when due; and
(e) the loan is non-recourse except against the Incentive Shares held by the Director to which the loan relates.

The following shares were issued under the Loan Funded Share Plan.

	30 June 2014 (No.)	30 June 2013 (No.)
Opening balance	**-**	**-**
Issued during the year:		
Bruce Richardson	1,000,000	-
Michael van Uffelen	500,000	-
Greg Knox	750,000	-
Bruce McLeod	750,000	-
Closing balance	**3,000,000**	**-**

NOTE 12: SHARE BASED PAYMENTS (continued)

(b) Options and Performance Rights

No options or performance rights were granted to employees and consultants during the year (2013: nil). Details on the option issues to key management personnel are included in the Remuneration Report section of the Directors' Report.

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

	2014 No	2014 Weighted average exercise price	2013 No	2013 Weighted average exercise price
Outstanding at the beginning of the year	5,724,892	22 cents	5,724,892	22 cents
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,724,892	22 cents	5,724,892	22 cents
Exercisable at the end of the year	5,724,892	22 cents	5,724,892	22 cents

(c) Valuation of Options, Performance Rights and Share Plan Shares

The fair value of the equity-settled share options granted under both the option and the loan funded share plan is estimated as at the date of grant using the Black Scholes model taking into account the terms and conditions upon which the options and shares were granted. The initial undiscounted value of the performance rights is the value of an underlying share in the Company as traded on ASX at the date of deemed date of grant of the performance right. As the performance conditions are not market based performance conditions, no discount is applied.

The fair value of options, performance rights and share plan shares are recognised as an expense over the period from grant to vesting date.

The amount recognised as part of employee benefits expense for Loan Funded Share Plan shares issued during the year was $38,343 (2013: nil). No options or performance rights issued during the year (2013: nil).

The Black Scholes Option Pricing Model assumes that the Securities the subject of the valuation can be sold on a secondary market. The terms and conditions of the Options and Share Plan shares state that no application will be made for the Shares to be listed for official quotation on ASX, until certain milestones are met. Accordingly a discount for lack of marketability is required to determine an indicative fair value of the Plan Shares and for the Options.

For the purposes of arriving at an appropriate discount rate, the Company has considered:

- that discounts have traditionally been applied in the range of 10% to 30% to reflect the non-negotiability of unlisted equities; and
- the fact that the Securities will be unlisted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

NOTE 12: SHARE BASED PAYMENTS (continued)

(c) Valuation of Options, Performance Rights and Share Plan Shares (continued)

The following table lists the assumptions to the model used for the years ended 30 June 2014.

Issue Date	Vesting Date	Number Issued	Grant Date	Stock Price at Grant Date (cents)	Issue Price (cents)	Risk Free Rate (%)	Volatility (%)	Value Per Share (cents)
27/02/2014	05/02/2014	3,000,000	05/02/2014	0.016	0.014	4.02%	70.16%	0.0128

NOTE 13: EXPENDITURE COMMITMENTS

	Consolidated 2014 $	Consolidated 2013 $
Expenditure commitments contracted for exploration tenements: In order to maintain current rights of tenure to exploration tenements, the Company is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- no later than 12 months	97,293	82,169
- between 12 months and 5 years	129,465	194,489
- greater than 5 years	-	-
	226,758	276,658

NOTE 14: RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Mayan Iron Corporation Limited and the subsidiary listed in the following table:

Name	Country of Incorporation	% Equity Interest 2014	Investment $ 2014	% Equity interest 2013	Investment $ 2013
Tikal Minerals SA (1)	Guatemala	100%	-	100%	-

Note 1: one share owned by Bruce Richardson, Managing Director, beneficially held on behalf of Mayan Iron Corporation Limited. 4,999 shares held by Mayan Iron Corporation directly.

(b) Ultimate parent

Mayan Iron Corporation Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key management personnel (KMP)

Refer to Note 15 for transactions involving key management personnel.

NOTE 15: KEY MANAGEMENT PERSONNEL

Compensation for key management personnel

	Consolidated	
	2014	2013
	$	$
Short-term employee benefits	363,117	359,101
Post-employment benefits	-	-
Share-based payments	38,343	-
	401,460	359,101

Refer to the Remuneration Report for further information.

NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future.

NOTE 17: AUDITORS' REMUNERATION

	Consolidated	
	2014	2013
	$	$
Amounts received or due and receivable by the auditors for:		
Audit or review of the financial reports of the Company	16,770	33,822
Reversal of prior year accrual	(12,233)	-
	4,537	33,822

Auditors' remuneration declined in the current year due to the 2013 fee being lower than the accrued amount.

NOTE 18: FINANCIAL RISK MANAGEMENT

The Consolidated Entity's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Consolidated entity's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Consolidated entity.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Consolidated and the Parent entity hold the following financial instruments:

	Consolidated	
	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	1,900,763	2,606,052
Trade and other receivables	15,528	42,346
	1,916,291	2,648,398
Financial Liabilities		
Trade and other payables	17,863	32,264

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

Cash flow and fair value interest rate risk

The Consolidated entity's main interest rate risk arises from cash deposits to be applied to exploration areas of interest. Deposits at variable rates expose the Consolidated entity to cash flow interest rate risk. Deposits at fixed rates expose the Consolidated entity to fair value interest rate risk. During the period, the Consolidated entity's deposits at variable rates were denominated in Australian Dollars and United States Dollars.

As at the reporting date, the Consolidated entity had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2014 weighted average interest rate	2014 Balance	2013 weighted average interest rate	2013 Balance
	%	$	%	$
Cash and cash equivalents	1.01%	1,900,763	4.07%	2,606,052
Net exposure to cash flow interest rate risk		1,900,763		2,606,052

The Consolidated entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into account the renewal of existing positions.

Sensitivity

During the period, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year.

Foreign currency risk

As a result of significant operations in Guatemala, the Group's statement of financial performance can be affected significantly by movements in the US$/A$ exchange rates and the Guatemalan Quetzal/$A exchange rates. The Group intends to seek to mitigate the effect of its foreign currency exposure by holding US Dollars and Guatemalan quetzals.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

At 30 June 2014, the Group had the following exposure to US$ foreign currency expressed in A$ equivalents, which are not designated in cash flow hedges:

	Consolidated	
	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	1,460,223	258,151
	1,460,223	258,151
Financial Liabilities		
Trade and other payables	-	-

At 30 June 2014, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax loss and equity would have been affected as follows:

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

	Post tax loss higher/(lower) 2014	Post tax loss higher/(lower) 2013
Judgements of reasonably possible movements		
Consolidated Group		
AUD/USD + 20%	(292,045)	(51,630)
AUD/USD - 20%	292,045	51,630

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

The Group has no borrowing facilities.

(d) Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in notes 10 and 11.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

NOTE 19: PARENT ENTITY INFORMATION

(a) Information relating to Mayan Iron Corporation Limited

	2014 $	2013 $
Current assets	1,916,291	2,641,834
Non-current assets	809	9,139
Total assets	1,917,100	2,650,973
Current liabilities	(18,727)	(35,810)
Non-current liabilities	-	-
Total liabilities	(18,727)	(35,810)
Net assets	1,898,373	2,615,163
Contributed equity	6,626,195	6,626,195
Reserves	924,174	885,831
Accumulated losses	(5,651,996)	(4,896,863)
Total shareholders' equity	1,898,373	2,615,163
Loss for the parent entity	(755,133)	(653,533)
Total comprehensive income of the parent entity	(755,133)	(653,533)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiary.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 13 to the financial statements.

DIRECTORS' DECLARATION

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 the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended 30 June 2014; and

      (ii) complying with Accounting Standards and Corporations Regulations 2001;

      (iii) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

   b) there are reasonable grounds to believe that the Company 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 year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

Bruce Richardson
Director

5 September 2014

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MAYAN IRON CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mayan Iron Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(c), the directors also state, in accordance with Australian 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 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

Opinion

In our opinion:

(a) the financial report of Mayan Iron Corporation 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.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in pages 10 to 16 of 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 Mayan Iron Corporation Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
5 September 2014

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2014.

(A) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 89,648,183 fully paid ordinary shares are held by 330 individual shareholders

All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders by size of holding are:

			Fully paid ordinary shares
1	–	1,000	7
1,001	–	5,000	8
5,001	–	10,000	138
10,001	–	100,000	115
100,001		and over	62
			330
Holding less than a marketable parcel			229

(ii) Options

- 5,724,892 options are held by 7 individual option holders

Options do not carry a right to vote.

(B) SUBSTANTIAL SHAREHOLDERS

	Fully paid	
Ordinary shareholders	**Number**	**Percentage**
Wu Xiaonian	29,905,000	33.36
WoWah Industrial Inv Ltd	6,000,000	6.69
Sassey PL	5,565,909	6.21
Fone Christopher John	5,560,000	6.20
	47,030,909	52.46

ASX ADDITIONAL INFORMATION (continued)

(c) TWENTY LARGEST SECURITY HOLDERS

Ordinary shareholders	Fully paid Number	Percentage
Wu Xiaonian	29,905,000	33.36
Wo Wah Industrial Inv Ltd	6,000,000	6.69
Sassey PL	5,565,909	6.21
Fone Christopher John	5,560,000	6.20
Richardson Bruce	4,390,000	4.90
Grupo Pegasus SA	2,181,818	2.43
Burns Alan Robert	2,165,090	2.42
McLeod Bruce	1,912,000	2.13
Wise Daniel Paul	1,275,000	1.42
Flue Hldgs PL	1,225,000	1.37
Chifley Portfolios PL	1,214,979	1.36
Astina Inv Grp PL	1,200,000	1.34
Pershing Nom Ltd	1,200,000	1.34
LSAF Hldgs PL	1,000,000	1.12
Nutsville PL	930,000	1.04
Blue Seas Inv Hldgs Ltd	909,091	1.01
Tilpa PL	900,000	1.00
Perizia Inv PL	820,500	0.92
Spinaway Garden PL	800,000	0.89
Knox Peter Gregory	750,000	0.84
	69,904,387	**77.98**

(D) UNQUOTED EQUITY SECURITY HOLDINGS GREATER THAN 20%

31 May 2016, 20 cent options	Number	Percentage
Bruce Richardson	1,174,964	33.33
Rhodes Capital Pty LTD <McLeod Super Fund>	1,174,964	33.33
Elisha Lamb	1,174,964	33.33
	3,524,892	**100.00**

31 October 2015, 25 cent options	Number	Percentage
Bruce McLeod	750,000	37.50
Bruce Richardson	500,000	25.00
Nicholas Revell	500,000	25.00
	1,750,000	**87.50**

30 June 2015, 15 cent options	Number	Percentage
Sue Mackintosh	200,000	100.00
	200,000	**100.00**

ASX ADDITIONAL INFORMATION (continued)

(E) MINERAL TENEMENTS

The Company holds the following tenements:

Project	Lease	Commodity	Holder	Locality	Status
Gidgee	E53/1585	Iron - Fe	Mayan Iron Corporation Limited	WA	Granted
Gidgee	E53/1538	Iron - Fe	Mayan Iron Corporation Limited	WA	Granted