



**FINANCIAL REPORT FOR THE YEAR  
ENDED 30 JUNE 2014**

**ABN 24 147 917 299**

## CORPORATE DIRECTORY

### Directors

Mr Craig Williams – Non-Executive Chairman  
Mr Matthew Yates – CEO & Managing Director  
Mr Alastair Morrison – Non-Executive Director  
Mr Michael Klessens – Non-Executive Director

### CFO & Company Secretary

Mr Luke Watson

### Registered and Principal Office

Level 1, 38 Rowland Street  
Subiaco WA 6008

PO Box 2152  
Subiaco WA 6904

### Contact Details

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### Share Register

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 850 505  
International: +61 8 9323 2000

### Stock Exchange Listing

Australian Securities Exchange ('ASX')  
Level 40, Central Park  
152-158 St Georges Terrace  
Perth WA 6000

### ASX Code:

ORR – Ordinary Shares  
ORRO – Listed Options

### Solicitors

Allen & Overy LLP  
Level 27, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

### Auditor

Deloitte Touche Tohmatsu  
Level 14, 240 St Georges Terrace  
Perth WA 6000

### Bankers

Westpac Limited  
Level 13, 109 St Georges Terrace  
Perth WA 6000

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### Competent Person Statement

*The information in this report that relates to Exploration Results is based on information compiled by Mr Matthew Yates, a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Yates is a full-time employee and beneficial shareholder of OreCorp Limited. Mr Yates has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yates consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## DIRECTORS' REPORT

The Directors of OreCorp Limited present their report on the Consolidated Entity consisting of OreCorp Limited ('the Company' or 'OreCorp') and the entities it controlled at the end of, or during the year ended 30 June 2014 ('Consolidated Entity' or 'Group').

### DIRECTORS

The names of directors in office at any time during the financial year or since the end of the financial year are:

|                      |                                                |
|----------------------|------------------------------------------------|
| Mr Craig Williams    | Non-Executive Chairman                         |
| Mr Matthew Yates     | Chief Executive Officer & Managing Director    |
| Mr Alastair Morrison | Non-Executive Director                         |
| Mr Michael Klessens  | Non-Executive Director                         |
| Mr Tony Grist        | Non-Executive Director (resigned 31 July 2013) |
| Mr George Bennett    | Non-Executive Director (resigned 31 July 2013) |

Unless otherwise disclosed, Directors held their office from 1 July 2013 until the date of this report.

### CURRENT DIRECTORS AND OFFICERS

#### Mr Craig Williams

*Non-Executive Chairman*

*Qualifications – B.Sc. (Hons)*

Mr Williams is a geologist with over 35 years experience in mineral exploration and mine development.

He was the President and CEO of Equinox Minerals Limited ('Equinox'), a dual listed TSX - ASX resources company which he co-founded in 1993 with the late Dr Bruce Nisbet. Mr Williams was instrumental in the financing and development of the major Lumwana Copper mine in Zambia which resulted in Equinox being one of the world's top 20 copper producers. Following the ramp up of Lumwana, Equinox embarked on an acquisition program that resulted in the takeover of the Citadel Resource Group for \$1.2 billion, targeting development of the Jabal Sayid Mine in Saudi Arabia. Equinox was taken over in mid-2011 by Barrick Gold Corporation for \$7 billion, bringing to an end a challenging and exciting 18 year history at Equinox.

Mr Williams was appointed as Director and Chairman of the Company on 27 February 2013 and he was a Director of OreCorp Resources Pty Ltd since December 2011. During the three year period to the end of the financial year, Mr Williams held directorships in Equinox Minerals Limited (1993 – July 2011) and Lontown Resources Limited (November 2006 - current).

#### Mr Matthew Yates

*Chief Executive Officer & Managing Director*

*Qualifications – B.Sc. (Hons.), MAIG*

Mr Yates is a geologist with over 20 years industry experience, covering most facets of exploration from generative work to project development. Most recently, he was the Joint Managing Director of Mantra Resources Limited and was instrumental in the acquisition of a number of uranium projects, including Mkuju River (Tanzania), Kariba (Zambia) and Mavuzi (Mozambique). He has worked in Australia and southern, east and west Africa, Central Asia and the Gulf Region. He managed the exploration teams at the Nimary and Buhemba gold

## DIRECTORS' REPORT (Continued)

projects in Western Australia and Tanzania respectively. Mr Yates has an applied technical background and has held senior positions for over 20 years, including resident Exploration Manager in Tanzania for Tanganyika Gold Limited.

Mr Yates was appointed a Director of the Company on 27 February 2013 and he was a Director of OreCorp Resources Pty Ltd since June 2010. During the three year period to the end of the financial year, Mr Yates was not a director of any other public companies.

### **Mr Alastair Morrison**

*Non-Executive Director*

*Qualifications – MSc (Hons), Grad Dip App Fin & Inv, MAIG, GAICD*

Mr Morrison is a geologist with more than 20 years experience in mineral exploration and investment.

After graduating from university he worked for more than six years in Australia as an exploration geologist, initially around Western Australia, then for North Flinders Mines in the Northern Territory during the initial development of the +5 million ounce Callie gold deposit.

From 1996 to 2003 he worked in Tanzania for East African Gold Mines Limited at the North Mara Gold Project. He was responsible for the management of exploration, overseeing the delineation of more than 5 million ounces of resources, including the discovery of the high-grade Gokona gold deposit. In later years, he had additional responsibilities for all in-country development activities, through feasibility and permitting until the commencement of construction. East African Gold Mines was acquired by Placer Dome Inc. in mid-2003 for US\$252 million.

Since 2004, he has worked as an investment analyst for a private, resource-oriented investment fund evaluating and investing in mining projects around the world.

Mr Morrison was appointed a Director of the Company on 27 February 2013 and he was a Director of OreCorp Resources Pty Ltd since June 2010. During the three year period to the end of the financial year, Mr Morrison was not a director of any other public companies.

### **Mr Michael Klessens**

*Non-Executive Director*

*Qualifications – B.Bus, CPA, MAICD*

Mr Klessens is a CPA with over 23 years practical financial and management experience, particularly within the resources industry. This experience has involved all areas of corporate and treasury management, project financing, capital raisings, mergers and acquisitions, dual listings, feasibility studies and establishment of systems and procedures for new mining operations.

From 2002 - 2011, Mr Klessens was Vice President - Finance and Chief Financial Officer of Equinox Minerals Limited ('Equinox'), a dual listed TSX - ASX resources company which developed the major Lumwana Copper mine in Zambia which resulted in Equinox being one of the world's top 20 copper producers. Following the ramp up of Lumwana, Equinox embarked on an acquisition program that resulted in the takeover of the Citadel Resource Group for \$1.2 billion, targeting development of the Jabal Sayid Mine in Saudi Arabia. Equinox was taken over in mid-2011 by Barrick Gold Corporation for \$7 billion.

Prior to Equinox, Mr Klessens held senior positions in mid-tier Australian resource companies primarily focused on gold.



Mr Klessens joined the Board of OreCorp as a Director on 27 February 2013 and he was a Director of OreCorp Resources Pty Ltd since March 2012. During the three year period to the end of the financial year, Mr Klessens was not a director of any other public companies.

#### **Mr Luke Watson**

*CFO & Company Secretary*

*Qualifications – B.Bus, CA, ACIS, SA Fin*

Mr Watson is a Chartered Accountant, Chartered Secretary and a Senior Associate of FINSIA. He has significant corporate experience including mergers & acquisitions, capital raisings, IPOs and dual listings on the TSX. Since 2005, Mr Watson has held senior corporate and finance positions with a number of African-focused resources companies, including Mantra Resources Limited ('Mantra') and OmegaCorp Limited. Mr Watson was the CFO & Company Secretary of Mantra from its \$6 million IPO in October 2006 until its acquisition by ARMZ (JSC Atomredmetzoloto) for approximately \$1 billion in mid-2011.

Mr Watson was appointed as CFO and Company Secretary on 28 February 2013 and he held the same positions with OreCorp Resources Pty Ltd since October 2011.

#### **PRINCIPAL ACTIVITIES**

The principal activities of the Consolidated Entity consisted of mineral exploration, including precious and base metals on its licences in Mauritania and Ethiopia, and the identification and evaluation of mineral resource opportunities in Africa and elsewhere in the world.

#### **EMPLOYEES**

|                                                                                                 | 2014 | 2013 |
|-------------------------------------------------------------------------------------------------|------|------|
| The number of full time equivalent people employed by the Consolidated Entity at reporting date | 8    | 12   |

#### **DIVIDENDS**

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2014 (2013: nil).

#### **EARNINGS PER SHARE**

|                                          | 2014   | 2013   |
|------------------------------------------|--------|--------|
| Basic loss per share (cents per share)   | (2.35) | (8.26) |
| Diluted loss per share (cents per share) | (2.35) | (8.26) |

#### **CORPORATE STRUCTURE**

OreCorp Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report including the entities it incorporated and controlled during the financial year.

## DIRECTORS' REPORT (Continued)

### CONSOLIDATED RESULTS

|                                                           | 2014<br>\$  | 2013<br>\$  |
|-----------------------------------------------------------|-------------|-------------|
| Loss of the Consolidated Entity before income tax expense | (2,665,151) | (6,781,640) |
| Income tax expense                                        | -           | -           |
| Net loss attributable to members of OreCorp Limited       | (2,665,151) | (6,781,640) |

### REVIEW OF OPERATIONS AND ACTIVITIES

The operating loss of the Consolidated Entity for the year ended 30 June 2014 was \$2,665,151 (2013: \$6,781,640). This loss is largely attributable to:

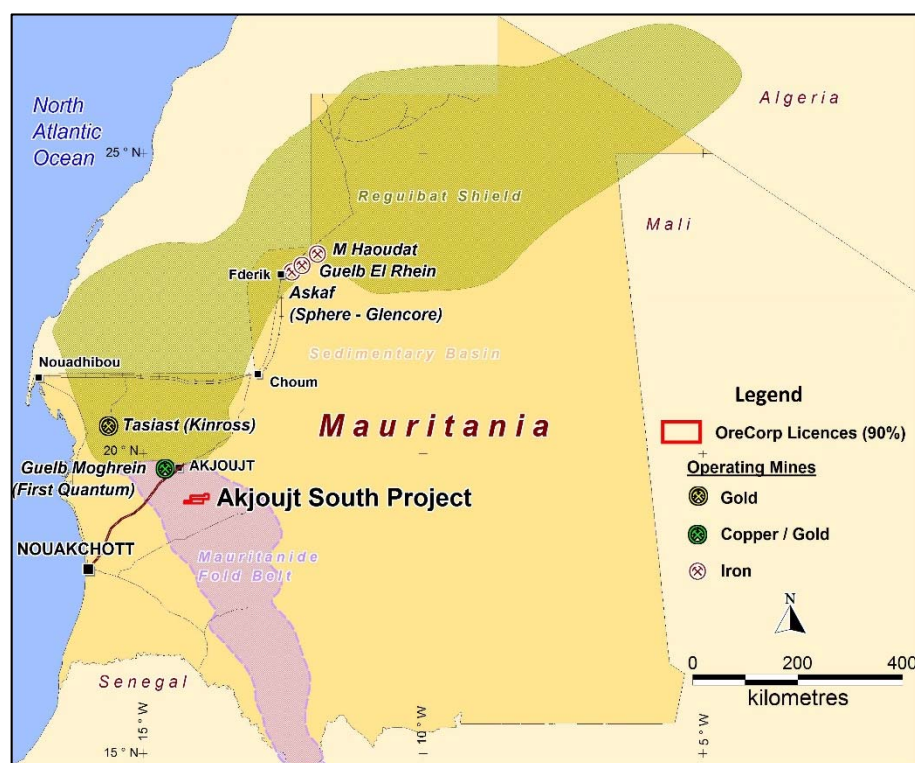
- (i) The Consolidated Entity's accounting policy of expensing exploration and evaluation expenditure incurred by the Consolidated Entity subsequent to the acquisition of the rights to explore and up to the successful completion of definitive feasibility studies. During the year, exploration expenditure totalled \$1,545,786 (2013: \$3,995,873); and
- (ii) Business development activities which aim to identify and evaluate new mineral resource opportunities, in Africa and elsewhere. During the year, business development expenditure totalled \$365,453 (2013: \$172,417).

It is noted that the abovementioned numbers, and the financial report, are presented in Australian dollars.

During the year, OreCorp continued to:

- advance its existing projects in Mauritania and Ethiopia, with the aim of identifying additional drill targets; and
- assess a number of advanced projects and business development opportunities in Africa and elsewhere throughout the world.

## Mauritania



**Figure 1: Location Map of Mauritanian Project Areas**

### Akjoujt South Project (Au-Cu-Ni: 90% interest in Licences 1415 & 1416)

The Akjoujt South Project comprises two licences (1415 and 1416). Renewal documentation, including a 25% reduction of the licence areas, was lodged during the March 2014 quarter for both licences. Once renewed, the licences will cover a total area of 460 km<sup>2</sup> (**Figure 1**).

Work during the financial year has included a review of the Anomaly 5 Prospect (**Figures 2 & 3**), which has the potential to host intrusion related disseminated nickel-copper mineralisation.

Anomaly 5 was identified in a regional soil sampling program which generated an anomalous soil sample of 0.26% nickel and 0.23% copper. The anomalism is associated with a circular intrusive body and alteration assemblage. Subsequent mapping, infill sampling and trenching has defined a zone of geochemical anomalism approximately 1.6km long. Trenching across this anomalism has intersected mineralised intervals of up to 160m in width of 0.24% nickel and 0.21% copper. Further mineralisation has been identified in Trench 9, three kilometres to the east (**Figure 2**).

The Company intends to complete an induced polarisation (IP) chargeability and resistivity survey over Anomaly 5. The survey will comprise high resolution dipole-dipole lines across the area of nickel/copper mineralisation identified from the previous trenching, as well as a regional gradient array survey covering an area to the northeast of the mapped intrusive, including the area of Trench 9 (values of up to 4m @ 0.44% nickel and 0.24% copper) and its associated geochemical anomalism. Targets identified from the gradient array survey may be followed-up with additional dipole lines.

## DIRECTORS' REPORT (Continued)

It is anticipated that the survey will be followed by 3-D inversions of dipole-dipole lines to refine target areas as a prelude to potential drill testing. Survey details will be finalised upon notification of the licence renewals.

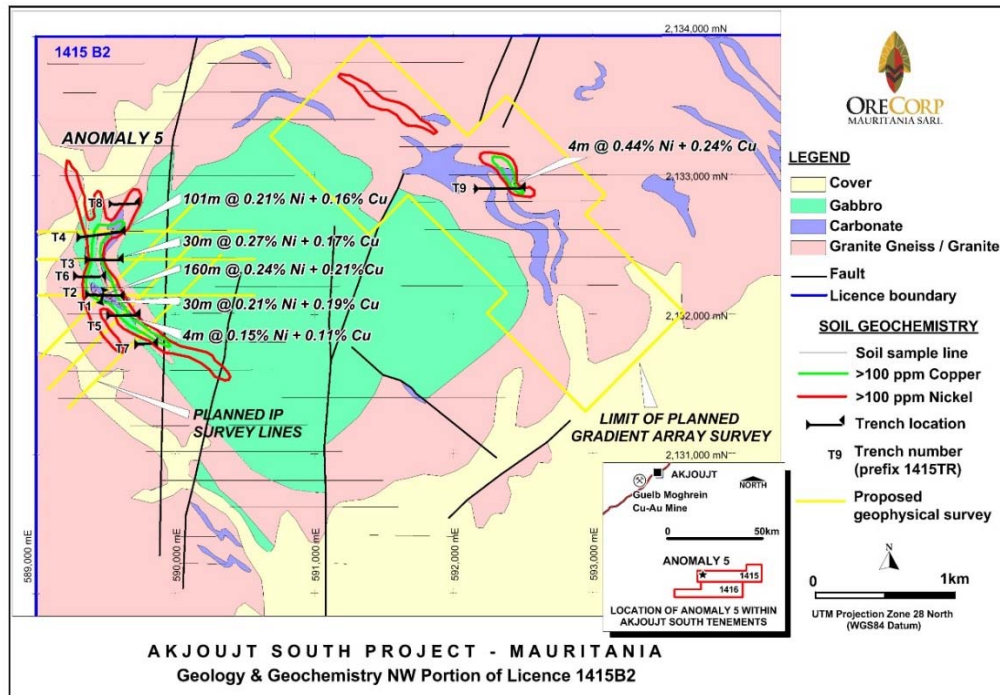


Figure 2: Akjoujt South Project - Geology and Geochemistry with Geophysical Survey Areas

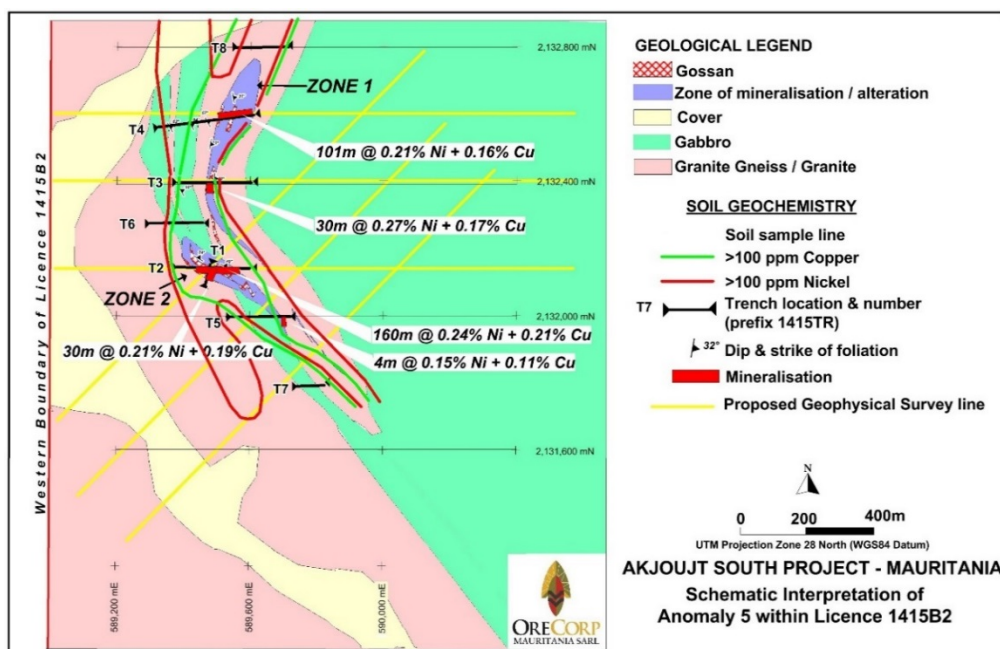


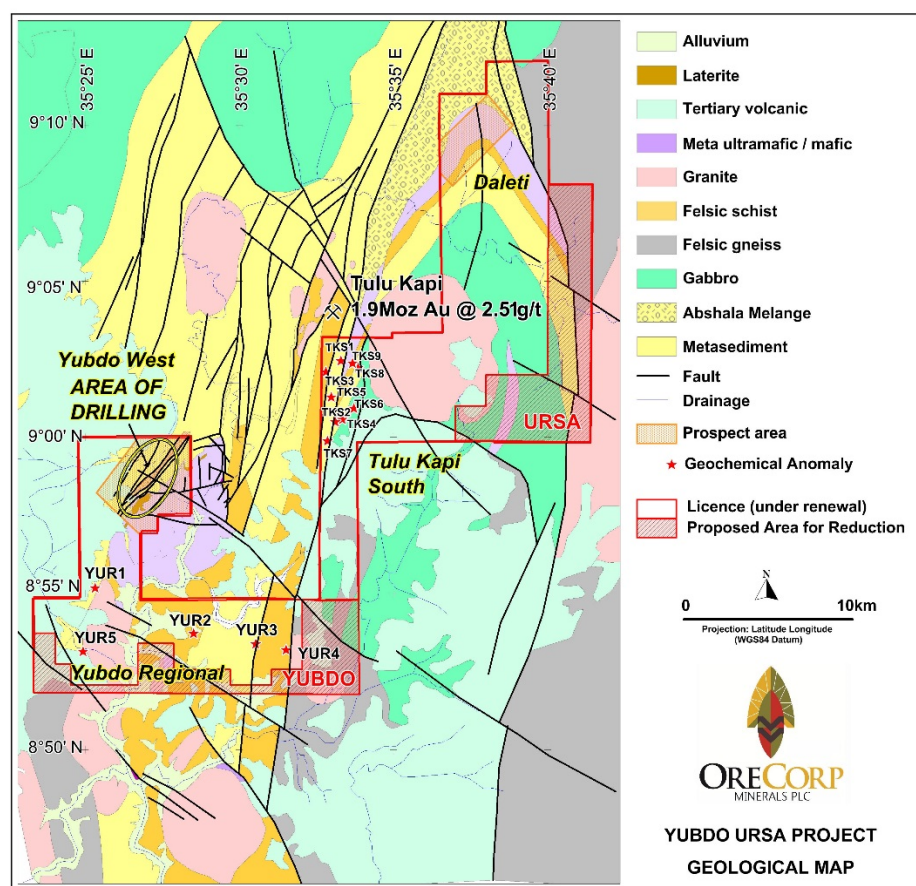
Figure 3: Akjoujt South Project Anomaly 5 - Geology and Geochemistry with IP Survey Lines

## Ethiopia

### Yubdo - Ursa Project (Au-Ni-Cu-Cr-PGE: OreCorp 100% in Licences 243 & 244)

The Project comprises two exploration licences and covers approximately 300km<sup>2</sup> of Ethiopia's Western Greenstone Belt, adjacent to KEFI Minerals' Tulu Kapi Project (**Figure 4**), which hosts a JORC resource of 1.9 million ounces @ 2.51g/t gold (refer KEFI Minerals' AIM release dated 18 August 2014). Previous work by OreCorp has identified gold, nickel, chromium and platinum anomalism at Yubdo - Ursa.

Work completed during the financial year at the Yubdo - Ursa Project included trenching and mapping at the Yubdo West Prospect; soil sampling, trenching and mapping at the Tulu Kapi South Prospect; and mapping at the Daleti Prospect. The results from the regional infill soil sampling and mapping program over targets YUR 1-5 were also received.



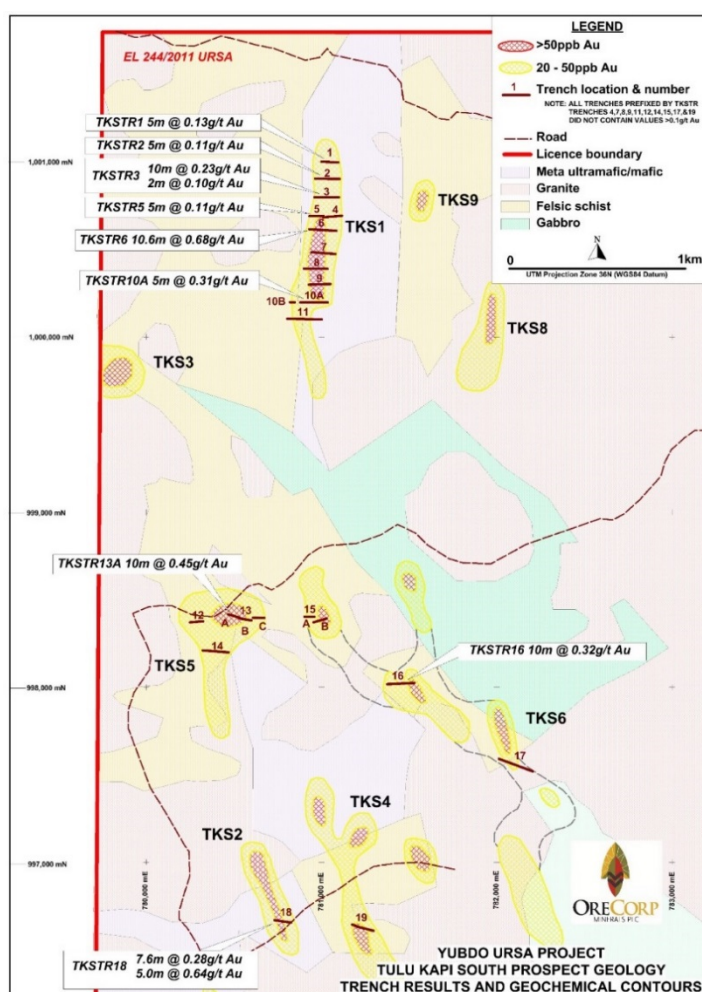
**Figure 4: Yubdo - Ursa Geology with Area of Drilling and Regional Prospects**

### Tulu Kapi South Prospect

At Tulu Kapi South (TKS) trenching during the year revealed gold anomalism (>0.1 g/t) in four of the six geochemical anomalies tested. 19 trenches for 2,684m were excavated by hand during the March quarter (**Figures 4 & 5**). The trenching and mapping targeted on gold-in-soil anomalies TKS1, 2, 4, 5 & 6.

## DIRECTORS' REPORT (Continued)

Trenching at TKS1 outlined gold mineralisation (0.1 to 1.1 g/t) over a continuous strike length of 400m and widths of 5-10.6m, with a best intersection of 10.6m at 0.68 g/t gold in trench 6. The gold-in-soil anomalism coincides with strong potassic-carbonate +/- magnetite-tourmaline alteration of the schists and the discontinuous development of saccharoidal quartz veins which are variably sulphidic. A stockwork of quartz-epidote-pyrite veins was located at the southern end of TKS1. At anomaly TKS5, trench 13A intersected 10m at 0.45 g/t gold, and at anomaly TKS2 trench 18 intersected 5m at 0.64 g/t gold. Results from infill geochemical sampling completed at TKS identified a new area of geochemical anomalism (TKS9) and confirmed other areas of anomalism.



**Figure 5: Tulu Kapi South – Geochemical Soil Anomalies with Trenches and Results**

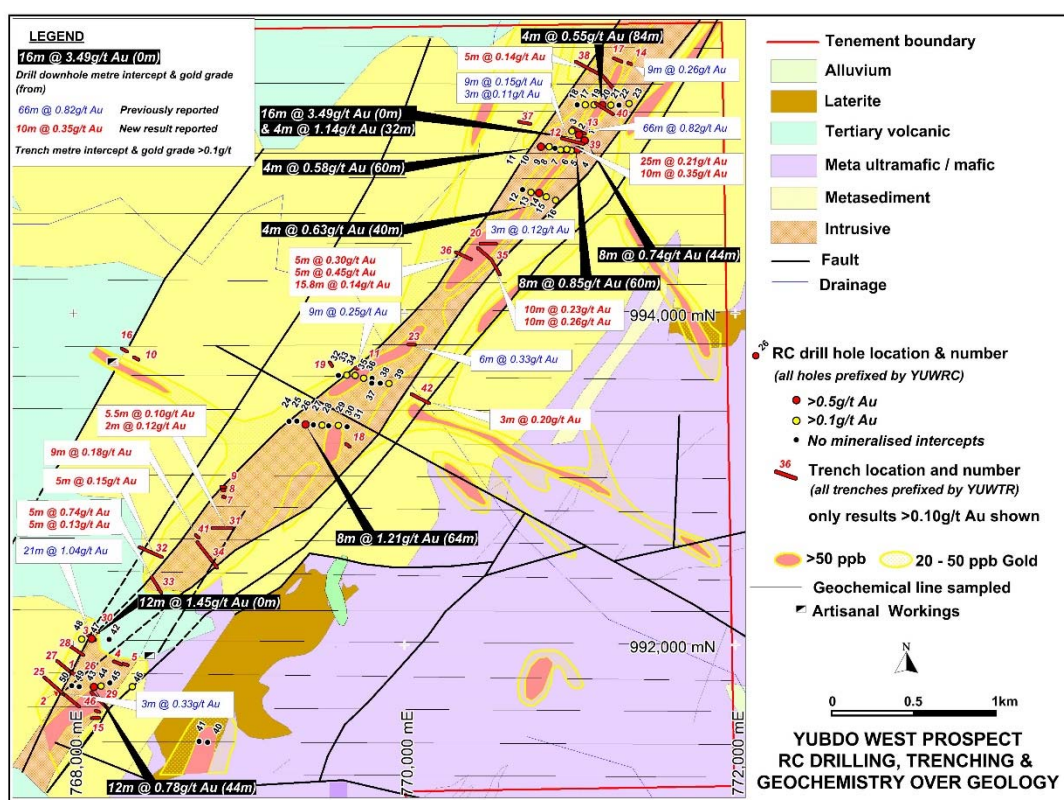
### Yubdo West

The trench results are summarised in **Figure 6**. The tenor and widths of the intersections are typically 5-10m at 0.1-0.3g/t gold. The best intersection was in the northern area of the Yubdo West trend in Trench YUWTR039, located south of Trench YUWTR013 (2013 program). This trench returned 25m at 0.21g/t gold and 10m at 0.35g/t gold associated with felsic schist zones and minor quartz-limonite veins developed as shear zones within the host granodiorite body.

Trenches YUWTR035 and YUWTR036 (800m southwest of trench YUWTR039) generated five zones of low tenor mineralisation associated with felsic schist zones developed in the host granite-granodiorite body. These intersections explain the moderate gold-in-soil anomalism along the ridge line and the observed mineralisation style and tenor is consistent with the observations from drilling 450m to the northeast.

In the southern area, trenching confirmed a low tenor mineralisation of 0.1-0.7g/t gold over a maximum width of 9m. The best mineralisation is developed in sheared granodiorite, described as felsic schist and these are often found in proximity to massive milky quartz veins which are themselves variably mineralised. The gold-in-soil anomalism in the area of trenches YUWTR031-34 and 41 has been adequately tested and explained by the trenching.

Trenching in the southernmost area of the Yubdo West trend failed to intersect any further anomalism. These trenches were designed to intersect shears interpreted from the aeromagnetics. There were thin zones of magnetite replacement in the trenches but these did not return any mineralisation.



**Figure 6: Yubdo West Prospect RC Drilling, Trenching and Geochemistry over Geology**

### Yubdo Regional

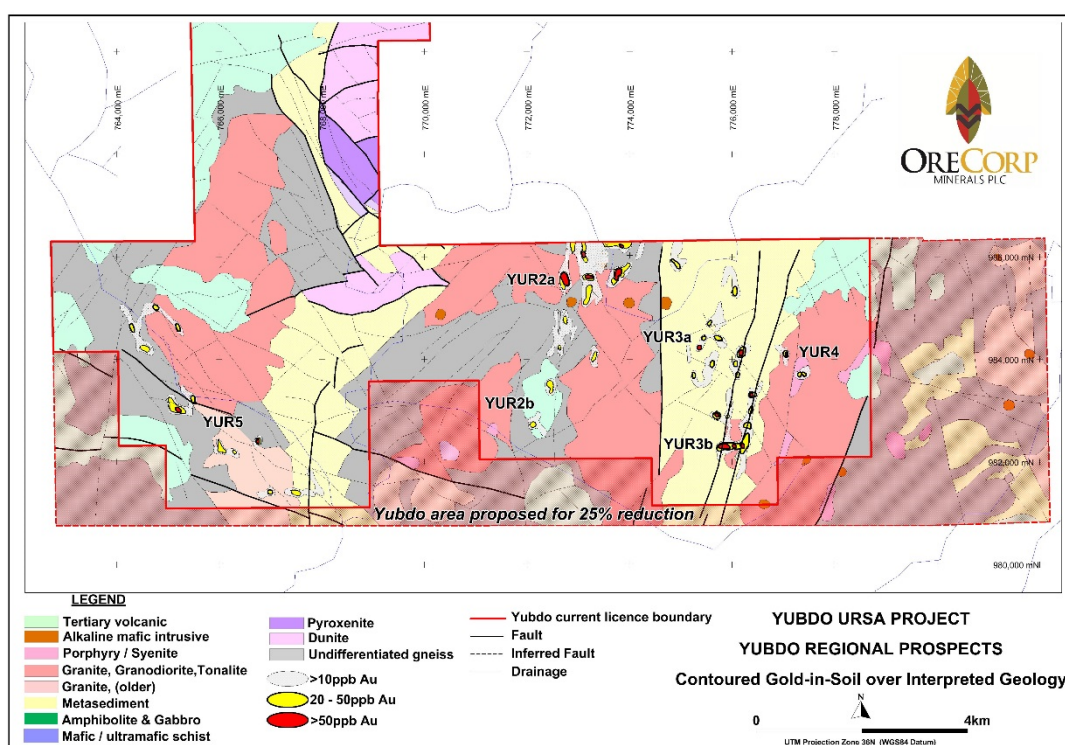
Work this year concentrated on the regional geochemical anomalies YUR1-5. YUR2a is the most robust of the anomalies and comprises five distinct centres in the northern section of the anomaly. The anomaly has a dispersed tail that extends to the southeast and there are three other isolated small lower tenor anomalies situated to the south and south east. YUR2a is associated with a northwest-southeast trending structure which splays into three and is intruded at the junction by a mafic intrusive (**Figure 7**).

## DIRECTORS' REPORT (Continued)

YUR3b is the next most coherent anomaly and follows two parallel north northeast trending faults within a sequence of felsic metasediments. There are two distinct granite bodies whose margins are controlled by the faults. Within this area soil values peaked at 1,818ppb gold.

YUR3a is a low tenor anomaly with no distinct centre. YUR4 appears to be two separate small anomalies that are coincident with NNE-trending faults. YUR5 is a broad discontinuous anomaly extending over 6km with a peak value of 156ppb gold.

The program has downgraded the majority of the anomalies, leaving two areas for possible follow-up. These are the northern cluster of anomalies at YUR2a and the 1,818 ppb gold point anomaly in YUR3b.



**Figure 7: Yubdo Regional Gold-in-Soil Anomalism over Interpreted Geology**

### Future Work at Yubdo - Ursa

During the year the Company lodged renewals for both the Yubdo and Ursa licences and as a mandatory part of the renewal process, 25% of each licence will be relinquished. The results received to date do not warrant immediate follow up at this point and the Company is considering its options for this project, which may involve seeking a joint venture partner.

### Werri River Project (Au: OreCorp 100% in Licence 254)

During the financial year, mapping, infill soil sampling and trenching were completed on the Werri River Project. The Company is considering its options for this project as it awaits the grant of adjacent licences. Renewal documentation for the licence was lodged during the year, which included a 25% area reduction. The Company is considering its options for this project as it awaits the grant of adjacent licences that are under application.

### **Other Activities in Ethiopia**

The Company has continued to evaluate additional projects within Ethiopia. Although the moratorium on new licence applications has been partially removed, and it appears that the licencing process has recommenced with some licences issued to other parties, no meaningful progress has been made during the financial year on the grant of OreCorp licence applications.

### **Corporate and Business Development**

OreCorp has continued to assess a number of advanced projects and corporate opportunities throughout Africa and the world. The Company has entered into dialogue with several parties in regard to various corporate opportunities. These discussions are ongoing.

At 30 June 2014, the Group was well placed with \$7.3m in cash and no debt.

### **Business Strategies and Prospects**

The Consolidated Entity currently has the following business strategies and prospects over the medium to long-term:

- (i) Seek to maximise the value of the Consolidated Entity's portfolio of exploration assets in Africa; and
- (ii) Continue to identify and evaluate new mineral resource and other corporate opportunities, which can enhance shareholder value.

The Consolidated Entity has used the cash and assets that were in a form readily convertible to cash that it had at the time of admission to the ASX in March 2013, in a way consistent with its business objectives.

### **Risk Management**

The Board is responsible for the oversight of the Consolidated Entity's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Consolidated Entity during the year.

### **SIGNIFICANT POST BALANCE DATE EVENTS**

There were no significant events occurring after balance date requiring disclosure.

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Group's operations are subject to various environmental laws and regulations in each of the African countries in which it holds exploration licences. The Group aims for full compliance with these laws and regulations and regards them as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either internally, or by external compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Consolidated Entity during the financial year.

## DIRECTORS' REPORT (Continued)

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is the Board's current intention that the Consolidated Entity will:

- continue to identify and evaluate other resource opportunities, including potential acquisitions, joint ventures or investments in the resources sector which may enhance shareholder value;
- continue to explore its Akjoujt South Project in Mauritania; and
- define further drill targets and potentially undertake additional drilling to delineate potential mineralisation.

The successful completion of these activities will assist the Group to achieve its strategic objective of becoming a developer of a mineral resource project in the medium term.

All of these activities are inherently risky and the Board is unable to provide certainty that any or all of these activities will be able to be achieved. In the opinion of the Directors, any further disclosure of information regarding likely developments in the operations of the Consolidated Entity and the expected results of these operations in subsequent financial years may prejudice the interests of the Group and accordingly, further information has not been disclosed.

### SHARE OPTIONS

At the date of this report, the following options have been issued over unissued shares:

- 5,930,692 listed options at an exercise price of \$0.2667 each that expire on 7 May 2015;
- 5,199,999 unlisted options at an exercise price of \$0.2667 each that expire on 30 June 2015; and
- 1,875,000 unlisted options at an exercise price of \$0.40 each that expire on 22 March 2016.

### MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2014, and the number of meetings attended by each Director.

| Directors                     | Board Meetings <sup>(1)</sup> |                 | Audit Committee Meetings  |                 | Remuneration & Nomination Committee Meetings |                 |
|-------------------------------|-------------------------------|-----------------|---------------------------|-----------------|----------------------------------------------|-----------------|
|                               | Number Eligible to Attend     | Number Attended | Number Eligible to Attend | Number Attended | Number Eligible to Attend                    | Number Attended |
| Craig Williams                | 7                             | 7               | 2                         | 2               | 2                                            | 2               |
| Matthew Yates                 | 7                             | 7               | -                         | -               | -                                            | -               |
| Tony Grist <sup>(2)</sup>     | 1                             | 1               | -                         | -               | -                                            | -               |
| Alastair Morrison             | 7                             | 7               | 2                         | 2               | 2                                            | 2               |
| Michael Klessens              | 7                             | 7               | 2                         | 2               | 2                                            | 2               |
| George Bennett <sup>(2)</sup> | 1                             | -               | -                         | -               | -                                            | -               |

#### Notes

- (1) In addition to the Board Meetings held during the year, there were a number of matters resolved by way of Circular Resolution that are not reflected in the table above.
- (2) Messrs Bennett and Grist resigned on 31 July 2013.

### REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ('KMP') of the Group. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

### Details of Key Management Personnel

Details of the KMP during or since the end of the financial year are set out below:

#### Directors

|                      |                                                |
|----------------------|------------------------------------------------|
| Mr Craig Williams    | Non-Executive Chairman                         |
| Mr Matthew Yates     | Chief Executive Officer & Managing Director    |
| Mr Alastair Morrison | Non-Executive Director                         |
| Mr Michael Klessens  | Non-Executive Director                         |
| Mr Tony Grist        | Non-Executive Director (resigned 31 July 2013) |
| Mr George Bennett    | Non-Executive Director (resigned 31 July 2013) |

#### Other Key Management Personnel

Mr Luke Watson – CFO & Company Secretary

Unless otherwise disclosed, the KMP held their position from 1 July 2013 until the date of this report.

Other than the CEO and CFO, there were no executives of the Company or Group during the year.

### Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- the Group is currently concentrating on the identification and evaluation of other mineral resource opportunities, including potential acquisitions, joint ventures or investments, as well as the early stage exploration of its Akjoujt South Project in Mauritania. The Board considers that the experience of its KMP in the resources industry will greatly assist the Group in achieving its strategic objectives and progressing its exploration properties, over the next 12 – 24 months;
- risks associated with developing resource companies whilst exploring and developing projects, particularly at the 'grass roots' stage; and
- other than profit which may be generated from asset sales, the Group does not expect to be undertaking profitable operations until after the commencement of commercial production on any of its projects.

## DIRECTORS' REPORT (Continued)

### Executive Remuneration

#### *Fixed Remuneration*

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. KMP who are residents of Australia for taxation purposes receive a statutory superannuation contribution (subject to statutory age-based limits) and do not receive any other retirement benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Consolidated Entity and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

#### *Performance Based Remuneration – Short-Term Incentive Plan ('STIP')*

Subject to the global equity markets improving (and in particular commodities prices and the resources sector), the Group intends to introduce a STIP when it has an advanced exploration asset, whereby its KMP will be entitled to an annual cash bonus upon achieving various key performance indicators ('KPI's'), as set by the Board. As at the date of this Report, a STIP had not been ratified and introduced by the Board.

#### *Performance Based Remuneration – Long-Term Incentive Plan ('LTIP')*

As set out in the prospectus dated 30 January 2013, the Consolidated Entity has adopted an option plan for employees and contractors ('Option Plan'). As at the date of this Report, no options have been issued pursuant to the Option Plan. The Group intends to issue options pursuant to the LTIP in order to attract and retain the services of its KMP and to provide an incentive linked to the performance of the Consolidated Entity. The Option Plan will be administered by the Directors.

In the absence of a formal LTIP in prior years, the Board had chosen to issue incentive options to some directors and executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the directors and executives and to provide an incentive linked to the performance of the Consolidated Entity. The Board considers that each person's experience in the resources industry will greatly assist the Consolidated Entity in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of incentive options granted to its directors and KMP in prior years was justified. No incentive options were issued to KMP during the year ended 30 June 2014.

The Board has a policy of granting options to directors and KMP with exercise prices at or above market share price (at the time of agreement). As such, incentive options granted to directors and KMP will generally only be of benefit if they perform to the level whereby the value of the Consolidated Entity increases sufficiently to warrant exercising the incentive options granted. It is noted that all incentive options issued in prior years are currently well 'out of the money', with exercise prices of \$0.2667 and \$0.40.

Other than the criteria noted above, there are no additional performance criteria on the incentive options granted to directors and KMP, as given the speculative nature of the Group's activities and the small management team responsible for its running, it is considered the performance of the directors and KMP is closely related to the performance and value of the Consolidated Entity.

#### *Non-Executive Director Remuneration*

The Board's policy is for fees to Non-Executive Directors to be no greater than market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentive Options have been and will continue to be used in future to attract and retain Non-Executive Directors.



The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors, currently \$225,000, has been approved by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares and/or options in the Company and Non-Executive Directors may in limited circumstances receive Incentive Options in order to secure their initial or ongoing services (refer tables below for further details of share and option holdings).

Fees for the Chairman are presently \$50,000 per annum (2013: \$50,000) and fees for Non-Executive Directors' are presently set at \$40,000 per annum (2013: \$40,000). These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees and services that would ordinarily not be expected of a non-executive director.

#### *Impact of Shareholder Wealth on Key Management Personnel Remuneration*

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. However, as noted above, KMP may receive Incentive Options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Options granted.

The Board anticipates that, during the Group's exploration and development phases of its business, it will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly, the Company does not currently have a policy with respect to the payment of dividends, and as a result the remuneration policy does not take into account the level of dividends or other distributions to shareholders (e.g. return of capital).

#### *Impact of Earnings on Key Management Personnel Remuneration*

The Group is currently undertaking exploration and project evaluation activities and does not expect to be undertaking profitable operations until after the successful commercialisation, production and sale of commodities from one or more of its projects. Accordingly, the Board does not consider current or prior year earnings when assessing remuneration of KMP.

### **Group Performance**

The table below sets out summary information about the Consolidated Entity's earnings and movements in shareholder wealth:

|                                          | Year Ended<br>30 June 2014<br>\$ | Year Ended<br>30 June 2013<br>\$ | Period Ended<br>30 June 2012 <sup>1</sup><br>\$ |
|------------------------------------------|----------------------------------|----------------------------------|-------------------------------------------------|
| Interest Revenue                         | 212,455                          | 286,949                          | 479,496                                         |
| Loss before tax                          | (2,665,151)                      | (6,781,640)                      | (3,308,884)                                     |
| Loss after tax                           | (2,665,151)                      | (6,781,640)                      | (3,308,884)                                     |
| Dividends                                | -                                | -                                | -                                               |
| Share Price                              | 0.06                             | 0.09                             | -                                               |
| Basic loss per share (cents per share)   | (2.35)                           | (8.26)                           | (5.00)                                          |
| Diluted loss per share (cents per share) | (2.35)                           | (8.26)                           | (5.00)                                          |

## DIRECTORS' REPORT

### (Continued)

#### Note

- (1) As the financial statements represent a continuation of the financial statements of OreCorp Resources Pty Ltd, the comparative information provided for 2012 is for OreCorp Resources Pty Ltd, with the basic and diluted loss per share having been adjusted to reflect the impact of the group restructure. OreCorp Resources Pty Ltd was unlisted at 30 June 2012, so comparative share price information has not been provided above.

#### Key Management Personnel Remuneration

Details of the nature and amount of each element of the remuneration of each KMP of the Company or Group for the financial year are as follows:

| 2014                          | Short-Term Benefits |                                                        | Post Employment Benefits | Total   |
|-------------------------------|---------------------|--------------------------------------------------------|--------------------------|---------|
|                               | Salary & Fees<br>\$ | Movement in Annual Leave Provision<br>(non-cash)<br>\$ | Superannuation<br>\$     |         |
| <b>Directors</b>              |                     |                                                        |                          |         |
| Craig Williams                | 45,767              | -                                                      | 4,233                    | 50,000  |
| Matthew Yates                 | 250,000             | 2,115                                                  | 25,000                   | 277,115 |
| Alastair Morrison             | 36,613              | -                                                      | 3,387                    | 40,000  |
| Michael Klessens              | 36,613              | -                                                      | 3,387                    | 40,000  |
| Tony Grist <sup>(1)</sup>     | 3,051               | -                                                      | 282                      | 3,333   |
| George Bennett <sup>(1)</sup> | 3,333               | -                                                      | -                        | 3,333   |
| <b>Other KMP</b>              |                     |                                                        |                          |         |
| Luke Watson                   | 225,000             | -                                                      | 25,000                   | 250,000 |

#### Note

- (1) Messrs Bennett and Grist resigned on 31 July 2013.
- (2) There were no long-term benefits, including incentive options, paid or issued to KMP during the year ended 30 June 2014.

| 2013                               | Short-Term Benefits |                                                  | Post Employment Benefits | Total \$ |
|------------------------------------|---------------------|--------------------------------------------------|--------------------------|----------|
|                                    | Salary & Fees \$    | Movement in Annual Leave Provision (non-cash) \$ | Superannuation \$        |          |
| <b>Directors</b>                   |                     |                                                  |                          |          |
| Craig Williams <sup>(1)(2)</sup>   | 45,500              | -                                                | 4,500                    | 50,000   |
| Matthew Yates <sup>(2)</sup>       | 250,000             | 21,154                                           | 25,000                   | 296,154  |
| Alastair Morrison <sup>(2)</sup>   | 36,400              | -                                                | 3,600                    | 40,000   |
| Michael Klessens <sup>(1)(2)</sup> | 36,400              | -                                                | 3,600                    | 40,000   |
| Tony Grist <sup>(3)</sup>          | 12,232              | -                                                | 1,101                    | 13,333   |
| George Bennett <sup>(2)(3)</sup>   | 36,666              | -                                                | -                        | 36,666   |
| <b>Other KMP</b>                   |                     |                                                  |                          |          |
| Luke Watson <sup>(1)(2)</sup>      | 225,000             | 8,654                                            | 25,000                   | 258,654  |

#### Notes

- (1) Messrs Williams, Klessens and Watson received options as part of the consideration for sale of OreCorp Resources Pty Ltd. The value of these share based payment amounts has not been included in remuneration.
- (2) Messrs Williams, Yates, Morrison, Klessens and Watson joined the Company as directors/employees in late February 2013, after completion of the acquisition of OreCorp Resources Pty Ltd. Mr Bennett joined the Company as a director on 25 March 2013.
- (3) Messrs Bennett and Grist resigned on 31 July 2013.
- (4) There were no long-term benefits, including incentive options, paid or issued to KMP during the year ended 30 June 2013.

#### Shareholdings of Key Management Personnel

| Key Management Person 2014    | Opening Balance at |               | Held at 30 June 2014     |
|-------------------------------|--------------------|---------------|--------------------------|
|                               | 1 July 2013        | Other Changes |                          |
| <b>Directors</b>              |                    |               |                          |
| Craig Williams                | 1,149,989          | -             | 1,149,989                |
| Matthew Yates                 | 10,124,750         | -             | 10,124,750               |
| Alastair Morrison             | 5,124,874          | -             | 5,124,874                |
| Michael Klessens              | 1,250,000          | -             | 1,250,000                |
| Tony Grist <sup>(1)</sup>     | 1,875,000          | -             | 1,875,000 <sup>(2)</sup> |
| George Bennett <sup>(1)</sup> | 5,124,874          | -             | 5,124,874 <sup>(2)</sup> |
| <b>Other KMP</b>              |                    |               |                          |
| Luke Watson                   | 500,000            | -             | 500,000                  |

## DIRECTORS' REPORT

### (Continued)

#### Notes

- (1) Messrs Bennett and Grist resigned on 31 July 2013.  
 (2) As at date of resignation.

#### Option Holdings of Key Management Personnel

The aggregate numbers of options and rights over ordinary shares of the Company held directly, indirectly or beneficially by KMP of the Company or Group or their related entities at balance date is as follows:

| Key Management Person 2014    | Opening Balance at<br>1 July 2013<br># | Other Changes<br># | Held at<br>30 June 2014<br># | Vested and Exercisable at<br>30 June 2014<br># |
|-------------------------------|----------------------------------------|--------------------|------------------------------|------------------------------------------------|
| <b>Directors</b>              |                                        |                    |                              |                                                |
| Craig Williams                | 2,000,000                              | -                  | 2,000,000                    | 2,000,000                                      |
| Matthew Yates                 | -                                      | -                  | -                            | -                                              |
| Alastair Morrison             | -                                      | -                  | -                            | -                                              |
| Michael Klessens              | 1,000,000                              | -                  | 1,000,000                    | 1,000,000                                      |
| Tony Grist <sup>(1)(2)</sup>  | 1,458,876                              | -                  | 1,458,876 <sup>(3)</sup>     | 1,458,876 <sup>(3)</sup>                       |
| George Bennett <sup>(1)</sup> | -                                      | -                  | -                            | -                                              |
| <b>Other KMP</b>              |                                        |                    |                              |                                                |
| Luke Watson                   | 999,999                                | -                  | 999,999                      | 999,999                                        |

#### Notes

- (1) Messrs Bennett and Grist resigned on 31 July 2013.  
 (2) Mr Tony Grist held 750,000 unlisted options exercisable at \$0.40 each and expiring on 22 March 2016 and 708,876 listed options exercisable at \$0.2667 each and expiring on 7 May 2015, as at the date he resigned.  
 (3) As at date of resignation.

#### Employment Contracts with Key Management Personnel

Mr Matthew Yates, Chief Executive Officer, has a contract of employment with OreCorp Limited. The contract specifies the duties and obligations to be fulfilled by the CEO. The contract has no fixed term and may be terminated by either party giving three months' notice. No amount is payable in the event of termination for neglect or incompetence in regard to the performance of duties other than accrued entitlements. In the event of termination by either party in certain circumstances, Mr Yates is entitled to 12 months' salary. Since August 2010, Mr Yates' cash remuneration has totalled \$275,000 per annum (inclusive of superannuation). Mr Yates will also be eligible to participate in the Company's 'Long-Term Incentive Plan' and 'Short-Term Incentive Plan', as and when introduced by the Board.

Mr Luke Watson, Chief Financial Officer & Company Secretary, has a contract of employment with OreCorp Limited. The contract specifies the duties and obligations to be fulfilled by the CFO. The contract has no fixed term and may be terminated by either party giving three months' notice. No amount is payable in the event of termination for neglect or incompetence in regard to the performance of duties other than accrued entitlements. In the event of termination by either party in certain circumstances, Mr Watson is entitled to 12 months' salary. Since October 2011, Mr Watson's cash remuneration has totalled \$225,000 per annum, plus superannuation of \$25,000. Mr Watson will also be eligible to participate in the Company's 'Long-Term Incentive Plan' and 'Short-Term Incentive Plan', as and when introduced by the Board.

*End of Remuneration Report.*

## INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During the financial year, the company paid a premium in respect of a contract insuring the directors and the company secretary of the company (as named above) of any related body corporate against a liability incurred as such a director or secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. It noted that there were no such liabilities during the financial year.

## NON-AUDIT SERVICES

The Group may decide to use its auditor to provide non-audit services where the auditor's expertise and experience with the Group is important.

During the year, the following fees were paid or payable for services provided by the auditor of the Group:

|                                                                              | Year Ended<br>30 June 2014<br>\$ | Year Ended<br>30 June 2013<br>\$ |
|------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| <b>Services provided by the Company's auditor</b>                            |                                  |                                  |
| <b><i>Deloitte<sup>(1)</sup>:</i></b>                                        |                                  |                                  |
| - Audit and review of financial report                                       | 30,000                           | 20,000                           |
| - Other non-audit services: Investigating Accountant's Report for prospectus | -                                | 14,560                           |
| <b>Total remuneration for auditors</b>                                       | <b>30,000</b>                    | <b>34,560</b>                    |
| <b><i>RSM Bird Cameron Partners<sup>(2)</sup>:</i></b>                       |                                  |                                  |
| - Audit and review of financial report                                       | -                                | 6,500                            |
| - Other non-audit services: tax compliance                                   | -                                | 4,428                            |
| <b>Total remuneration for auditors</b>                                       | <b>-</b>                         | <b>10,928</b>                    |

## Notes

- (1) Following the consent of the Australian Securities & Investments Commission, Deloitte were appointed as the Group's auditor on 2 July 2013.
- (2) Following the consent of the Australian Securities & Investments Commission, RSM Bird Cameron resigned as the Group's auditor on 2 July 2013.

## **DIRECTORS' REPORT (Continued)**

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is on page 66 of the Financial Report.

This report is made in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Directors

A handwritten signature in blue ink, appearing to read 'Matthew Yates', is written over a faint, light blue circular background.

**MATTHEW YATES**  
**Chief Executive Officer**

17 September 2014

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|                                                                       | Notes | Consolidated              |                           |
|-----------------------------------------------------------------------|-------|---------------------------|---------------------------|
|                                                                       |       | Year Ended<br>2014<br>A\$ | Year Ended<br>2013<br>A\$ |
| <b>Revenue</b>                                                        | 2     | <b>212,455</b>            | <b>286,949</b>            |
| Other income                                                          | 2     | -                         | 156,402                   |
| Corporate and administration costs                                    | 3     | (850,381)                 | (1,296,224)               |
| Exploration and evaluation costs                                      |       | (1,545,786)               | (3,995,873)               |
| Business development costs                                            |       | (365,453)                 | (172,417)                 |
| Group restructure costs                                               | 3(a)  | -                         | (1,760,477)               |
| Other expenses                                                        | 3(b)  | (115,986)                 | -                         |
| <b>Loss before tax</b>                                                |       | <b>(2,665,151)</b>        | <b>(6,781,640)</b>        |
| Income tax expense                                                    | 4     | -                         | -                         |
| <b>Loss for the year</b>                                              |       | <b>(2,665,151)</b>        | <b>(6,781,640)</b>        |
| <b>Other comprehensive income, net of income tax</b>                  |       |                           |                           |
| <b>Items that may be reclassified subsequently to profit or loss</b>  |       |                           |                           |
| Exchange differences arising on translation of foreign operations     |       | (552)                     | 65,556                    |
| Other comprehensive income/(loss) for the year                        |       | (552)                     | 65,556                    |
| <b>Total comprehensive loss for the year, net of income tax</b>       |       | <b>(2,665,703)</b>        | <b>(6,716,084)</b>        |
| <b>Total comprehensive loss attributable to members of the parent</b> |       | <b>(2,665,703)</b>        | <b>(6,716,084)</b>        |
| <b>Earnings per share</b>                                             |       |                           |                           |
| Weighted average number of shares                                     |       | 113,412,820               | 82,103,654                |
| Basic loss per share (cents per share)                                | 20    | (2.35)                    | (8.26)                    |
| Diluted loss per share (cents per share)                              | 20    | (2.35)                    | (8.26)                    |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

|                                                             |       | Consolidated     |                   |
|-------------------------------------------------------------|-------|------------------|-------------------|
|                                                             | Notes | 2014<br>A\$      | 2013<br>A\$       |
| <b>ASSETS</b>                                               |       |                  |                   |
| <b>Current Assets</b>                                       |       |                  |                   |
| Cash and cash equivalents                                   | 21(b) | 7,338,810        | 10,462,758        |
| Trade and other receivables                                 | 5     | 300,491          | 176,267           |
| Other current assets                                        | 6     | 25,540           | 73,946            |
| <b>Total Current Assets</b>                                 |       | <b>7,664,841</b> | <b>10,712,971</b> |
| <b>Non-current Assets</b>                                   |       |                  |                   |
| Property, plant and equipment                               | 7     | 185,457          | 286,890           |
| Intangible assets                                           | 8     | 58,163           | 118,600           |
| <b>Total Non-current Assets</b>                             |       | <b>243,620</b>   | <b>405,490</b>    |
| <b>TOTAL ASSETS</b>                                         |       | <b>7,908,461</b> | <b>11,118,461</b> |
| <b>LIABILITIES</b>                                          |       |                  |                   |
| <b>Current Liabilities</b>                                  |       |                  |                   |
| Trade and other payables                                    | 9     | 152,767          | 716,798           |
| Provisions                                                  | 10    | 38,050           | 33,716            |
| <b>Total Current Liabilities</b>                            |       | <b>190,817</b>   | <b>750,514</b>    |
| <b>TOTAL LIABILITIES</b>                                    |       | <b>190,817</b>   | <b>750,514</b>    |
| <b>NET ASSETS</b>                                           |       | <b>7,717,644</b> | <b>10,367,947</b> |
| <b>EQUITY</b>                                               |       |                  |                   |
| <b>Equity attributable to equity holders of the Company</b> |       |                  |                   |
| Issued capital                                              | 11    | 20,620,540       | 20,620,540        |
| Reserves                                                    | 12    | 482,905          | 468,057           |
| Accumulated losses                                          | 13    | (13,385,801)     | (10,720,650)      |
| <b>TOTAL EQUITY</b>                                         |       | <b>7,717,644</b> | <b>10,367,947</b> |

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|                                                                         | Note  | Consolidated              |                           |
|-------------------------------------------------------------------------|-------|---------------------------|---------------------------|
|                                                                         |       | Year Ended<br>2014<br>A\$ | Year Ended<br>2013<br>A\$ |
| <b>Cash flows from operating activities</b>                             |       |                           |                           |
| Interest received                                                       |       | 181,649                   | 324,223                   |
| Refunds of GST                                                          |       | 32,089                    | 10,498                    |
| Payments to suppliers for group restructure                             |       | -                         | (408,491)                 |
| Payments to suppliers and employees                                     |       | (3,213,326)               | (4,390,485)               |
| <b>Net cash outflow from operating activities</b>                       | 21(a) | <b>(2,999,588)</b>        | <b>(4,464,255)</b>        |
| <b>Cash flows from investing activities</b>                             |       |                           |                           |
| Proceeds from disposal of plant and equipment                           |       | 188                       | -                         |
| Purchase of property, plant and equipment                               | 7     | (8,728)                   | (55,748)                  |
| <b>Net cash outflow from investing activities</b>                       |       | <b>(8,540)</b>            | <b>(55,748)</b>           |
| <b>Cash flows from financing activities</b>                             |       |                           |                           |
| Proceeds from issue of shares                                           | 11(b) | -                         | 5,000,000                 |
| Transaction costs from issue of shares                                  | 11(b) | -                         | (314,017)                 |
| Cash arising on group restructure                                       |       | -                         | 2,820,993                 |
| <b>Net cash inflow from financing activities</b>                        |       | <b>-</b>                  | <b>7,506,976</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents held</b>        |       | <b>(3,008,128)</b>        | <b>2,986,973</b>          |
| Foreign exchange movement on cash and cash equivalents                  |       | (115,820)                 | 83,814                    |
| <b>Cash and cash equivalents at the beginning of the financial year</b> |       | <b>10,462,758</b>         | <b>7,391,971</b>          |
| <b>Cash and cash equivalents at the end of the financial year</b>       | 21(b) | <b>7,338,810</b>          | <b>10,462,758</b>         |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| For the Year Ended 30 June 2014                                   | Issued Capital<br>A\$ | Share Based<br>Payments<br>Reserve<br>A\$ | Foreign Currency<br>Translation<br>Reserve<br>A\$ | Accumulated<br>Losses<br>A\$ | Total Equity<br>A\$ |
|-------------------------------------------------------------------|-----------------------|-------------------------------------------|---------------------------------------------------|------------------------------|---------------------|
| <b>Balance at 1 July 2013</b>                                     | <b>20,620,540</b>     | <b>414,100</b>                            | <b>53,957</b>                                     | <b>(10,720,650)</b>          | <b>10,367,947</b>   |
| <b>Total comprehensive income for the year:</b>                   |                       |                                           |                                                   |                              |                     |
| Net loss for the year                                             | -                     | -                                         | -                                                 | (2,665,151)                  | (2,665,151)         |
| <b>Other comprehensive income:</b>                                |                       |                                           |                                                   |                              |                     |
| Exchange differences arising on translation of foreign operations | -                     | -                                         | (552)                                             | -                            | (552)               |
| Income tax relating to components of other comprehensive income   | -                     | -                                         | -                                                 | -                            | -                   |
| Total other comprehensive income                                  | -                     | -                                         | (552)                                             | -                            | (552)               |
| Total comprehensive income for the year                           | -                     | -                                         | (552)                                             | (2,665,151)                  | (2,665,703)         |
| <b>Transactions with owners, recorded directly in equity</b>      |                       |                                           |                                                   |                              |                     |
| Grant of options                                                  | -                     | 15,400                                    | -                                                 | -                            | 15,400              |
| Total transactions with owners                                    | -                     | 15,400                                    | -                                                 | -                            | 15,400              |
| <b>Balance at 30 June 2014</b>                                    | <b>20,620,540</b>     | <b>429,500</b>                            | <b>53,405</b>                                     | <b>(13,385,801)</b>          | <b>7,717,644</b>    |

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

| For the Year Ended 30 June 2013                                   | Issued Capital<br>A\$ | Share Based<br>Payments<br>Reserve<br>A\$ | Foreign Currency<br>Translation<br>Reserve<br>A\$ | Accumulated<br>Losses<br>A\$ | Total Equity<br>A\$ |
|-------------------------------------------------------------------|-----------------------|-------------------------------------------|---------------------------------------------------|------------------------------|---------------------|
| <b>Balance at 1 July 2012</b>                                     | <b>11,490,057</b>     | <b>714,500</b>                            | <b>(11,599)</b>                                   | <b>(4,653,510)</b>           | <b>7,539,448</b>    |
| <b>Total comprehensive income for the year:</b>                   |                       |                                           |                                                   |                              |                     |
| Net loss for the year                                             | -                     | -                                         | -                                                 | (6,781,640)                  | (6,781,640)         |
| <b>Other comprehensive income:</b>                                |                       |                                           |                                                   |                              |                     |
| Exchange differences arising on translation of foreign operations | -                     | -                                         | 65,556                                            | -                            | 65,556              |
| Income tax relating to components of other comprehensive income   | -                     | -                                         | -                                                 | -                            | -                   |
| Total other comprehensive income                                  | -                     | -                                         | 65,556                                            | -                            | 65,556              |
| Total comprehensive income for the year                           | -                     | -                                         | 65,556                                            | (6,781,640)                  | (6,716,084)         |
| <b>Transactions with owners, recorded directly in equity</b>      |                       |                                           |                                                   |                              |                     |
| Issue of OreCorp shares on acquisition of OreCorp Resources       | 4,444,500             | -                                         | -                                                 | -                            | 4,444,500           |
| Capital raising                                                   | 5,000,000             | -                                         | -                                                 | -                            | 5,000,000           |
| Less cost of capital raising                                      | (314,017)             | -                                         | -                                                 | -                            | (314,017)           |
| Cancellation of options                                           | -                     | (714,500)                                 | -                                                 | 714,500                      | -                   |
| Grant of options                                                  | -                     | 414,100                                   | -                                                 | -                            | 414,100             |
| Total transactions with owners                                    | 9,130,483             | (300,400)                                 | -                                                 | 714,500                      | 9,544,583           |
| <b>Balance at 30 June 2013</b>                                    | <b>20,620,540</b>     | <b>414,100</b>                            | <b>53,957</b>                                     | <b>(10,720,650)</b>          | <b>10,367,947</b>   |

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of the Company, OreCorp Limited and its consolidated entities ('Consolidated Entity' or 'Group') for the year ended 30 June 2014 are stated to assist in a general understanding of the financial report. For the purposes of preparing the consolidated financial statements, the Company is a for profit entity.

OreCorp Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of the Company for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 17 September 2014.

#### (a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASs') and interpretations adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

OreCorp Limited is listed on the Australian Securities Exchange.

On 27 February 2013, OreCorp Limited (formerly Silver Stone Resources Limited ('Silver Stone')), the legal parent and legal acquirer, completed the acquisition of OreCorp Resources Pty Ltd ('OreCorp Resources'). The acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations. Instead the acquisition has been treated as a group recapitalisation, using the principles of reverse acquisition accounting in AASB 3 Business Combinations given the substance of the transaction was that OreCorp Resources had effectively been recapitalised. Accordingly, the consolidated financial statements for the year ended 30 June 2014 and 30 June 2013 have been prepared as if OreCorp Resources had acquired Silver Stone, not vice versa as represented by the legal position. The recapitalisation is measured at the fair value of the equity instruments that would have been given by OreCorp Resources to have exactly the same percentage holding in the new structure at the date of the transaction.

In the application of AASs management is required to make 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The financial report has also been prepared on a historical cost basis, except for other financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

## **(b) Statement of Compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). The financial report, which includes the financial statements and the notes of the Group, also complies with International Financial Reporting Standards ('IFRS').

## **(c) New and Revised Accounting Standards**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

### **AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements**

This standard removes the individual key management personnel disclosure requirements in AASB 124 *Related Party Disclosures*. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

### **AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities**

The Group has applied the amendments to AASB 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

### **AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle**

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Group are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

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|                                                                                                                                                                                                                                                        | in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>AASB 2012-9</b> <i>Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039</i>                                                                                                                                         | This standard makes amendment to AASB 1048 <i>Interpretation of Standards</i> following the withdrawal of Australian Interpretation 1039 <i>Substantive Enactment of Major Tax Bills in Australia</i> . The adoption of this amending standard does not have any material impact on the consolidated financial statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>AASB CF 2013-1</b> <i>Amendments to the Australian Conceptual Framework</i> and <b>AASB 2013-9</b> <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part A Conceptual Framework)</i> | <p>This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors.</p> <p>As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 <i>Objective of General Purpose Financial Reporting</i>. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p> |

#### New and revised Standards on consolidation, joint arrangements, associates and disclosures

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising **AASB 10** *Consolidated Financial Statements*, **AASB 11** *Joint Arrangements*, **AASB 12** *Disclosure of Interests in Other Entities*, **AASB 127** (as revised in 2011) *Separate Financial Statements* and **AASB 128** (as revised in 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards. In the current year, the Group has applied for the first time AASB 10, AASB 11, AASB 12 and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance. AASB 127 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

|                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <b>AASB 10</b> <i>Consolidated Financial Statements</i> and <b>AASB 2011-7</b> <i>Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards</i> | AASB 10 replaces the parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> that deal with consolidated financial statements and Interpretation 112 <i>Consolidation – Special Purpose Entities</i> . AASB 10 changes the 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. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. |
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| <p><b>AASB 11 Joint Arrangements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards</b></p> | <p>Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p> <p>AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). 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. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).</p> <p>The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p> <p>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 (please see note 17 for details).</p> |
| <p><b>AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising</b></p>                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

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| <p><i>from the consolidation and Joint Arrangements standards</i></p>                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13</b></p>             | <p>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 <i>Share-based Payment</i>, leasing transactions that are within the scope of AASB 117 <i>Leases</i>, 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 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.</p> <p>AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see note 8 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.</p> |
| <p><b>AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</b></p>                         | <p>This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>AASB 119 Employee Benefits (2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)</b></p> | <p>In the current year, the Group has applied AASB 119 (as revised in 2011) <i>Employee Benefits</i> and the related consequential amendments for the first time. 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</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|  | <p>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. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 119 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.</p> <p>Specific transitional provisions are applicable to first-time application of AASB 119 (as revised in 2011). These changes have not had a material impact on the consolidated financial statements.</p> |
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#### **Standards and Interpretations affecting the reported results or financial position**

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table below:

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

| Standard / Interpretation                                                                                                              | Effective for Annual Reporting Periods Beginning on or After | Expected to be Initially Applied in the Financial Year Ending |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| <b>AASB 9</b> <i>Financial Instruments</i> , and the relevant amending standards <sup>(1)</sup>                                        | 1 January 2018                                               | 30 June 2019                                                  |
| <b>AASB 14</b> <i>Regulatory Deferral Accounts</i>                                                                                     | 1 January 2016                                               | 30 June 2017                                                  |
| <b>AASB 1031</b> <i>Materiality (2013)</i>                                                                                             | 1 January 2014                                               | 30 June 2015                                                  |
| <b>AASB 2012-3</b> <i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>        | 1 January 2014                                               | 30 June 2015                                                  |
| <b>AASB 2013-3</b> <i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>                             | 1 January 2014                                               | 30 June 2015                                                  |
| <b>AASB 2013-4</b> <i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting</i> | 1 January 2014                                               | 30 June 2015                                                  |
| <b>AASB 2013-5</b> <i>Amendments to Australian Accounting Standards – Investment Entities</i>                                          | 1 January 2014                                               | 30 June 2015                                                  |
| <b>AASB 2013-9</b> <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>  | 1 January 2014                                               | 30 June 2015                                                  |
| <b>INT 21</b> <i>Levies</i>                                                                                                            | 1 January 2014                                               | 30 June 2015                                                  |

### Note

- (1) The AASB has issued the following versions of AASB 9 and the relevant amending standards:
- o AASB 9 *Financial Instruments* (December 2009), AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures*
  - o AASB 9 *Financial Instruments* (December 2010), AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure*.
  - o In December 2013 the AASB issued AASB 2013-9 *Amendment to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, Part C – Financial Instruments*. This amending standard has amended the mandatory effective date of AASB 9 to 1 January 2017. For annual reporting periods beginning before 1 January 2017, an entity may early adopt either AASB 9 (December 2009) or AASB 9 (December 2010) and the relevant amending standards.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

| Standard / Interpretation                                                                                                           | Effective for Annual Reporting Periods Beginning on or After | Expected to be Initially Applied in the Financial Year Ending |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|
| IFRS 15 'Revenue from Contracts with Customers'                                                                                     | 1 January 2017                                               | 30 June 2018                                                  |
| IFRS 9 Financial Instruments                                                                                                        | 1 January 2018                                               | 30 June 2019                                                  |
| Equity Method in Separate Financial Statements (Amendments to IAS 27)                                                               | 1 January 2016                                               | 30 June 2017                                                  |
| Narrow-scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) | 1 January 2016                                               | 30 June 2017                                                  |

The directors note that the impact of the initial application of the standards and interpretations is not yet known or is not reasonably estimable. These standards and interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

#### (d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OreCorp Limited ('Company' or 'Parent Entity') as at year end and the results of all subsidiaries for the year then ended. OreCorp Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries/assets by the Group (refer to note 1(h)).

Intercompany transactions and balances, and unrealised gains on transactions between Group companies, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (e) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred up to the successful completion of definitive feasibility studies. Expenditure in relation to the preparation of definitive feasibility studies is expensed as incurred.

Expenditure is capitalised if the Company has rights to tenure and the Company expects to recoup the expenditures through successful development or sale.

Capitalised exploration costs are reviewed each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### **(f) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

##### **Interest**

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

#### **(g) Income Tax**

The income tax expense or income for the period is the tax payable or recoverable on the current period's taxable income or tax loss based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

OreCorp Limited and its 100% owned Australian resident subsidiaries have elected to form a tax consolidated group with effect from the tax year commencing 1 July 2010 and are therefore taxed as a single entity from that date.

#### **(h) Business Combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

#### (i) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

#### (j) Cash and Cash Equivalents

'Cash and cash equivalents' includes cash on hand, deposits held at call with financial institutions, and other 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.

#### (k) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less an allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less impairment.

The effective interest method is a method of calculating the amortised cost of a receivable and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the receivable, or, where appropriate, a shorter period.

#### (l) Fair Value Estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as discounted cash flows, are used to determine fair value for the remaining financial instruments.

#### **(m) Property, Plant and Equipment**

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

|                     | Life         |
|---------------------|--------------|
| Plant and equipment | 2 – 15 years |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

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

#### **(n) Payables**

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity. The amounts are unsecured and are usually paid within 30 days.

Payables to related parties are carried at amortised cost.

#### **(o) Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and 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 measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits. Contributions to defined contribution super plans are expensed when the employees have rendered the services entitling them to the contributions.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

#### (p) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

#### (q) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

#### (r) Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

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

#### (s) Goods and Services Tax

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

- where 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 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 Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

#### (t) Share Based Payments

Share based payments are provided to directors, employees, consultants and other advisors and to acquire assets such as mineral exploration licences.

The fair value of options granted (determined using the Binomial option pricing model) is recognised as an expense or asset, as appropriate with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

**(u) Foreign Currency Translation**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the available-for-sale investments revaluation reserve in equity.

**(iii) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. Where a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

**(v) Goodwill**

**(i) Initial Recognition**

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination. Cash-generating units or groups of cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

#### (ii) Impairment

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash-generating unit (or groups of cash-generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

#### (w) Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

|                                                                                                   | Consolidated       |                    |
|---------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                   | Year Ended<br>2014 | Year Ended<br>2013 |
|                                                                                                   | \$                 | \$                 |
| <b>2. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS</b>                                     |                    |                    |
| <b>Revenue</b>                                                                                    |                    |                    |
| Interest revenue                                                                                  | 212,455            | 286,949            |
| <b>Total Revenue</b>                                                                              | <b>212,455</b>     | <b>286,949</b>     |
| <b>Other income</b>                                                                               |                    |                    |
| Other income                                                                                      | -                  | 35,428             |
| Foreign exchange gain                                                                             | -                  | 120,974            |
| <b>Total other income</b>                                                                         | <b>-</b>           | <b>156,402</b>     |
| <b>3. EXPENSES AND LOSSES FROM CONTINUING OPERATIONS</b>                                          |                    |                    |
| Loss from ordinary activities before income tax expense includes the following specific expenses: |                    |                    |
| <b>(a) Expenses</b>                                                                               |                    |                    |
| Group restructure costs                                                                           | -                  | (1,760,477)        |
| <b>(b) Other expenses</b>                                                                         |                    |                    |
| Foreign exchange loss                                                                             | (115,986)          | -                  |
| <b>(c) Depreciation and amortisation</b>                                                          |                    |                    |
| Depreciation of plant and equipment                                                               | (97,881)           | (60,924)           |
| Amortisation of intangible assets                                                                 | -                  | (1,127)            |
| <b>(d) Impairment expenses</b>                                                                    |                    |                    |
| Impairment of exploration intangible assets                                                       | (58,164)           | (171,378)          |
| Impairment of other intangible assets                                                             | (2,273)            | -                  |
| <b>(e) Loss on disposal</b>                                                                       |                    |                    |
| Loss on disposal of plant and equipment                                                           | (2,217)            | -                  |
| <b>(f) Share based payment expense</b>                                                            |                    |                    |
| Share based payments to consultants recorded in corporate expenses                                | (15,400)           | -                  |
| <b>(g) Employee Benefit Expense <sup>(1)</sup></b>                                                |                    |                    |
| Salaries and wages                                                                                | (916,363)          | (1,199,301)        |
| Annual leave provision movement                                                                   | (10,780)           | (32,980)           |
| Superannuation contribution                                                                       | (76,395)           | (76,664)           |
|                                                                                                   | <b>(1,003,538)</b> | <b>(1,308,945)</b> |

#### Notes

(1) Includes exploration, business development and corporate & administrative costs related to employment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**  
(Continued)

|                                                                                     | Consolidated             |                          |
|-------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                     | Year Ended<br>2014<br>\$ | Year Ended<br>2013<br>\$ |
| <b>4. INCOME TAX</b>                                                                |                          |                          |
| <b>(a) Recognised in profit or loss</b>                                             |                          |                          |
| <i>Current income tax</i>                                                           |                          |                          |
| Current income tax benefit                                                          | (435,964)                | (1,577,757)              |
| <i>Deferred income tax</i>                                                          |                          |                          |
| Deferred tax assets not recognised                                                  | 435,964                  | 1,577,757                |
| <b>Income tax expense reported in the statement of profit or loss</b>               | -                        | -                        |
| <b>(b) Reconciliation between Tax Expense and Accounting Loss before Income Tax</b> |                          |                          |
| Accounting loss before income tax                                                   | <b>(2,665,151)</b>       | <b>(6,781,640)</b>       |
| At the domestic income tax rate of 30% (2013: 30%)                                  | (799,841)                | (2,034,492)              |
| Expenditure not allowable for income tax purposes                                   | 330,351                  | 458,872                  |
| Deferred tax assets not recognised                                                  | 492,626                  | 1,577,757                |
| Effect of lower income tax rate in other jurisdictions                              | 9,217                    | 63,640                   |
| Effect of higher income tax rate in other jurisdictions                             | (32,354)                 | (65,777)                 |
| <b>Income tax expense reported in the statement of profit or loss</b>               | -                        | -                        |
| <b>(c) Deferred Income Tax</b>                                                      |                          |                          |
| Deferred income tax at 30 June relates to the following:                            |                          |                          |
| <i>Deferred Tax Liabilities</i>                                                     |                          |                          |
| Exploration and evaluation assets                                                   | 17,449                   | 34,898                   |
| Accrued interest income                                                             | 17,428                   | 8,186                    |
| Unrealised Foreign exchange movement                                                | -                        | 68,665                   |
| Deferred tax assets used to offset deferred tax liabilities                         | (34,877)                 | (111,749)                |
|                                                                                     | -                        | -                        |

|                                                              | Consolidated |             |
|--------------------------------------------------------------|--------------|-------------|
|                                                              | Year Ended   | Year Ended  |
|                                                              | 2014         | 2013        |
|                                                              | \$           | \$          |
| <i>Deferred Tax Assets</i>                                   |              |             |
| Accruals and provisions                                      | 16,936       | 191,409     |
| Business related costs                                       | 57,771       | 151,074     |
| Tax losses available to offset against future taxable income | 3,345,263    | 2,169,743   |
| Deferred tax assets used to offset deferred tax liabilities  | (79,698)     | (111,749)   |
| Unrealised Foreign exchange movement                         | 4,671        | 2,612       |
| Deferred tax assets not recognised                           | (3,344,942)  | (2,403,089) |
|                                                              | -            | -           |

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

**(d) Tax losses**

At the reporting date the Group has unrecognised tax losses of \$3,075,590 (2013: \$2,169,743) that are available for offset against future taxable profits. No deferred tax asset has been recognised in respect of the tax losses due to the uncertainty of future profit streams.

**(e) Tax Consolidation**

OreCorp Limited and its 100% owned Australian resident subsidiaries have elected to form a tax consolidated group.

|                                                        | Consolidated   |                |
|--------------------------------------------------------|----------------|----------------|
|                                                        | 2014           | 2013           |
|                                                        | \$             | \$             |
| <b>5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES</b> |                |                |
| GST and VAT receivable                                 | 242,398        | 148,980        |
| Accrued interest receivable                            | 58,093         | 27,287         |
|                                                        | <b>300,491</b> | <b>176,267</b> |

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**  
(Continued)

|                                                 | Consolidated  |               |
|-------------------------------------------------|---------------|---------------|
|                                                 | 2014          | 2013          |
|                                                 | \$            | \$            |
| <b>6. CURRENT ASSETS – OTHER CURRENT ASSETS</b> |               |               |
| Prepayments                                     | 25,540        | 73,946        |
|                                                 | <b>25,540</b> | <b>73,946</b> |

|                                                                                       | Consolidated   |                |
|---------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                       | 2014           | 2013           |
|                                                                                       | \$             | \$             |
| <b>7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT</b>                          |                |                |
| <i>Plant and equipment</i>                                                            |                |                |
| Cost                                                                                  | 404,263        | 419,980        |
| Accumulated depreciation                                                              | (218,806)      | (133,090)      |
| <b>Net carrying amount</b>                                                            | <b>185,457</b> | <b>286,890</b> |
| <i>Reconciliation</i>                                                                 |                |                |
| Carrying amount at beginning of year                                                  | 286,890        | 275,071        |
| Additions                                                                             | 8,728          | 55,748         |
| Disposals                                                                             | (2,604)        | -              |
| Depreciation charge for the year                                                      | (97,881)       | (60,924)       |
| Foreign exchange movement on plant and equipment                                      | (9,676)        | 16,995         |
| <b>Carrying amount at end of year, net of accumulated depreciation and impairment</b> | <b>185,457</b> | <b>286,890</b> |

|                                                  | Consolidated  |                |
|--------------------------------------------------|---------------|----------------|
|                                                  | 2014          | 2013           |
|                                                  | \$            | \$             |
| <b>8. NON-CURRENT ASSETS – INTANGIBLE ASSETS</b> |               |                |
| <i>Exploration &amp; Evaluation Assets</i>       |               |                |
| Cheriton's East Project, Australia               | 58,163        | 116,327        |
| <i>Other Intangible Assets</i>                   |               |                |
| Website development                              | -             | 307            |
| Preliminary expenses                             | -             | 1,966          |
| <b>Net carrying amount</b>                       | <b>58,163</b> | <b>118,600</b> |

|                                                                                     | Consolidated  |                |
|-------------------------------------------------------------------------------------|---------------|----------------|
|                                                                                     | 2014          | 2013           |
|                                                                                     | \$            | \$             |
| <i>Reconciliation - Exploration &amp; Evaluation Assets</i>                         |               |                |
| Carrying amount at beginning of year                                                | 116,327       | -              |
| Fair value of exploration and evaluation assets in OreCorp Ltd at acquisition       | -             | 287,705        |
| Less provision for impairment <sup>(1)</sup>                                        | (58,164)      | (171,378)      |
| <b>Carrying amount of Cheriton's East Project at end of year, net of impairment</b> | <b>58,163</b> | <b>116,327</b> |

**Note**

- (1) During the year, there was an impairment loss of \$58,164 (2013: \$171,378) charged against the Consolidated Entity's exploration and evaluation assets due to the relinquishment of a substantial portion of the Cheriton's East exploration permit.

|                                                   | Consolidated |              |
|---------------------------------------------------|--------------|--------------|
|                                                   | 2014         | 2013         |
|                                                   | \$           | \$           |
| <i>Reconciliation – Other Intangible Assets</i>   |              |              |
| Carrying amount at beginning of year              | 2,273        | 3,400        |
| Less provision for impairment                     | (2,273)      | -            |
| Amortisation charge for the year                  | -            | (1,127)      |
| <b>Carrying amount of Other Intangible Assets</b> | <b>-</b>     | <b>2,273</b> |

**Note**

- (1) During the year, there was an impairment loss of \$2,273 (2013: \$nil) charged against the Consolidated Entity's other intangible assets.

|                                                          | Consolidated   |                |
|----------------------------------------------------------|----------------|----------------|
|                                                          | 2014           | 2013           |
|                                                          | \$             | \$             |
| <b>9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES</b> |                |                |
| Accrued expenses                                         | 70,406         | 568,004        |
| Trade creditors                                          | 24,764         | 139,627        |
| Withholding taxes payable                                | 57,597         | 9,167          |
|                                                          | <b>152,767</b> | <b>716,798</b> |

**Note**

- (1) Payables are non-interest bearing and generally settled on 30 day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**  
(Continued)

|                                             | Consolidated  |               |
|---------------------------------------------|---------------|---------------|
|                                             | 2014<br>\$    | 2013<br>\$    |
| <b>10. CURRENT LIABILITIES - PROVISIONS</b> |               |               |
| Annual leave provision                      | 38,050        | 33,716        |
|                                             | <b>38,050</b> | <b>33,716</b> |

|                                                            | Consolidated      |            |
|------------------------------------------------------------|-------------------|------------|
|                                                            | 2014<br>\$        | 2013<br>\$ |
| <b>11. ISSUED CAPITAL</b>                                  |                   |            |
| <b>(a) Issued and Paid up Capital</b>                      |                   |            |
| 113,412,820 (2013: 113,412,820) fully paid ordinary shares | <b>20,620,540</b> | 20,620,540 |

**(b) Movements in Ordinary Share Capital:**

| Date                | Details                                                       | Number of<br>Shares | Issue Price<br>A\$ | \$                |
|---------------------|---------------------------------------------------------------|---------------------|--------------------|-------------------|
| 1 July 2012         | Opening Balance                                               | 66,192,002          |                    | 11,490,057        |
| 27 February 2013    | <i>Acquisition of OreCorp Resources:</i>                      |                     |                    |                   |
|                     | - Elimination of existing OreCorp Resources shares            | (66,192,002)        |                    | -                 |
|                     | - Existing OreCorp shares on acquisition                      | 22,222,503          |                    | -                 |
|                     | - Issue of OreCorp shares on acquisition of OreCorp Resources | 66,190,317          |                    | 4,444,500         |
| 27 February 2013    | Issued under Prospectus                                       | 25,000,000          | \$0.20             | 5,000,000         |
|                     | Less cost of capital raising                                  | -                   |                    | (314,017)         |
| 30 June 2013        | Closing Balance                                               | 113,412,820         |                    | 20,620,540        |
| 1 July 2013         | Opening Balance                                               | 113,412,820         |                    | 20,620,540        |
| <b>30 June 2014</b> | <b>Closing Balance</b>                                        | <b>113,412,820</b>  |                    | <b>20,620,540</b> |

**(c) Rights Attaching to Shares**

The rights attaching to fully paid ordinary shares ('Shares') arise from a combination of the Company's Constitution, statute and general law.



Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001):

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is two natural persons, each of whom is or represents different Shareholders who are eligible to vote.

The Company holds annual general meetings in accordance with the Corporations Act 2001.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

|                                                       |  | Consolidated   |                |
|-------------------------------------------------------|--|----------------|----------------|
|                                                       |  | 2014           | 2013           |
|                                                       |  | \$             | \$             |
| <b>12. RESERVES</b>                                   |  |                |                |
| <b>(a) Reserves</b>                                   |  |                |                |
| <b>Share Based Payments Reserve:</b>                  |  |                |                |
| 5,930,692 (2013: 5,930,692) Listed Options            |  | -              | -              |
| 5,199,999 (2013: 4,099,999) \$0.2667 Unlisted Options |  | 429,500        | 414,100        |
| 1,875,000 (2013: 1,875,000) \$0.40 Unlisted Options   |  | -              | -              |
|                                                       |  | <b>429,500</b> | <b>414,100</b> |
| <b>Foreign Currency Translation Reserve:</b>          |  |                |                |
| Currency translation differences                      |  | 53,405         | 53,957         |
| <b>Total Reserves</b>                                 |  | <b>482,905</b> | <b>468,057</b> |

#### *Share Based Payments Reserve*

The share based payments reserve is used to record the grant date fair value of share based payments and other option grants made by the Company.

#### *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.

#### **(b) Movements in Share Based Payments Reserve**

| Date        | Details                                                 | Number of<br>\$0.2667<br>Listed<br>Options <sup>(1)</sup> | Number of<br>\$0.2667<br>Unlisted<br>Options <sup>(2)</sup> | Number of<br>\$0.30<br>Unlisted<br>Options <sup>(3)</sup> | Number of<br>\$0.40<br>Unlisted<br>Options <sup>(4)</sup> | \$        |
|-------------|---------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------|
| 1 Jul 2012  | Opening Balance                                         | -                                                         | -                                                           | 4,100,000                                                 | -                                                         | 714,500   |
| 27 Feb 2013 | Cancellation of options                                 | -                                                         | -                                                           | (4,100,000)                                               | -                                                         | (714,500) |
| 27 Feb 2013 | Acquisition of OreCorp – options as at acquisition date | 5,930,692 <sup>(5)</sup>                                  | -                                                           | -                                                         | 1,875,000                                                 | -         |
| 27 Feb 2013 | Grant of options                                        | -                                                         | 4,099,999 <sup>(6)</sup>                                    | -                                                         | -                                                         | 414,100   |
| 30 Jun 2013 | Closing Balance                                         | 5,930,692                                                 | 4,099,999                                                   | -                                                         | 1,875,000                                                 | 414,100   |
| 1 Jul 2013  | Opening Balance                                         | 5,930,692                                                 | 4,099,999                                                   | -                                                         | 1,875,000                                                 | 414,100   |
| 2 Aug 2013  | Grant of options                                        | -                                                         | 1,100,000 <sup>(6)</sup>                                    | -                                                         | -                                                         | 15,400    |

| Date        | Details         | Number of<br>\$0.2667<br>Listed<br>Options <sup>(1)</sup> | Number of<br>\$0.2667<br>Unlisted<br>Options <sup>(2)</sup> | Number of<br>\$0.30<br>Unlisted<br>Options <sup>(3)</sup> | Number of<br>\$0.40<br>Unlisted<br>Options <sup>(4)</sup> | \$      |
|-------------|-----------------|-----------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|---------|
| 30 Jun 2014 | Closing Balance | 5,930,692                                                 | 5,199,999                                                   | -                                                         | 1,875,000                                                 | 429,500 |

#### Notes

- (1) 'Listed Options' means listed options with an exercise price of \$0.2667 each, expiring on 7 May 2015.
- (2) '\$0.2667 Unlisted Options' means options with an exercise price of \$0.2667 each, expiring on 30 June 2015.
- (3) '\$0.30 Unlisted Options' means options with an exercise price of \$0.30 each, expiring on 31 December 2015.
- (4) '\$0.40 Unlisted Options' means options with an exercise price of \$0.40 each, expiring on 22 March 2016.
- (5) Granted during the previous financial year as part of the consideration for the acquisition of OreCorp Resources Pty Ltd.
- (6) Granted to consultants of the Company as part of its remuneration/incentive arrangements.

#### (c) Terms and conditions of the Options

The Options ('Options') are granted based upon the following terms and conditions:

- Each Option entitles the holder to subscribe for one Share upon exercise of each Option.
- The Options have exercise prices and expiry dates as follows:
  - \$0.30 Unlisted Options exercisable at \$0.30 each, expiring 31 December 2015 (now cancelled);
  - \$0.2667 Unlisted Options exercisable at \$0.2667 each, expiring 30 June 2015;
  - \$0.40 Unlisted Options exercisable at \$0.40 each, expiring 22 March 2016; and
  - Listed Options exercisable at \$0.2667 each, expiring 7 May 2015.
- The Options are exercisable at any time prior to the Expiry Date, subject to the vesting conditions being satisfied (if applicable).
- Shares issued on exercise of the Options rank equally with the then shares of the Company.
- Application will be made by the Company for official quotation (if applicable) of the Shares issued upon the exercise of the Options.
- If there is any reconstruction of the issued share capital of the Company, the rights of the Option holders may be varied to comply with the Listing Rules (if applicable) which apply to the reconstruction at the time of the reconstruction.
- No application for quotation (if applicable) of the Unlisted Options will be made by the Company.
- Subject to the proposed transferee being a party which is within the class of parties in section 708 of the Corporations Act to which disclosure is not required, the Options are transferable.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

#### (d) Movements in Foreign Currency Translation Reserve

|                                  | Consolidated  |               |
|----------------------------------|---------------|---------------|
|                                  | 2014          | 2013          |
|                                  | \$            | \$            |
| Balance at beginning of year     | 53,957        | (11,599)      |
| Currency translation differences | (552)         | 65,556        |
| <b>Balance at end of year</b>    | <b>53,405</b> | <b>53,957</b> |

|                                                       | Consolidated        |                     |
|-------------------------------------------------------|---------------------|---------------------|
|                                                       | 2014                | 2013                |
|                                                       | \$                  | \$                  |
| <b>13. ACCUMULATED LOSSES</b>                         |                     |                     |
| Balance at beginning of year                          | (10,720,650)        | (4,653,510)         |
| Transfer option premium reserve to accumulated losses | -                   | 714,500             |
| Net loss                                              | (2,665,151)         | (6,781,640)         |
| <b>Balance at end of year</b>                         | <b>(13,385,801)</b> | <b>(10,720,650)</b> |

#### (a) Franking Account

In respect to the payment of dividends (if any) by OreCorp in subsequent financial years, no franking credits are currently available, or are likely to become available in the next 12 months.

#### 14. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

|                              | Consolidated   |                |
|------------------------------|----------------|----------------|
|                              | Year Ended     | Year Ended     |
|                              | 2014           | 2013           |
|                              | \$             | \$             |
| Short-term employee benefits | 602,492        | 672,006        |
| Post employment benefits     | 61,289         | 62,801         |
|                              | <b>663,781</b> | <b>734,807</b> |

## 15. RELATED PARTY DISCLOSURES

### (a) Transactions with Related Parties in the Group

The Group consists of OreCorp Ltd (the parent entity in the wholly owned group) and its controlled entities (see note 17). The following loan transactions were entered into during the year within the wholly owned group:

- OreCorp Ltd advanced \$873,059 to Ethiopia by way of intercompany loan (2013: \$573,155). OreCorp Resources Pty Ltd advanced nil to Ethiopia by way of intercompany loan (2013: \$342,126). The total balance of both loans at 30 June 2014 has been provided for;
- OreCorp Ltd advanced \$322,111 to Mauritania by way of intercompany loan (2013: \$202,385). OreCorp Resources Pty Ltd advanced nil to Mauritania by way of intercompany loan (2013: \$919,206). The total balance of both loans at 30 June 2014 has been provided for;
- OreCorp Ltd advanced approximately \$2,213 to OreCorp Mining Mauritius Ltd by way of intercompany loan (2013: nil). The total balance of the loan at 30 June 2014 has been provided for; and
- OreCorp Resources Pty Ltd advanced approximately \$612 to OreCorp Ltd by way of intercompany loan (2013: \$4,618,998). The total balance of the loan at 30 June 2014 has been provided for.

These transactions were undertaken on commercial terms and conditions, except that:

- (i) There is no fixed repayment of the loans; and
- (ii) No interest is payable on the loans prior to the completion of a bankable feasibility study by the same subsidiary.

The intercompany loans have been fully provided for during the year ended 30 June 2014, but eliminate in full on consolidation.

### (b) Other Transactions with Related Parties

There were no other transactions with related parties during the year ended 30 June 2014.

## 16. SHARE BASED PAYMENTS

The following table illustrates the number and weighted average exercise prices ('WAEP') of, and movements in, share options issued as share based payments during the year:

|                                                                                         | 2014<br>Number   | 2014<br>WAEP    | 2013<br>Number   | 2013<br>WAEP    |
|-----------------------------------------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| Outstanding at beginning of year                                                        | 5,974,999        | \$0.3085        | 4,100,000        | \$0.3000        |
| Options cancelled during the year                                                       | -                | -               | (4,100,000)      | \$0.3000        |
| Options of OreCorp previously granted as share based payments as at date of acquisition | -                | -               | 1,875,000        | \$0.4000        |
| Options granted during the year                                                         | 1,100,000        | \$0.2667        | 4,099,999        | \$0.2667        |
| Options exercised during the year                                                       | -                | -               | -                | -               |
| <b>Outstanding at end of year</b>                                                       | <b>7,074,999</b> | <b>\$0.3020</b> | <b>5,974,999</b> | <b>\$0.3085</b> |
| <b>Exercisable at end of year</b>                                                       | <b>7,074,999</b> | <b>\$0.3020</b> | <b>5,974,999</b> | <b>\$0.3085</b> |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

The outstanding balance of options issued as share based payments on issue as at 30 June 2014 is represented by:

- 1,875,000 options over ordinary shares with an exercise price of \$0.40 each that expire on 22 March 2016; and
- 5,199,999 options over ordinary shares with an exercise price of \$0.2667 each that expire on 30 June 2015.

The weighted average remaining contractual life of the options outstanding as at 30 June 2014 is 1.19 years (2013: 2.23 years).

The range of exercise prices for options outstanding at the end of the year was \$0.2667 to \$0.40.

The weighted average fair value of options granted during the year was \$0.014 (2013: \$0.101).

The terms and conditions of the options and rights are disclosed in note 12(d).

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

The following table lists the inputs to the valuation model used for share options granted by the Company during the year ended 30 June 2014:

| Valuation Model Input<br>\$0.2667 Options | 2014      | 2013      |
|-------------------------------------------|-----------|-----------|
| Exercise price                            | \$0.2667  | \$0.2667  |
| Share price on date of grant              | \$0.08    | \$0.20    |
| Share price at 30 June                    | \$0.06    | \$0.09    |
| Dividend yield                            | Nil       | Nil       |
| Volatility                                | 85%       | 100%      |
| Risk-free interest rate                   | 2.42%     | 2.63%     |
| Grant date                                | 02/08/13  | 27/02/13  |
| Expiry date                               | 30/06/15  | 30/06/15  |
| Expected life of option (years)           | 1.91      | 2.34      |
| Fair value at grant date                  | \$0.014   | \$0.101   |
| Number of options granted                 | 1,100,000 | 4,099,999 |
| Vesting date                              | 02/08/13  | 27/02/13  |
| Vesting period (years)                    | Nil       | Nil       |
| Expensed at 30 June                       | Yes       | Yes       |

The dividend yield reflects the assumption that the current dividend payout will remain unchanged (i.e. nil). 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.

The total share based payment expense recorded by the Group during the year was \$15,400. All share based payments were accounted for as equity-settled share based payment transactions.

## 17. CONTROLLED ENTITIES

All controlled entities are included in the consolidated financial statements. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event of a winding up of any controlled entity. The financial year end of the controlled entities is the same as that of the parent entity, except for the Mauritanian and Mozambique entities which are required by local law to use a 31 December year end (note – special purpose IFRS Accounts are maintained for the purposes of the consolidated financial statements).

| Name of Controlled Entity                   | Place of Incorporation | % of Shares Held<br>2014 | % of Shares Held<br>2013 |
|---------------------------------------------|------------------------|--------------------------|--------------------------|
| OreCorp International Pty Ltd               | Australia              | 100%                     | 100%                     |
| OreCorp Resources Pty Ltd                   | Australia              | 100%                     | 100%                     |
| OreCorp Mauritania SARL                     | Mauritania             | 100%                     | 100%                     |
| OreCorp East Africa Pty Ltd                 | Australia              | 100%                     | 100%                     |
| OreCorp Minerals PLC                        | Ethiopia               | 100%                     | 100%                     |
| OreCorp Africa Pty Ltd                      | Australia              | 100%                     | 100%                     |
| OreCorp Moçambique Limitada <sup>(1)</sup>  | Mozambique             | -                        | 100%                     |
| OreCorp REE Pty Ltd                         | Australia              | 100%                     | 100%                     |
| Silverstone Minerals Pty Ltd                | Australia              | 100%                     | 100%                     |
| OreCorp Mining Mauritius Ltd <sup>(2)</sup> | Mauritius              | 100%                     | -                        |

### Notes

- (1) Company dissolved on 22 May 2014  
 (2) Company incorporated on 20 January 2014

|                                                                                         | Consolidated  |               |
|-----------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                         | 2014<br>\$    | 2013<br>\$    |
| <b>18. REMUNERATION OF AUDITORS</b>                                                     |               |               |
| Amounts received or due and receivable by RSM Bird Cameron Partners <sup>(1)</sup> for: |               |               |
| - an audit or review of the financial reports of the Group                              | -             | 6,500         |
| - other services in relation to the Group                                               | -             | 4,428         |
| <b>Total Auditors' Remuneration: RSM Bird Cameron Partners</b>                          | <b>-</b>      | <b>10,928</b> |
| Amounts received or due and receivable by Deloitte <sup>(2)</sup> for:                  |               |               |
| - an audit or review of the financial reports of the Group                              | 30,000        | 20,000        |
| - other services in relation to the Group                                               | -             | 14,560        |
| <b>Total Auditors' Remuneration: Deloitte</b>                                           | <b>30,000</b> | <b>34,560</b> |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

#### Notes

- (1) Following the consent of the Australian Securities & Investments Commission, RSM Bird Cameron resigned as the Group's auditor on 2 July 2013.
- (2) Following the consent of the Australian Securities & Investments Commission, Deloitte were appointed as the Group's auditor on 2 July 2013.

#### 19. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one operating segment and one geographical segment, being mineral exploration in Africa. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

|                                          | Consolidated                |                             |
|------------------------------------------|-----------------------------|-----------------------------|
|                                          | Year Ended<br>2014<br>cents | Year Ended<br>2013<br>cents |
| <b>20. EARNINGS PER SHARE</b>            |                             |                             |
| Basic loss per share (cents per share)   | <b>(2.35)</b>               | (8.26)                      |
| Diluted loss per share (cents per share) | <b>(2.35)</b>               | (8.26)                      |

|                                                                                                                    | Year Ended<br>2014<br>\$ | Year Ended<br>2013<br>\$ |
|--------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| The following reflects the income and share data used in the calculations of basic and diluted earnings per share: |                          |                          |
| <b>Net loss used in calculating basic and diluted earnings per share</b>                                           | <b>(2,665,151)</b>       | (6,781,640)              |

|                                                                                                                                    | Number of<br>Shares 2014 | Number of<br>Shares 2013 |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Weighted average number of ordinary shares used in calculating basic earnings per share, adjusted to reflect the group restructure | 113,412,820              | 82,103,654               |
| Effect of dilutive securities <sup>(1)</sup>                                                                                       | -                        | -                        |
| <b>Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share</b>                          | <b>113,412,820</b>       | 82,103,654               |

#### Note

- (1) Non-dilutive securities: As at balance date, 5,930,692 (2013: 5,930,692) listed options and 7,074,999 unlisted options (2013: 5,974,999) (which represent 13,005,691 potential ordinary shares (2013:

11,905,691) were not considered dilutive, for the purposes of calculating the loss per share for the year ended 30 June 2014, as they would decrease the loss per share.

#### Conversions, calls, subscriptions or issues after 30 June 2014

There have been no conversions, calls, subscriptions or issues of shares or options subsequent to balance date.

|                                                                                                                             | Consolidated       |                    |
|-----------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                             | 2014               | 2013               |
|                                                                                                                             | \$                 | \$                 |
| <b>21. STATEMENT OF CASH FLOWS</b>                                                                                          |                    |                    |
| <b>(a) Reconciliation of Loss from Continuing Operations after Income Tax to Net Cash Outflow from Operating Activities</b> |                    |                    |
| Loss from continuing operations after income tax                                                                            | (2,665,151)        | (6,781,640)        |
| <b>Adjustment for non-cash income and expense items</b>                                                                     |                    |                    |
| Depreciation                                                                                                                | 97,881             | 60,924             |
| Amortisation                                                                                                                | -                  | 1,127              |
| Provision for annual leave                                                                                                  | 4,334              | 32,980             |
| Share based payments                                                                                                        | 15,400             | -                  |
| Impairment of exploration intangible assets                                                                                 | 58,164             | 171,378            |
| Impairment of other intangible assets                                                                                       | 2,273              | -                  |
| Foreign exchange (gain)/loss                                                                                                | 124,943            | (35,252)           |
| Loss on disposal of plant & equipment                                                                                       | 2,217              | -                  |
| Non-cash payment for group restructure                                                                                      | -                  | 1,351,986          |
| Associated costs of merger                                                                                                  | -                  | 408,491            |
| <b>Changes in assets and liabilities, net of acquisition of controlled entity</b>                                           |                    |                    |
| Decrease/(increase) in trade and other receivables                                                                          | (124,024)          | (22,204)           |
| Decrease/(increase) in other current assets                                                                                 | 48,406             | (50,620)           |
| Increase/(decrease) in trade and other payables                                                                             | (564,031)          | 398,575            |
| <b>Net cash outflow from operating activities</b>                                                                           | <b>(2,999,588)</b> | <b>(4,464,255)</b> |
| <b>(b) Reconciliation of Cash and Cash Equivalents</b>                                                                      |                    |                    |
| Cash at bank and on hand                                                                                                    | 3,941,227          | 3,791,266          |
| Bank short-term deposits                                                                                                    | 3,397,583          | 6,671,492          |
|                                                                                                                             | <b>7,338,810</b>   | <b>10,462,758</b>  |

#### (c) Credit Standby Arrangements with Banks

At balance date, the Group had no used or unused financing facilities.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

#### (d) Non-cash Financing and Investment Activities

##### (i) 30 June 2014

During the year ended 30 June 2014, the Group did not complete any investment transactions that involved the issue of shares as consideration.

##### (ii) 30 June 2013

On 27 February 2013, OreCorp Limited (formerly Silver Stone Resources Limited), the legal parent and legal acquirer, completed the acquisition of OreCorp Resources Pty Ltd ('OreCorp Resources'). The consideration for the acquisition was the issue by OreCorp of:

- 66,190,317 fully paid ordinary shares in OreCorp. In accordance with reverse asset acquisition accounting principles the consideration is deemed to have been incurred by OreCorp Resources in the form of equity instruments issued to OreCorp shareholders. The acquisition date fair value of this consideration has been determined with reference to the fair value of the issued shares of OreCorp immediately prior to the acquisition and has been determined to be \$4,444,500; and
- 4,099,999 unlisted options to acquire fully paid ordinary shares in OreCorp each exercisable at \$0.2667 on or before 30 June 2015, valued at \$0.101 using the Binomial Valuation Method and totalling \$414,100. This amount has been included as part of the consideration for the transaction in accordance with the relevant accounting standard.

|                                               | 2014<br>\$       | 2013<br>\$        |
|-----------------------------------------------|------------------|-------------------|
| <b>22. PARENT ENTITY DISCLOSURES</b>          |                  |                   |
| <b>(a) Parent Entity – Financial Position</b> |                  |                   |
| <b>ASSETS</b>                                 |                  |                   |
| Current Assets                                | 7,327,983        | 10,299,020        |
| Non-current Assets                            | 90,784           | 152,002           |
| <b>TOTAL ASSETS</b>                           | <b>7,418,767</b> | <b>10,451,022</b> |
| <b>LIABILITIES</b>                            |                  |                   |
| Current Liabilities                           | 167,751          | 198,287           |
| Non-current Liabilities                       | 4,619,611        | 4,618,998         |
| <b>TOTAL LIABILITIES</b>                      | <b>4,787,362</b> | <b>4,817,285</b>  |
| <b>NET ASSETS</b>                             | <b>2,631,405</b> | <b>5,633,737</b>  |
| <b>EQUITY</b>                                 |                  |                   |
| Issued capital                                | 9,130,483        | 9,130,483         |
| Reserves                                      | 429,500          | 414,100           |
| Accumulated losses                            | (6,928,578)      | (3,910,846)       |

|                                                   | 2014<br>\$         | 2013<br>\$         |
|---------------------------------------------------|--------------------|--------------------|
| <b>TOTAL EQUITY</b>                               | <b>2,631,405</b>   | <b>5,633,737</b>   |
| <b>(b) Parent Entity – Financial Performance</b>  |                    |                    |
| Loss for the year                                 | (3,017,732)        | (3,586,146)        |
| Other comprehensive income/(loss)                 | -                  | -                  |
| <b>Loss attributable to members of the parent</b> | <b>(3,017,732)</b> | <b>(3,586,146)</b> |

**(c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries**

As at 30 June 2014, the Parent had not entered into any guarantees in relation to the debts of its subsidiaries.

**(d) Contingent Liabilities of the Parent Entity**

As at 30 June 2014, the Parent did not have any contingent liabilities.

**(e) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity**

As at 30 June 2014, the Parent did not have any commitments for the acquisition of property, plant and equipment.

**23. FINANCIAL INSTRUMENTS**

**(a) Overview**

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

|                                    | Consolidated     |                   |
|------------------------------------|------------------|-------------------|
|                                    | 2014<br>\$       | 2013<br>\$        |
| <b>Financial Assets</b>            |                  |                   |
| Cash and cash equivalents          | 7,338,810        | 10,462,758        |
| Other current receivables          | 326,029          | 176,267           |
| <b>Total financial assets</b>      | <b>7,664,839</b> | <b>10,639,025</b> |
| <b>Financial Liabilities</b>       |                  |                   |
| Trade and other payables           | 152,767          | 716,798           |
| <b>Total financial liabilities</b> | <b>152,767</b>   | <b>716,798</b>    |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

#### (b) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2014, the Group has sufficient liquid assets to meet its financial obligations.

#### (c) Liquidity and Interest Risk Tables

|                                     | Weighted<br>Average<br>Effective<br>Interest Rate<br>% | ≤ 6 months<br>\$ | Total<br>\$      |
|-------------------------------------|--------------------------------------------------------|------------------|------------------|
| <b>2014</b>                         |                                                        |                  |                  |
| <b>Group</b>                        |                                                        |                  |                  |
| <b>Financial Assets</b>             |                                                        |                  |                  |
| Non-interest bearing <sup>(1)</sup> | -                                                      | 4,119,089        | 4,119,089        |
| Variable interest rate instruments  | 1.97                                                   | 189,631          | 189,631          |
| Fixed interest rate instruments     | 3.45                                                   | 3,356,119        | 3,356,119        |
|                                     |                                                        | <b>7,664,839</b> | <b>7,664,839</b> |
| <b>Financial Liabilities</b>        |                                                        |                  |                  |
| Non-interest bearing                | -                                                      | 152,767          | 152,767          |

|                                    | Weighted<br>Average<br>Effective<br>Interest Rate<br>% | ≤ 6 months<br>\$  | Total<br>\$       |
|------------------------------------|--------------------------------------------------------|-------------------|-------------------|
|                                    |                                                        | <b>152,767</b>    | <b>152,767</b>    |
| <b>2013</b>                        |                                                        |                   |                   |
| <b>Group</b>                       |                                                        |                   |                   |
| <b>Financial Assets</b>            |                                                        |                   |                   |
| Non-interest bearing               | -                                                      | 1,380,820         | 1,380,820         |
| Variable interest rate instruments | 3.1                                                    | 2,631,005         | 2,631,005         |
| Fixed interest rate instruments    | 4.3                                                    | 6,627,200         | 6,627,200         |
|                                    |                                                        | <b>10,639,025</b> | <b>10,639,025</b> |
| <b>Financial Liabilities</b>       |                                                        |                   |                   |
| Non-interest bearing               | -                                                      | 716,798           | 716,798           |
|                                    |                                                        | <b>716,798</b>    | <b>716,798</b>    |

**Notes:**

- (1) The majority of the non-interest bearing financial assets are US dollars on deposit, which earn no interest income.

**(d) Interest Rate Risk Exposure**

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

*Cash flow sensitivity analysis for variable rate instruments*

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term interest rates. An increase of 10% in the interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

|                           | Profit or Loss        |                       | Equity                |                       |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                           | 10%<br>Increase<br>\$ | 10%<br>Decrease<br>\$ | 10%<br>Increase<br>\$ | 10%<br>Decrease<br>\$ |
| <b>2014</b>               |                       |                       |                       |                       |
| <b>Group</b>              |                       |                       |                       |                       |
| Cash and cash equivalents | 21,246                | (21,246)              | 21,246                | (21,246)              |
| <b>2013</b>               |                       |                       |                       |                       |
| <b>Group</b>              |                       |                       |                       |                       |
| Cash and cash equivalents | 36,735                | (36,735)              | 36,735                | (36,735)              |

It is noted that the analysis shown above is not representative of the risks faced by the Group throughout the period because interest rates and cash balances have changed significantly during 2014 and 2013.

#### (e) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash, cash equivalents and financial assets and financial liabilities approximates their carrying value.

#### (f) Credit Risk Exposure

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables and in the Company includes loans to controlled entities.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

|                                                        | Consolidated     |                   |
|--------------------------------------------------------|------------------|-------------------|
|                                                        | 2014<br>\$       | 2013<br>\$        |
| <b>Financial Assets</b>                                |                  |                   |
| Cash and cash equivalents                              | 7,338,810        | 10,462,758        |
| Trade and other receivables and other financial assets | 326,029          | 176,267           |
| <b>Total financial assets</b>                          | <b>7,664,839</b> | <b>10,639,025</b> |

The Group does not have any significant customers and accordingly does not have any significant exposure to bad or doubtful debts.

Trade and other receivables includes GST/VAT refunds receivable and accrued interest. Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who

wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. None of the Group's receivables at 30 June 2014 are past due. No impairment losses have been recognised.

The Company's accounts include receivables from controlled entities for which full provisions for non-recovery have been made. Provision is made against loans to controlled entities where the underlying exploration assets have been fully provided for or written off.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. The parent entity's cash and cash equivalents are held with the Westpac Bank and Commonwealth Bank, which are Australian banks with a AA credit rating (Standard & Poor's).

#### **(g) Foreign Currency Risk**

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk. The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from certain controlled entities of the Company with functional currencies other than AUD having foreign currency exposure in relation to intercompany loans which are denominated in Australian dollars. In the Group accounts, the exchange movements on these loans are taken to the foreign currency translation reserve. As noted above, these loans are fully provided for and accordingly, the carrying value of these loans at balance date is \$nil (2013: \$nil).

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

|                                              | Assets<br>2014<br>\$ | Assets<br>2013<br>\$ |
|----------------------------------------------|----------------------|----------------------|
| US dollars                                   | 3,735,044            | 1,086,393            |
| Other (Mauritanian and Ethiopian currencies) | 40,938               | 29,837               |
|                                              | <b>3,775,982</b>     | <b>1,116,230</b>     |

#### **(h) Commodity risk**

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodity products are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage price risk.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(Continued)

#### (i) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Group is currently examining new business opportunities, where acquisition/working capital requirements of a new project may involve additional funding in some format.

The Group is not definitively committed to any specific exploration spend on its exploration licences in Africa and will continue to assess ongoing exploration results on the licences, prior to making any decisions on future exploration programs and expenditures.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

#### 24. COMMITMENTS FOR EXPENDITURE

|                                                | Consolidated  |                |
|------------------------------------------------|---------------|----------------|
|                                                | 2014          | 2013           |
|                                                | \$            | \$             |
| <b>Commitments</b>                             |               |                |
| Not longer than 1 year                         | 31,946        | 142,022        |
| Longer than 1 year and not longer than 5 years | -             | 27,273         |
|                                                | <b>31,946</b> | <b>169,295</b> |

#### Note

(1) The commitments at 30 June 2014 relate to rent on office buildings.

#### 25. CONTINGENT LIABILITIES

As at 30 June 2014 and 30 June 2013, the Group did not have any contingent liabilities.

#### 26. SUBSEQUENT EVENTS

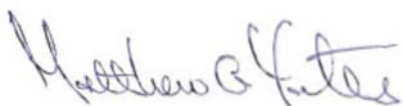
There were no significant events occurring after balance date requiring disclosure.

## DIRECTORS' DECLARATION

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

- (1) In the opinion of the Directors:
  - (a) the financial statements and notes thereto 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 on that date; and
    - (ii) complying with accounting standards and the Corporations Act 2001; and
  - (b) there are reasonable grounds to believe that the Consolidated Entity will be able to pay their debts as and when they become due and payable.
- (2) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.
- (3) The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board



**MATTHEW YATES**  
**Chief Executive Officer**

17 September 2014

# Independent Auditor's Report to the Members of OreCorp Limited

## Report on the Financial Report

We have audited the accompanying financial report of OreCorp Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, 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 as set out on pages 21 to 63.

### *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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of OreCorp Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of OreCorp Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

## **Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 13 to 19 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 OreCorp Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



**Leanne Karamfiles**

Partner

Chartered Accountants

Perth, 17 September 2014

The Directors  
OreCorp Limited  
Level 1, 38 Rowland Street  
SUBIACO WA 6008

17 September 2014

Dear Board Members

## OreCorp 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 OreCorp Limited.

As lead audit partner for the audit of the financial statements of OreCorp Limited for the financial 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 sincerely

*Deloitte Touche Tohmatsu*  
DELOITTE TOUCHE TOHMATSU



**Leanne Karamfiles**  
Partner  
Chartered Accountants



## DISCLAIMER/FORWARD LOOKING STATEMENTS

*The purpose of this report is to provide general information about OreCorp Limited. It is not recommended that any person makes any investment decision in relation to the Company based solely on this report. This report does not necessarily contain all information which may be material to the making of a decision in relation to the Company. Any investor should make its own independent assessment and determination as to the Company's prospects prior to making any investment decision, and should not rely on the information in this report for that purpose.*

*This report contains certain statements which may constitute 'forward-looking statements'. Such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward-looking statements. No representation or warranty, express or implied, is made by the Company that the matters stated in this report will be achieved or prove to be correct.*

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