ENERGY AND MINERALS AUSTRALIA

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2014

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Your directors present their report on Energy and Minerals Australia Limited consolidated entity ('Group') for the financial year ended 30 June 2014.

DIRECTORS

The names and details of directors who held office during the year ended 30 June 2014 and up to the date of this report (unless otherwise stated), are:

The Hon. Cheryl Edwardes LLM, B.Juris, BA
Chairman

Appointed 26 May 2014

A lawyer by training, Mrs Edwardes is a former Minister in the Western Australian Legislative Assembly with extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access. Mrs Edwards currently provides strategic project advice to Atlas Iron Limited and assists the clients of FTI Consulting with a range of complex statutory approvals required for resources and infrastructure projects. She was the Executive General Manager for External Affairs for Hancock Prospecting and Special Counsel at Minter Ellison in Perth where she practised in government relations, climate change and environmental regulation and compliance.

During her political career, Mrs Edwardes held positions including WA Attorney General, Minister for the Environment and Minister for Labour Relations. She also has broad experience and networks within China's business community.

Listed company directorships in the last three years: Nil

Michael (Mike) Young BSc (Hon), MAIG, MAICD
Managing Director and Chief Executive Officer

Appointed 17 April 2013

Mr Young was the first CEO and MD of BC Iron and played an integral role in taking that company to its current position as a significant iron ore producer. Mr Young successfully steered BC Iron through first stage exploration, definition of resources, feasibility study, the negotiation of development agreements with Fortescue Metals Group and ultimately the profitable production of iron ore.

Mr Young is a geologist and a graduate of Queens University, Canada with a Bachelor of Science (Honours) degree in Geological Sciences. His experience includes base metals, iron ore, uranium and gold, with a strong focus on mine-camp exploration, resource definition, and mine development. Mr Young was a founding director of uranium developer Bannerman Resources and is the non-executive Chairman and founder of Cassini Resources.

Listed company directorships in the last three years: BC Iron Limited October 2006 to present, Cassini Resources Limited January 2012 to present, Waratah Resources Limited 2011 to 2012.

Julian Tapp BA, MSc
Chief Operating Officer and Executive Director

Appointed 18 March 2013

Mr Tapp brings a wealth of experience in regulatory approvals. In his previous role as Head of Government Relations for Fortescue Metals Group, Mr Tapp was instrumental in overseeing and expediting the approvals process for Fortescue's world-class Pilbara iron ore project from conception through to operation.

Mr Tapp trained as an economist before holding a number of high-level roles in companies around the globe, including as Director of New Business Development for the Middle East for BAeSystems. He is also currently a non-executive director with the Port Hedland Port Authority.

Listed company directorships in the last three years: Nil

David Cornell B.Comm, CA
Non-executive Director

Appointed 17 July 2012

Mr Cornell is a director of Element Capital Pty Ltd and has significant experience providing strategic and corporate advice to listed companies, with a strong focus on transaction services.

Mr Cornell has assisted several companies, including Energy and Minerals Australia Limited, through the listing process and has raised over a quarter of a billion dollars through debt, equity and hybrid structures for leading resource companies including Atlas Iron and CopperCo.

Mr Cornell is a Chartered Accountant, gaining his experience with the international accounting firms Arthur Andersen and Ernst & Young where he specialised in providing corporate and professional services to both Western Australian junior explorers and international mining companies.

Listed company directorships in the last three years: Nil

Felicity Gooding B.Comm, CA
Non-executive Director

Appointed 17 July 2014

Ms Gooding is the Chief Financial Officer of Minderoo, encompassing the philanthropic and private business holdings of Andrew and Nicola Forrest.

Ms Gooding is a Chartered Accountant with over fifteen years' experience specialising in due diligence, mergers and acquisitions and equity and debt financing across various sectors in Washington DC, Singapore and London. Ms Gooding has held senior positions at PricewaterhouseCoopers, Diageo Plc and Fortescue Metals Group Ltd where she was instrumental in the raising of over $5bn expansion financing. Prior to joining Minderoo, Ms Gooding was an executive at potash development company Sirius Minerals Plc.

Listed company directorships in the last three years: Nil

Shane McBride BBus., FCPA, FGIA, FCSA, MAICD
Chief Financial Officer and Company Secretary

Mr McBride has thirty years of commercial management experience, with twenty-five years' experience in senior management roles in the resources industry. His experience has been gained in listed Australian public companies in the disciplines of corporate management, management and financial accounting, project development and mine site operations, corporate finance and company secretarial functions.

Mr McBride has been a senior executive of the Company since July 2009. He was the managing director of an Australian copper producer listed on the ASX and has substantial experience as a public company director.

Mr McBride has a Bachelor of Business degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Directors.

Listed company directorships in the last three years: Nil

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2014 were exploration and development of its tenement package and progression of development studies on the Mulga Rock Project.

There has been no significant change to the nature of the Group's activities during the year.

RESULTS OF OPERATIONS

The consolidated operating loss after tax for the year ended 30 June 2014 attributable to members of the Group was $8,298,813 (30 June 2013: operating loss after tax $15,337,969).

DIVIDENDS

No dividends were paid in the current year (2013: $Nil). The directors do not recommend the payment of a dividend.

OPERATING AND FINANCIAL REVIEW

Operations

Energy and Minerals Australia Limited ('EMA') is a junior uranium exploration explorer/developer, with its primary asset being the Mulga Rock Project located 240 kilometres northeast of the regional city of Kalgoorlie-Boulder in Western Australia. The Company has commenced a Pre-feasibility study on the Project. Nevertheless, as a junior explorer the Company is in the high-risk, high-reward sector of the Australian mining industry. Juniors are the critical front-end of the mining industry with the highest risk and as such the Company's business model is specific to this sector.

The company has currently seventeen tenements, two of which are mining leases and fifteen are exploration licences. The mining leases currently include all of the area that the Company anticipates will be incorporated in to the Mulga Rock Project. The Company's tenement holdings are currently limited to the Mulga Rock Project.

Operating Loss

The operating loss for the year decreased by 54% for the financial year to $8,298,813, principally because financing costs decreasing by $3,221,250 and no further litigation costs were incurred (2013 : $3,000,000).

The Group's interest revenue declined by $47,994 due to the lower cash balances on hand and a lower effective interest rate on cash balances.

Financial Position

Net liabilities increased by 52% during the financial year to $24,638,405. This is as a result of the loss of $8,298,813 for the year.

The Group has an accounting policy to expense all exploration activities and therefore, such expenditure does not add to its net assets, even though it may add value to the Group's tenements.

Cash balances at 30 June 2014 were $537,332.

Convertible Notes

The Company has issued two tranches of convertible notes ('Notes') which totalled $14,270,000 on drawdown. The balance due on the Notes, which includes the principal, capitalised interest and fees as at 30 June 2014, was $20,897,666.

On 17 July 2014, the Convertible Notes were converted into equity. Please refer to the Matters Subsequent to the End of the Year section for further details.

Going Concern

The Group incurred net losses of $8,298,813 during the year ended 30 June 2014 and, as of that date, the Group's operating cash outflows totalled $4,815,219. The Group's ability to continue as a going concern and to expand its exploration and development activities depends on its ability to obtain financing through equity, debt or hybrid financing, joint ventures, production off-take arrangements or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

On 17 July 2014, the Group finalised a $36.5 million equity injection whereby the Company raised $12 million in cash, $23.3 million of debt was converted to equity and the note holders forgave $1.2 million in fees, thereby eliminating the convertible note facility. Please refer to the Matters Subsequent to the End of the Year section for further details.

In view of the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

Business Strategies and Prospects for future financial years

The Company is a junior explorer/developer and as such does not receive any revenue, other than interest on cash balances. The Company's business strategy is therefore centred on the requirement for the Group to remain a sustainable entity while ensuring the shareholders' expectations of potential resource discoveries and progression of its Mulga Rock Project are met.

Administration and Organisation

The Group's strategy is to develop the Mulga Rock Project and to ultimately become a mining company producing uranium. At the same time the Group is continually looking for exploration opportunities to add to its exploration upside. Consequently, whilst the Board continually reviews its employment costs, the Group retains personnel that can add value through exploration and at the same time personnel that can manage the development of the Mulga Rock Project.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE YEAR

Since 30 June 2014 the following has occurred:

On 17 July 2014, the Company finalised a $36.5 million balance sheet restructure. The restructure comprised the following:

- The issue of 400,000,000 fully paid ordinary shares to Forrest Family Investments Pty Ltd, an Andrew Forrest entity within the Minderoo Group, at an issue price of $0.03, raising $12 million. A free unlisted option was granted for each share issued, with the options having an exercise price of $0.05 and an expiry date of 30 June 2016.
- The Company's previous convertible note holders, comprising Australian resource investment groups Acorn Capital Limited and its clients, Macquarie Bank Ltd and the Element Resources Fund, have converted $23.3 million of debt to equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of $0.038 per share, in addition, the note holders have forgiven $1.2 million in fees. These transactions resulted in the Company eliminating its convertible note facility.
- On conversion of the convertible notes a 1.5% royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Narnoo Mining Pty Ltd is a 100% owned subsidiary of the Company.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

LIKELY DEVELOPMENTS

The Group's strategy is to develop the Mulga Rock Project and to ultimately become a mining company. At the same time the Group is continually looking for exploration opportunities to add to its exploration upside. New assets will be evaluated on a case by case basis.

The Group's objectives are to complete the pre-feasibility study, which commenced in July 2014, to progress the development of the Mulga Rock Project and continue exploration activities on its tenement portfolio.

MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full meetings of directors		**Audit Committee**	
Directors during the year ended 30 June 2014	**A**	**B**	**A**	**B**
C. Edwardes	3	3	-	-
M. Young	19	19	2	2
J. Tapp	19	19	2	2
D. Cornell	19	19	2	2
F. Gooding	-	-	-	-

A = Number of meetings attended in person or electronic means.
B = Number of meetings held during the time that the director held office.
* = Not a member of the relevant committee.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of directors' interests and of persons connected with them in shares of the Group as at the reporting date are as follows:

Director	**Number of shares**	**Number of options**
C. Edwardes	-	-
M. Young	20,000,000	10,000,000
J. Tapp	20,000,000	10,000,000
D. Cornell	-	-
F. Gooding	-	-

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

SHARE OPTIONS

Options over ordinary shares of the Group as at the reporting date are as follows:

Date granted	Expiry date	Fair value per option at grant date	Exercise price	Number of options
14 June 2013	14 June 2018	$0.014	$0.05	20,000,000
7 February 2012	31 January 2017	$0.056	$0.18	1,075,000
6 January 2010	30 September 2014	$0.064	$0.53	150,000
4 December 2009	30 September 2014	$0.123	$0.53	20,000

No option holder has any right under the options to participate in any other share issue of the Group or of any other Controlled entity. No employee options were issued or exercised during the year ended 30 June 2014.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group has conducted exploration and development activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions.

REMUNERATION REPORT (AUDITED)

The Directors of the Group present the Remuneration Report of Non-executive Directors, Executive Directors and other key management personnel, prepared in accordance with the Corporation Act 2001 and the Corporation Regulations 2001.

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

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

B. Details of remuneration

C. Service agreements

D. Share-based compensation

E. Additional information

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As an emerging development and exploration company, remuneration levels are established based on industry standards rather than company performance. These remuneration levels are set to attract qualified and experienced people to pursue the Group's stated objectives. The Board takes advice on industry remuneration standards through consultation with external agents.

The Board has established a remuneration charter, administered by the full Board, which provides oversight guidance on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman does not attend any discussions relating to determination of her own remuneration. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum fee pool currently stands at $500,000 per annum. There are no retirement allowances for non-executive directors other than statutory superannuation contributions.

Executive pay

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation;
- Long-term incentives through participation in the EMA Employee Share Plan; and
- Short-term performance incentives.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Employees are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

Superannuation

Superannuation contributions are made to employees' chosen superannuation funds in accordance with regulatory requirements of each jurisdiction.

Short-term incentives

The Board is responsible for assessing short term incentives for key management personnel. Service agreements may establish short-term incentives against key performance indicators which are assessed by the Board.

Long-term incentives

Long-term incentives were provided to certain employees via the Energy and Minerals Australia Limited Employee Option Plan until 13 June 2013, and thereafter, through the EMA Employee Share Plan. See section D – Share-based compensation for further information.

Company performance

The Company is currently focused on exploration and development of its projects and is not expected to generate profits during this investment phase. Consequently share price performance will be the primary measure of total shareholder return during this period. Share price performance will be as a result of the success in progressing its projects, quality of the projects, management's performance and external factors.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2014	2013	2012	2011	2010
EPS (cents)	(1.96)	(3.89)	(1.86)	(1.28)	(1.97)
Dividend (cents per share)	-	-	-	-	-
Net Loss	8,298,813	15,337,969	7,218,965	4,979,842	7,471,117
Share price ($)	0.05	0.03	0.05	0.10	0.12

B. *Details of remuneration*

Amounts of remuneration

The key management personnel of the Group are the directors and specified executives. Details of the remuneration of the key management personnel of the Group for the years ended 30 June 2014 and 2013 are set out in the following tables.

		Short-term benefits		*Post-employment benefits*		*Share-based payments*	
		Cash salary and fees	**Cash bonus**	**Super-annuation**	**Termination benefits**	**Value of options/shares**	**Total**
Directors							
Non-executive							
C. Edwardes	2014	8,876	-	821	-	-	9,697
from 26 May 2014	2013	-	-	-	-	-	-
D. Cornell	2014	40,000	-	3,700	-	-	43,700
from 17 July 2012	2013	35,000	-	3,150	-	-	38,150
F. Gooding	2014	-	-	-	-	-	-
Appointed 17 July 2014	2013	-	-	-	-	-	-
Executive							
M. Young	2014	254,843	-	10,417	-	-	265,260
from 17 April 2013	2013	16,042	-	1,444	-	343,775 [(a)]	361,261
J. Tapp	2014	325,000	-	25,000	-	-	350,000
from 18 March 2013	2013	95,039	-	7,292	-	343,775 [(a)]	446,106
Total directors	2014	628,719	-	39,938	-	-	668,657
	2013	146,081		11,886	-	687,550	845,517

[(a)] These options vested immediately to the eligible parties. Please refer to note E – Additional Information of the Remuneration Report.

		Short-term benefits		*Post-employment benefits*		*Share-based payments*	
		Cash salary and fees	**Cash bonus**	**Super-annuation**	**Termination benefits**	**Value of options/shares**	**Total**
Key management personnel							
M. Fewster	2014	196,450	-	-	-	-	196,450
	2013	252,355	-	-	-	-	252,355
S. McBride	2014	196,500	-	18,176	-	-	214,676
CFO and Company Sec	2013	325,576	100,000	24,939	-	-	450,515
Total key management personnel	2014	392,950	-	18,176	-	-	411,126
	2013	577,931	100,000	24,939	-	-	702,870

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		*At risk – short term incentives*		*At risk – long term incentives*	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Directors						
Non-executive						
C. Edwardes	100%	-	-	-	-	-
D. Cornell	100%	100%	-	-	-	-
F. Gooding	-	-	-	-	-	-
Executive						
M. Young	100%	5%	-	-	-	95% (1) (2)
J. Tapp	100%	23%	-	-	-	77% (1) (2)
Specified Executives						
M. Fewster	100%	100%	-	-	-	-
S. McBride	100%	100%	-	-	-	-

(1) On 14 June 2013, the Company granted 10,000,000 options to Mr Young and 10,000,000 options to Mr Tapp which vested at the time of grant and expire on 14 June 2018. Each option is exercisable at $0.05 per share.

(2) On 14 June 2013, the Company issued 10,000,000 shares to Mr Young and 10,000,000 shares to Mr Tapp in accordance with the EMA Employee Share Plan. The purchase of these shares was funded by a limited recourse loan provided by the Company.

C. Service agreements

Remuneration and other terms of employment for certain key management are formalised in service agreements. Employees are eligible for long term incentive benefits under the EMA Employee Share Plan (from 14 June 2013).

Mr M. Young, Chief Executive Officer and Managing Director

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Young's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Young must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr J. Tapp, Chief Operating Officer and Executive Director

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Tapp's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Tapp must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

Mr S. McBride, Chief Financial Officer and Company Secretary.

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr McBride's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr McBride must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

D. *Share-based compensation*

There were no employee options issued to directors and key management personnel for the period ended 30 June 2014.

Shareholdings

The number of ordinary shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no shares granted during the reporting period as compensation:

	Balance at the start of the period	Granted as remuneration	Other changes	Balance at the end of the period
30 June 2014				
Directors				
C. Edwardes	-	-	-	-
M. Young	20,000,000	-	-	20,000,000
J. Tapp	20,000,000	-	-	20,000,000
D. Cornell	-	-	-	-
F. Gooding	-	-	-	-
	40,000,000	-	-	40,000,000
Key management personnel				
M. Fewster	256,160,538	-	22,500	256,183,038
S. McBride	2,391,430	-	(908,330)	1,483,100
	258,551,968	-	(885,830)	257,666,138

Option holdings

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Granted as remuneration	Exercised	Other changes	Balance at the end of the period	Vested and exercisable at 30 June 2014
30 June 2014						
Directors						
C. Edwardes	-	-	-	-	-	-
M. Young	10,000,000	-	-	-	10,000,000	10,000,000
J. Tapp	10,000,000	-	-	-	10,000,000	10,000,000
D. Cornell	-	-	-	-	-	-
F. Gooding	-	-	-	-	-	-
	20,000,000	-	-	-	20,000,000	20,000,000
Key management personnel						
M. Fewster	-	-	-	-	-	-
S. McBride	500,000	-	-	-	500,000	500,000
	500,000	-	-	-	500,000	500,000

E. Additional Information

Loans to Director and Key Management Personnel

On 14 June 2013, shareholders approved a new employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the EMA Employee Share Plan ('Plan'), pursuant to which certain employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares is repaid in full ('Limited Recourse Loan').

Subsequent to shareholder approval of the Plan and separate shareholder approval to issue shares to Messrs Young and Tapp, on 14 June 2013 the Board of the Company resolved to issue shares under the Plan to Messrs Young and Tapp.

A summary of the terms of issue and the Limited Recourse Loan provided is shown below.

Loan provided to:	Mr Mike Young (or associate)	Mr Julian Tapp (or associate)
Number of shares acquired	10,000,000	10,000,000
Amount of the loan:	$246,753	$246,753
Term of the loan:	up to 5 years	up to 5 years

Share based payment

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

Loan terms

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

(i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;

(ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):

- acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
- authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;

(iv) the Limited Recourse Loan becomes repayable on the earliest of:

- the date which is five years after the grant date of the Limited Recourse Loan ('Repayment Date');
- one month after the Participant ceases for any reason to be employed by the Company; and
- (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

(v) notwithstanding paragraph (iv) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:

- the outstanding balance of the Limited Recourse Loan; and
- the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

Sale of Plan Shares

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; these Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

Other transactions with director and key management personnel related entities

	Consolidated	
	2014 **$**	**2013** **$**
Mr Fewster is a director of Eaglefield Holdings Pty Ltd. The Board has agreed to reimburse legal costs incurred by Eaglefield Holdings Pty Ltd in relation to defending legal claims that were alleged by Yarri Mining Pty Ltd over EL39/876 and EL39/877. These actions were settled on 16 July 2013. There was $102,784 unpaid at 30 June 2014 (30 June 2013: $nil).		
Amounts recognised		
Legal fees	152,785	177,390
Mr Cornell is a director of Element Capital Pty Ltd. Element provides ongoing corporate finance advice and has facilitated capital raisings for the Company for which it was paid commercial rates. There was $108,000 unpaid at 30 June 2014 (30 June 2013: $nil).		
Amounts recognised		
Corporate advisory and capital raising fees	137,136	405,531

End of audited remuneration report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

No non-audit services were provided during the period.

During the period, the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	Consolidated	
	Year ended 30 June 2014 $	**Year ended 30 June 2013 $**
Assurance services		
1. Audit services		
Grant Thornton Audit Pty Ltd:		
Audit of financial reports and other audit work under the *Corporations Act 2001*	34,648	37,641
Total remuneration for assurance services	34,648	37,641

AUDITOR'S INDEPENDENCE DECLARATION

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

OFFICERS' INDEMNITIES AND INSURANCE

The Company has agreed to indemnify the following former and current directors and officers of the Company against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

The Company agreed to pay a premium in respect of a contract insuring directors and officers of the Company. That contract of insurance prohibits the Company disclosing the nature of the liability insured against and the amount of the premium paid. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

PROCEEDINGS ON BEHALF OF THE COMPANY

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

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

This Directors' Report, incorporating the Remuneration Report, is made in accordance with a resolution of the directors.

Michael Young
Chief Executive Officer and Managing Director

Dated 23 September 2014

Grant Thornton Audit Pty Ltd
ACN 130 913 594

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Auditor's Independence Declaration
To the Directors of Energy and Minerals Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Energy and Minerals Australia Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 23 September 2014

Energy and Minerals Australia Limited – Consolidated Entity

CONTENTS

This financial report covers Energy and Minerals Australia Limited as a Group consisting of Energy and Minerals Australia Limited and its subsidiaries. The financial report covers the year ended 30 June 2014 and is presented in Australian dollars.

Energy and Minerals Australia Limited is a company limited by shares, incorporated and domiciled in Australia.
Its registered office and principal place of business is:

Ground Floor, 10 Richardson Street
West Perth, Western Australia, 6005

The financial report was authorised for issue by the directors on 23 September 2014. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. Public releases are available at asx.com.au by entering the Company's ASX code 'EMA'. Additional information on the Company is available on its website eama.com.au.

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Revenue	5	28,680	68,474
Exploration expenditure		(3,199,206)	(2,817,829)
Corporate and administration expense		(2,274,688)	(2,885,175)
Financing expense		(2,853,599)	(6,074,849)
Settlement of legal dispute		-	(3,000,000)
Employee share based expense	6	-	(687,549)
Loss before income tax		(8,298,813)	(15,396,928)
Research and development claim	7	-	58,959
Loss attributable to members of the Company		(8,298,813)	(15,337,969)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		(8,298,813)	(15,337,969)

	Note	2014	2013
Loss per share from continuing operations attributable to the members of the Company:		**Cents per share**	**Cents per share**
Basic and Diluted loss per share	8	(1.96)	(3.89)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	9	537,332	1,905,728
Trade and other receivables	10	88,178	69,774
Prepayments		100,340	273,566
Total Current Assets		725,850	2,249,068
NON-CURRENT ASSETS			
Plant and equipment	12	207,505	323,574
Total Non-Current Assets		207,505	323,574
TOTAL ASSETS		933,355	2,572,642
CURRENT LIABILITIES			
Trade and other payables	13	743,971	597,423
Provisions	14	100,393	73,278
Loans and borrowings	15	24,667,153	18,088,356
Total Current Liabilities		25,511,517	18,759,057
NON-CURRENT LIABILITIES			
Provisions	14	60,243	-
Total Non-Current Liabilities		60,243	-
TOTAL LIABILITIES		25,571,760	18,759,057
NET LIABILITIES		(24,638,405)	(16,186,415)
EQUITY			
Contributed equity	16	27,572,593	27,725,770
Compound financial instrument	15	3,745,184	3,745,184
Employee option plan reserve	17	974,663	974,663
Employee share plan reserve	17	400,000	400,000
Accumulated losses	19	(57,330,845)	(49,032,032)
TOTAL EQUITY		(24,638,405)	(16,186,415)

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Contributed equity $	Accumulated losses $	Option reserve $	Share plan reserve $	Compound financial instruments $	Total $
CONSOLIDATED						
Balance at 1 July 2012	26,954,740	(33,694,063)	687,114	-	2,762,722	(3,289,487)
Employee share based expense	-	-	287,549	400,000	-	687,549
Issue of convertible notes	-	-	-	-	982,462	982,462
Issue of ordinary shares, net of issue costs	771,030	-	-	-	-	771,030
Loss attributable to members of the Company	-	(15,337,969)	-	-	-	(15,337,969)
Other comprehensive income net of tax	-	-	-	-	-	-
Balance at 30 June 2013	27,725,770	(49,032,032)	974,663	400,000	3,745,184	(16,186,415)
Balance at 1 July 2013	27,725,770	(49,032,032)	974,663	400,000	3,745,184	(16,186,415)
Share issue costs	(153,177)	-	-	-	-	(153,177)
Loss attributable to members of the Company	-	(8,298,813)	-	-	-	(8,298,813)
Other comprehensive income, net of tax	-	-	-	-	-	-
Balance at 30 June 2014	27,572,593	(57,330,845)	974,663	400,000	3,745,184	(24,638,405)

The above statement of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 $	2013 $
Cash Flows from Operating Activities			
Payments to other suppliers and employees		(1,857,775)	(3,027,529)
Payments for exploration		(2,989,440)	(2,587,169)
Payment to settle legal dispute		-	(3,000,000)
Interest received		21,526	100,730
Other debtors		10,470	11,564
Research and development claim		-	58,959
Net cash used in Operating Activities	24	(4,815,219)	(8,443,445)
Cash Flows from Investing Activities			
Purchase of plant and equipment		-	(30,337)
Sale of plant and equipment		-	636
Net cash used in Investing Activities		-	(29,701)
Cash Flows from Financing Activities			
Proceeds from issue of ordinary shares, net of issue costs		-	771,030
Share issue costs		(153,177)	-
Proceeds from issue of convertible notes		-	4,000,000
Proceeds from loan drawdowns		3,600,000	300,000
Loan repayments		-	(300,000)
Net cash provided by Financing Activities		3,446,823	4,771,030
Net decrease in cash and cash equivalents held		(1,368,396)	(3,702,116)
Cash and cash equivalents at the beginning of the financial year		1,905,728	5,607,844
Cash and cash equivalents at the end of the financial year	9	537,332	1,905,728

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2014

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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2014

REPORTING ENTITY

Energy and Minerals Australia Limited ('the Company') is a company incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is the Ground Floor, 10 Richardson Street, West Perth, WA, 6005, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries, together referred to as the 'Group'. The Group is a for-profit entity and primarily involved in uranium project development and exploration.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and are rounded to the nearest dollar. Where necessary prior year balances can be reallocated to compare with the current year.

(b) Going Concern

The Group incurred net losses of $8,298,813 during the year ended 30 June 2014 and, as of that date, the Group's operating cash outflows totalled $4,815,219. The Group's ability to continue as a going concern and to expand its exploration and development activities depends on its ability to obtain financing through equity, debt or hybrid financing, joint ventures, production off take arrangements or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

On 17 July 2014, the Group finalised a $36.5 million equity injection whereby the Company raised $12 million in cash, $23.3 million of debt was converted to equity and the debt holders forgave $1.2 million in fees, thereby eliminating the convertible note facility. Please refer Note 27 Events Occurring After Reporting Date; for further details.

In view of the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2014. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(d) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- *AASB 9 Financial Instruments*

  AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

  Effective date (annual reporting periods beginning on or after 1 January 2018).

  The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).

- *AASB 1031 Materiality (December 2013)*

  The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework for the Preparation and Presentation of Financial Statements* (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

  Effective date (annual reporting periods beginning on or after 1 January 2014).

  When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*

  Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

  Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

  - clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
  - amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

  When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)*

  Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality*, which historically has been referenced in each Australian Accounting Standard.

  Effective date (annual reporting periods beginning on or after 1 July 2014).

  When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)*

  Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

  Effective date (annual reporting periods beginning on or after 1 January 2016).

  When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)*

  Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

  Effective date (annual reporting periods beginning on or after 1 January 2015).

  The entity has not yet assessed the full impact of these amendments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

  The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

  The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

  - the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
  - when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

  The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian amendment shortly.

  Effective date (annual reporting periods beginning on or after 1 January 2016).

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

(e) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

(f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – 2 to 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Employee benefits

Share-based payments - Options

Prior to 14 June 2013, when the Group adopted a new employee share plan; share-based compensation benefits were provided to employees and directors via various share option plans. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the options reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the share plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

Share-based payments - Shares

On 14 June 2013, the Group adopted a new employee share plan the (EMA Employee Share Plan), where eligible participants are granted shares in the Company funded by a limited recourse loan provided by the Company. The limited recourse loans are recorded within equity and not as a receivable or financial asset to be recovered by the Company. Share-based compensation benefits may be provided to employees and directors via EMA Employee Share Plan. The fair value of the shares is the market volume weighted average closing price for the Shares over the 10 trading day period prior to issue, which is represented as an increase in equity.

(i) Financial instruments

(i) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder at a fixed price determined at the inception of the loan (refer to Note 15 for details).

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest related to the financial liability is recognised in the Statement of Profit or Loss and Other Comprehensive Income. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

(ii) Non-derivative financial assets

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

(iii) Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(j) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income 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.

Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated Group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated Group.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Exploration and evaluation expenditure

Exploration, evaluation and acquisition costs are expensed in the year they are incurred. Development costs, when incurred, will be capitalised. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(m) Short Term Employee benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

(n) Leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Segments

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 8 segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

(q) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
The following specific recognition criteria must also be met before revenue is recognised:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

(r) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

The application of AASB 119 did not have a material impact on the financial statements for the year ended 30 June 2013 and 30 June 2014.

2. FINANCIAL RISK MANAGEMENT

The Group's financial position is not complex. Its activities may expose it to a variety of financial risks in the future such as market risk (including fair value interest rate risk), credit risk, and liquidity risk. The Group's overall financial risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

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

The Group holds the following financial instruments:

	Consolidated	
	2014 $	2013 $
Financial assets		
Cash and cash equivalents	537,332	1,905,728
Trade debtors and other receivables	88,178	69,774
Prepayments	100,340	273,566
	725,850	2,249,068
Financial liabilities		
Trade and other payables	743,971	597,423
Loans and Borrowings	24,667,153	18,088,356
	25,411,124	18,685,779

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash deposits. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During 2014 and 2013, the Group's deposits at variable rates were denominated in Australian dollars.

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

	2014		2013	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Short-term deposits		57,331		1,228,554
Cash at bank		480,001		677,174
Net exposure to cash flow interest rate risk	0.89	537,332	2.74	1,905,728

The Group analyses its interest rate exposure on each occasion a deposit term expires. The Group aims to maximise interest returns from available funds and at the same time retain operating flexibility through adequate access to funds. During 2014 and 2013, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year. Equity would not have been impacted.

2. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, the Group will only hold deposits with A or better rated banks or financial institutions. All funds are currently banked with Westpac Banking Corporation. Receivables are generally limited to Goods and Services Tax refunds from the Australian Taxation Office. Events leading to other receivables are reviewed on a case by case basis and if there is no independent rating, management assesses the credit quality of the transaction party, taking into account its financial position, past experience and other factors.

The Group has no derivative financial instruments. The Board has not authorised management to engage in derivative financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note. All receivables at 30 June 2014 were received within two months.

(c) Liquidity risk

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

2. FINANCIAL RISK MANAGEMENT (continued)

Maturities of financial liabilities

As at 30 June 2014, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		*Non-current*	
	Within Six Months $	**Six - Twelve Months $**	**One - Five Years $**	**Later than Five Years $**
30 June 2014				
Loans and borrowings	24,667,153	-	-	-
Trade and other payables	743,971	-	-	-
Total	25,411,124	-	-	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

30 June 2013				
Loans and borrowings	18,088,356	-	-	-
Trade and other payables	597,423	-	-	-
Total	18,685,779	-	-	-

(d) Capital management

The Group's capital management objective is to ensure adequate funding is obtained to enable it to progress its exploration and project development activities, while retaining sufficient cash reserves to ensure the Group continues as a going concern. As a development and exploration company, funds for activities are generally sourced from equity markets, joint venture agreements, asset sales, or from borrowing facilities. The Group has utilised convertible notes and equity raisings to maintain adequate funding. The Board monitors cash resources against expenditure forecasts associated with the Company's stated growth strategies and development plans to assess financial requirements.

(e) Fair value estimation

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

2. FINANCIAL RISK MANAGEMENT (continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013:

30 June 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash and cash equivalents	537,332	-	-	537,332
Trade debtors and other receivables	88,178	-	-	88,178
Prepayments	100,340	-	-	100,340
Total assets	725,850	-	-	725,850
Financial liabilities				
Trade and other payables	(743,971)	-	-	(743,971)
Loans and borrowings	-	(24,667,153)	-	(24,667,153)
Total liabilities	(743,971)	(24,667,153)	-	(25,411,124)
Net fair value	(18,121)	(24,667,153)	-	(24,685,274)

30 June 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Cash and cash equivalents	1,905,728	-	-	1,905,728
Trade debtors and other receivables	69,774	-	-	69,774
Prepayments	273,566	-	-	273,566
Total assets	2,249,068	-	-	2,249,068
Financial liabilities				
Trade and other payables	(597,423)	-	-	(597,423)
Loans and borrowings	-	(18,088,356)	-	(18,088,356)
Total liabilities	(597,423)	(18,088,356)	-	(18,685,779)
Net fair value	1,651,645	(18,088,356)	-	(16,436,711)

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with the IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

(i) Income taxes

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Sufficient tax losses exist to offset any deferred tax liabilities. The Group's ability to access existing tax losses is dependent on it demonstrating achievement of either of two income tax defined tests, being the continuity of ownership test or the same business test.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes formula. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(iii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of material assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(iv) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors considered the impairment of the investments in subsidiaries and loans receivable from subsidiaries based on their estimate of the fair value less costs to sell off the underlying mineral tenements. The inter-company loans have no interest or repayment terms and are effectively investments in controlled entities and are reflected at cost. In accordance with the Group's accounting policies, inter-company loans are classified as part of the investment in controlled entities. Therefore, investments in subsidiaries fall under AASB 10 and are tested for impairment under AASB 136. AASB 136 prescribes the calculation of the recoverable amount of an asset at the higher of Value in Use or Fair Value less cost to sell. Due to a common control business combination in the previous year, assets acquired were recorded at their carrying values instead of fair value under the prescribed 'predecessor accounting method'. The Group's accounting policy is to expense all exploration expenditure in the year that it is incurred. Because of the matters above, the Board considers the fair value of the investments/loans receivable in subsidiaries to be directly associated with the value of the underlying minerals tenements. Based on these considerations, no impairment charge has been recognised by the Parent entity.

4. SEGMENT INFORMATION

The Group operates one business segment: Exploration. The activities undertaken by the Exploration segment include the exploration on tenements in Western Australia and development study activities on the Mulga Rock Project. This activity does not generate any sales revenue.

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

	Exploration	
	2014 $	2013 $
Result		
Segment contribution	(3,304,192)	(2,942,269)
Carrying amount of segment assets	198,633	303,619
Reconciliation to Consolidated Loss		
Segment contribution	(3,304,192)	(2,942,269)
Corporate expenses	(2,148,919)	(2,745,454)
Settlement of litigation	-	(3,000,000)
Depreciation	(11,083)	(13,781)
Employee share-based remuneration	-	(687,549)
Finance expense	(2,853,599)	(6,074,849)
Financial income	18,980	125,933
Loss from continuing operations	(8,298,813)	(15,337,969)
Assets		
Segment assets	198,633	303,619
Reconciliation to Group Assets		
Segment assets	198,633	303,619
Corporate assets	8,872	19,955
Group assets	207,505	323,574

	Consolidated 2014 $	Consolidated 2013 $
5. REVENUE		
Interest received	18,980	66,974
Other income	9,700	1,500
	28,680	68,474

6. LOSS FOR THE YEAR

The loss from ordinary activities before income tax has been determined after:

	2014 $	2013 $
(a) Expenses		
Depreciation	116,069	138,221
Operating leases	215,800	219,329
Auditor's fees and provisions for audit of the financial report	34,648	37,641
	366,517	395,191
(b) Employee benefits expense		
Wages, salaries and directors' fees	1,930,832	1,864,566
Employee share based expense	-	687,959
Other employee benefits expense	170,297	153,518
	2,101,129	2,706,043

7. INCOME TAX BENEFIT

(a) Income tax recognised

No income tax is payable by the Group as it recorded losses for income tax purposes for the year.

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

	2014 $	2013 $
Loss before tax	(8,298,813)	(15,396,929)
Income tax benefit at 30% (2013: 30%)	(2,489,944)	(4,619,079)
Tax effect of:		
- non-deductible expenses	-	8,502
- DTA on temporary differences not brought to account	975,090	(58,959)
- equity based remuneration	-	206,265
DTA on tax losses not recognised	1,514,854	4,404,312
Income tax benefit attributable to loss from ordinary activities	-	(58,959)

	Consolidated 2014 $	Consolidated 2013 $
7. INCOME TAX BENEFIT (continued)		
(c) Unrecognised deferred tax balances		
Tax losses carried forward	42,839,766	35,137,988
Potential tax (benefit) at 30%	12,851,930	10,541,396
Deferred tax liability		
- Property, plant and equipment	(56,312)	(88,216)
- Prepayments	-	(77,414)
- Accrued income	(269)	(1,032)
Deferred tax asset		
- Exploration expenditure	1,739,650	1,693,814
- Borrowing costs	-	193,040
- Employee provisions	53,125	21,983
- S40-880 costs	28,225	20,486
- Other costs	6,046	11,086
- Convertible notes	-	94,954
Amounts recognised in equity		
- S40-880 costs	66,277	41,343
- Convertible notes	-	(1,123,555)
Net unrecognised deferred tax asset at 30%	(14,688,672)	11,327,885

On 1 July 2007, Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

	Consolidated 2014 Cents	Consolidated 2013 Cents
8. EARNINGS PER SHARE		
Basic and diluted loss per share (cents per share)	(1.96)	(3.89)
Loss after tax used in the calculation of basic EPS	(8,298,813)	(15,337,969)
Weighted average number of shares outstanding during the year used in calculations of loss per share	423,726,209	394,472,209

There are 264,556,610 potential ordinary shares that have not been included in the dilutive EPS calculation because they are anti-dilutive.

	Consolidated 2014 $	2013 $
9. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	480,001	677,174
Short-term deposits	57,331	1,228,554
	537,332	1,905,728

(a) The above figures are shown as cash and cash equivalents at the end of the financial period in the statement of cash flows.

(b) Cash at bank and on hand includes interest-bearing amounts. The average rate applicable to the Group's balance at 30 June 2014 was 0.89% (2.74% at 30 June 2013).

(c) Included in short-term deposits are deposits for $57,331 ($228,554 at 30 June 2013) which are secured against bank guarantees for similar amounts in respect of environmental bonds.

10. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current		
Receivables	2,741	7,241
Goods and services tax recoverable	85,437	62,533
	88,178	69,774

11. FINANCIAL ASSETS

Controlled entities

	Country of incorporation	Percentage owned 2014 %	2013 %
Parent entity:			
Energy and Minerals Australia Limited	Australia		
Subsidiaries of Energy and Minerals Australia Limited:			
Narnoo Mining Pty Ltd	Australia	100	100
Camuco Pty Ltd	Australia	100	100
Gunbarrel Energy and Minerals Australia Pty Ltd	Australia	100	100

	Consolidated 2014 $	Consolidated 2013 $
12. PLANT AND EQUIPMENT		
Office equipment		
Cost	232,223	232,223
Accumulated depreciation	(223,350)	(212,267)
Total office equipment	8,873	19,956
Exploration equipment		
Cost	1,052,143	1,052,143
Accumulated depreciation	(853,511)	(748,525)
Total exploration equipment	198,632	303,618
Total office and exploration equipment	207,505	323,574
Movements in the carrying amounts of each class of office and exploration equipment at the beginning and end of the current financial period is as set out below:		
Office equipment		
Balance at the beginning of year	19,956	28,158
Additions	-	6,865
Sale of assets	-	(1,286)
Depreciation expense	(11,083)	(13,781)
Carrying amount at the end of the year	8,873	19,956
Exploration equipment		
Balance at the beginning of year	303,618	404,586
Additions	-	23,472
Depreciation expense	(104,986)	(124,440)
Carrying amount at the end of the year	198,632	303,618

	Consolidated 2014 $	2013 $
13. TRADE AND OTHER PAYABLES		
Current		
Trade payables and accruals	743,971	597,423
	743,971	597,423
14. PROVISIONS		
Current		
Employee entitlement: Annual Leave		
Opening balance	73,278	83,561
Employee entitlements provided for	103,338	110,127
Employee entitlements used	(76,223)	(120,410)
Closing balance	100,393	73,278

The current provision relates to annual leave for employees of the Group. Based on past experience, the provision is expected to be used over the forthcoming twelve months.

	2014 $	2013 $
Non-Current		
Employee entitlement: Long Service Leave		
Opening balance	-	-
Employee entitlements provided for	60,243	-
Employee entitlements used	-	-
Closing balance	60,243	-

		Consolidated	
		2014 $	2013 $
15. LOANS AND BORROWINGS			
Convertible Notes	(a)	20,897,666	18,088,356
Promissory Notes	(b)	3,769,487	-
Total Loans and Borrowings		24,667,153	18,088,356

(a) Convertible Notes:

(i) The Company has issued two tranches of convertible notes. The 2011-Convertible Notes were drawn down on 14 October 2011 and the 2012-Convertible Notes were drawn down on 23 November 2012, collectively they are referred to as the Notes.

(ii) Term of the Notes – Maturity on 16 December 2015.

(iii) Issue Price – The Notes have been issued to the noteholders at a subscription price of $0.95 for each convertible note. EMA issued a total of 10,684,211 2011-Convertible Notes to the noteholders, which equates to a total subscription price of $10,150,000; and 4,336,842 2012-Convertible Notes to the noteholders, which equates to a total subscription price of $4,120,000.

(iv) Interest on the Notes will accrue at a rate of 10% per annum and is payable in arrears, 14 days after the conclusion of each interest period. Under certain circumstances the interest rate may increase to 20% per annum. Any interest which remains unpaid for 14 days will be capitalised unless the noteholders have previously advised the Company that interest cannot be capitalised for that period.

(v) Conversion Price of the Notes – The noteholders may elect to convert all (but not some) of the Notes into EMA Shares. The Notes will convert into the number of EMA Shares equal to the outstanding amount payable by EMA under the Notes (sum of the face value ($1) plus capitalised amendment, waiver and establishment fees and any capitalised or accrued but uncapitalised interest) to that noteholder divided by the Conversion Price (initially set at 18 cents but subsequently reset to 7 cents on drawdown of the 2012-Convertible Notes) multiplied by the number of notes held by that noteholder.

(vi) Security for the Notes – The facility is secured by a fixed and floating charge over the assets of Energy and Minerals Australia Limited and its subsidiaries and a mining mortgage also secures the tenements that make up the Mulga Rock Project.

(vii) The capitalised amendment, waiver and establishment fees which total $1,200,000 will be waived on the earlier of the conversion of all the 2011 Convertible Notes and the 2012 Convertible Notes (2011 and 2012 Convertible Notes) or the repayment of the 2011 and 2012 Convertible Notes on the last business day before the maturity date for the notes.

On 17 July 2014, these Notes were converted into equity. Please refer Note 27 Events Occurring after Reporting Date for further details.

The Notes are considered a Compound Financial Instrument, that is, an instrument that has both a debt and equity component. A review of the convertible notes for accounting purposes has determined that the applicable market interest rate for these convertible notes is 30% pa. Consequently, the original drawn down amounts of $10,150,000 and $4,120,000 have been split between debt and equity using that rate as a basis for the split.

15. LOANS and BORROWINGS (continued)

(b) Promissory Notes

(i) The Company has issued four tranches of promissory notes. On each of 27 September 2013 and 27 November 2013 the Company issued promissory notes to the value of $300,000, on 20 December 2013 the Company issued promissory notes to the value of $350,000 and on 24 January 2014 the Company issued promissory notes to the value of $2,649,960; collectively ("the Promissory Notes"). All of the Promissory Notes were issued to Acorn Capital Limited and its clients; and Macquarie Bank Limited ("Promissory Noteholders"). The total principal amount of the loans provided pursuant to the Promissory Notes was $3,600,000.

(ii) Interest on the Promissory Notes– will accrue at a rate of 10% per annum and is payable on maturity.

(iii) Security for the Promissory Notes – The facility is secured by the same charge as the convertible notes referred to in Note 15 (a).

On 17 July 2014, these Promissory Notes were converted into equity. Please refer Note 27 Events Occurring After Reporting Date; for further details.

16. CONTRIBUTED EQUITY

423,726,209 (2013: 423,726,209) fully paid ordinary shares

	Consolidated	
	Number	**$**
Ordinary shares		
At 1 July 2013	423,726,209	27,725,770
Share issue costs	-	(153,177)
Balance at 30 June 2014	423,726,209	27,572,593

The shares have no par value.

Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	Consolidated	
	2014 $	2013 $

17. EMPLOYEE OPTION RESERVE

Reserves	974,663	974,663
Reserves comprise the following:		
Options reserve		
Balance as at start of financial year	974,663	687,114
20,000,000 options granted [(a)]	-	287,549
Balance as at end of the financial year	974,663	974,663

(a) On 14 June 2013, a total of 20,000,000 options were issued to Messrs Young and Tapp which vested immediately and have a five year exercise period. The Black Scholes valuation expense was allocated on grant.

The option reserve records items recognised as expenses on the valuation of employee share options.

Reserves	400,000	400,000
Reserves comprise the following:		
Employee Share Plan Reserve		
Balance as at start of financial year	400,000	-
20,000,000 shares issued [(a)]	-	400,000
Balance as at end of the financial year	400,000	400,000

(a) On 14 June 2013, a total of 20,000,000 ordinary shares were issued to Messrs Young and Tapp and have been funded by a non-interest bearing, limited recourse loan from the Company. The Black Scholes valuation expense was allocated on issue.

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements and instead an amount is expensed as a share based payment.

The employee share plan reserve records items recognised as expenses on the valuation of employee share issues.

18. SHARE BASED PAYMENTS

(a) Employee option plan

The Company has established an employee share option plan, which is also available to directors (the issue of securities to directors requires shareholder approval), known as the Energy and Minerals Australia Limited Employee Share Option Plan. This Plan was replaced by the EMA Employee Share Plan on 14 June 2013, however, some options remain outstanding under the old plan and they are summarised below.

Set out below is a summary of options granted to employees under the Energy and Minerals Australia Limited Employee Option Plan:

Grant date	Expiry date	Number Balance at start of year	Number Granted during year	Number Exercised during year	Number Cancelled during year	Number Balance at end of year	Number Exercisable at end of year
Various	Various	21,395,000	-	-	150,000	21,245,000	21,245,000
Weighted average exercise price			**-**	**-**	**0.53**	**0.06**	**0.06**

The Company issued 20,000,000 options to directors on 14 June 2013.

The input variables used in the Black Scholes option pricing model are as follows:

Grant date:	14 June 2013
Expiry date:	14 June 2018
Exercise price:	$0.05
Expected volatility:	115%
Expected life:	5 years
Risk free interest rate (based on government bonds):	3.36%
Calculated share value at grant date:	$0.014

(b) Employee share plan

On 14 June 2013, the Company established an employee share plan, which is also available to directors (the issue of securities to directors requires shareholder approval). The plan is called the EMA Employee Share Plan.

A summary of the main terms and conditions of the EMA Employee Share Plan can be found at Note 22.

Set out below is a summary of shares granted to employees under the Plan:

Issue date	Number Balance at start of year	Number Issued during year	Number Cancelled during year	Number Balance at end of year
14 June 2013	20,000,000	-	-	20,000,000

18. SHARE BASED PAYMENTS (continued)

On 14 June 2013, the Company issued 20,000,000 shares to directors under its employee share plan.

The input variables used in the Black Scholes option pricing model are as follows:

Issue date:	14 June 2013
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	3.36%
Calculated share value at issue date:	$0.02
Total amount recognised as share based payment	$400,000

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2014 $	2013 $
Employee share based expense	-	687,549

	Consolidated 2014 $	2013 $
19. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(49,032,032)	(33,694,063)
Net loss attributable to members of the Company	(8,298,813)	(15,337,969)
Accumulated losses at the end of the financial year	(57,330,845)	(49,032,032)

20. EXPENDITURE COMMITMENTS

(a) Operating lease commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	230,067	93,120
- between 12 months and 5 years	74,000	-
	304,067	93,120

(b) Expenditure commitments contracted for:

Exploration tenements

	2014 $	2013 $
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- not later than 12 months	2,256,408	2,409,179
- between 12 months and 5 years	6,405,914	6,514,799
	8,662,322	8,923,978

A cash backed guarantee bond has been established for $57,000 in relation to these commitments.

21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were directors of the Company during the reporting period:

Chairman

C. Edwardes from 26 May 2014

M. Young from 17 April 2013 to 25 May 2014

Executive directors

M. Young from 13 Feb 2014

J. Tapp from 18 March 2013

S. McBride from 14 July 2012 to 17 April 2013

Non-executive directors

D. Cornell from 17 July 2012

21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Key management personnel

The following additional persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Name	Position	Employer
S. McBride	Chief Financial Officer and Company Secretary	Energy and Minerals Australia Limited

(c) Key management personnel compensation

	Consolidated	
	2014 $	2013 $
Short-term employee benefits	1,021,669	724,012
Post-employment benefits	58,114	36,825
Cash Bonus	-	100,000
Share-based payments	-	687,550
	1,079,783	1,548,387

In accordance with AASB124 remuneration disclosures related to key management personnel are included in the Remuneration Report in the Directors' Report.

(d) Equity instrument disclosures relating to directors and key management personnel

Shareholdings - Ordinary

The number of ordinary shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no shares granted during the reporting period as compensation:

	Balance at the start of the period	Disposed	Acquired	Balance at the end of the period
30 June 2014				
Directors				
M. Young	20,000,000	-	-	20,000,000
J. Tapp	20,000,000	-	-	20,000,000
D. Cornell	-	-	-	-
	40,000,000	-	-	40,000,000
Key management personnel				
M. Fewster	256,160,538	-	22,500	256,183,038
S. McBride	2,391,430	1,033,830	125,500	1,483,100
	258,551,968	1,033,830	148,000	257,666,138

21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to directors and key management personnel (continued)

	Balance at the start of the period	Disposed	Acquired	Balance at the end of the period
30 June 2013				
Directors				
M. Young	-	-	20,000,000	20,000,000
J. Tapp	-	-	20,000,000	20,000,000
D. Cornell	-	-	-	-
	-		40,000,000	40,000,000
Key management personnel				
M. Fewster	287,160,508	(31,000,000)	30	256,160,538
S. McBride	-	-	2,391,430	2,391,430
	287,160,508	(31,000,000)	2,391,460	258,551,968

Shareholdings - Performance

The number of Performance Shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no performance shares granted during the reporting period as compensation.

	Balance at the start of the period	Converted	Balance at the end of the period
30 June 2014			
Class C Performance Shares			
M. Fewster	-	-	-
	-	-	-
30 June 2013			
Class C Performance Shares			
M. Fewster	29,499,998	(29,499,998)	-
	29,499,998	(29,499,998)	-

21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity instrument disclosures relating to directors and key management personnel (continued)

Option holdings

Details of options provided as remuneration and shares issued on the exercise of such options can be found in Section D of the Remuneration Report.

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Issued	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2014
30 June 2014					
Directors					
M. Young	10,000,000	-	-	10,000,000	10,000,000
J. Tapp	10,000,000	-	-	10,000,000	10,000,000
D. Cornell	-	-	-	-	-
	20,000,000	-	-	20,000,000	20,000,000
Key management personnel					
M. Fewster	-		-	-	-
S. McBride	500,000	-	-	500,000	500,000
	500,000	-	-	500,000	500,000

	Balance at the start of the period	Issued	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2013
30 June 2013					
Directors					
M. Young	-	10,000,000	-	10,000,000	10,000,000
J. Tapp	-	10,000,000	-	10,000,000	10,000,000
D. Cornell	-		-	-	-
	-	20,000,000	-	20,000,000	20,000,000
Key management personnel					
M. Fewster	-	-	-	-	-
S. McBride	500,000	-	-	500,000	500,000
	500,000	-	-	500,000	500,000

22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Loans to Director and Key Management Personnel

On 14 June 2013, shareholders approved a new employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the EMA Employee Share Plan ('Plan'), pursuant to which certain employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares is repaid in full ('Limited Recourse Loan').

Subsequent to shareholder approval of the Plan and separate shareholder approval to issue shares to Messrs Young and Tapp, on 14 June 2013 the Board of the Company resolved to issue shares under the Plan to Messrs Young and Tapp.

A summary of the terms of issue and the Limited Recourse Loan provided is shown below.

Loan provided to:	Mr Mike Young (or associate)	Mr Julian Tapp (or associate)
Number of shares acquired	10,000,000	10,000,000
Amount of the loan:	$246,753	$246,753
Term of the loan:	up to 5 years	up to 5 years

Share based payment

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

Loan terms

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

(i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;

(ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);

(iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):

- acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
- authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;

(iv) the Limited Recourse Loan becomes repayable on the earliest of:

- the date which is five years after the grant date of the Limited Recourse Loan ('Repayment Date');
- one month after the Participant ceases for any reason to be employed by the Company; and
- (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

(v) notwithstanding paragraph (iv) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

(vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:

- the outstanding balance of the Limited Recourse Loan; and
- the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

Rights attaching to Plan Shares

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

Sale of Plan Shares

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; these Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

(b) Other transactions with director and key management personnel related entities

	Consolidated 2014 $	Consolidated 2013 $
Mr Fewster is a director of Eaglefield Holdings Pty Ltd. The Board has agreed to reimburse legal costs incurred by Eaglefield Holdings Pty Ltd in relation to defending legal claims that were alleged by Yarri Mining Pty Ltd over EL39/876 and EL39/877. These actions were settled on 16 July 2013. There was $102,784 unpaid at 30 June 2014 (30 June 2013: $nil).		
Amounts recognised		
Legal fees	152,785	177,390
Mr Cornell is a director of Element Capital Pty Ltd. Element provides ongoing corporate finance advice and has facilitated capital raisings for the Company for which it was paid commercial rates. There was $108,000 unpaid at 30 June 2014 (30 June 2013 : $nil).		
Amounts recognised		
Corporate advisory and capital raising fees	137,136	405,531

23. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	2014 $	2013 $
Assurance services		
Audit services		
Grant Thornton Audit Pty Ltd:		
- audit and review of financial reports and other audit work under the *Corporations Act 2001*	34,648	37,641
Total remuneration for assurance services	34,648	37,641

24. RECONCILIATION OF LOSS AFTER TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2014 $	2014 $
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	537,332	1,905,728
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(8,298,813)	(15,337,969)
Loss on the sale of asset	-	650
Depreciation	116,069	138,221
Share based payments expense	-	687,549
Capitalisation of arrangement fees on convertible notes	-	120,000
Convertible note – net amortisation of legal costs	125,199	56,032
Finance cost	2,853,599	6,071,096
	(5,203,946)	(8,264,421)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(18,404)	66,242
(Increase)/decrease in prepayments	173,226	(61,153)
Increase/(decrease) in trade and other payables	146,547	(173,830)
Increase/(decrease) in employee benefits	87,358	(10,283)
Net cash outflow from operating activities	(4,815,219)	(8,443,445)

(b) Non-cash financing and investing activities

The following transactions occurred which affected assets and liabilities but which are not reflected in the statement of cash flows:		
Capitalisation of waiver, amendment and establishment fees as a result of renegotiation of the convertible notes	-	1,200,000
Capitalisation of arrangement fees on convertible notes	-	120,000
Capitalisation of finance costs	2,853,599	4,871,096
Employee share based expenses	-	687,549

25. CONTINGENT LIABILITIES

Royalty

Narnoo Mining Pty Ltd ('Narnoo'), one of the Company's wholly owned subsidiaries, has agreed to pay a royalty of 1.5% on all the gross proceeds actually received by Narnoo from selling mineral products, other than scandium, extracted and recovered from a number of the tenements held by Narnoo. The royalty will cease on the earlier of the conversion of all the 2011 Convertible Notes and the 2012 Convertible Notes (2011 and 2012 Convertible Notes), the repayment of 2011 and 2012 Convertible Notes on the last business day before the maturity date for the notes and the payment by Narnoo of the cash consideration detailed below.

If the Company repays the 2011 and 2012 Convertible Notes early or a Noteholder gives a redemption notice upon the occurrence of a redemption event under the 2011 and 2012 Convertible Notes, then a Noteholder must give a surrender notice (if instructed by the Relevant Noteholders being Noteholders who have subscribed for 66% or more by value in aggregate of the Convertible Notes) under which the Noteholder will surrender all of its rights under the royalty arrangements. Narnoo will be required to pay the Noteholders $12 million upon receiving the surrender notice from the Noteholders.

On 17 July 2014, the 2011 and 2012 Convertible Notes were converted into equity. As part of those transactions the 1.5% Royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Please refer to Note 27 Events occurring after Reporting Date for further details.

26. PARENT ENTITY INFORMATION

	Parent Entity	
	2014	**2013**
	$	**$**
Information relating to Energy and Minerals Australia Limited:		
Current assets	667,477	1,997,953
Total assets	31,489,065	29,958,657
Current liabilities	25,372,384	18,722,027
Total liabilities	25,432,627	18,722,027
Total net assets	6,056,438	11,236,630
Issued capital	27,572,593	27,725,770
Accumulated losses	(26,636,002)	(21,608,987)
Compound financial instruments	3,745,184	3,745,184
Employee share plan reserve	400,000	400,000
Employee options plan reserve	974,663	974,663
Total shareholders' equity	6,056,438	11,236,630
Loss of the parent entity	(5,027,015)	(12,157,183)
Total comprehensive loss of the parent entity	(5,027,015)	(12,157,183)

Guarantees of the Parent:

On 1 July 2007, Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

26. PARENT ENTITY INFORMATION (continued)

	Parent Entity 2014 $	Parent Entity 2013 $
Commitments and contingent liabilities of the Parent		
Expenditure commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	26,567	93,120
- between 12 months and 5 years	-	-
	26,567	93,120

27. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2014 the following has occurred:

On 17 July 2014, the Company finalised a $36.5 million balance sheet restructure. The restructure comprised the following:

- The issue of 400,000,000 fully paid ordinary shares to Forrest Family Investments Pty Ltd, an Andrew Forrest entity within the Minderoo Group, at an issue price of $0.03, raising $12 million. A free unlisted option was granted for each share issued, with the options having an exercise price of $0.05 and an expiry date of 30 June 2016.
- The Company's previous convertible note holders comprising Australian resource investment groups Acorn Capital Limited and its clients, Macquarie Bank Ltd and the Element Resources Fund, have converted $23.3 million of debt to equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of $0.038 per share, in addition, the note holders have forgiven $1.2 million in fees. These transactions resulted in the Company eliminating the convertible note facility.
- On conversion of these convertible notes a 1.5% Royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Narnoo Mining Pty Ltd is a 100% owned subsidiary of the Company.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Energy and Minerals Australia Limited:

   (a) the consolidated financial statements and notes of Energy and Minerals Australia Limited are in accordance with the Corporations Act 2001, including

      i. giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that Energy and Minerals Australia Limited will be able to pay its debts as and when they become due and payable; and

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.

3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Michael Young
Chief Executive Officer and Managing Director

Dated: 23 September 2014

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Independent Auditor's Report
To the Members of Energy and Minerals Australia Limited

Report on the financial report

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

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to 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.

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion
In our opinion:

a the financial report of Energy and Minerals Australia Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 6 to 14 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Energy and Minerals Australia Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 23 September 2014