Fitzroy Resources Ltd.
And Controlled Entities

ACN: 145 590 110

Annual Financial Report
For the year ended 30 June 2014

Contents

Corporate Directory

Head Company
Fitzroy Resources Ltd.

Directors
Tom Henderson –Chairman
Will Dix – Non-Executive Director (From 1 December 2013)
Riccardo Vittino - Non-Executive Director
Russell Lynton-Brown – Non-Executive Director (appointed 7 October 2013)

Company Secretary
Simon Robertson

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Fax: +61 8 9320 7501

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Share Register
Automic Share Registry
Suite 1A, Level 1
7 Ventnor Avenue
West Perth WA 6005

Auditors
PKF Mack and Co Chartered Accountants
Level 4,
35-37 Havelock Street,
West Perth WA 6005

Solicitors
GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Securities Exchange Listing
Australian Securities Exchange
Home Exchange: Perth, Western Australia
Code: FRY

Directors' Report

Your directors present their report on Fitzroy Resources Ltd. ("the Company") and its controlled entities ("the Group" or "Consolidated Group") for the year ended 30 June 2014.

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

Tom Henderson –Chairman
Will Dix – Non-Executive Director
Riccardo Vittino - Non-Executive Director
Russell Lynton-Brown – Non-Executive Director (appointed 7 October 2013)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Qualifications, Experience and Special Responsibilities of Directors

TOM HENDERSON — NON-EXECUTIVE CHAIRMAN

Qualifications — B Comm (UWA) CA, FAICD

Mr Henderson has over 20 years experience in corporate finance, has expertise in the provision of advisory services to the resources and services industry and the recapitalisation of listed vehicles.
Mr Henderson is a Chartered Accountant and the former Head of Corporate Finance at Deloitte in Perth. He left the Deloitte partnership in 2006 and is now a Principal of Forrest Capital Pty Ltd, an Australian Financial Services Licence holder providing financial services to wholesale clients.

Mr Henderson is currently a director of Brumby Resources NL.

Other Directorships held in other listed entities in the last 3 years — Every Day Mine Services Ltd (September 2009 – June 2012).

WILL DIX — NON-EXECUTIVE DIRECTOR

Qualifications — BSc MSc (Geology)

Mr Dix is a geologist with 20 years experience in base metal, uranium and gold exploration and mining. He holds a Bsc and Msc (Geology) from Monash University and is a member of AusIMM. Formerly Exploration Manager for Apex Minerals NL he led a successful exploration team that was responsible for significantly growing gold resources at all of Apex Minerals NL's projects.

Previously, Mr Dix spent 7 years with LionOre Mining International where he was a District Supervising Geologist in Western Australia. During his time with LionOre Mining International, Mr Dix was part of the team that discovered the Waterloo Nickel Mine and delineated the 2 million ounce Thunderbox Gold Project.

Mr Dix has a proven track record of successful project and team management and also has extensive experience in commercial activities including capital raisings, mergers, acquisitions and divestments.

Mr Dix is currently a director of Credo Resources Ltd and BBX Minerals Limited.

Other Directorships held in other listed entities in the last three years — Nil

RICCARDO VITTINO – NON-EXECUTIVE DIRECTOR

Qualifications – B Comm (UWA) CA, FAICD

Mr Vittino has over 25 years experience in the resources sector with a focus on corporate and financial management. He graduated from the University of Western Australian with a Bachelor of Commerce degree in 1985 and began his career in the mining industry in 1988 as Company Secretary for Helix Resources Ltd.

During his 18 year tenure at Helix, Mr Vittino was involved with various IPOs and Joint Ventures both local and International. He left Helix in 2006 as CEO to pursue a role in South Africa as Finance Director of Central Rand Gold Ltd. He was responsible for overseeing Central Rand Gold's listing on the Main Board of the LSE and the JSE in 2007 and subsequent progress to pre-feasibility and commencement of trial mining.

Directors' Report (continued)

Mr Vittino returned to Perth in 2008 to focus on personal interests. He has held numerous non-executive Director roles including Diamond Ventures NL and Platinum Australia Ltd. He is a Fellow of the Australian Institute of Company Directors.

Mr Vittino is currently a director of Credo Resources Ltd.

Other Directorships held in other listed entities in the last three years — Nil

RUSSELL LYNTON-BROWN — NON-EXECUTIVE DIRECTOR (Appointed 7 October 2013)

Mr. Russell Lynton-Brown has worked with international and local stock broking companies. Mr. Lynton-Brown moved into corporate finance arena and involved with capital raisings, corporate transactions and the establishment and listing of a number of companies on the Australian Securities Exchange. Mr. Lynton-Brown has 15 years' experience in stock broking, both retail and corporate finance and has specialized in the resources sector.

Other Directorships held in other listed entities in the last three years — Goldphyre Resources Limited (resigned 23 January 2013)

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Fitzroy Resources Ltd. were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Thomas Henderson –Chairman	6,079,489	1,500,000
William Dix – Non-Executive Director	800,005	1,500,000
Riccardo Vittino - Non-Executive Director	1,168,498	500,000
Russell Lynton-Brown – Non-Executive Director	780,000	-

Company Secretary

SIMON ROBERTSON, B.BUS, CA, M APPL. FIN.

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. He is a member of the Institute of Chartered Accountants and the Chartered Secretaries of Australia. Mr Robertson has experience as a Company Secretary and in transaction management. He has also been involved in management of the ASX listing process and several specific asset transfers, general accounting for public companies and preparation of financial statements.

Chief Executive Officer

BENJAMIN LANE, B.ENG (MINING), MAUSIMM, GRADDIP APPL. MATH.

Mr Lane is a mining engineering with 18 years experienced in operations, planning and commercial roles and has included positions encompassing iron ore, coal, copper and zinc at both greenfield and brownfield mine sites. Ben has worked in a number of international roles based in China, Indonesia and Hong Kong. He spent 10 years as a mining engineer at Rio Tinto Iron Ore and Rio Tinto Coal and most recently was Director, Corporate Finance at Argonaut Limited.

Principal Activities

The principal activity of the consolidated group during the financial period was the exploration of mineral tenements in Queensland, Australia and West Virgina USA following the acquisition of Premier Coking Coal Ltd on 19 December 2013.

Directors' Report (continued)

Operating Results

The loss of the consolidated group after providing for income tax amounted to $2,384,123 (2013: $560,094).

Review and results of Operations

Premier Coking Coal
Premier Coking Coal Ltd ("Premier") was acquired by Fitzroy on 19 December 2013. Premier was a privately owned, NZ registered company. A subsidiary of Premier, Premier Coking Coal LLC, held options to acquire the Emmaus project ("Emmaus") and the Blackstone project ("Blackstone") on the border of McDowell and Wyoming counties in West Virginia.

Emmaus Project

Emmaus covers approximately 4700 acres of known hard coking coal territory in the Appalachian Basin. The Company exercised the option to acquire Emmaus on 14 March 2014.

During 2013 and prior to completion of the acquisition, the Company completed a seven hole due diligence program related to the acquisition of Premier. The program successfully confirmed the accuracy of 50 historic drill holes.

The Company released an Independent Technical Report ("ITR") in December 2013. Subsequent to the report, a further two holes were drilled during 2014 to the deeper seams at Emmaus, Beckley and Fire Creek. One of these holes further confirmed the potential upside in these deeper seams.

In the second half of the year, while attention was focussed on drilling Blackstone, the Company compiled a database of operating costs in the area and commissioned a marketing report on the coal at Emmaus.

Blackstone Project
The Company drilled and sampled Blackstone during the second half of the year. The seams at Blackstone are not considered to be of an economically recoverable size.

When acquired, it was believed that the presence of seams of mineable thickness in surrounding properties was a positive indicator that the Red Ash seam at Blackstone would provide a mineable coal resource for the Company's first mining operation. Drilling has indicated that, the consistency of thickness seen for the seams at Emmaus and in other nearby properties, has not continued into this property.

Rookwood Project

A geochemical sampling program at Rookwood was completed, following up on areas of heightened geophysical anomalism coupled with prospective geology. A further sampling program was completed during the December quarter. Results from the 100 samples taken were received during the quarter and have not highlighted any new areas of anomalism for immediate drilling however the multi-element geochemistry will be used to plan future exploration programs.

Glenntanna Project

No work was conducted at Glenntanna during the period.

Project Opportunities

During the financial year the Company spent considerable time and effort reviewing a broad range of corporate opportunities to acquire further coking coal projects in the Central Appalachian Basin of the eastern United States of America. These have ranged from small properties near Emmaus to much larger acquisitions of existing operating mines in our region of focus.

Directors' Report (continued)

Financial Position and Significant Changes in the State of Affairs

The net assets of the Consolidated Group totalled $3,721,276 (2013: $3,644,696). The loss for the year was $2,384,123 (2013: $560,094). Cash on hand at 30 June 2014 totalled $232,213 (2013: $1,924,913). During the year the Company issued a total of 73,042,853 ordinary shares and 20,000,000 performance shares as follows:

- 29,399,996 ordinary shares pursuant to a rights issue at $0.035 per share, raising $1,029,000 before costs.
- 7,142,857 ordinary shares pursuant to a placement at $0.035 per share raising $250,000 before costs.
- 34,000,000 ordinary shares for the acquisition of Premier Coal Limited (EMMAUS) and Blackstone leases.
- 2,500,000 ordinary shares pursuant to the Employee Share Acquisition Plan
- 20,000,000 performance shares subject to milestones for the acquisition of Premier Coal Limited (EMMAUS).

The loss for the period of $2,384,123 includes an impairment charge of $1,313,496 related to exploration and evaluation assets.

Dividends Paid or Recommended

No dividend has been declared or paid by the Company. The directors do not recommend the payment of a dividend.

After Reporting Date Events

On 7 July 2014 the Company announced the sell down of its 100% owned Rookwood property in Queensland to Zenith Minerals Limited ("Zenith"). The decision to sell Rookwood is consistent with Fitzroy's change in focus toward US coking coal and the 2013 purchase of its Emmaus and Blackstone properties in West Virginia, USA. Key Terms of the sell down are as follows:

- Up-front cash payment of $200k and 500,000 ordinary Zenith shares to purchase 51% equity,
- An exclusive 24 month period within which Zenith has the option to purchase the remaining 49% equity in the Devlin Creek project at Zenith's election, the 24 month period will include an automatic extension period when there is bona fide no or limited access to the project site due to major rainfall events or events beyond Zenith's control,
- An option exercise fee of $300k cash and 3 million ordinary Zenith shares to acquire the remaining 49% equity then:
    - The companies will either form a joint venture to progress the evaluation of the project with normal industry contribution and dilution clauses or
    - Fitzroy has a one-off opportunity to buy-back 100% of the project for cash consideration equal to the greater of $200k or 50% of the total expenditure incurred by Zenith during the option period.
- Zenith must sole fund the exploration activities during the 24 month period.

The Company announced completion of the transaction on 20 August 2014 confirming receipt of $200,000 and 500,000 Zenith shares.

Other than the above there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- the Consolidated Group's operations in future years; or
- the results of those operations in future years; or
- the Consolidated Group's state of affairs in future years.

Directors' Report (continued)

Future Developments, Prospects and Business Strategies

The Consolidated Group's primary strategy is the identification and commercialisation of coking coal deposits in the United States of America.

The Company intends to take the steps toward the commercialisation of Emmaus by progressing the process of permitting the prospective mine sites. The Company will also continue the process of identifying potential acquisitions of projects and operations in the United States.

The ability of the Company to achieve successful commercial developments will depend upon the global price of coking coal, project identification and the success of its exploration and project development programs.

Environmental Regulation and Performance

The Consolidated Group's activities in Australia are subject to the Native Title Act of the Commonwealth or State. There have been no significant known breaches of the Consolidated Group's obligations under these Acts. The Consolidated Group is not aware of any matters that cannot be resolved through the normal legal process, should they arise.

Share Options

Unissued shares

At the date of this report, the unissued ordinary shares of Fitzroy Resources Ltd. under option are as follows

Grant Date	Expiry Date	Exercise Price	Number under option
24 August 2010	31 July 2015	$0.30	6,000,000
			6,000,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

During the period, no shares have been issued as a result of the exercise of options.

Indemnification and Insurance of Directors and Officers

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $9,435 (2013: $9,807) exclusive of GST.

Directors' Report (continued)

Meetings of Directors

The number of formal meetings of directors (including committees of directors) held during the period and the number of meetings attended by each director was as follows:

	Directors' Meetings	
	Number eligible to attend	**Number attended**
Thomas Henderson	16	15
William Dix	16	12
Riccardo Vittino	16	15
Russell Lynton-Brown	11	11

Proceedings on Behalf of Company

No person has applied for leave of 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non Audit Services

The board of directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- All non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the audit; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid out to PKF Mack & Co for non-audit services provided during the year ended 30 June 2014:

Taxation compliance services	$2,300
	$2,300

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 14.

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and the Company Secretary.

Directors' Report (continued)

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives
- Link executive rewards to shareholder value
- A portion of executive remuneration may be put 'at risk', dependent on meeting pre-determined performance benchmarks
- Where appropriate, establish performance hurdles in relation to variable executive remuneration

Due to the stage of development which the Company is in, shareholder wealth is directly affected by the Company's share price, as the Company is not in a position to pay dividends. By remunerating Directors and Executives in part by share based payments, the Company aims to align the interests of Directors and Executives with Shareholder wealth, thus providing individual incentive to perform and thereby improving overall Company performance and associated value.

Remuneration structure

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

Non-executive director remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate directors' fees payable to non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. Shareholders' have approved aggregate directors' fees payable of $300,000 per year.

The amount of aggregate directors' fees sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company. However, if a director performs extra or special services beyond their role as a director, the Board may resolve to provide additional remuneration for such services.

Fees for directors are not linked to the performance of the Group however, to align all directors' interests with shareholder interests, directors are encouraged to hold shares in the Company and may receive options. This effectively links directors' performance to the share price performance and therefore to the interests of shareholders. For this reason there are no performance conditions prior to grant, but instead an incentive to increase the value to all shareholders.

During the years ended 30 June 2014 and 30 June 2013 no options were granted.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in Table 1 on page 11 of this report.

Directors' Report (continued)

Executive Remuneration

Objective

The Company aims to reward executives (both directors and company executives) with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company performance;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company; and
- Ensure total remuneration is competitive by market standards.

Structure

Executive remuneration consists of both fixed and variable elements.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually or upon renewal of fixed term contracts by the Board and the process consists of a review of Company and individual performance, relevant comparative remuneration in the market and internal policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of executive directors for the year ended 30 June 2014 is detailed in Table 1 on page 11 of this report.

Variable Remuneration

Objective

The objective of variable remuneration provided is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure

Variable remuneration may be delivered in the form of shares granted or under the Company's Employee Share Acquisition Plan.

Directors' Report (continued)

Employment Contracts

Chief Executive Officer – Benjamin Lane

The employment conditions of the CEO, Mr Lane, are formalised in a contract of employment which commenced on 20 December 2013.

The key terms of the employment agreement includes:

- Annual remuneration of base salary of $200,000 plus superannuation of $18,500 (plus an away from home allowance of $250 per night)
- 2 million Fitzroy ordinary shares under the Fitzroy Employee Share Acquisition Plan (Issued during the year)
- Bonuses, subject to the determination of the board that may be earned if operational, financial and total shareholder return milestones are met

Termination conditions are as follows:

- Up to six months termination pay, depending on length of service
- Twelve months termination pay in the event of a takeover of Fitzroy
- Two months' notice in the event of resignation

Key Management Personnel Remuneration

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2014

	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other	Share Based Payment	Total	Performance based remuneration
Non-Executive Directors						
T Henderson – Chairman	30,000	-	1,887	40,000 (*1)	71,887	56%
W.Dix *2	46,800	-	1,887	-	48,687	-%
R Vittino	30,000	-	1,887	-	31,887	-%
R.Lynton-Brown *3	20,595	1,905	1,887	1,487	25,874	6%
Other key management personnel						
B Lane – CEO *4	183,780	16,468	1,887	5,949	208,084	3%
Total	**311,175**	**18,373**	**9,435**	**47,436**	**386,419**	

*1 Value of 1,000,000 ordinary shares received by Tisia Nominees Pty Ltd, as Nominee of Forrest Capital Pty Ltd, for acting as advisors to the Company on the Acquisition of Premier Coal Ltd.
*2 Became a Non-Executive Director on 1 December 2013
*3 Appointed 4 October 2013
*4 Appointed 20 December 2013

Directors' Report (continued)

TABLE 2: REMUNERATION FOR THE YEAR ENDED TO 30 JUNE 2013

	Short Term Salary, Fees & Commissions	Post Employment Superannuation	Other	Share Based Payment Options	Total	Performance based remuneration
Executive Directors	$	$	$	$	$	%
W Dix – Managing Director	157,579	2,223	3,269	-	163,071	-%
Non-Executive Directors						
T Henderson – Chairman	37,500	-	3,269	-	40,769	-%
R Vittino	35,000	-	3,269	-	38,269	-%
Total	**230,079**	**2,223**	**9,807**	**-**	**242,109**	

Option holdings of Key Management Personnel

						Vested at 30 June 2014		
30 June 2014	**Balance at beginning of period**	**Granted as remuner-ation**	**Options exercised**	**Net change other**	**Balance at end of period**	**Total**	**Exercis-able**	**Not Exercis-able**
T Henderson	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
W Dix	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
R Vittino	500,000	-	-	-	500,000	500,000	500,000	-
R Lynton-Brown	-	-	-	-	-	-	-	-
B Lane	-	-	-	-	-	-	-	-
	3,500,000	-	-	-	3,500,000	3,500,000	3,500,000	-

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Shareholdings of Key Management Personnel

30 June 2014	**Balance 1 July 13**	**Granted as remuner-ation**	**On exercise of options**	**Net change other**	**Balance 30 June 14**
T Henderson	3,000,000	-	-	3,070,489	6,070,489
W Dix	800,005	-	-	-	800,005
R Vittino	400,000	-	-	768,498	1,168,498
R Lynton-Brown	-	500,000 (*1)	-	280,000	780,000
B Lane	-	2,000,000 (*1)	-	-	2,000,000
	4,200,005	2,500,000	-	4,118,987	10,818,992

*1 Treasury shares held by the trust deemed to be beneficially held on behalf of Mr Lynton-Brown and Mr Lane.

Directors' Report (continued)

Loans to Key Management Personnel

There are no loans between the entity and Key Management Personnel.

Employee Share Acquisition Plan

A total of 2,500,000 shares were issued under the Company's Employee Share Acquisition Plan approved by shareholders at the General Meeting on 13 December 2013. The objective of the Plan is to provide an incentive to Employees to share in the performance of the Company by the Company assisting Employees to acquire Shares under the Plan. The Company has set up a Trust (as the mechanism for acquiring, holding and selling Shares under the Plan on behalf of the Employees participating in the Plan). The Company will allocate shares to employees in accordance with an invitation to participate, once this invitation is accepted by the Employee they become a Participant

Principles of Compensation

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives by the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Remuneration Report - End

Signed in accordance with a resolution of the directors.

Tom Henderson
Chairman
26 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF FITZROY RESOURCES LTD

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

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

26 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Revenue	2	58,387	72,600
Directors fees	3	(112,517)	(196,389)
Administration expenses		(392,938)	(230,179)
Exploration expenses		(616,904)	(48,625)
Impairment of capitalised exploration		(1,313,496)	(148,017)
Depreciation and amortisation expense	3	(6,655)	(9,484)
Loss before income tax	3	(2,384,123)	(560,094)
Income tax expense	4	-	-
Loss for the year		(2,384,123)	(560,094)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (net of tax)	14	(78,482)	-
Total comprehensive loss for the year		(2,462,605)	(560,094)
Basic and diluted loss per share (cents per share)	5	(3.07)	(1.25)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	232,213	1,924,913
Trade and other receivables	8	11,418	7,379
Other current assets		-	2,553
TOTAL CURRENT ASSETS		243,631	1,934,845
NON-CURRENT ASSETS			
Plant and equipment	9	15,531	22,186
Exploration and evaluation expenditure	10	3,589,049	1,744,182
TOTAL NON-CURRENT ASSETS		3,604,580	1,766,368
TOTAL ASSETS		3,848,211	3,701,213
CURRENT LIABILITIES			
Trade and other payables	11	90,362	56,517
Provisions	12	10,192	-
Other current liabilities		26,381	-
TOTAL CURRENT LIABILITIES		126,935	56,517
TOTAL LIABILITIES		126,935	56,517
NET ASSETS		3,721,276	3,644,696
SHAREHOLDERS' EQUITY			
Issued capital	13	9,261,186	6,729,437
Reserves	14	332,754	403,800
Accumulated losses		(5,872,664)	(3,488,541)
TOTAL SHAREHOLDERS' EQUITY		3,721,276	3,644,696

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated Group	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Exchange Reserve $	Total $
Balance at 1 July 2013	6,729,437	(3,488,541)	403,800	-	3,644,696
Total Comprehensive Income					
Loss attributable to members	-	(2,384,123)	-	-	(2,384,123)
Foreign currency translation difference	-	-	-	(78,482)	(78,482)
Total comprehensive loss for the period	-	(2,384,123)	-	(78,482)	(2,462,605)
Transactions with owners in their capacity as owners:					
Shares issued during the period (net of costs)	2,531,749	-	-	-	2,531,749
Employee Share Scheme – Treasury Shares	-	-	7,436	-	7,436
Balance at 30 June 2014	9,261,186	(5,872,664)	411,236	(78,482)	3,721,276

Consolidated Group	Issued Capital $	Accumulated Losses $	Share Based Payment Reserve $	Foreign Exchange Reserve $	Total $
Balance at 1 July 2012	6,457,387	(2,928,447)	403,800	-	3,932,740
Total Comprehensive Income					
Loss attributable to members	-	(560,094)	-	-	(560,094)
Total comprehensive loss for the period	-	(560,094)	-	-	(560,094)
Transactions with owners in their capacity as owners					
Shares issued during the period (net of costs)	272,050	-	-	-	272,050
Balance at 30 June 2013	6,729,437	(3,488,541)	403,800	-	3,644,696

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		20,941	76,347
Receipts from customers		17,035	-
Payments to suppliers and employees		(650,044)	(456,011)
Payments for exploration expenditure		(972,982)	(39,389)
Net cash used in operating activities	7(c)	(1,585,050)	(419,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of tenements and company		(1,279,399)	-
Net cash provided by/(used in) investing activities		(1,279,399)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,279,000	300,000
Share issue costs		(107,251)	(27,950)
Net cash provided by financing activities		1,171,749	272,050
Net (decrease)/ increase in cash and cash equivalents held		(1,692,700)	(147,003)
Cash and cash equivalents at the beginning of the financial year		1,924,913	2,071,916
Cash and cash equivalents at the end of the financial year	7(b)	232,213	1,924,913

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Fitzroy Resources Ltd. ("the Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on 26 September 2014. The directors have the power to amend and reissue the financial statements.

This financial report includes the consolidated financial statements and notes of the Company and its controlled entities ('Consolidated Entity' or 'Group').

Fitzroy is a listed public company, trading on the Australian Securities Exchange, Limited by shares, incorporated and domiciled in Australia. The Company's principal place of business and registered office is located at Level 1, Suite 1, 35-37 Havelock Street, West Perth WA 6005. The Group's primary strategy is the discovery and commercialisation of mineral deposits.

The financial report of the Group complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

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

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements as issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for "for-profit" oriented entities. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Going Concern

The financial statements have been prepared on the going concern basis. As at 30 June 2014 the Consolidated Entity had net assets of $3,721,276 (2013:$3,644,696) and continues to incur expenditure on its exploration tenements drawing on its cash balances. As at 30 June 2014 the Consolidated Entity had $232,213 (2013: $1,924,913) in cash and cash equivalents. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ultimate exploitation of the assets will depend on raising necessary funding in the future. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount in the financial report. Accordingly there has been no adjustment in the financial report relating to the recoverability and classification of the asset carrying amounts, or the amounts and classification of liabilities that might be necessary, should the Consolidated Entity be unable to raise capital as and when required, and the exploitation of the areas of interest not be successful, or the Consolidated Entity not continue as a going concern.

a. Significant accounting estimates, judgments and assumptions

The preparation of financial statements requires management to make judgments and estimates relating to the carrying amounts of certain assets and liabilities. Actual results may differ from the estimates made. Estimates and assumptions are reviewed on an ongoing basis. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next accounting period are:

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share based payment transactions
The Consolidated Entity measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model.

Impairment of exploration and evaluation assets and investments in and loans to subsidiaries
The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale, of the exploration and evaluation assets. Impairment tests are carried out on a regular basis to identify whether the asset carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements;
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

b. Exploration and Evaluation Assets

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Consolidated Entity has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of interest are current and either:

- The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- Activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

An impairment exists when the carrying amount of capitalised exploration and evaluation expenditure relating to an area of interest exceeds its recoverable amount. The asset is then written down to its recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Determination of mineral resources
The determination of mineral resources impacts the accounting for asset carrying values. Fitzroy Resources Ltd estimates its mineral resources in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC' Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Fitzroy Resources Ltd. ('Company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Fitzroy Resources Ltd. and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity' or 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

d. Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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 that are enacted or substantively enacted, except for:

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

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously

e. Property, Plant and Equipment

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

f. Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	30%

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 the carrying amount. These gains and losses are included in the statement of comprehensive loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. Impairment

i. Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised either in the statement of profit or loss and other comprehensive income or revaluation reserves in the period in which the impairment arises.

ii. Exploration and Evaluation Assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount at the reporting date.

Exploration and evaluation assets are tested for impairment in respect of cash generating units, which are no larger than the area of interest to which the assets relate.

iii. Non-financial Assets Other Than Exploration and Evaluation Assets
The carrying amounts of the Consolidated Entity's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exits. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

h. Employee Benefits

i. Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Superannuation
Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

iii. Employee benefit on costs
Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

iv. Options
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.

The fair value at grant date is independently determined using the 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.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Equity-settled Compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. 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.

k. Cash and Cash Equivalents

Cash in the statement of financial position comprise cash at bank.

For the purposes of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

l. Revenue and other Income

Interest revenue is recognised as it accrues.

m. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

n. Trade and other Receivables

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is raised when some doubt as to collection exists.

o. Trade and other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Leases

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

Group as a lessee
Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

q. Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regards, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

r. Earnings Per Share

i. Basic earnings per share
Basic earnings per share is determined by dividing the net loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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

s. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Shares issued by the Company to a trust, the the Group controls are shown as a reduction in equity. Administration expenses of the trust are expensed to the statement of profit or loss and other comprehensive income.

Where any controlled entity purchases the Company's equity share capital as treasury shares, the consideration paid is deducted from equity attributable to the Company's equity holders until those shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable increment transactions costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

t. New Accounting Standards and Interpretations that are not yet mandatory

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Company but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB No.	Title	Application date of standard*	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-5	Amendments to Australian Accounting Standards – Investment entities	1 January 2014	August 2013
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Interpretation 21	Levies	1 January 2014	May 2013
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15	Revenues from Contracts with Customers	1 January 2017	May 2014

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

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

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

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

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

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

Notes to the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Notes to the Financial Statements

	Consolidated Entity Year ended 30 June 2014 $	Consolidated Entity Year ended 30 June 2013 $
2. REVENUE		
Interest revenue	20,941	72,600
Other	17,617	-
Foreign currency gain/(loss)	19,829	-
	58,387	72,600
3. LOSS FOR THE PERIOD		
(a) Directors fees		
Directors fees	110,612	194,166
Superannuation expense	1,905	2,223
	112,517	196,389
(b) Other expenses		
Depreciation	6,655	9,484
Office rental and support staff	54,176	34,910
Equity settled share based payments	7,436	-
4. INCOME TAX		
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
The prima facie income tax expense/(benefit) on pre-tax accounting profit/(loss) from operations reconciles to the income tax expense/(benefit) in the financial statements as follows:		
Accounting loss before tax	(2,384,123)	(560,094)
At the group's statutory income tax rate of 30%	(715,237)	(168,028)
Add/(Less): tax effect of:		
Capital raising costs	(36,169)	(29,734)
Provisions and accruals	3,512	(10,817)
Non-deductible impairment	394,049	44,405
Other non-allowable items	8,028	34
	(345,817)	(164,140)
Benefit of tax losses not brought to account	345,817	164,140
Income tax expense/(benefit)	-	-

Notes to the Financial Statements

4. INCOME TAX

	Consolidated 2014 $	Consolidated 2013 $
The following deferred tax balances have not been recognised:		
Deferred Tax Assets:		
At 30%	1,312,418	1,117,127
Carry forward revenue losses	58,828	62,822
Capital raising costs	8,908	5,400
	1,380,154	1,185,349

The tax benefits of the above losses will only be obtained if:

(1) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(2) The Company complies with the deductibility conditions imposed by law; and

(3) No changes in income tax legislation adversely affect the Company in utilising the benefits.

	Consolidated 2014 $	Consolidated 2013 $
Deferred Tax Liabilities:		
At 30%		
Exploration and evaluation (Aus)	276,000	276,000
Interest accrued	9	14
	276,009	276,014

The above Deferred Tax Liabilities have not been recognised as they have given rise to the carry-forward revenue losses for which the Deferred Tax Asset has not been recognised

5. LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share

	Consolidated 2014 $	Consolidated 2013 $
Net loss	2,384,123	560,094
	No.	**No.**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	77,678,898	44,715,073

Options are considered anti-dilutive in nature.

Notes to the Financial Statements

6. PARENT ENTITY – FITZROY RESOURCES LTD

	Consolidated 2014 $	Consolidated 2013 $
Financial Position		
Current assets	2,804,372	1,934,845
Non-current assets	2,086,705	1,766,368
Total Assets	4,891,077	3,701,213
Current Liabilities	98,789	56,517
Total Liabilities	98,789	56,517
Shareholders' Equity		
Share Capital	9,261,186	6,729,437
Reserves	411,236	403,800
Accumulated losses	(4,880,135)	(3,488,541)
Total Shareholders' Equity	4,792,287	3,644,696
Financial Performance		
Loss for the period	(1,391,594)	(432,696)
Other Comprehensive Income	-	-
Total Comprehensive Loss	(1,391,594)	(432,696)

The Parent Company Fitzroy Resources Ltd has no contingent liabilities as at 30 June 2014 and 30 June 2013.

Notes to the Financial Statements

7. CASH AND CASH EQUIVALENTS

	Consolidated 2014	Consolidated 2013
(a) Cash and cash equivalents in the Statement of Financial Position	$	$
Cash at bank and in hand	212,213	404,913
Short-term bank deposits	20,000	1,520,000
	232,213	1,924,913
(b) Reconciliation to the statement of cash flows		
Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	232,213	1,924,913
(c) Reconciliation of net loss after income tax to cash flows used in operations		
Net loss after income tax	(2,384,123)	(560,094)
Non-cash adjustments		
Depreciation	6,655	9,484
Non-cash exploration expenditure	742,121	148,017
Share based payments	7,436	-
Changes in assets and liabilities		
Decrease/(Increase) in receivables	(4,039)	20,101
Decrease/(Increase) in other current assets	2,553	4,763
(Decrease)/Increase in provisions	10,192	(27,644)
(Decrease)/ Increase in payables	34,155	(13,680)
Net cash used in operations	(1,585,050)	(419,053)

(d) Non-cash investing and financing
Refer to note 10

8. TRADE AND OTHER RECEIVABLES

CURRENT		
GST receivable	-	7,379
Trade receivables	7,961	
Prepayments	3,457	-
	11,418	7,379

None of the receivables are past due. Receivables are therefore not impaired and are within initial trade terms.

Notes to the Financial Statements

9. Plant and Equipment

	Consolidated 2014	Consolidated 2013
	$	$
At cost	51,490	51,490
Accumulated depreciation	(35,959)	(29,304)
Total Plant and Equipment	15,531	22,186

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial period.

	2014	2013
Balance at the beginning of the period	22,186	31,670
Additions	-	-
Disposals	-	(347)
Accumulated depreciation of assets sold	-	347
Depreciation expense	(6,655)	(9,484)
Balance at the end of the period	15,531	22,186

10. Exploration and Asset Acquisition Expenditure

Asset Acquisition

On the 14 August 2013, Fitzroy announced that it had signed an option agreement to acquire 100% of Premier Coking Coal Limited and its subsidiary, Premier Coking Coal LLC ("Premier Coking Coal"). The shareholders approved the acquisition of Premier Coking Coal on 16 December 2013 a New Zealand company, whose wholly owned subsidiary is a US registered and based coal exploration and development company. On 20 December 2013 the Company exercised and completed the option to acquire Premier Coking Coal. The terms of the agreement were as follows:

Acquisition of Company

In exchange for the Company acquiring 100% of the issued share capital in Premier Coking Coal, the Company issued by way of consideration, the following to the owners of Premier Coking Coal Ltd:

- 20 million ordinary shares
- 20 million performance shares (The Directors have determined that based on the performance criteria of the performance shares have nil probability of being converted to ordinary shares in the Company. Accordingly no value has been assigned to them).

Acquisition of Tenements

As part of the acquisition by Company of Premier Coking Coal, the Company has provided consideration for the acquisition of the tenements as follows:

- USD250,000 which was paid on 14 March 2014; and
- The issue of 10,000,000 ordinary shares to the vendors of these tenements when the transaction becomes unconditional, which occurred on 14 March 2014.

The fair value of assets and liabilities recognised at the date of the acquisition are as follows:

Consideration Paid	$
Acquisition of Premier Coking Coal and controlled entities (20,000,000 shares at $0.04 a share)	800,000
Acquisition of Tenements (10,000,000 shares at $0.04 a share)	400,000
Shares issued to Advisors (4,000,000 shares at $0.04 a share)	160,000
Costs associated with acquisition of the company	191,174
Costs associated with acquisition of the tenements	1,088,225
Total acquisition costs	2,639,399

Identifiable assets and liabilities acquired	$
Cash and cash equivalents	6,865
Receivables	11,862
Trade and other payables	(21,332)
Borrowings	(225,403)
Exploration Assets Acquired	2,867,407
Total Fair Value	2,639,399

The fair value assigned to the acquisition is provisional.

Reconciliation of Exploration and Evaluation Expenditure	Consolidated 2014	Consolidated 2013
Australian		
Opening balance	1,744,182	1,892,199
Impairment	(824,182)	(148,017)
Closing balance	920,000	1,744,182
USA		
Opening balance	-	-
Acquisition Costs	2,867,407	-
Exploration Expenditure	290,956	-
Impairment	(489,314)	-
Closing balance	2,669,049	-
Total exploration expenditure	3,589,049	1,744,182

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

11. TRADE AND OTHER PAYABLES

Trade payables and accruals	90,362	56,517

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

12. PROVISIONS

Provision for employee benefits	10,192	-

13. ISSUED CAPITAL

(a) Ordinary Shares		
Issued and fully paid	9,261,186	6,729,437

	2014		2013	
	No.	**$**	**No.**	**$**
(b) Movement in ordinary shares on issue				
At the beginning of reporting period	47,000,005	6,729,437	41,000,005	6,457,387
Shares issued	73,042,853	2,639,000	6,000,000	300,000
Transaction costs	-	(107,251)	-	(27,950)
Balance at reporting date	120,042,858	9,261,186	47,000,005	6,729,437
Treasury Shares	(2,500,000)	-	-	-
At reporting date	117,542,858	9,261,186	47,000,005	6,729,437

Treasury shares were issued on 20 December 2013 in connection with the Fitzroy Employee Share Scheme.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding-up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall one vote and upon a poll each share shall have one vote. The Company and group have no externally imposed capital requirements.

Notes to the Financial Statements

13. ISSUED CAPITAL

No dividends were paid during the year. No recommendation for payment of dividends has been made.

14. RESERVES

	Consolidated 2014 $	Consolidated 2013 $
Share based payment reserve		
Balance beginning of the financial period	403,800	403,800
Vesting expense in relation to treasury shares	7,436	-
Balance 30 June	411,236	403,800

The option reserve is used to record the value of share based payments provided to employees, including Key Management Personnel, as part of their remuneration. Refer to Note 16 for further details.

There were no options issued during the year ended 30 June 2013.

Foreign exchange reserve		
Balance beginning of the financial period	-	-
Foreign exchange movement on translation of foreign operations	(78,482)	-
Balance 30 June	(78,482)	-

The purpose of the foreign exchange reserve is to recognise exchange differences arising from the translation of foreign operations to Australian dollars.

15. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The key management personnel (KMP) of Fitzroy Resources Ltd during the period were:

Thomas Henderson – Non-Executive Chairman

William Dix – Non-Executive Director

Riccardo Vittino – Non-Executive Director

Russell Lynton-Brown – Non-Executive Director

Benjamin Lane – Chief Executive Officer

(b) Compensation for Key Management Personnel		
Short term employee benefits	311,175	230,079
Post-employment benefits	18,373	2,223
Directors and Officers Insurance	9,435	9,807
Share based payments	47,436	-
Total compensation	386,419	242,109

Since the end of the financial period, no director has entered into a material contract with the Group and no material contracts involving directors' interest existed at 30 June 2014.

Notes to the Financial Statements

16. OPTIONS

(a) Summary of options granted

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

	2014 No.	2014 WAEP	2013 No.	2013 WAEP
Outstanding at the beginning of the year	11,000,000	$0.30	11,000,000	$0.30
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(5,000,000)	$0.30	-	-
Outstanding at the end of the year	6,000,000	$0.30	11,000,000	$0.30
Exercisable at the end of the year	6,000,000	$0.30	11,000,000	$0.30

(b) *Weighted average remaining contractual life*

The weighted average remaining contractual life of the share options outstanding as at 30 June 2014 is 1.08 years (2013: 1.34 years).

(c) *Range of exercise prices*

The exercise price for options outstanding at the end of the period was $0.30 (2013: $0.30).

(d) *Option pricing model*

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black Scholes Model taking into account the terms and conditions upon which the options were granted. There are no options issued in current year.

17. RELATED PARTY DISCLOSURE

(a) Controlled Entities

The consolidated financial statements include the financial statements of Fitzroy Resources Ltd and the following subsidiary:

	% Interest		Investment	
	2014	2013	2014	2013
Fitzroy Copper Pty Ltd (incorporated in Australia)	100	100	1	1
Premier Coking Coal Ltd (Incorporated in NZ)	100	-	225,765	-
Premier Coking Coal LLC (incorporated in USA)	100	-	1	-
Employee Share Trust	100	-	1	-

Note 6 includes a loan receivable from Premier Coking Coal totalling $2,616,307 (2013: Nil). The loan is non-interest bearing, unsecured and repayable at call but not to the detriment of the Group.

(b) *Acquisition of Controlled Entities*

On 23 August 2010 the parent entity acquired 100% of Fitzroy Copper Pty Ltd, with Fitzroy Resources Ltd entitled to all profits earned from 23 August 2010 for a purchase consideration of $1. On 19 December 2013 the parent entity acquired 100% of Premier Coking Coal Ltd a privately held NZ registered company which owned Premier Coking Coal LLC a US registered company that held the options to acquire the Emmaus Project and the Blackstone Project. The ultimate parent company within the Group is Fitzroy Resources Ltd.

(c) *Key Management Personnel ("KMP")*

Details relating to KMP, including remuneration paid, are included in Note 15 and the audited remuneration report section of the directors' report.

(d) *Transactions with Other Related Parties*

Mr Tom Henderson is a Principal of Tisia Nominees Pty Ltd, Tisia Nominees Pty Ltd provided services via Forrest Capital Pty Ltd for the acquisition of Premier Coking Coal of which 1,000,000 shares were issued at $40,000 plus GST was paid. Other than the above, there were no transactions with other related parties during the financial period.

Notes to the Financial Statements

18. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The Group's principal financial instruments comprise cash and short term deposits.

The main purpose of these financial instruments is to fund capital expenditure on the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Currently the Group does not have any exposure to commodity price risk or foreign currency risk. As the Group moves into development and production phases, exposure to commodity price risk, foreign currency risk and credit risk are expected to increase. The Board will set appropriate policies to manage these risks dependent on market conditions and requirements at that time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1.

	Consolidated 2014 $	Consolidated 2013 $
(b) Interest rate risk		
At reporting date, the Group had the following financial assets exposed to interest rate risk:		
Cash and cash equivalents (i)	232,213	1,924,913
Receivables (ii)	11,418	7,379
	243,631	1,932,292

(i) The weighted average interest rate of cash and cash equivalents is 0.5% (2013: 2.61%).
(ii) Receivables are non interest bearing.
None of the Group's financial liabilities are interest bearing.

(c) Credit Risk
Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Group has in place policies that aim to ensure that counterparties and cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to one financial institution is limited as far as is considered commercially appropriate.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(d) Liquidity Risk
The Group currently does not have major funding in place. However the Group continuously monitors forecast and actual cash flows and the maturity profiles of financial assets and financial liabilities to manage its liquidity risk.

(e) Net Fair Values
The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

(f) Sensitivity Analysis
The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2014 and 2013.

30 June 2014		Interest Rate Risk -1%		Interest Rate Risk +1%	
	Carrying Amount $	**Net Loss $**	**Equity $**	**Net Loss $**	**Equity $**
Financial assets					
Cash and cash equivalents	232,213	(2,322)	(2,322)	2,322	2,322
	232,213	(2,322)	(2,322)	2,322	2,322

Notes to the Financial Statements

18. FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2013	**Carrying Amount $**	**Interest Rate Risk -1% Net Loss $**	**Interest Rate Risk -1% Equity $**	**Interest Rate Risk +1% Net Loss $**	**Interest Rate Risk +1% Equity $**
Financial assets					
Cash and cash equivalents	1,924,913	(19,249)	(19,249)	19,249	19,249
	1,924,913	(19,249)	(19,249)	19,249	19,249

None of the Group's receivables or financial liabilities are interest bearing.

19. COMMITMENTS

Exploration Tenements

In order to maintain current rights of tenure to exploration tenements the Consolidated Entity is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations can be reduced by selective relinquishment of exploration tenure or renegotiation. Due to the nature of the Consolidated Entity's operations in exploring and evaluating areas of interest, exploration expenditure commitments beyond twelve months cannot be reliably determined. It is anticipated that expenditure commitments in subsequent years will be similar to that for the forthcoming twelve months. These obligation are not provided for in the financial report.

	Consolidated 2014 $	**Consolidated 2013 $**
Minimum expenditure on exploration tenements		
Payable:		
— not later than 1 year	48,400	450,000
— later than 1 year but not later than 5 years	213,600	150,000
	262,000	600,000

Minimum Royalties

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, and under the "Assignment and Assumption Agreement" between Premier and Blackstone Corporation, LLC ("Blackstone") dated 3 March 2014, Premier is obliged to pay minimum royalty payments to the mineral owner

Minimum royalty on Emmaus and Blackstone Properties		
Payable:		
— not later than 1 year	25,000	-
— later than 1 year but not later than 5 years	100,000	-
	125,000	-

Mineral Taxes

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, and under the "Assignment and Assumption Agreement" between Premier and Blackstone Corporation, LLC ("Blackstone") dated 3 March 2014, Premier is obliged to mineral taxes on behalf of the mineral owner

Mineral taxes on Emmaus and Blackstone Properties		
Payable:		
— not later than 1 year	8,917	-
— later than 1 year but not later than 5 years	35,667	-
	44,584	-

Notes to the Financial Statements

20. CONTINGENT LIABILITIES

Under the "Assignment and Assumption Agreement" between Premier Coking Coal, LLC ("Premier") and Emmaus Partners, LLC ("Emmaus") dated 13 March 2014, Premier is obliged to pay Emmaus the following amounts in connection with issuance of the Mining Permits and Plant Permits:

- US$125,000 in cash upon the issue of the first set of mining permits to Premier or its designee;
- US$125,000 in cash upon the issue of the second set of mining permits to Premier or its designee; and
- US$250,000 in cash upon the issue of plant permits to Premier or its designee.

Furthermore, a production payment must be made of US$2.00 per tonne for each clean tonne of coal mined, removed and sold at an average gross selling price plus 8% of the portion of the average gross selling price that exceeds US$1.10 per tonne. In addition, when the plant becomes operational, Premier must pay Emmaus a processing fee of US$0.50 per tonne for each clean tonne of coal that is mined and removed by Premier.

Premier is also required to pay, beginning 12 months after settlement date (and for each month thereafter) an amount equal to the difference, if any, between the tonnage payments due for the immediately preceding calendar month and US$25,000. No payment shall be due if the tonnage payment due for any calendar month is equal to or exceeds US$25,000.

Finally, Emmaus has paid minimum or advanced royalties to the lessor under the leases prior to the effective date of the option agreement, and of such minimum or advanced royalties are fully recoupable, the Premier shall be entitled to recoup such royalties, provided Premier pays Emmaus the amount of any such recoupment, up to a maximum of US$25,000.

The Company is in discussion with a third party in relation to a possible claim on a small portion of the Emmaus property lease above the Gilbert Seam. The Company considers the possible claim to be immaterial to its planned activities on the Emmaus property.

21. SEGMENT REPORTING

The Company has identified its operating segments based on internal reports are reviewed by the Board and management. The Company operating in one business segment during the year, eing mineral exploration and in three geographical areas, being Australia, New Zeland and United States of America ("USA").

2014	USA	NZ	Australia	Other	Total
	$	$	$	$	$
Segment Revenue	17,616	-	40,771	-	58,387
Impairment loss	(489,314)	-	(824,182)	-	(1,313,496)
Profit/(Loss) after income tax	(992,529)	-	(1,391,594)	-	(2,384,123)
Segment total assets	2,724,616	-	1,123,595	-	3,848,211
Segment non-current asset	1,743,640	-	1,860,940	-	3,604,580
Segment total liabilities	(1,766)	(26,381)	(98,488)	-	(126,935)

2013	USA	NZ	Australia	Other	Total
	$	$	$	$	$
Segment Revenue	-	-	72,600	-	72,600
Impairment loss	-	-	(148,017)	-	(148,017)
Profit/(Loss) after income tax	-	-	(560,094)	-	(560,094)
Segment total assets	-	-	3,701,213	-	3,701,213
Segment total liabilities		-	(56,517)	-	(56,517)

Notes to the Financial Statements

22. EVENTS AFTER THE REPORTING DATE

On 7 July 2014 the Company announced the sell down of its 100% owned Rookwood property in Queensland to Zenith Minerals Limited ("Zenith"). The decision to sell Rookwood is consistent with Fitzroy's change in focus toward US coking coal and the 2013 purchase of its Emmaus and Blackstone properties in West Virginia, USA. Key Terms of the sell down are as follows:

- Up-front cash payment of $200k and 500,000 ordinary Zenith shares to purchase 51% equity,
- An exclusive 24 month period within which Zenith has the option to purchase the remaining 49% equity in the Devlin Creek project at Zenith's election, the 24 month period will include an automatic extension period when there is bona fide no or limited access to the project site due to major rainfall events or events beyond Zenith's control,
- An option exercise fee of $300k cash and 3 million ordinary Zenith shares to acquire the remaining 49% equity then:
    - The companies will either form a joint venture to progress the evaluation of the project with normal industry contribution and dilution clauses or
    - Fitzroy has a one-off opportunity to buy-back 100% of the project for cash consideration equal to the greater of $200k or 50% of the total expenditure incurred by Zenith during the option period.
- Zenith must sole fund the exploration activities during the 24 month period.

The Company announced completion of the transaction on 20 August 2014 confirming receipt of $200,000 and 500,000 Zenith shares.

Other than the above there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- the Consolidated Group's operations in future years; or
- the results of those operations in future years; or
- the Consolidated Group's state of affairs in future years.

	Consolidated 2014 $	Consolidated 2013 $
23. AUDITORS' REMUNERATION		
The auditor of Fitzroy Resources Ltd for the year ended 30 June 2014 is PKF Mack and Co Chartered Accountants		
Amounts received or due and receivable by PKF Mack and Co Chartered Accountants for:		
An audit or review the financial report of the entity and any other entity in the consolidated group including one off cost for auditing the acquisition	35,200	24,000
Tax Compliance	2,300	1,980
	37,500	31,680

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

(a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2014 and of their performance for the year ended on that date.

2 The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial report.

3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended to 30 June 2014.

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

Chairman
Tom Henderson

26 September 2014

PKF Mack & Co

Chartered Accountants & Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

FITZROY RESOURCES LTD

Report on the Financial Report

We have audited the accompanying financial report of Fitzroy Resources Ltd which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 company and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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.

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PKF Mack & Co | ABN 74 254 453 660
4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

Opinion

In our opinion:

(a) the financial report of Fitzroy Resources Ltd is in accordance with the Corporations Act 2001, including:

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

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the financial report has been prepared on a going concern basis. The consolidated entity, however, incurred a loss of $2,384,123 for the year ended 30 June 2014. These conditions, along with other matters, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

PKF Mack and Co.

PKF MACK & CO

SIMON FERMANIS
PARTNER

26 SEPTEMBER 2014
WEST PERTH,
WESTERN AUSTRALIA