



NL

ABN: 57 063 977 579

ANNUAL FINANCIAL REPORT

FINANCIAL YEAR
ENDED 30 JUNE 2014

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DIRECTORS

PETER THOMAS
Non-Executive Chairman

GEORGE SAKALIDIS
Executive Director - Exploration

JOHN JONES
Non-Executive Director

JEFF WILLIAMS
Non-Executive Director

JOINT COMPANY SECRETARIES

Dennis Wilkins and Fiona Lawe Davies (DW Corporate)

REGISTERED OFFICE

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SHARE REGISTRY

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FOR INFORMATION ON THE COMPANY CONTACT

PRINCIPAL & REGISTERED OFFICE

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BANKERS

Bank of Western Australia Ltd
Hay Street, West Perth WA 6005

AUDITORS

Somes Cooke
Chartered Accountants
35 Outram Street, West Perth WA 6005

STOCK EXCHANGE

Australian Securities Exchange (ASX)

COMPANY CODE

IMA (Fully paid shares)

ISSUED CAPITAL

157,590,129 fully paid ordinary shares

5,040,000 unlisted options:

2,345,000 options exercisable at \$1.1162 cents by 18 December 2014

95,000 options exercisable at \$0.6995 cents by 21 December 2015

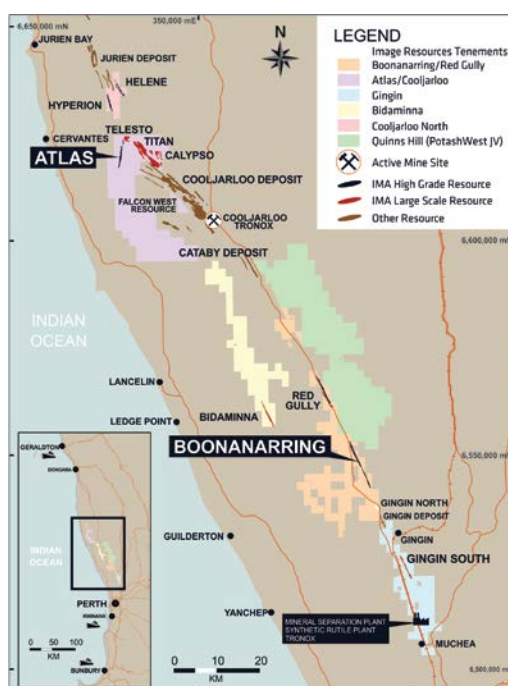
2,600,000 options exercisable at \$0.3908 cents by 27 December 2016

The past financial year has been one of consolidation for the Company. Since April 2014, we have been reappraising all of our projects to determine how best to extract optimum value from these assets. This reappraisal has extended to the composition of our team and is ongoing. We will keep you informed of progress.

One of our first steps in this process was inviting Mr Collis Thorp to join Image as Chief Operating Officer. In a career spanning more than 40 years, Collis has over 17 years of mineral sands experience, including seven years as Managing Director of Cable Sands RZM Group. More recently, he was CEO of Moly Mines Limited. His wealth of experience has been a welcome addition to our team and he has provided the Company with stability, focus and wisdom. Subsequently Mr Thorp has been appointed CEO.

Another step we have taken has been to delineate our suite of tenements in the North Perth Basin into five core project areas (see Map 1). There is at least one Resource on each of these five project areas and, with the exception of Cooljarloo North, we believe that each Resource has the potential to be expanded.

Map 1: North Perth Basin Project Areas



Over the coming year, our primary goal is to expand our resource base at the Boonanarring/Red Gully project and complete a definitive feasibility study (DFS) on this project, so that the Company is in a position to determine how best to extract optimum value for this project. In addition, we are targeting a significant increase in our resource base at three of our other core projects. These programmes are designed to add value to our asset base as well as enhance our options for extracting this value. Please refer to our individual project summary below for further details.

Our Evaluation Criteria: Philosophy in Assessing Projects

Before evaluating an existing project (or acquiring a project), the first question to be asked, 'does this project area have the potential to contain a Resource of a size and quality to justify a stand-alone mining operation?' At every stage of the exploration process, this question must be asked again.

Within our existing suite of mineral sands projects, we look to target a minimum Resource of 1mt of valuable heavy minerals (VHM) within each project in order to determine if the area can support a commercial, stand-alone operation with a mine life of at least 8-10 years. In addition to the 1mt VHM and 8-10 year mine life threshold, other criteria such as grade, assemblage, depth, slime content and access to surface rights, amongst other things, are also considered.

The ability to supply product on a long term secure basis is much more attractive to off-take partners. Moreover, longer-term off-take agreements are much more attractive to financiers, making it easier to finance the development of a project. In addition, a longer mine life also provides the Company with a sufficient time buffer to ride out any commodity and economic cycles as well providing sufficient time to deal with any of the usual risks that may be encountered in developing, commissioning and operating a mine, should they arise.

If a project does not appear to have the potential to satisfy the aforementioned criteria, the Company may still consider retaining it if we deem that it has strategic value, either as an addition to the Resource base of one of the Company's existing adjacent projects or if a peer has an adjacent project that may make sense to join the projects and develop, either through a JV, sale or acquisition.

Our Strategy: Expeditiously adding value to, and extracting value from our assets

Our present strategy is to expeditiously add value to, and extract value from, from the Company's existing asset base. This may be by way of continuing work programmes, with the objective of ultimately undertaking an economic assessment of a project to determine if can be economically exploited. Or, it could be continuing to increase the size of the Resource so that it meets our minimum thresholds in order to justify the development of a stand-alone mining operation. Value may be realised by the Company developing a mining operation on a project, either in its own right or with partners, or it could be by way of sale.

In making any decision on how best to extract value, we are acutely aware of the need to balance the capital contributions of our existing shareholders with that of any incoming investors and, before any decision is made on how best to extract value, we shall endeavour to optimise the return to our existing shareholders.

In addition to our current suite of projects, we continue to evaluate projects that we believe may, by applying the Company's expertise, experience and capital, add significant further value to the underlying value of the Company's shares. In this regard, we maintain an active dialogue with our peers and the market generally, as well as a keeping a watchful eye out for any opportunity that may enhance the value of the Company.

Our Team

We consider the quality of the people involved with the Company to be an essential element in our future success. Our team is led by Collis Thorp, the Company's CEO. We are in the process of fleshing out our core management team with a depth and breadth of experience and skills that we deem necessary to effectively run the Company and manage and develop our assets, both now and in the future. We are always on the lookout for new talent and, as the Company grows, we will add to our team.

Our management team is complimented by a board comprised of experienced professionals, who have a diverse cross-section of skills and experience. In particular, the addition of Mr Jeff Williams as a non-executive director in June has significantly strengthened the board's industry credentials. Jeff has over 40 years' industry experience, including 14 years as Managing Director of Mineral Deposits before retiring in mid-2011. During his time with MDL, it evolved from a grassroots exploration company to developing, operating and subsequently demerging the Sabodala gold mine in Senegal, followed by ramp-up for the development of the Grande Côte Mineral Sands Project, also in Senegal. Jeff is presently Managing Director of World Titanium Resources, where he is responsible for bringing the WTRs world-class Toliara Mineral Sands deposit in Madagascar into production.

Our Assets

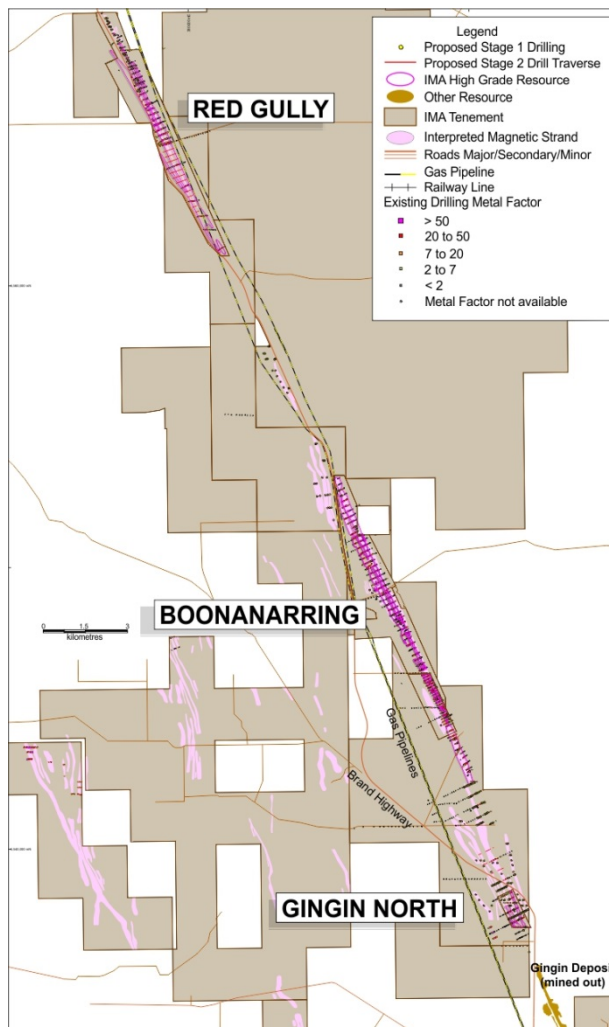
Since the fourth quarter of the 2013/14 financial year, we have been reassessing and re-evaluating all of the Company's assets. The primary purpose of this re-evaluation has been to determine how best to add value to, and extract optimal value from, each project. This has led to splitting our North Perth Basin assets into five distinct project areas. Each of these project areas has a specific focus and goal. Over the past year, the Company has relinquished a number of tenements that have not satisfied our evaluation criteria (which is set out above).

Boonanarring/Red Gully

This project grouping has a total Resource of 29.9mt of ore at 7.9% heavy mineral concentrate (**HMC**), for a total of 2.37mt of HMC (of which 81% is VHM). Please refer to **Table A** for further details.

Previous studies have focused on mining only at the Boonanarring tenements, which have a total Resource of 21.5mt of ore at 8.2% HMC, for a total of 1.77mt of HMC (of which 79% is VHM). We have set a target of delineating at least another 500,000t HMC to support a mining operating life of at least 8-10 years. We have identified strands where this additional resource might come from, including at our Gingin North tenement (which is on the southern boundary of the Boonanarring tenements) as well as at the Red Gully tenement, to the north of Boonanarring. Work programmes are in place and, subject to the availability of sufficient capital, should be completed by the end of this financial year.

Map 2: Boonanarring/Red Gully Project Area



In late August of this year, the Western Australian Minister for Environment granted environmental approval for the Boonanarring Project. This approval is a significant milestone in the project approvals process and progresses the project towards production, as this is a critical step to bringing any project on stream. Negotiations are ongoing with various landowners at the project.

In addition to identifying the need for a larger resource, we have undertaken a review of the base case feasibility study. This review has resulted in a report summarizing the work undertaken to date and has identified further work required in order to complete a definitive feasibility study (DFS). Subject to sufficient capital being available in the near future, we expect that the DFS should be completed around the middle of 2015.

Once the DFS has been completed, we should be in a position to determine how best to extract optimum value from this project. The three most obvious routes for the Company to pursue are to develop as a stand-alone project, or for the Company to develop the project in conjunction with partners, or to sell the project.

We have had numerous preliminary discussions with a broad spectrum of parties, with these discussions ranging from the manufacture and/or purchase of processing equipment, to toll-treating our HMC, to off-take agreements as well as operating the project as a joint venture. Whilst these discussions are not sufficiently mature to comment any further at this point, we are sufficiently encouraged by the interest in the project and its product to believe that we should not encounter major difficulties in securing plant at significantly less than the cost of a new plant and off-take agreements for our products. Significant progress in these areas will be major steps forward toward possible financing and development of the project.

Atlas/Cooljarloo

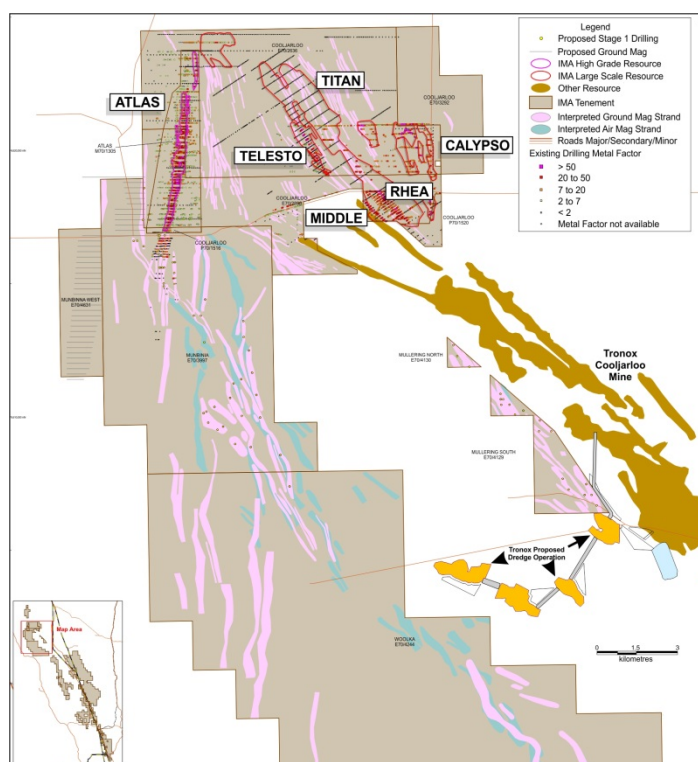
Our Atlas tenements have a total dry mining Resource of 10.8mt of ore at 7.9%, for a total of 854,000 of HMC (of which 76% is VHM). In addition to this, we have a wet mining (ie, dredging) Resource on our Titan, Calypso and Telesto tenements totaling 191.6mt of ore at 1.9%, for a total of 3.57mt of HMC (of which 84.8% is VHM). We presently have no access agreements in place for our Titan, Calypso and Telesto tenements. Please refer to **Table A** for further details.

Our Resource on the Atlas tenements has been evaluated as part of our overall mining plans and, at this stage, mining is slated to commence at Atlas after mining has been completed at Boonanarring (which presently has a six year mine life). We are presently working through the approvals process at Atlas.

Notwithstanding our mining plans, our primary focus at the Atlas/Cooljarloo project is to expand our Resource base and delineate new, adjacent resources. We have identified 15km of targets, some of which form part of the southern extension of Atlas. The northern parts of some of these targets have already been partially tested and shallow mineralization has been outlined, which augurs well for the remaining parts of these targets. There are also parallel targets to the west and within 2km of Atlas.

A ground magnetic survey is planned over a prominent 4km feature that is approximately 1.5km west of the Atlas deposit. In addition, we have recently applied for the Woolka Woolka tenement, which is to the west of our Munbinia tenements. There is a pocket of cleared Crown land on this tenement which has 8km of shallow looking aeromagnetic targets and we have planned a ground magnetic survey planned over this area during the coming financial year.

Map 3: Atlas/Cooljarloo Area

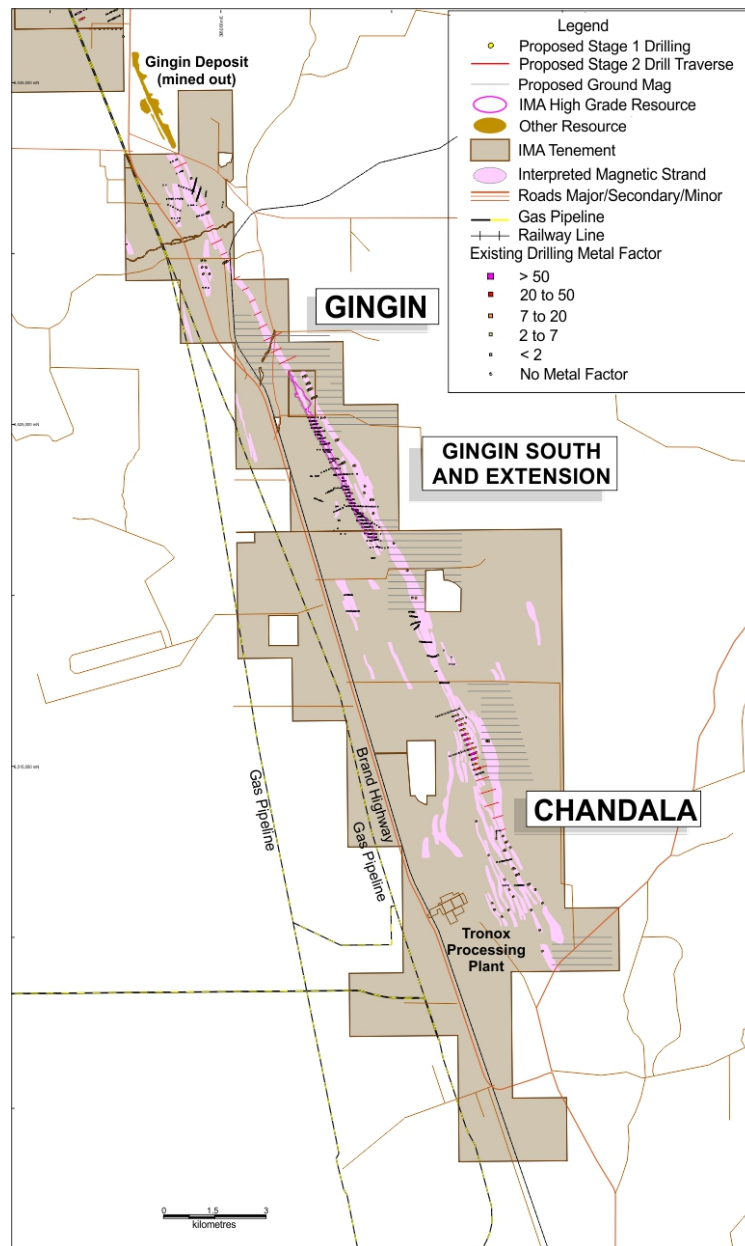


Gingin

We believe our Gingin project has the potential for a resource of sufficient size to justify a stand-alone mining operation. Our Gingin South tenement has a Resource of 8.1mt of ore at 6.1%, for a total of 495,000t of HMC (of which 89% is VHM). Please refer to **Table A** for further details.

Recent interpretation covering our project area, including previous drilling, topography and ground magnetics has outlined 26km of targets. These targets include 5.5km at our Gingin South tenement. In addition, a parallel 13km strand is interpreted starting within the Gingin South tenements and trending southwards. The TiO_2 levels in ilmenite on our Gingin South tenements are suitable for conversion to synthetic rutile and we expect that our targets in the remainder of the project area should have similar levels of such ilmenite.

Map 4:Chandala/Gingin Project Area



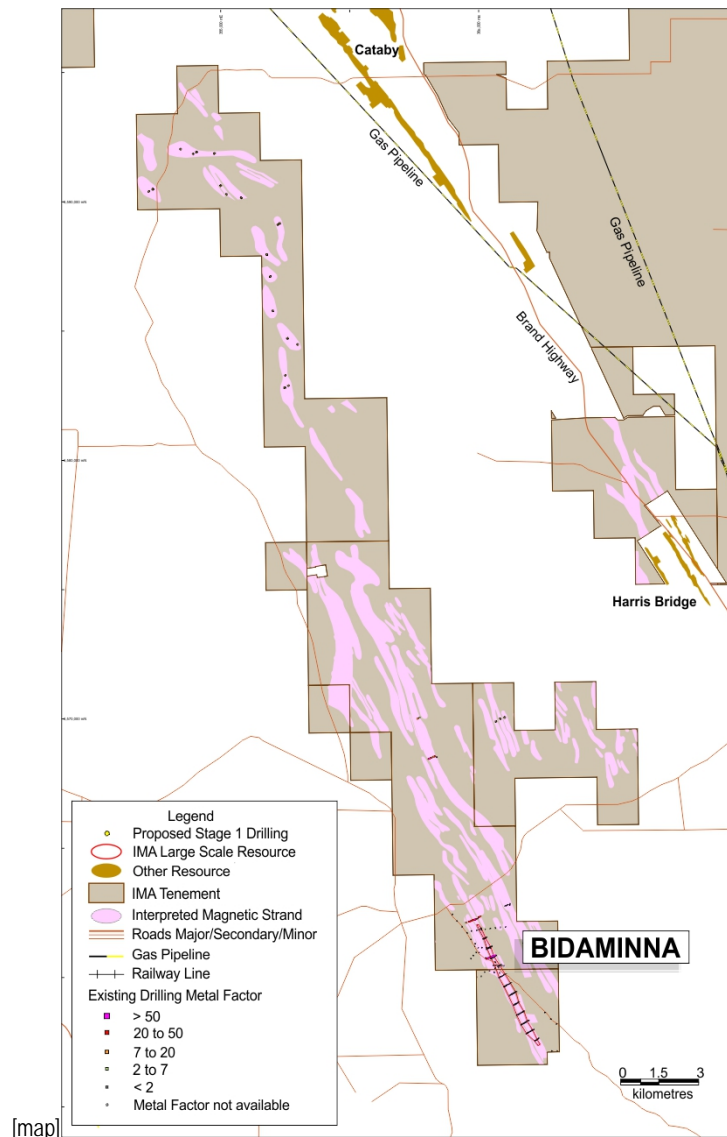
Work planned over the coming year includes POW approvals for future drill testing, finalisation of access agreements and ground magnetic surveys. A small drill programme was undertaken at Chandala late last financial year and the results are awaited.

Bidaminna

Our Bidaminna project has a dredging Resource of 44.6mt of ore at 3%, for a total of 1.35mt of HMC (of which 96% is VHM). Please refer to **Table B** for further details. This resource has a low slime content (3.6%) and, we believe, the potential for significant expansion.

We have identified three major trends, totaling 27km. The most western of these trends totals 11km and contains the aforementioned Resource, which is 5.5km in length. The Company recently completed a 13-hole programme, which demonstrated that all these trends are mineralised. The two eastern strands total 16km and have been shown to contain mineralisation from visual panning. We await assay results from this programme prior to planning any future drill testing.

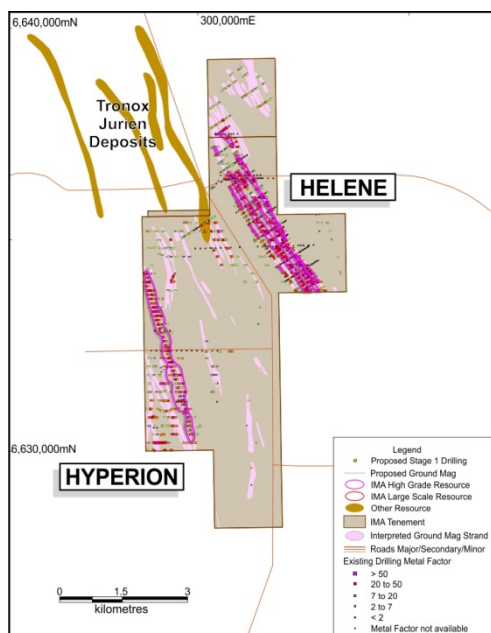
Map 5: Bidaminna Project Area



Cooljarloo North

Our Cooljarloo North project has a total Resource of 15.2mt of ore at 5.3%, for a total of 810,000t of HMC (of which 79% is VHM). Please refer to **Table A** for further details. We do not believe that there is any material upside to the size of this Resource and, as such, it does not meet our threshold for developing as a stand-alone project. However, we consider it to be a strategic asset as the resource is adjacent to other North Perth Basin) projects and assets.

Map 6: Cooljarloo North Project Area



Eucla Basin

Our Eucla Basin project has a dredging Resource of 86.3mt of ore at 1.9%, for a total of 1.6mt of HMC (of which 75% is VHM). It has a very high zircon content of 21%. The Company is presently exploring its options for this project.

The company has other interests in projects at Chapman Hill under a joint venture with Doral, Dongara and also a joint venture interest with Potash West.

Wilthorpe Royalty

Pursuant to a JV agreement between Meteoric Resources NL and the Company date 30 April 2004, upon Meteoric earning 100% of the Company's interest in the Wilthorpe project, the Company became entitled to a 1% gross royalty in respect of production derived from the Wilthorpe Project.

Meteoric Shareholding

The Company owns around 5.8m fully paid shares in Meteoric Resources (as well as around 20,000 partly paid shares). We consider this to be a potentially valuable asset and we maintain a watching brief on the performance of this investment.

Corporate

During the fourth quarter a meeting was requisitioned to remove the board; the attempted board spill failed. As referred to elsewhere in this report, the board has been strengthened to cover perceived weaknesses. Since the end of the financial year, the Company has issued shares valued at \$400,000 in consideration for 21,000m of drilling and a further 10,433,936 shares, at 11.5 cents each, to raise \$1.2m, before costs, for general working capital.

Looking Forward

This coming year brings many opportunities. By the middle of next year, subject to having sufficient capital available, we aim to have expanded our resource base at our Boonanarring/Red Gully project by at least 500,000t and completed a DFS on this project, so that we are in a position to evaluate how best to extract optimal value from this project.

In addition, we are targeting a significant increase in our resource base at our three other projects that have resource growth upside. These programmes are designed to add value to our asset base as well as enhance our options for extracting this value.

We look forward to the coming year and hope that, as a result of the strategy we have put in place and subject to having sufficient capital available, the value of the Company's assets will have increased significantly.

RESOURCES AND RESERVES SCHEDULE



All Resources and Reserves in this report are estimated and reported in accordance with the 2004 JORC Code. Further details for the basis for the Boonanarring and Atlas Reserves/Resources classification criteria are disclosed in the ASX releases dated 16 July 2013 and 16 September 2013 (The Previous Announcements). The Previous Announcements detail the sampling techniques and data, the methods applied for estimation and reporting of these mineral resources/reserves and the reserves classification criteria. CSA undertook independent audits of the Boonanarring Resource which did not result in any material deficiencies being identified. No independent audits have been undertaken on the other resources. Internal audits were undertaken by Image staff and external contractors. These internal audits did not identify any significant deficiencies. In addition to the external and internal audit processes applied to resources/reserves, George Sakalidis compiles and/or reviews resource/reserve information on behalf of the Image Resources' board and disclosure of initial resource/reserve information and any subsequent amendments are reviewed and approved by the board.

There has been no material change to the resources and reserves since the Previous Announcements or since the 30 June 2013 Annual Report.

The following resource/reserve tables should be read in conjunction with The Previous Announcements.

Table A: High Grade North Perth Basin HM resource at 2.5%HM cut-off

Project Area	JORC Resource category	Ore (t)	HM (%)	Slimes (%)	HM (t)	VHM (%)	Ilmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
BOONANARRING/RED GULLY PROJECT										
Boonanarring Deposit										
	Measured	3,000,000	7.7%	10.1%	230,000	70%	49%	1%	3%	17%
	Indicated	14,300,000	8.9%	17.2%	1,270,000	80%	49%	6%	3%	22%
	Inferred	4,200,000	6.4%	17.4%	270,000	83%	51%	8%	7%	18%
	Sub-Total	21,500,000	8.2%	16.2%	1,770,000	79%	49%	6%	4%	21%
Gingin North Deposit										
	Indicated	1,320,000	6.1%	15.7%	80,000	75%	57%	9%	3%	5%
	Inferred	1,090,000	5.5%	14.0%	60,000	78%	57%	11%	4%	6%
	Sub-Total	2,410,000	5.8%	14.9%	140,000	76%	57%	10%	3%	5%
Red Gully Deposit										
	Indicated	3,410,000	7.9%	11.5%	270,000	90%	66%	8%	3%	12%
	Inferred	2,570,000	7.4%	10.7%	190,000	90%	66%	8%	3%	12%
	Sub-Total	5,980,000	7.7%	11.2%	460,000	90%	66%	8%	3%	12%
TOTAL		29,890,000	7.9%	15.1%	2,370,000	81%	53%	6%	3%	18%
ATLAS/COOLJARLOO PROJECT										
Atlas Deposit										
	Measured	9,700,000	8.5%	15.3%	820,000	76%	52%	5%	8%	11%
	Indicated	1,080,000	3.1%	19.2%	34,000	74%	53%	8%	7%	6%
	Sub-Total	10,780,000	7.9%	15.7%	854,000	76%	52%	5%	8%	11%
Coojarloo North Deposit										
	<i>Helene</i> Indicated	11,500,000	4.5%	18.6%	520,000	84%	70%	1%	3%	11%
	<i>Hyperion</i> Indicated	3,700,000	7.8%	19.3%	290,000	71%	56%	0%	6%	9%
	Sub-Total	15,200,000	5.3%	18.8%	810,000	79%	65%	1%	4%	10%
TOTAL		25,980,000	6.4%	17.5%	1,664,000	78%	58%	3%	6%	11%
CHANDALA/GINGIN PROJECT										
Gingin South Deposit										
	Measured	1,530,000	4.4%	7.2%	67,000	79%	51%	15%	6%	8%
	Indicated	5,820,000	6.5%	7.1%	380,000	91%	68%	10%	5%	8%
	Inferred	730,000	6.6%	8.4%	48,000	92%	67%	8%	6%	11%
	Sub-Total	8,080,000	6.1%	7.2%	495,000	89%	66%	10%	5%	8%
TOTAL		8,080,000	6.1%	7.2%	495,000	89%	66%	10%	5%	8%
TOTAL HIGH GRADE RESOURCES		63,950,000	7.1%	15.1%	4,529,000	81%	56%	6%	5%	14%

RESOURCES AND RESERVES SCHEDULE



Table B: Dredge Resources at 1.0% HM cut-off

Project Area	JORC Resource category	Ore (t)	HM (%)	Slimes (%)	HM (t)	VHM (%)	Illmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
ATLAS/COOLJARLOO PROJECT										
Titan Deposit										
	Indicated	21,200,000	1.8%	22.1%	380,000	84%	71%	2%	1%	9%
	Inferred	115,400,000	1.9%	18.9%	2,210,000	85%	72%	2%	1%	10%
	Sub-Total	136,600,000	1.9%	19.4%	2,590,000	84%	72%	2%	1%	9%
Cooljarloo Deposit										
	<i>Telesto</i> Indicated	3,500,000	3.7%	18.4%	130,000	93%	68%	3%	2%	10%
	<i>Calypso</i> Inferred	51,500,000	1.7%	13.7%	850,000	85%	69%	4%	2%	11%
	Sub-Total	55,000,000	1.8%	14.0%	980,000	86%	70%	4%	2%	11%
TOTAL		191,600,000	1.9%	17.8%	3,570,000	85%	71%	2%	1%	10%
BIDAMINNA PROJECT										
Bidamina Deposit										
	Inferred	44,600,000	3.0%	3.6%	1,350,000	96%	82%	7%	1%	5%
TOTAL		44,600,000	3.0%	3.6%	1,350,000	96%	82%	7%	1%	5%
EUCLA BASIN PROJECT										
Eucla Basin Deposit										
	Indicated	77,300,000	1.9%	5.6%	1,500,000	75%	44%	1%	9%	21%
	Inferred	9,000,000	1.1%	3.3%	100,000	86%	60%	1%	4%	21%
TOTAL		86,300,000	1.9%	5.4%	1,600,000	75%	44%	1%	9%	21%
TOTAL DREDGING RESOURCES		322,500,000	2.0%	12.5%	6,520,000	84%	66%	3%	3%	11%

Table C: North Perth Basin Reserves 2.5%HM cut-off

Project Area	JORC Reserve category	Ore (t)	HM (%)	Slimes (%)	HM (t)	VHM (%)	Illmenite (%)	Leucoxene (%)	Rutile (%)	Zircon (%)
Boonanarring	Probable	14,420,000	8.3%	17.0%	1,190,000	80%	47%	6%	3%	25%
Atlas	Probable	9,600,000	8.1%	15.5%	780,000	74%	55%	1%	7%	11%
TOTAL JORC RESERVES		24,020,000	8.2%	16.4%	1,970,000	78%	50%	4%	5%	19%

COMPETENT PERSON'S STATEMENT – EXPLORATION RESULTS

The information in this report is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AusIMM and The Australian Society of Exploration. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

COMPETENT PERSON'S STATEMENT – RESOURCE ESTIMATES

The information in this report that relates to mineral resources is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AusIMM and The Australian Society of Exploration. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

COMPETENT PERSON'S STATEMENT – TECHNICAL STUDIES AND ORE RESERVES

The information in this report that relates to Ore Reserves and technical studies is based on information compiled by George Sakalidis BSc Hnrs in Geology and Geophysics who is a member of AusIMM and The Australian Society of Exploration. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

Your directors present their report on the Company for the year ended 30 June 2014.

DIRECTORS

The following persons were directors of Image Resources NL ("Image") during the year and up to the date of this report:

Peter Thomas
George Sakalidis
Jon O'Callaghan (Appointed 1 April 2014, Resigned 3 September 2014)
Peter Davies (Resigned 14 May 2014)
John Jones (Appointed 24 June 2014)
Jeff Williams (Appointed 24 June 2014)
David Sanders (Appointed for the purposes of independently chairing the requisitioned general meeting on 20 June 2014, Resigned 24 June 2014)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the evaluation of the Boonanarring and Atlas deposits comprising part of Image's North Perth Basin Heavy Mineral Sands Project in Western Australia. The Company's major mineral sands tenements and resources are located in the North Perth Basin of Western Australia.

RESULTS FROM OPERATIONS

During the year the Company recorded an operating loss of \$2,266,921 (2013: \$6,548,522).

DIVIDENDS

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the directors do not recommend the payment of any dividend.

REVIEW OF OPERATIONS

A review of operations is covered elsewhere in this Annual Report.

EARNINGS PER SHARE

Basic loss per share for the financial period was 1.62 cents (2013: 5.26 cents). Diluted loss per share in respect of both years ended 30 June 2014 and 30 June 2013 are the same as for basic loss per share.

FINANCIAL POSITION

From 30 June 2013 the net assets of the Company decreased by \$1,789,877 to \$1,489,117, including cash and cash equivalents of \$1,288,461. This is largely due to expenditure incurred on project evaluation, exploration and tenement expenses aggregating \$1,814,800 and other expenses of \$1,550,526 offset by receipt of \$1,001,061 from the R&D Tax incentive and \$490,000 raised through share issues.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

- a) Completion of the Base Case Feasibility Study on the North Perth Basin Project (Results announced on ASX 17 July 2013).
- b) Submission of the PER document to OEPA (lodged on 12 July 2013) and advancement of Project approvals.
- c) Improved mineral processing route identified resulting in potentially significant improvements to the Project economics (Announced on ASX on 4 November 2013 – post year end is under review).
- d) Changes to the Management team and restructure of the Board.
- e) Placement of 3,769,230 shares at \$0.13 per share to raise \$490,000 on 18 June 2014.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than the following matters:

- a) Issue of 3,230,770 shares at \$0.13 per share, on 31 July 2014, in consideration for planned drilling services.
 - b) Issue of 10,433,936 shares at \$0.115 Per share on 9 September 2014.
 - c) Environmental approval being granted for the Company's Boonanarring Mineral Sands Project, announced on 25 August 2014.
- no material matters have occurred subsequent to the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL ISSUES

The Company carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those exploration activities. The Company's exploration manager is responsible for being aware of, and monitoring compliance with, regulations. During or since the financial year there have been no known significant breaches of these regulations.

INFORMATION ON DIRECTORS AND COMPANY SECRETARIES

Peter Thomas

Chairman

Mr Thomas, 57, having served on ASX listed company boards for some 30 years, has been a non-executive director of Image Resources NL since 10 April 2002. For over 30 years until June 2011, he ran a legal practise on his own account specialising in the delivery of wide ranging legal, corporate and commercial advice to listed explorers and miners. Listed company directorships for the past three years consist of Magnetic Resources NL (resigned July 2013) and Meteoric Resources NL (resigned September 2014). Mr Thomas is currently Non-executive chairman Image Resources NL (since 19 April 2002), Emu NL (since 29 August 2007) and Middle Island Resources Limited (since 2 March 2010).

George Sakalidis

Executive Director - Exploration

Mr Sakalidis is an exploration geophysicist with over 25 years' industry experience. His career has included extensive gold, diamond, base metals and mineral sands exploration. Mr Sakalidis has been involved in a number of significant mineral discoveries, including the Three Rivers and Rose gold deposits in Western Australia and the tenement applications over the Silver Swan nickel deposit. He was also instrumental in the design of the magnetic surveys and exploration drilling programme that led to the discovery of the large mineral sands resources at Magnetic Minerals Limited's Dongara Project. He is also a director of Magnetic Resources NL (since incorporation in August 2006), Meteoric Resources NL (since incorporation in February 2004) and Potash West NL (since incorporation in November 2010), each of which is ASX listed. Mr Sakalidis was previously a director of Emu NL (from incorporation in August 2007 until November 2013).

Mr Sakalidis has a relevant interest in 3,108,489 ordinary fully paid shares, 800,000 unquoted options exercisable at \$1.1162 each by 18 December 2014 and 800,000 unquoted options exercisable at \$0.3908 each by 27 December 2016.

John Jones

Non-Executive Director

Appointed as director on 24 June 2014, Mr Jones is a well-known and respected mining identity, who has been associated with a number of successful mining corporations in his 40 plus years in business. Mr Jones has a strong prospecting instinct, clear strategic vision and a desire for exploration, mining and corporate success. He is also a director of the following other ASX listed companies: Troy Resources NL (since July 1988), Anglo Australian Resources Ltd (since February 1990), Altan Rio Minerals Ltd (since November 2007) and Altan Nevada Minerals Ltd (since May 2010).

Mr Jones has no relevant interest in ordinary fully paid shares or options of the Company.

Jeff Williams

Non-Executive Director

Appointed as director on 24 June 2014, Mr Williams has over 43 years' industry experience with 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry. He is a Fellow of the Australasian Institute of Mining and Metallurgy with mining experience ranging from mine planning, underground management and feasibility studies through to mine development. He is also Chief Executive Officer of World Titanium Resources Limited (director since 30 December 2011 & Chief Executive Officer from November 2013), MacPhersons Resources Limited (since 20 January 2010) and Callabonna Resources Limited (since March 2012). All companies are ASX listed.

Mr Williams has no relevant interest in ordinary fully paid shares or options of the Company.

Dennis Wilkins and Fiona Lawe Davies

Joint Company Secretaries (Appointed 25 September 2012)

Mr Wilkins is the founder and principal of DW Corporate Pty Ltd, a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006. Since July 2001 Mr Wilkins has been running DW Corporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a director of Key Petroleum Limited.

Ms Lawe Davies is an employee of DW Corporate Pty Ltd. Since 2009, Ms Lawe Davies has been acting as company secretary or assistant company secretary for emerging companies in the Australian resources sector and providing advice on formation, capital raising and corporate compliance. Ms Lawe Davies is a qualified lawyer with previous experience in providing corporate law advice and being involved in M&A work with global clients.

AUDIT COMMITTEE

At the date of this report the Company does not have a separately constituted Audit Committee with all matters to be considered by an audit committee being dealt with by the full board.

REMUNERATION COMMITTEE

At the date of this report the Remuneration Committee ("**committee**") comprises Messrs Wilkins (Chair), Thomas and Sakalidis. During the year, the committee held one meeting. All members attended this meeting.

MEETINGS OF DIRECTORS

During the financial year ended 30 June 2014, there were nine meetings of directors, each of which was attended by each of the directors.

REMUNERATION REPORT (Audited)

Names and positions held of key management personnel (defined by the Australian Accounting Standards as being *"those people having authority and responsibility for planning, directing, and controlling the activities of an entity, either directly or indirectly. This includes an entity's directors"*) in office at any time during the financial year were:

Key Management Personnel	Position
Peter Thomas	Non-Executive Chairman
Jon O'Callaghan	Non-Executive Director then Managing Director - appointed 1 April 2014 and 15 April 2014 respectively. Resigned 3 September 2014.
Peter Davies	Managing Director & Director & Project Manager – ceased 15 April 2014, 14 May 2014 & 1 July 2014 respectively
George Sakalidis	Executive Director – Exploration
John Jones	Non-Executive Director – appointed 24 June 2014
Jeff Williams	Non-Executive Director – appointed 24 June 2014
Collis Thorp	Chief Operating Officer (COO) – appointed 12 May 2014
Graeme Scott	Chief Financial Officer (CFO) – resigned 3 July 2014
Dennis Wilkins / Fiona Laws Davies	Joint Company Secretaries

The Company's policy for determining the nature and amount of emoluments of key management personnel is set out below:

Key Management Personnel Remuneration and Incentive Policies

The Remuneration committee's mandate is to make recommendations to the Board with respect to appropriate and competitive remuneration and incentive policies (including basis for paying and the quantum of any bonuses), for key management personnel and others as considered appropriate to be singled out for special attention, which:

- motivates them to contribute to the growth and success of the Company within an appropriate control framework;
- aligns the interests of key leadership with the interests of the Company's shareholders;
- are paid within any limits imposed by the Constitution and make recommendations to the Board with respect to the need for increases to any such amount at the Company's annual general meeting; and
- in the case of directors, only permits participation in equity-based remuneration schemes after appropriate disclosure to, due consideration by and with the approval of the Company's shareholders.

Non-Executive Directors

- The committee is to ensure that non-executive directors are not provided with retirement benefits other than statutory superannuation entitlements.
- To the extent that the Company adopts a remuneration structure for its non-executive directors other than in the form of cash and superannuation, the disclosure therefor shall be made to stakeholders and approvals obtained as required by law and the ASX listing rules.

Incentive Plans and Benefits Programs

The committee is to:

- review and make recommendations concerning long-term incentive compensation plans, including the use of equity-based plans. Except as otherwise delegated by the Board, the committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising grants, in accordance with the terms of those plans;
- ensure that, where practicable, incentive plans are designed around appropriate and realistic performance targets that measure relative performance and provide remuneration when they are achieved; and
- review and, if necessary, improve any existing benefit programmes established for employees.

Retirement and Superannuation Payments

Prescribed benefits were provided by the Company to all directors by way of superannuation contributions to externally managed complying superannuation funds during the year. These benefits were paid as superannuation contributions to satisfy (at least) the requirements of the Superannuation Contribution Guarantee Act and in satisfaction of any salary sacrifice requests. All contributions were made to accumulation type funds selected by the director and accordingly actuarial assessments were not required.

Relationship between Company Performance and Remuneration

There is no relationship between the financial performance of the Company for the current or previous financial year and the remuneration of the key management personnel. Remuneration is set having regard to market conditions and encourage the continued services of key management personnel.

Use of Remuneration Consultants

The Company did not employ the services of a remuneration consultant during the financial year ended 30 June 2014.

Current Board Remuneration Structure

Subsequent to year end the remuneration structure for the board has been reset (inclusive of superannuation) as follows:

Director	\$
Thomas (as Chair)	40,000
Mr Jones (NED)	30,000
Mr Williams (NED)	30,000
Mr Sakalidis (executive technical director)	Earned \$200,000 last FY2014 and is currently under review

DIRECTORS' REPORT



Key Management Personnel Remuneration

Year ended 30 June 2014							
	Short-term benefits			Post-employment		Share-based payments	
Key Management Person	Directors Fees (\$)	Other Fees & contractual payments (\$)	Non monetary benefits (\$)	Statutory superannuation (\$)	Total cash and cash equivalent benefits (\$)	Equity-settled share based payments (\$)	Total (\$)
Peter Thomas Non-Executive Chairman	60,000	80,384	-	5,550	145,934	-	145,934
Jon O'Callaghan ¹ - Managing Director	7,500	87,438	-	694	95,632	-	95,632
Peter Davies ²	-	257,885	-	34,992	292,877	-	292,877
George Sakalidis Executive Director - Exploration	40,000	153,835	-	3,700	197,535	-	197,535
John Jones ³ Non-Executive Director	-	-	-	-	-	-	-
Jeff Williams ³ Non-Executive Director	-	-	-	-	-	-	-
Collis Thorp ⁴ COO	-	35,209	-	3,257	38,466	-	38,466
Graeme Scott ⁵ CFO	-	175,000	-	16,188	191,188	-	191,188
Dennis Wilkins ⁶ / Fiona Lawe Davies Company Secretary	-	-	-	-	-	-	-
Total	107,500	789,751	-	64,381	961,632	-	961,632

Note 1 Mr O'Callaghan was appointed a Director 1 April 2014 and Managing Director on 15 April 2014. Further consultancy fees of \$13,688 (not included above) were paid to Otranto Capital LLP prior to his appointment as a Director. Mr O'Callaghan resigned on 3 September 2014.

Note 2 Mr Davies ceased as Managing Director, Director and Project Manager on 15 April 2014, 14 May 2014 & 1 July 2014 respectively.

Note 3 Appointed 24 June 2014; Mr Jones and Mr Williams were paid consultancy fees of \$25,000 and \$8,400 respectively prior to their appointments as Directors.

Note 4 Mr Thorp was appointed COO on 12 May 2014.

Note 5 Mr Scott resigned as CFO on 3 July 2014.

Note 6 Mr Wilkins and Ms Lawe Davies are principal and employee respectively of corporate advisory firm DW Corporate Pty Ltd. During the financial year fees of \$142,285 (Exc. GST) were payable to DW Corporate Pty Ltd for Company Secretarial services.

Year ended 30 June 2013							
	Short-term benefits			Post-employment		Share-based payments	
Key Management Person	Directors Fees (\$)	Other Fees & contractual payments (\$)	Non monetary benefits (\$)	Statutory superannuation (\$)	Total cash and cash equivalent benefits (\$)	Equity-settled share based payments (\$)	Total (\$)
Peter Thomas Non-Executive Chairman	52,247	30,000	-	4,702	86,949	-	86,949
Peter Davies Managing Director	-	269,936	-	24,294	294,230	-	294,230
George Sakalidis Executive Director - Exploration	40,000	131,946	-	3,600	175,546	-	175,546
Graeme Scott ¹ CFO	-	43,750	-	3,938	47,688	-	47,688
Rudolf Tieleman ² CFO & Company Secretary	-	54,835	-	-	54,835	-	54,835

DIRECTORS' REPORT



Dennis Wilkins / Fiona Lawe ³ Davies Company Secretary	-	-	-	-	-	-	-
Total	92,247	530,467	-	36,534	659,248	-	659,248

Note 1 Mr Scott was appointed CFO on 1 April 2013.

Note 2 Mr Tieleman ceased as Company Secretary on 25 September 2012 and as CFO on 31 March 2013.

Note 3 Mr Wilkins and Ms Lawe Davies are principal and employee respectively of corporate advisory firm DW Corporate Pty Ltd. During the financial year fees of \$88,987 (Exc. GST) were payable to DW Corporate Pty Ltd for company secretarial services.

Managing Director Agreements

Jon O'Callaghan: Appointed Interim Managing Director 15 April 2014. Services for Mr O'Callaghan are provided pursuant to a mandate dated 17 September 2013 with Otranto Capital LLP, an entity that Mr O'Callaghan has a commercial relationship with. Services were paid at the rate of \$125 per hour. Mr O'Callaghan resigned on 3 September 2014.

Peter Davies: Served as Managing Director until 15 April 2014. This contractual engagement was for a three year term commencing on 24 May 2012 with a fixed annual salary of \$300,000, inclusive of statutory superannuation, with remuneration reviews to be conducted annually. In addition to the fixed salary and in order to provide incentive to excel in providing the contracted services, Peter was issued options to acquire fully paid ordinary shares. Termination provisions provided for three months' notice to be given by the executive or six months' notice to be given by the Company.

Other Executive Agreements

The COO's terms of employment are recorded in writing and the termination provisions provide for one month notice from either party.

Consultant Agreements

George Sakalidis: A consulting agreement has been executed between the Company and Mr Sakalidis' nominated associated entity under which Mr Sakalidis delivers consulting services to the Company. Either party may, in its sole and absolute discretion, terminate the engagement by providing 30 days written notice. There are no provisions for the payment of any other termination payments.

Other major provisions of this consulting agreement are:

	Term of agreements	Base rate	Review periods	Increase
Leeman Pty Ltd (G Sakalidis)	No set term	\$155 per hour	Annually on 1 July	Discretionary by Board

Peter Thomas: No consulting arrangement exists between Mr Thomas and the Company. During the year the Board awarded special exertion fees to Mr Thomas payable at the rate of \$460 per hour for services in addition to his duties as Non-Executive Chairman.

DW Corporate Services Pty Ltd: provides the services of Dennis Wilkins and Fiona Lawe Davies as joint Company Secretaries. These services are provided under a services agreement for a fixed monthly retainer fee of \$1,750 plus additional services charged at specified hourly rates. Four months written notice of termination is required from either party.

Guaranteed Rate Increases

There are no guaranteed rate increases fixed in the contracts of any of the key management personnel.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares and options over such instruments issued by the Company as notified by the directors to the Australian Securities Exchange in accordance with Section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Fully Paid Ordinary Shares	Options over Ordinary Shares	
		Granted 18.11.2009 Expiring 18.11.2014 Exercisable at \$1.1162	Granted 27.12.2011 Expiring 27.12.2016 Exercisable at \$0.3908
Peter Thomas	2,100,306	500,000	650,000
George Sakalidis	3,108,489	800,000	800,000
John Jones	-	-	-
Jeff Williams	-	-	-
Total	5,208,795	1,300,000	1,450,000

SHARE OPTIONS GRANTED TO DIRECTORS AND OFFICERS

No options were issued to directors and officers during or since the end of the financial year.

Options held by Key Management Personnel

The number of options over fully paid ordinary shares in the Company held at the beginning and end of the year and movements during the financial year by key management personnel and/or their related entities are set out below:

30 June 2014:

Name	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Peter Thomas	1,150,000	-	-	-	1,150,000	1,150,000
Peter Davies (ceased 1 July 2014)	3,750,000	-	-	-	3,750,000	3,750,000
George Sakalidis	1,600,000	-	-	-	1,600,000	1,600,000
John Jones (appointed 24 June 2014)	-	-	-	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-	-	-	-
Collis Thorp (appointed 12 May 2014)	-	-	-	-	-	-
Graeme Scott (ceased 3 July 2014)	-	-	-	-	-	-
Dennis Wilkins	-	-	-	-	-	-
Fiona Lawe Davies	-	-	-	-	-	-
Totals	6,500,000	-	-	-	6,500,000	6,500,000

Note: The 3,750,000 options held by Peter Davies were cancelled subsequent to year end.

Shares held by Key Management Personnel

The number of shares in the Company held at the beginning and end of the year and net movements during the financial year by key management personnel and/or their related entities are set out below:

DIRECTORS' REPORT



30 June 2014:

Name	Balance at the start of the year	Net share movements	Balance at the end of the year
Peter Thomas	2,100,306	-	2,100,306
Jon O'Callaghan (appointed 1 April 2014, ceased 3 September 2014)	-	216,376 ¹	216,376
Peter Davies (ceased 1 July 2014)	200,000	-	200,000
George Sakalidis	3,026,372	102,117 ²	3,128,489
John Jones (appointed 24 June 2014)	-	-	-
Jeff Williams (appointed 24 June 2014)	-	-	-
Collis Thorp (appointed 12 May 2014)	-	-	-
Graeme Scott (ceased 3 July 2014)	-	-	-
Dennis Wilkins	1,000	-	1,000
Fiona Lawe Davies	-	-	-
Totals	5,327,678	318,493	5,646,171

Note 1 Shares acquired prior to Mr O'Callaghan's appointment as a director.

Note 2 On-market purchases.

What follows in this Directors' Report has not been subject to audit.

EMPLOYEES

At 30 June 2014, aside from directors who are for tax purposes treated as employees, the Company had two full-time employees (2013:four).

CORPORATE STRUCTURE

Image is a no liability company incorporated and domiciled in Australia.

ACCESS TO INDEPENDENT ADVICE

Each director has the right, so long as he is acting reasonably in the interests of the Company and in the discharge of his duties as a director, to seek independent professional advice and recover the reasonable costs thereof from the Company. The advice shall only be sought after consultation about the matter with the chairman (where it is reasonable that the chairman be consulted) or, if it is the chairman that wishes to seek the advice or it is unreasonable that he be consulted, another director (if that be reasonable). The advice is to be made immediately available to all Board members other than to a director against whom privilege is claimed.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements indemnifying, to the extent permitted by law, all the directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company. During the year an amount of \$11,440 (2013: \$13,750) was incurred in insurance premiums for this purpose.

OPTIONS

As at the date of this report there are the 5,040,000 unquoted options over unissued ordinary shares in the Company as follows:

- (a) 2,345,000 exercisable at \$1.1162 per option on or before 18 December 2014;
- (b) 95,000 exercisable at \$0.6995 per option on or before 21 December 2015;
- (c) 2,600,000 exercisable at \$0.3908 per option on or before 27 December 2016.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this annual report.

Signed in accordance with a resolution of the directors



SIGNED: PETER THOMAS
CHAIRMAN

Perth

26 September 2014

Auditor's Independence Declaration

To those charged with the governance of Image Resources NL

As auditor for the audit of Image Resources NL for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

26 September 2014

CORPORATE GOVERNANCE STATEMENT

This statement is provided in compliance with the recommendations (**Recommendations**) in the ASX Corporate Governance Council's second edition of the Corporate Governance Principles and Recommendations with 2010 Amendments.

Except to the extent indicated in the "if not, why not" exception report appearing below, the Company has resolved that for so long as it is admitted to the official lists of the ASX it shall abide by the Recommendations.

The Board encourages all key management personnel, other employees, contractors and other stakeholders to monitor compliance with the Corporate Governance manual and periodically, by liaising with the Board, management and staff, especially in relation to observable departures from the intent of hereof as well as with any ideas or suggestions for improvement. Suggestions for improvements or amendments can be made at any time by providing a written note to the chairman.

The board has reviewed its current practices in light of the Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the Recommendations save as set out in the following table.

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	This information is disclosed in the Company's Board Charter, a copy of which can be viewed on the Company website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	N/A	Executives are effectively under a constant process of performance evaluation as measured by the Company's market capitalisation/share price at a point in time compared to previous periods or points in time. The Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	A copy of the Company's Board Charter can be viewed on the Company website.
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors	N/A	The Board of Directors has evolved over the year under review and further evolved since the end of the year. The Board has not been comprised of a majority of independent directors at any time during the year. Two additional directors, both of whom consider themselves to be independent, have been appointed to non-executive positions since the year end, which now brings an equal balance of independent and non-independent directors. The Board believes that this is both appropriate and acceptable at this stage of the Company's development and regularly reviews Board composition.
2.2	The chair should be an independent director	N/A	The Chair, Peter Thomas, considers his shareholding in the Company may compromise or materially interfere with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	N/A	The full board undertakes the duties which would normally fall to the nomination committee on an ad hoc unstructured basis.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	This information is disclosed in the Company's Board Charter, a copy of which can be viewed on the Company website.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	N/A	The skills, experience and period of office of directors are set out in the Company's Annual Report (Directors' Report) and on its website. Statements as to the composition of the board and the Company's materiality thresholds are disclosed in the Company's Board Charter, which can be viewed on the Company website. The Company does not currently have a formal nomination committee.
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code	A	The Company has established a Code of Conduct which can be viewed on its website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them	N/A	The Company has not established a diversity policy, but intends to include one when it moves closer to development. The Company does not have requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review and amend this policy if it sees fit.

	ASX Principle	Status	Reference/comment
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	N/A	Refer to previous comment.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	A	The proportion of women employees in the whole organisation is 25% (excluding directors). Stacey, can you check this? There are currently no women in senior executive positions or on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	N/A	The Company does not currently have a diversity policy.
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	N/A	The Company has a policy regarding the formation, composition, role, powers and responsibilities of an audit committee. The full Board undertakes the duties that would otherwise fall to the audit committee. The Company is small, has a small board with a tight management structure, relies on equity capital for funding and in all the circumstances of the Company the board did not perceive that any gains could be derived through the operation of a formal committee structure. However, the Company is currently reviewing its corporate governance and committee structure and intends to constitute an audit committee.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	N/A	See answer to 4.1 above .
		N/A	See answer to 4.1 above.
		N/A	See answer to 4.1 above.
4.3	The audit committee should have a formal charter	N/A	See answer to 4.1 above.
		A	The Company has a policy regarding the formation, composition, role, powers and responsibilities of an audit committee. A copy of the Audit Policy can be viewed on the Company website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	The Board is required to consider audit committee issues at least half yearly, with further meetings on an as required basis.
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	A copy of the Company's Continuous Disclosure Policy can be viewed on the Company website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	A copy of the Company's Shareholder Communication Policy can be viewed on the Company website.

	ASX Principle	Status	Reference/comment
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	
Principle 7:	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	A copy of the Company's Risk Management Policy can be viewed on the Company website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	A	The Managing Director, formerly and now the COO, reports to the Board monthly on material risks identified and mitigation measures taken (if any). Whilst the board recognises the benefit of the discipline of documenting such matters, the board has deployed its scarce resources to other endeavours in priority to the preparation of a written report on the matter of risk. Given that the Company has a Risk Management Policy in place and that the board had formerly had two executive directors (but now one and a COO) who are well versed in the day to day affairs of the Company and the internal control measures in place, the Company considers that it is managing its material business risks just as effectively as if a formal independent committee was established for the purpose recommended. The Company will review the need to require management to design and implement risk management and internal control systems as it develops.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	Assurances received.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	A	A Remuneration Committee has been formed with the Charter available on the Company's website. The remuneration committee was previously comprised of Dennis Wilkins (Company Secretary - Chair), Peter Thomas, Peter Davies and George Sakalidis, however the composition was varied post year end to comprise the full board.
8.2	The remuneration committee should be structured so that it:		
	<ul style="list-style-type: none"> consists of a majority of independent directors 	N/A	As there was formerly only one independent director of the Company and now an equal amount of independent and non-independent, it is not possible that the Committee be comprised of a majority of independent directors. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs outweighing the potential benefits.
	<ul style="list-style-type: none"> is chaired by an independent chair 	N/A	During per period Chair of the board was the only independent director of the Company and since year end, or possibly just prior, has changed his view on independence such that he no longer considers himself such, it was not possible to have an independent chair that is not chair of the board. Since the end of the period additional directors have been appointed that consider themselves, and have been assessed by the board as, independent. The composition, including chair is up for review and changes will be reported accordingly.
	<ul style="list-style-type: none"> has at least three members. 	A	

CORPORATE GOVERNANCE STATEMENT

	ASX Principle	Status	Reference/comment
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	Refer to the Remuneration Report in the Company's Annual Report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% (9.25% effective 1 July 2013), and do not receive any other retirement benefits.

A = Adopted
N/A = Not adopted

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014



	Notes	2014 (\$)	2013 (\$)
Revenue:			
Interest and dividends income		77,703	158,896
Other revenue	3	46,131	490,181
Expenses:			
Depreciation expense	11	(26,490)	(34,987)
Exploration and evaluation expenses		(1,814,800)	(5,952,761)
Share based payments expense	20	-	-
Other expenses	3	(1,550,526)	(1,447,416)
(Loss) before income tax expense		(3,267,982)	(6,786,087)
Income tax benefit	4	1,001,061	237,565
(Loss) from continuing operations		(2,266,921)	(6,548,522)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Changes in the fair value of available-for-sale financial assets		14,760	(10,000)
Other comprehensive income for the year, net of tax		14,760	(10,000)
Total profit or (loss) and other comprehensive income for the year		(2,252,161)	(6,558,522)
Total profit or (loss) and other comprehensive income for year attributable to members of the Company		(2,252,161)	(6,558,522)
Basic (loss) per share (cents per share)	7	(1.62)	(5.26)
Diluted (loss) per share (cents per share)	7	(1.62)	(5.26)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014



	Notes	2014 (\$)	2013 (\$)
Current Assets			
Cash and cash equivalents	8	1,288,461	3,176,042
Trade and other receivables	9	20,331	180,943
Other assets	10	100,885	264,626
Total Current Assets		1,409,677	3,621,611
Non-Current Assets			
Property, plant and equipment	11	113,735	94,117
Other financial assets	12	200,393	185,633
Total Non-Current Assets		314,128	279,750
TOTAL ASSETS		1,723,805	3,901,361
Current Liabilities			
Trade and other payables	13	225,849	573,858
Provisions	14	8,839	48,509
Total Current Liabilities		234,688	622,367
TOTAL LIABILITIES		234,688	622,367
NET ASSETS		1,489,117	3,278,994
Equity			
Contributed equity	15	37,218,636	36,756,352
Reserves	15	1,127,250	1,112,490
Accumulated (losses)		(36,856,769)	(34,589,848)
TOTAL EQUITY		1,489,117	3,278,994

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2014



	Contributed Equity (Net of Costs) (\$)	Available for Sale Financial Asset Reserve (\$)	Employee Benefit Reserve (\$)	Accumulated Losses (\$)	Total (\$)
Balance at 1.7.2012	28,524,839	-	3,080,490	(29,999,326)	1,606,003
Operating (loss) for the year	-	-	-	(6,548,522)	(6,548,522)
Other comprehensive income	-	(10,000)	-	-	(10,000)
Shares issued during the year	8,641,313	-	-	-	8,641,313
Share issue costs	(409,800)	-	-	-	(409,800)
Share based payments expense	-	-	-	-	-
Expiry of unexercised director and employee options	-	-	(1,958,000)	1,958,000	-
Balance at 30.6.2013	36,756,352	(10,000)	1,122,490	(34,589,848)	3,278,994
Balance at 1.7.2013	36,756,352	(10,000)	1,122,490	(34,589,848)	3,278,994
Operating (loss) for the year	-	-	-	(2,266,921)	(2,266,921)
Other comprehensive income	-	14,760	-	-	14,760
Shares issued during the year	490,000	-	-	-	490,000
Share issue costs	(27,716)	-	-	-	(27,716)
Share based payments expense	-	-	-	-	-
Balance at 30.6.2014	37,218,636	4,760	1,122,490	(36,856,769)	1,489,117

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2014



	Notes	2014 (\$)	2013 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers and contractors		(1,555,868)	(1,730,368)
Research and development tax incentives received		1,001,061	522,092
Expense recoveries received		63,130	348,750
Interest received		77,599	145,584
Dividends received		2,916	2,703
Net cash (used in) operating activities	16	(411,162)	(711,239)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(46,108)	(96,865)
Payments for exploration and evaluation		(2,057,879)	(5,834,285)
Purchase of new prospects		(14,029)	(18,163)
Release of restricted cash – term deposits for bank guarantees		179,313	22,000
Proceeds from sale of investments		-	941,849
Proceeds from sale of plant and equipment		-	23,850
Net cash (used in) investing activities		(1,938,703)	(4,961,614)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from new issues of shares	15	490,000	8,641,313
Share issue costs		(27,716)	(409,800)
Net cash provided by financing activities		462,284	8,231,513
Net increase / (decrease) in cash held		(1,887,581)	2,558,660
Cash and cash equivalents at the beginning of the financial year		3,176,042	617,382
Cash and cash equivalents at the end of the financial year	8	1,288,461	3,176,042

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



This financial report includes the financial statements and notes of the Company.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were authorised for issue on 26 September 2014.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The directors have prepared the financial statements of the Company on a going concern basis.

In the directors' opinion, the Company is able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

Accounting Policies

a) Revenue

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial asset.

Research and development tax incentives are recognised as other revenue during the financial period in which the claim for refund is made.

All revenue is stated net of the amount of goods and services tax (GST).

b) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by non-casual employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. There is no liability for long service leave entitlements.

c) Exploration and Evaluation Expenditure

All exploration and evaluation expenditure is expensed to Statement of Profit and Loss and other Comprehensive Income as incurred. The effect of this write-off is to increase the loss incurred from continuing operations as disclosed in the Statement of Profit and Loss and other Comprehensive Income and to decrease the carrying values in the Statement of Financial Position. That the carrying value of mineral assets, as a result of the operation of this policy, is zero does not necessarily reflect the board's view as to the market value of that asset.

d) Acquisition of Assets

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.

e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



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.

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

f) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the Statement of Profit and Loss and Other Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses, if any in fact are brought to account.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

h) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income. This policy has no application where paragraph (c) Exploration and Evaluation Expenditure applies.

i) Earnings per Share

- (i) *Basic Earnings per Share* – Basic earnings per share (EPS) is determined by dividing the loss from continuing operations after related income tax expense by the weighted average number of ordinary shares outstanding during the financial period.
- (ii) *Diluted Earnings per Share* – Options that are considered to be dilutive are taken into consideration when calculating the diluted earnings per share.

j) 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.

Property, plant and equipment are measured on the cost basis.

The carrying amounts of property, plant and equipment are 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.

Depreciation

The depreciable amount of all plant, equipment and motor vehicles are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for the class of plant, equipment and motor vehicle depreciable assets range between 20% and 100%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position 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 Profit and Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

k) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit and loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

the amount at which the financial asset or financial liability is measured at initial recognition;

less principal repayments;

plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and

less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

The Company does not designate any interests in joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e., gains and losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit and loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The expression "fair value" – and derivatives thereof – wherever used in this report bears the meaning ascribed to that expression by the

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



Australian Accounting Standards Board. "Fair value" commonly does not reflect realisable value and the Board does not represent that stated fair values reflect their view of market or realisable values. This observation is over-riding and shall prevail over any inconsistent possible interpretation.

Impairment

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

l) Provisions

Provisions are recognised when the Company 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.

m) Leases

Lease payments for operating leases (where substantially all the risks and benefits remain with the lessor) are charged as an expense in the periods in which they are incurred.

Lease incentives under operating leases, if any, are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

n) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Share-based Payments and Value Attribution to Equity Remuneration/Benefits

Share-based compensation benefits provided to directors are approved in general meeting by members. Share-based benefits provided to non-directors are approved by the Board of Directors and form part of that employee's remuneration package.

The International Financial Reporting Standards specifies that a valuation technique must be applied in determining the fair value of employees' or directors' stock options as at their grant date. No particular model is specified.

In respect of share options granted, the (theoretical) fair value is recognised over the vesting period as an employee benefit expense with a corresponding increase in equity. The theoretical fair value of the options is calculated at the date of grant taking into account the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued, however, in the absence of reliable measure of the goods or services received, AASB 2: Share Based Payments prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



q) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Company as the Managing Director and other members of the Board of directors.

r) Critical Accounting Estimates, Assumptions and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and from within the Company.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on best estimates by directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income tax legislation and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the directors' best estimate pending an assessment being received from the Australian Taxation Office.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Share based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are ascribed a fair value using the Black-Scholes option pricing model. This model uses assumptions and estimates as inputs.

s) New Accounting Standards for Application in Future Periods

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

- **AASB 9: Financial Instruments** (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

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

Although the directors anticipate that the adoption of AASB 9 may have an impact of the Company's financial instruments it is impracticable at this stage to provide a reasonable estimate of such impact.

- **AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities** (applicable for annual reporting periods commencing on or after 1 January 2014).

This standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Company's financial statements.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



- **Interpretation 21: Levies** (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Company's financial statements.

- **AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets** (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in *AASB 136: Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Company's financial statements.

- **AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities** (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013-5 amends *AASB 10: Consolidated Financial Statements* to define an 'investment entity' and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with *AASB 9: Financial Instruments* and not be consolidated. Additional disclosures are also required. As the Company does not meet the definition of an investment entity or have any subsidiaries, this Standard is not expected to significantly impact the Company's financial statements.

NOTE 2 OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Company has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company is a minerals sands exploration and evaluation company. Currently all the Company's mineral sands tenements and resources are located in Western Australia.

Revenue and assets by geographical region

The Company's revenue is received from sources and assets located wholly within Australia.

Major customers

Due to the nature of its operations, the Company does not yet provide products and services.

Financial information

Reportable items required to be disclosed in this note are consistent with the information disclosed in the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position and are not duplicated here.

NOTE 3 REVENUE AND EXPENDITURE

	2014 (\$)	2013 (\$)
REVENUE		
Other Income		
Profit on sale of investments	-	236,766
Profit on Sale of Plant and Equipment	-	22,665
Expense recoveries	46,131	230,750
	<u>46,131</u>	<u>490,181</u>
EXPENDITURE		
Other Expenses		
Occupancy costs	(125,007)	(245,008)
Filing and ASX Fees	(28,328)	(56,950)
Corporate and management	(971,647)	(550,704)
Other expenses from continuing operations	(425,544)	(594,754)
	<u>(1,550,526)</u>	<u>(1,447,416)</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



NOTE 4 INCOME TAX

The components of tax expense comprise:

Current tax

Deferred tax asset/liability

2014 (\$)	2013 (\$)
-	-
-	-
-	-

The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:

Loss from continuing operations before income tax

Prima facie tax benefit attributable to loss from continuing operations before income tax at 30%

3,267,982	6,786,087
980,395	2,035,826

Tax effect of Non-allowable and additional deductible items

- Profit from available-for-sale financial assets
- Capital raising costs

Effect of tax losses and temporary differences not brought to account

Under provision for prior year arising from R and D tax refund

Income tax offset attributable to the Company

-	71,030
(36,997)	-
(943,398)	(2,106,856)
(1,001,061)	(237,565)
(1,001,061)	(237,565)

Unrecognised temporary differences

Net deferred tax assets (calculated at 30%) have not been recognised in respect of the following items:

Prepayments

Provisions

Capital raising costs

Unrecognised deferred tax assets relating to the above temporary differences

844	(2,852)
(11,601)	48,036
99,408	-
88,651	45,184

Unrecognised deferred tax assets

The Company has accumulated tax losses of \$27,893,955 (2013: \$24,449,567).

The potential deferred tax benefit of these losses \$8,414,606 will only be recognised if:

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

NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION

	2014 (\$)	2013 (\$)
Short-term employee benefits	923,347	622,714
Post-employment benefits	64,381	36,534
Equity-settled share based payments	-	-
	987,728	659,248

Short-term employee benefits

These amounts include fees and benefits paid to non-executive Chair and non-executive directors as well as all salary and paid leave benefits awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the costs of superannuation contributions payable for the year.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



Equity-settled share based payments

There were no issues of equity-settled share based payments during the year. Had there been any issues the expense is calculated as the fair value of the options, rights and shares on grant date.

Further key management personnel remuneration information has been included in the Remuneration Report section of the Directors Report.

Information on related party and entity transactions are disclosed in Note 21.

NOTE 6 AUDITORS REMUNERATION

	2014 (\$)	2013 (\$)
Amounts received or due and receivable by the auditors of the Company for:		
Auditing and reviewing the financial reports	22,300	23,950
Other	600	-
	<u>22,900</u>	<u>23,950</u>

NOTE 7 LOSS PER SHARE

	2014 (\$)	2013 (\$)
The following reflects the earnings and share data used in the calculation of basic and diluted loss per share		
Loss for the year	(2,266,921)	(6,548,522)
Loss used in calculating basic and diluted loss per share	(2,266,921)	(6,548,522)
Weighted average number of ordinary shares used in calculating basic loss per share	140,280,113	124,608,296

The Company had 8,790,000 (2013: 8,790,000) options over fully paid ordinary shares on issue at balance date. Options are considered to be potential ordinary shares, however, they are not considered to be dilutive in this period and accordingly have not been included in the determination of diluted loss per share.

Since the end of the financial year no ordinary shares have been issued pursuant to the employee share incentive scheme.

NOTE 8 CASH AND CASH EQUIVALENTS

	2014 (\$)	2013 (\$)
Cash at bank	260,657	868,444
Deposits at call	1,027,804	2,307,598
	<u>1,288,461</u>	<u>3,176,042</u>

NOTE 9 TRADE AND OTHER RECEIVABLES

	2014 (\$)	2013 (\$)
Trade receivables	14,401	37,342
GST and tax refundable	5,930	143,601
	<u>20,331</u>	<u>180,943</u>

NOTE 10 OTHER ASSETS - CURRENT

	2014 (\$)	2013 (\$)
Restricted cash – security for guarantees	84,131	241,694
Prepayments	16,754	22,932
	<u>100,885</u>	<u>264,626</u>

Restricted cash represent term deposits held by the Company's banks as security for bank guarantees in favour of the Department of Mines and Petroleum in respect of potential rehabilitation on certain of the Company's tenement holdings, and cash deposits held by the property manager in relation to operating lease commitments for the office premises. It is anticipated that the term deposits held by the Company's banks will soon be released back to the Company under the new Mining Rehabilitation Fund regime.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



NOTE 11 PROPERTY PLANT AND EQUIPMENT

	2014 (\$)	2013 (\$)
Plant, equipment and motor vehicles	329,759	283,651
Less: Accumulated depreciation	(216,024)	(189,534)
	<u>113,735</u>	<u>94,117</u>
Reconciliations of the carrying amount of plant, equipment and motor vehicles from the beginning to the end of the financial year.		
Plant, equipment and motor vehicles		
Carrying amount at beginning of year	94,117	33,423
Additions	46,108	96,865
Disposals	-	(1,184)
Depreciation expense	(26,490)	(34,987)
Total plant, equipment and motor vehicles at end of year	<u>113,735</u>	<u>94,117</u>

NOTE 12 OTHER FINANCIAL ASSETS

	2014 (\$)	2013 (\$)
Non-Current		
Available-for-sale financial assets – shares in listed corporations	<u>200,393</u>	<u>185,633</u>
Investments in related parties		
Available-for-sale financial assets includes the following investments held in director-related party entities:		
Magnetic Resources NL – partly-paid shares	71	113
Meteoric Resources NL – fully paid shares	140,305	134,459
Meteoric Resources NL – partly-paid shares	199	40
	<u>140,575</u>	<u>134,612</u>

NOTE 13 TRADE AND OTHER PAYABLES

	2014 (\$)	2013 (\$)
Trade creditors and accruals	<u>225,849</u>	<u>573,858</u>

NOTE 14 CURRENT PROVISIONS

	2014 (\$)	2013 (\$)
Employee leave benefits	<u>8,839</u>	<u>48,509</u>

NOTE 15 ISSUED CAPITAL

Contributed Equity – Ordinary Shares

	2014		2013	
	No.	\$	No.	\$
At the beginning of the year	140,156,193	36,756,352	100,184,817	28,524,839
Placement issue of shares at \$0.13	3,769,230	490,000	-	-
Placement issue of shares at \$0.30	-	-	6,470,376	1,941,113
Placement issue of shares at \$0.20	-	-	33,500,000	6,700,000
Issue of shares at \$0.20	-	-	1,000	200
Share issue costs	-	(27,716)	-	(409,800)
Closing balance:	<u>143,925,423</u>	<u>37,218,636</u>	<u>140,156,193</u>	<u>36,756,352</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



Reserves

Available-for-sale financial assets reserve	4,760	(10,000)
Employee benefits reserve (i)	1,122,490	1,122,490
Closing balance	<u>1,127,250</u>	<u>1,112,490</u>

(i) The employee benefits reserve is used to recognise the fair value of options issued.

Options

The Company had the following options over un-issued fully paid ordinary shares at the end of the year:

Options exercisable at \$1.1162 on or before 18.12.2014	2,345,000	2,345,000
Options exercisable at \$0.6995 on or before 21.12.2015	95,000	95,000
Options exercisable at \$0.3908 on or before 27.12.2016	2,600,000	2,600,000
Options exercisable at \$0.50 on or before 1.6.2015	1,250,000	1,250,000
Options exercisable at \$0.70 on or before 1.6.2016	1,250,000	1,250,000
Options exercisable at \$1.00 on or before 1.6.2016	1,250,000	1,250,000
Total Options	<u>8,790,000</u>	<u>8,790,000</u>

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held, regardless of the amount paid up thereon.

At a general meeting every shareholder present in person or by proxy, representative or attorney has: a) on a show of hands, one vote; and b) on a poll, one vote for each fully paid share held.

NOTE 16 CASH FLOW INFORMATION

	2014 (\$)	2013 (\$)
Reconciliation of operating loss after income tax with funds used in operating activities:		
Operating loss after income tax	(2,266,921)	(6,548,522)
Depreciation and amortisation	26,490	34,987
Exploration and evaluation expenditure	1,814,800	5,952,761
(Profit) on sale of plant and equipment	-	(22,665)
(Profit) on sale of investments	-	(236,766)
Changes in operating assets and liabilities:		
Decrease in trade and other receivables relating to operating activities	167,218	328,265
Decrease in prepayments	6,178	1,102
Decrease in trade and other payables relating to operating activities	(119,257)	(247,566)
Increase / (Decrease) in provisions	(39,670)	27,165
Cash flow from operations	<u>(411,162)</u>	<u>(711,239)</u>

NOTE 17 TENEMENT EXPENDITURE CONDITIONS AND LEASING COMMITMENTS

The Company has certain obligations to perform minimum exploration work on the tenements in which it has an interest. These obligations vary from time to time. The aggregate of the prescribed expenditure conditions applicable to the granted tenements for the next twelve months amounts to \$1,546,000. Of this amount, \$408,300 is expected to be met by JV participants.

Application for exemption from all or some of the prescribed expenditure conditions will be made but no assurance is given that any such application will be granted. Nevertheless, the Company is optimistic, given its level of expenditure in the North Perth Basin, that it would likely be granted exemptions, on a project basis, in respect of the prescribed expenditure conditions applicable to many of its North Perth Basin tenements.

If the prescribed expenditure conditions are not met with respect to a tenement, that tenement is liable to forfeiture.

The Company has the ability to diminish its exposure under these conditions through the application of a variety of techniques including applying for exemptions (from the regulatory expenditure obligations), surrendering tenements, relinquishing portions of tenements or entering into farm-out agreements whereby third parties bear the burdens of such obligation in whole or in part.

The Company has leased office premises in Mumford Place, Balcatta, WA. The lease expires on 23 June 2015, with an option for a further two year extension at the Company's election. The commitment for the financial year commencing 1 July 2014 to expiry amounts to \$51,230 (net of GST).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



NOTE 18 TENEMENT ACCESS

The interests of holders of freehold land encroached by the Tenements are given special recognition by the Mining Act (WA). As a general proposition, a tenement holder must obtain the consent of the owner of freehold before conducting operations on such freehold land. Unless it already has secured such rights, there can be no assurance that the Company will secure rights to access those portions of the Tenements encroaching freehold land.

The Company has entered into an option agreement with the freehold owner of key block of land at Boonanarring upon which the feasibility study postulates that the processing plant will be constructed and the initial mining pit will be located. If acquired, this land will provide the site for the supporting infrastructure, initial mining and processing operations for the North Perth Basin project.

The Company has commenced negotiations with the Traditional Owners and their representatives in regard to the Native Title claim affecting part of the Atlas deposit and being the subject of a registered (but undetermined) claim. This is the only deposit forming part of the high grade dry mining targets within the NPB Project which has, insofar as the Company is aware, any potential to be subject to Native Title. However, heritage aspects of the remaining areas of the project still have to be taken into consideration.

Outside of the NPB Project the Company's other tenements may contain dredge mining targets which could be subject to Native Title claim.

The Company is not in a position at this time to assess the likely effect of any Native Title claim impacting the Company.

NOTE 19 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following matters:

- Issue of 3,230,770 shares at \$0.13 per share, on 31 July 2014, in consideration for planned drilling services.
- Issue of 10,433,936 shares at \$0.115 per share on 9 September 2014.
- Environmental approval being granted for the Company's Boonanarring Mineral Sands Project, announced on 25 August 2014.

no material matters have occurred subsequent to the end of the financial year.

NOTE 20 EQUITY-SETTLED SHARE BASED PAYMENTS

No share options were granted during the financial year (2013: nil).

The share based payments expense (assessed by reference to "fair value") shown in the financial report amounted to \$0 (2013: nil).

NOTE 21 RELATED PARTY AND RELATED ENTITY TRANSACTIONS

Transactions with directors, director-related parties and related entities **other than those disclosed elsewhere in this financial report** are as follows:

	2014 (\$)	2013 (\$)
Serviced office charges to Emu NL ¹	-	48,750
Serviced office charges to Meteoric Resources NL ¹	20,131	89,750
Serviced office charges to Magnetic Resources NL ¹	26,000	92,250
Plant and equipment sold to Meteoric Resources NL	-	20,000
Plant and equipment sold to Magnetic Resources NL	-	3,850
Plant and equipment purchased from EMU Nickel NL	-	(1,700)
Plant and equipment purchased from Meteoric Resources NL	-	(42,000)
Plant and equipment purchased from Magnetic Resources NL	-	(35,400)
Leeman Pty Ltd, a George Sakalidis related party, hire of specialised equipment	(4,800)	(6,750)

¹The Company was a party to Serviced Office Agreements with Meteoric Resources NL, Magnetic Resources NL, and Emu NL, which were all director-related entities, whereby it agreed to provide various support services on a monthly basis to those companies. A total of \$0 (2013: \$26,412 including GST) was owing to the Company as at 30 June 2014 in relation to these agreements.

Total amounts owing to directors and/or director-related parties at 30 June 2014 amounted to \$29,950 including GST (2013: \$27,655).

During the year ended 30 June 2013 the Company disposed of its entire investment in the fully paid ordinary shares of Magnetic Resources NL and Emu NL (refer to Note 12) to non-related parties. The Company made a profit on these disposals of \$252,929 and \$79 respectively.

NOTE 22 CONTINGENT LIABILITIES AND COMMITMENTS

Other than those matters disclosed in Notes 17 and 19 above, there are no contingent liabilities or commitments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the Year Ended 30 June 2014



NOTE 23 FINANCIAL INSTRUMENTS DISCLOSURE

(a) Financial Risk Management Policies

The Company's financial instruments consist of deposits with banks, receivables, available-for-sale financial assets and payables.

Risk management policies are approved and reviewed by the board. The use of hedging derivative instruments is not contemplated at this stage of the Company's development.

Specific Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments, are interest rate and liquidity risks.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows, cash reserves, liquid investments, receivables, payables and commitments.

Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that the Company may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, the Company does not have ready access to credit facilities, with the primary source of funding being via equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required.

Following the completion of the NPB Project feasibility study the Company may seek to raise a significant amount of debt and equity finance to develop the project.

The working capital position of the Company at 30 June 2014 and 30 June 2013 was as follows:

	2014 (\$)	2013 (\$)
Cash and cash equivalents	1,288,461	3,176,042
Restricted cash	84,131	241,694
Trade and other receivables	20,331	180,943
Trade and other payables and provisions	(225,849)	(573,858)
Working capital position	1,167,074	3,024,821

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

The Company has lodged cash deposits (designated as restricted cash above) totalling \$84,131 (2013: \$241,694) with the bank as collateral security for tenement guarantees and with the office lease property manager for a rental guarantee.

The following table provides information regarding the credit risk relating to cash and cash equivalents and restricted cash based on credit ratings:

	2014 (\$)	2013 (\$)
AAA rated	-	-
AA rated	-	-
A rated	1,372,592	3,417,736

The credit risk for counterparties included in trade and other receivables at balance date is detailed below.

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



	2014 (\$)	2013 (\$)
Trade and other receivables		
Trade receivables	14,401	37,342
GST and tax refundable	5,930	143,601
	<u>20,331</u>	<u>180,943</u>

(b) **Financial Instruments**

The Company holds no derivative instruments, forward exchange contracts or interest rate swaps.

Financial Instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments.

2014	Weighted Average Effective Interest Rate %	Floating Interest Rate (\$)	Non-Interest Bearing (\$)	Total (\$)
Financial Assets:				
Cash and cash equivalents		1,284,583	3,878	1,288,461
Restricted cash		68,000	16,131	84,131
Trade and other receivables		-	20,331	20,331
Available-for-sale financial assets		-	200,393	200,393
Total Financial Assets	3.05%	<u>1,352,583</u>	<u>240,733</u>	<u>1,593,316</u>
Financial Liabilities:				
Trade and other payables and provisions		-	(234,688)	(234,688)
Net financial assets		<u>1,352,583</u>	<u>6,045</u>	<u>1,358,628</u>

2014
\$

Trade and other payables are expected to be settled as follows:

Less than 6 months (see note 13)	(225,849)
	<u>(225,849)</u>

2013	Weighted Average Effective Interest Rate %	Floating Interest Rate (\$)	Non-Interest Bearing (\$)	Total (\$)
Financial Assets:				
Cash and cash equivalents		3,174,316	1,726	3,176,042
Restricted cash		241,694	-	241,694
Trade and other receivables		-	180,943	180,943
Available-for-sale financial assets		-	185,633	185,633
Total Financial Assets	3.17%	<u>3,416,010</u>	<u>368,302</u>	<u>3,784,312</u>
Financial Liabilities:				
Trade and other payables and provisions		-	(622,367)	(622,367)
Net financial assets		<u>3,416,010</u>	<u>(254,065)</u>	<u>3,161,945</u>

2013
\$

Trade and other payables are expected to be settled as follows:

Less than 6 months (see notes 13)	(573,858)
	<u>(573,858)</u>

**NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
For the Year Ended 30 June 2014**



(c) **Financial Instruments Measured at Fair Value**

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

Quoted prices in active markets for identical assets or liabilities (Level 1);

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	200,393	-	-	200,393
	<u>200,393</u>	<u>-</u>	<u>-</u>	<u>200,393</u>
2013	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial Assets:				
Financial assets at fair value through profit or loss:				
Available-for-sale financial assets:				
- Listed investments	185,633	-	-	185,633
	<u>185,633</u>	<u>-</u>	<u>-</u>	<u>185,633</u>

Sensitivity Analysis – Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the financial year results and equity which could result from a change in this risk.

As at balance date, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014 (\$)	2013 (\$)
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	(27,129)	(68,790)
- Decrease in interest rate by 2%	27,129	68,790
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	27,129	68,790
- Decrease in interest rate by 2%	(27,129)	(68,790)

DIRECTORS' DECLARATION



The directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Act 2001;
 - (b) give a true and fair view of the financial position as at 30 June 2014 and performance for the year ended on that date of the Company; and
 - (c) the audited remuneration disclosures set out in the Remuneration Report section of the Directors' Report for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001;
2. the Chief Financial Officer has declared pursuant to section 295A(2) of the Corporations Act 2001 that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and the notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
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. the directors have included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

A handwritten signature in blue ink, appearing to be 'P. Thomas', written over a faint circular stamp.

**ORIGINAL SIGNED BY PETER THOMAS
CHAIRMAN**

PERTH

Dated this 26 day of September 2014

Independent Auditor's Report To the members of Image Resources NL

Report on the Financial Report

We have audited the accompanying financial report of Image Resources NL, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

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 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 entity'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 entity'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*.

Opinion

In our opinion:

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 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 in accordance with Australian Auditing Standards.

Opinion

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



Somes Cooke



Nicholas Hollens
26 September 2014
Perth