MLS

METALS AUSTRALIA LTD

ACN: 008 982 474

ANNUAL REPORT

2014

CONTENTS

METALS AUSTRALIA LTD

CORPORATE DIRECTORY

DIRECTORS

Hersh Solomon Majteles (Chairman)
Robert Collins
Michael Scivolo

COMPANY SECRETARY

Norman Grafton

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SECURITIES EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange

Home Exchange: Perth, Western Australia

ASX code for shares: MLS

REVIEW OF OPERATIONS AND ACTIVITIES

SUMMARY

During the year, Metals Australia Ltd ("Metals" - ASX: MLS) conducted exploration for uranium mineralisation at its Mile 72 Project (EPL 3308) Project in Namibia (Figure 1) and commenced a detailed review of its Manindi Zinc Project in Western Australia.

The Company conducted drilling programs, in September 2013 and June 2014 at Mile 72 following encouraging results from an earlier high-resolution airborne geophysical survey. The drilling program results identified primary uranium mineralisation hosted in alsakite-pegmatites on the licence. Significant intercepts were achieved and a number of zones of continuous mineralisation were identified.

The work to date has focused on the potential of the project to host high-tonnage moderate grade primary uranium deposits of a similar style to the Rössing and Husab mines to the south. Whilst the drilling results to date have reduced the prospectively of part of the licence, they encourage further exploration of the southeast of the licence where continuous zones of mineralisation were identified.

The Company initiated a detailed review of its Manindi Zinc project in Western Australia during the year. This followed the markets positive view on the price fundamentals for 2014 and beyond, combined with a tightening in supply of the metal. Manindi has previously been the subject of extensive drilling, orebody modelling and metallurgical test work. This data is being reviewed with a view to the regeneration of JORC resources in 2014 and the review of scoping study parameters.

LICENCE RENEWALS

The Company received an extension to its Mile 72 (EPL 3308) licence until 2015 and relinquished the Engo Valley (EPL 3306) licence following a review of the prospectively and remoteness of the licence. During the final quarter, the company also resolved to relinquish its Victorian gold exploration licences.

URANIUM PROJECTS, NAMIBIA

THE MILE 72 URANIUM PROJECT

The Mile 72 Uranium Project is an exploration project on the coast of Namibia, north of the city of Swakopmund (Figure 1). Some of the world's highest uranium grades were recorded in outcrops and in shallow pits within the project licence area. This high grade surface enrichment, combined with new detailed geophysical data and interpretations, encouraged Metals to move ahead with deeper drilling over a series of untested targets at Mile 72, targeting a large primary uranium deposit of a similar style to the Rössing and Husab mines to the south. Two programs of RC drilling were conducted during the year with encouraging results.

Drilling Programs Completed

In September 2013, Metals successfully completed a first phase of Reverse Circulation (RC) drilling program at its Mile 72. Results from the program showed proof of the alaskite-hosted uranium mineralisation model previously proposed for the Mile 72 area. The program comprised 39 widely spaced RC drillholes for 3,763m of drilling, testing to a maximum level of 85m below surface (100m downhole).

This program was the first to test the area for primary uranium mineralisation at significant depth below surface. The program focused on a series of priority targets, testing the Damaran schist-granite-pegmatite/alaskite sequence where it correlated with surface geochemical, radiometric, and aeromagnetic anomalies.

The program identified zones of uranium-enriched schist-granite-alaskite rocks with significant strike extent in the upper 85m at Mile 72.

The September 2013 drilling identified thirty one significant intercepts of uranium enrichment, with "significant" being defined as U_3O_8 laboratory assay grades of greater than 50ppm U_3O_8.

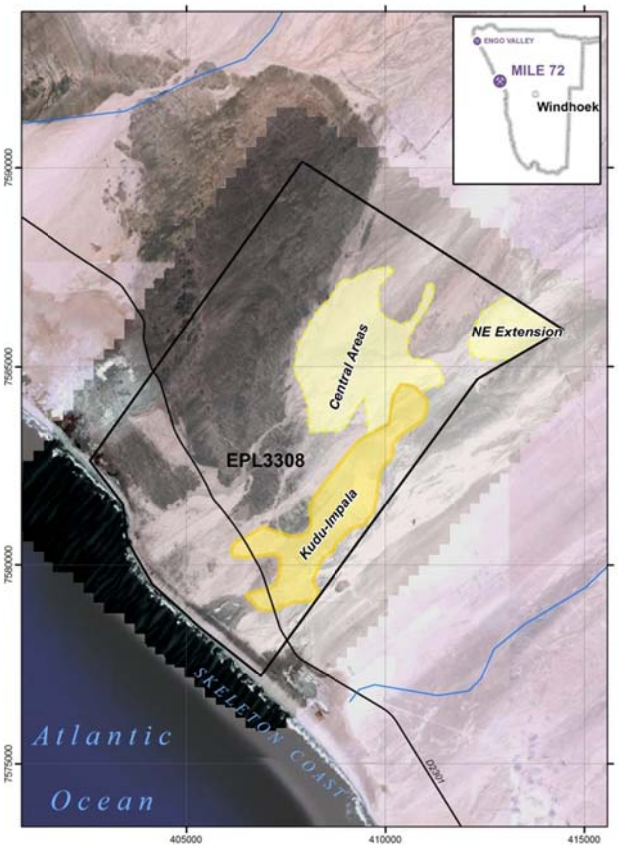

Figure 1 - The Mile 72 project area (EPL3308).

The most significant assay intercepts included;

- **3m at 1,192ppm U_3O_8 in MSRC0042 from 13m, including 1m at 3,407ppm U_3O_8.**
- **6m at 158ppm U_3O_8 in MSRC0031 from 9m, including 3m at 265ppm U_3O_8 from 12m and including 1m at 572ppm U_3O_8**
- 3m at 106ppm U_3O_8 in MSRC0004 from 11m, including 1m at 141ppm U_3O_8
- 3m at 102 U_3O_8 in MSRC0043 from 45m, including 1m at 147ppm U_3O_8.
- 3m at 96ppm U_3O_8 in MSRC0009 from 32m , including 1m at 159 U_3O_8
- 3m at 88ppm U_3O_8 in MSRC0001 from 96m, including 1m at 106ppm U_3O_8

- 7m at 82ppm U_3O_8 in MSRC0026 from 2m , including 2m at 144ppm U_3O_8

In June 2014, a follow-up RC drilling program was completed. The most significant assay intercepts from the program included;

- **2m at 690ppm U_3O_8 in MSRC0037 from 3m including 1m at 737ppm U_3O_8**
- **2m at 226ppm U_3O_8 in MSRC0046 from 3m including 1m at 312ppm U_3O_8**

An intersection of **1m at 136ppm U_3O_8 from 30m** in MSRC0054 was also of significance, in which an anomalous pegmatite was identified within a medium-grained granite.

A calcrete palaeochannel was identified and found to host an intersection of **5m at 62ppm U_3O_8 from surface in MSRC055 including 1m at 106 ppm U_3O_8**, (secondary Langer Heinrich style of mineralisation) This occurrence is considered promising for the accumulation of surface mineralisation sourced from hard rock sources already identified at the Project.

Eighteen holes of the June 2014 program tested the extensions of previous uranium trends identified in the September 2013 drilling program including the intersection in drillhole MSRC0031 which identified mineralisation under sand cover. The presence of multiple, narrow uranium-enriched horizons within a sequence of schist-granite-pegmatite/alaskite was confirmed by further drilling around MSRC 0031, and includes the results from MSRC0037 and MSRC0046. These uranium-mineralised zones represent an ongoing opportunity for the southeast of the project to host significant primary and/or secondary uranium mineralisation.

These drill results for both programs validated the presence of continuous primary uranium mineralisation at Mile 72 in the South East of the licence area.

Vertical and Horizontal Continuity of Uranium Anomalism in Pegmatites Confirmed

The drilling allowed identification of a number of key geological relationships, the most important of which being the consistency and significant strike extent of the anomalous pegmatite/alaskite zones thus far identified.

Figure 2 shows at least three zones identified in the southeast of the licence during the most recent program from a combination of drilling and trenching. These zones extend for a strike length of between 400m and 1,800m and are open-ended. The drilling has also confirmed the predictable nature of the uranium-enriched zones along strike and at depths of up to 85m below surface. This predictability is of great use in exploration planning and, ultimately, resource estimation.

This strong continuity of mineralised zones is highly encouraging. Although the zones intersected thus far appear narrow and the grades variable, there is scope for wider, duplicated zones to be identified, as well as for the existing zones to become wider in places.

This latter opportunity is considered highly plausible as it would explain the significant amounts of uranium in surface gypcrete at Mile 72, having reported some of the highest surface uranium grades of any project globally.

Radon Cup Anomalies Tested

The two drilling programs tested a number of targets in outcropping and covered locations and a series of holes tested radon cup anomalism under cover.

Thirty five holes specifically targeted highly anomalous radon cup highs located in a radiometrically barren region in the centre and northwest of the licence. Localised anomalous radon cup anomalism was seen to be potentially representative of buried primary or secondary uranium mineralisation. The drilling found this not to be the case, with the central and northwest areas being underlain by pelitic schist with sporadic pegmatites (barren), which in turn are underlain by deeper granite bodies (also barren). The schist-granite-pegmatite/alaskite geological terrane of the southeast is a stark contrast to the schist-dominated northwest, and is separated by a major geological structure (See Figure 3).

New Exploration Vectors Identified

The drilling has allowed the identification of new key geological relationships. Many of these relationships are undergoing further scrutiny, but some of the more concrete ones include:

- Drilling has been successful at identifying both near surface and buried zones of mineralisation over significant distances in the Southeast terrane
- The drilling found that the central and northwest areas were underlain by barren schist and granite zones. This contrasts with the the uranium-fertile schist-granite-pegmatite/alaskite geological terrane of the southeast. The two domains are separated by a clearly identifiable major geological structure (Figure 3)
- Radon cup anomalism in the central and northwest terranes are a result of near surface mineralisation accumulated in gypcrete.
- The identification of mineralised calcrete palaeochannels in the southeast terrane opens up further opportunities for preserved secondary uranium mineralisation at Mile 72.
- Uranium occurs in weathered zones as well as being enriched in alaskitic pegmatites.
- Mineralised alaskitic pegmatites continue at depth and correlate with mineralisation observed in trenches at surface.
- Enriched alaskitic pegmatites are usually spatially associated with later dolerite dykes. These dykes can be easily detected magnetically in the subsurface.
- Uraniferous gypcrete accumulates in topographic depressions (pans) that are likely fed from a nearby subsurface uranium source. Gypcrete-rich pan distribution is therefore in part a result of uranium distributions in the subsurface.
- Areas of cover (Figure 2) can completely obscure subsurface mineralisation, including any radiometric signature. This is the case between outcrops along strike from the current results.
- Uranium mineralisation buried by significant sedimentary cover has been identified by the drilling programs and there was some correlation with radon cup anomalism in the southeast terrane, but none in the northwest terrane. A detailed review of the radon cup anomalism over covered targets in the southeast terrane will form part of the follow up exploration of the project.

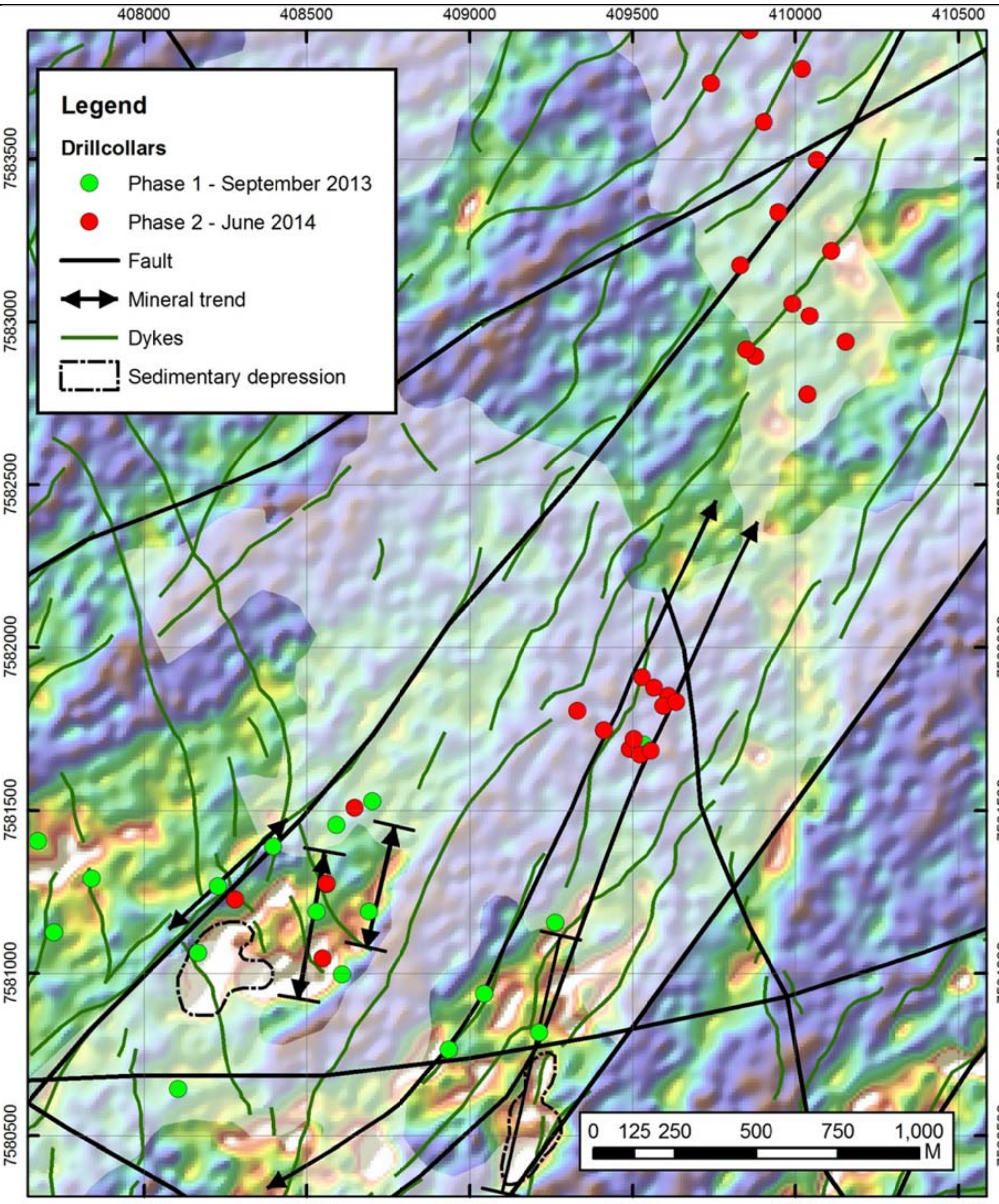

Figure 2 - Map of the Trends identified during drilling at Mile 72, also showing distributions of sedimentary depressions and platform cover.

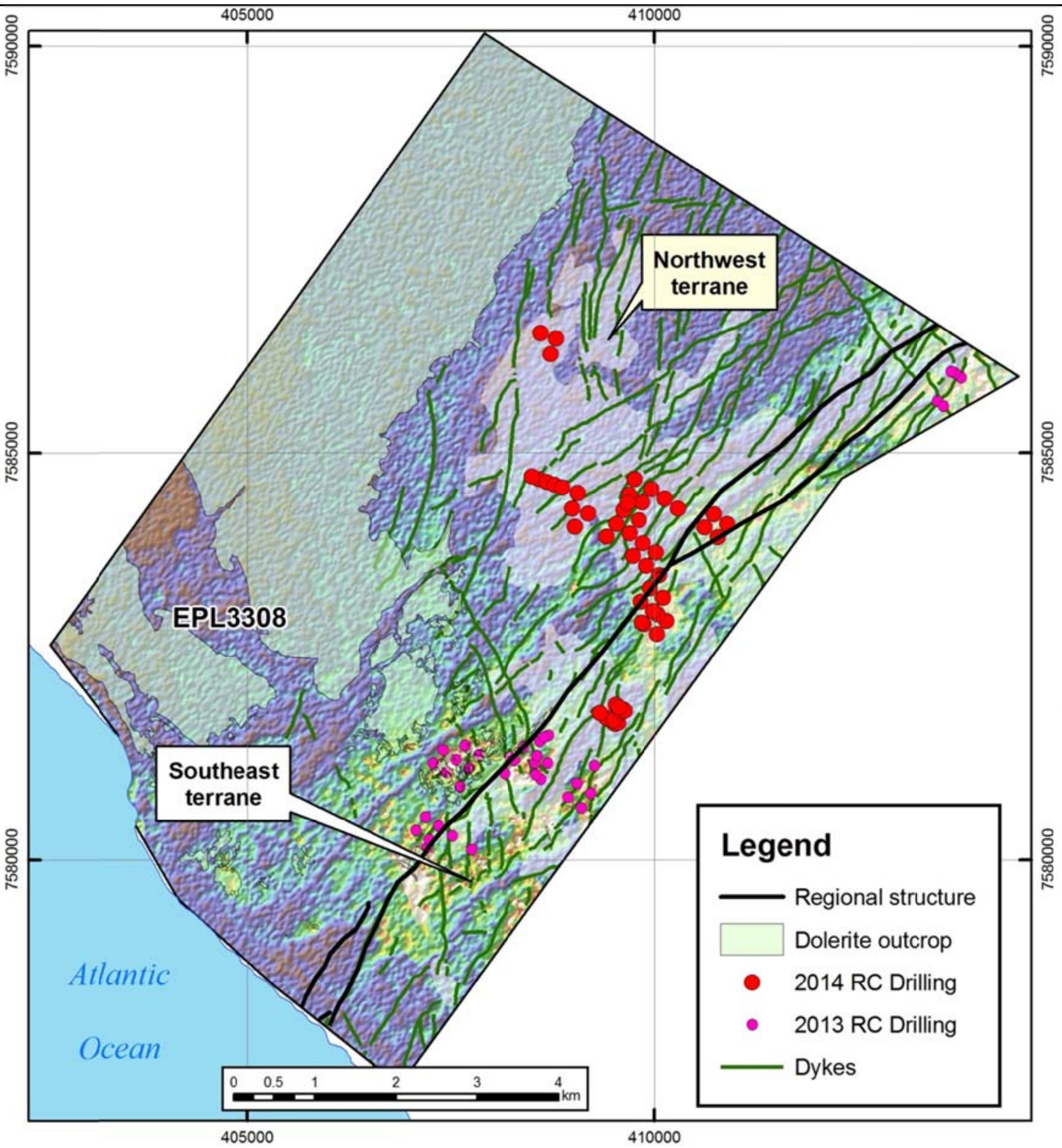

Figure 3 - Location of recent RC drilling at Mile 72. Drilling has intercepted alaskite-hosted uranium mineralisation in several drillholes in the southeast terrane, defining a series of uranium trends up to 2km long. The drilling in the northwest terrane defined a large area underlain by schist

Further Exploration in the southeast terrane

The most recent drilling, while sterilising a significant portion of the project area, allows future exploration to focus on the most prospective areas and possible trap zones in the southeast terrane. As well as primary Rossing-style uranium mineralisation, this program has confirmed the presence of calcrete-hosted uranium potential at Mile 72. The identification of mineralisation in alaskite rocks supports the model favoured by the company that mineralising conditions could exist in the project area (Figure 4)

The presence of uranium mineralisation at Mile 72 is now known to be locally sourced from numerous strike-extensive alaskite/pegmatite zones in the southeastern part of the licence and allows exploration to focus more tightly on the identification of potentially economic mineralisation in that area.

The Company plans to review the results of all past exploration, focusing in on the southeast terrane. Future programs will be designed and costed to test the area comprehensively to ensure any trap sites are located.

Exploration Licence and Environmental Permit

In May 2014, the Company received notice from the Namibian Ministry of Mines and Energy of the renewal of the Mile 72 licence, EPL3308. The licence was renewed for a period of two years in accordance with the Ministry's standard practice, for two years retrospectively from 18 May 2013 to 17 May 2015.

In August 2013, the company received a renewal of the environmental permit it required before drilling could commence. The permit is valid for a period of three years.

During the year, the Engo Valley Project EPL3306 was relinquished following an internal review. Reasons for the relinquishment of this tenement included its low prospectively, its very remote location in far northern Namibia and its situation inside a national park area.

Figure 4 – Areas exhibiting prime geological conditions for the genesis of alaskites. Mile 72 had the same conditions as those experienced at Husab, Rossing and Valencia. (Red = peak conditions ideal for genesis of alaskite. Pink = peak conditions exceeded required conditions but area still hosts potential for alaskites.)

BASE METAL PROJECTS, WESTERN AUSTRALIA

Figure 5 - Location of the Western Australian base metals projects

Metals Australia holds an interest in two base metals projects in Western Australia (Figure 5).

The Manindi zinc project is located around 500 km northeast of Perth and is being explored by Metals with a view to expanding the existing resources and examining the project's copper potential.

The Sherlock Bay base metal joint venture project is located in the Pilbara region and is being managed and explored by Australasian Resources Ltd (ARH). The project surrounds ARH's Sherlock Bay nickel deposit.

MANINDI ZINC PROJECT

The Manindi Project is a significant unmined zinc deposit located in the Murchison District of Western Australia, 20 km southwest of the defunct Youanmi gold mine. The project is located on three granted mining licences.

The Manindi base metal deposit is considered to be a volcanogenic massive sulphide (VMS) zinc deposit, comprising a series of lenses of zinc-dominated mineralisation that have been folded, sheared, faulted, and possibly intruded by later dolerite and gabbro. The style of mineralisation is similar to other base metal sulphide deposits in the Yilgarn Craton, particularly Golden Grove at Yalgoo to the west of Manindi, and Teutonic Bore-Jaguar in the Eastern Goldfields.

Since the deposits were discovered, a large body of work has been conducted, including geochemistry, geophysics, detailed geological mapping, extensive drilling, wireframe modelling, resource modelling and metallurgical test work. The project has been drilled in 8 separate drill programs since 1971, with 389 holes having been completed. These include 103 diamond drillholes, 105 RC drillholes, 169 RAB drillholes and 12 percussion holes (see Figure 6).

During these programs, broad zones of mineralisation were intercepted which contained high grades in excess of 20% zinc. In some places grades up to 50% zinc have been intercepted in drilling. To date, 4 major ore zones over 2.5km of strike have been defined, with an additional 5km of strike largely untested by deeper drilling. A number of VTEM electromagnetic targets also remain untested (See Figure 7). These untested targets provide potential to substantially increase the size of the Manindi deposits.

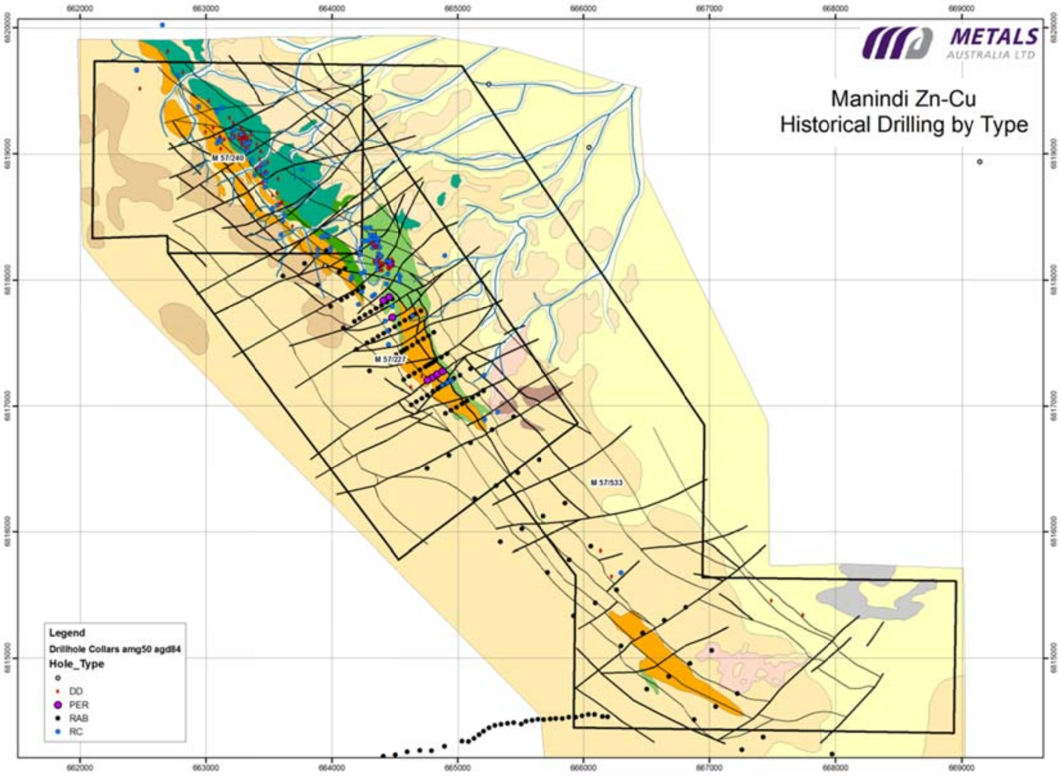

Figure 6 - Drilling over mapped geology and structure at Manindi, Western Australia

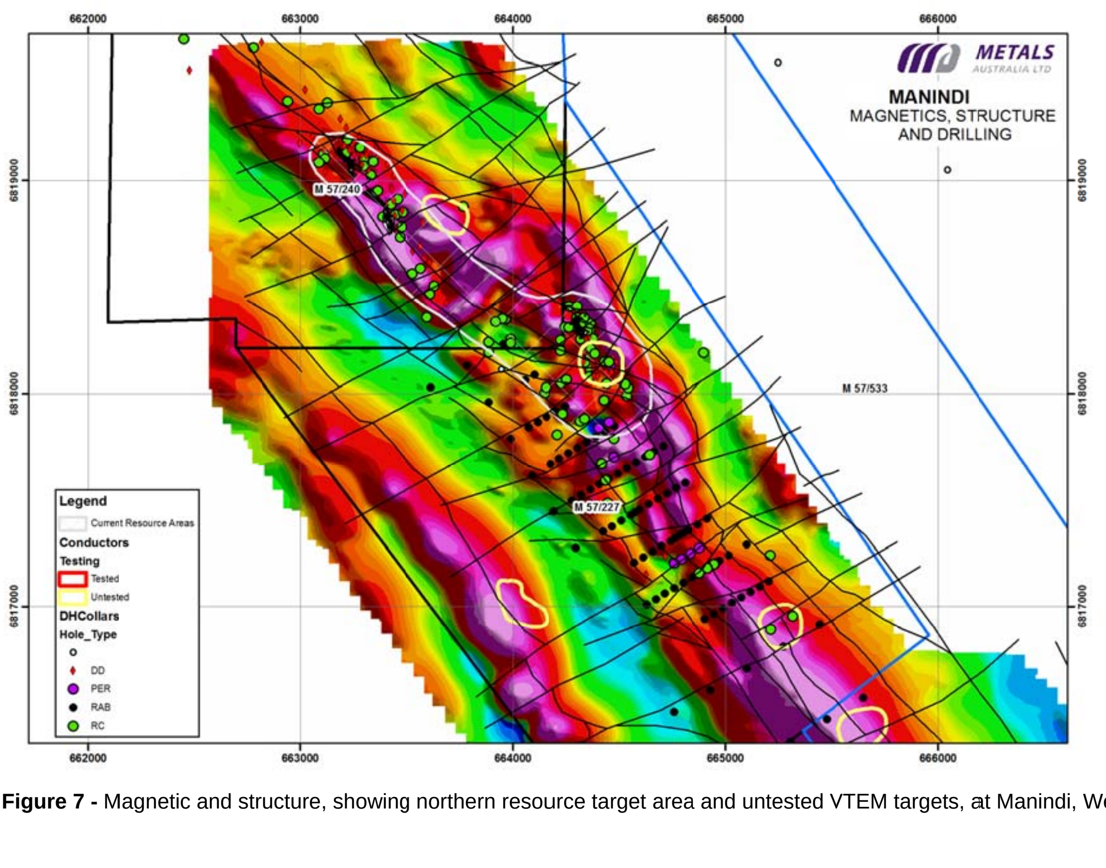

Figure 7 - Magnetic and structure, showing northern resource target area and untested VTEM targets, at Manindi, Western Australia

Metals has embarked on a strategic review of Manindi in the light of more favourable supply and demand fundamentals for zinc, and hence improved potential economics for the project. The LME price for the metal has increased from US$2,081/t on 2 January 2014 to US$2,364/t on August 22, 2014 (source: cash buyer, lme.co.uk).

The objectives of the review are as follows:

- the re-interpretation of the historical drilling to determine the key controls on mineralisation;
- the generation of a JORC 2012 compliant mineral resource estimate for Manindi;
- refinement of exploration targets, specifically those with the potential to add significantly to the resource inventory;
- to revise pit optimisations and review any underground potential of the project.

Review Program

During the year, the Company commenced a review of the drilling data and resource models at Manindi with a view to the recalculation of existing resources, identification of new exploration targets and a review of project economics.

The following activities were undertaken:

- The drillhole database was audited and data re-loaded into the corporate geological database (SQL Datashed). This process will result in a full database audit, including the addition of geological and QA/QC information for the 8 phases of drilling on the project. The focus of the database work is to improve the drill quality information for use in the resource modelling process. Missing data will be added to the dataset from historical logs.
- A new wireframe interpretation was reviewed and new drill sections created for interpretation. This included a review of cut-off grades, with mineralised envelopes constructed at a range of cut-off grades. Mineralisation appears to be hosted in multiple domains, with exceptional high grade zinc zones within many of the domains.
- Additional resource drilling targets have been identified adjacent to existing mineralisation. These follow from new interpretations of the major zinc lodes. Also, the seven untested geophysical anomalies adjacent to the known mineralisation at Manindi constitute attractive new drill targets for zinc-copper and copper-nickel mineralisation.

Recent discoveries of copper-rich VMS deposits such as Sandfire’s Doolgunna Project and Cu-Ni deposits such as Sirius’s Nova deposit have been found utilising geophysical techniques similar to those used at Manindi, which is located within a known mineralised terrane with significant upside potential for further base metal discoveries.

Planned Activities and Further Exploration

The Company is upgrading the information as part of the review process for the project to make it compliant with the JORC Code (2012). These results will then form part of the JORC (2012) resource update and exploration plans for the project which will follow.

The identification of new drill targets is a planned outcome of the review. The intention is to generate a significant resource base at Manindi, able to support a future mining operation.

SHERLOCK BAY EXTENDED BASE METAL PROJECT

The Sherlock Bay Extended project is composed of two Exploration Licences (E47/1769 and E47/1770), which surround the main Sherlock Bay nickel deposit (wholly owned by Australasian Resources Ltd - 'ARH'). The project is prospective for nickel, copper, silver and gold mineralisation (Figure 8).
The project is a joint venture between ARH (70% interest) and Metals (30% interest). ARH are the managers of the project, with Metals being 'free-carried' through to the completion of a bankable feasibility study and the decision to commence commercial mining.

During the June quarter of 2014, the joint venture partner informed Metals that it had not met expenditure requirements on the licences and had lodged an exemption from expenditure application with the Mines Department. This application was initially rejected, but the joint venture partner subsequently lodged documentation with the Minister of Mines to have the extension granted. ARH has informed Metals that a work program to meet expenditure for the 2014 period has been lodged and will be carried out to keep the licences in good standing.

Planning commenced during the quarter with contract geological staff and laboratory services to conduct a vegetation and soil sampling program on the company's Sherlock Bay tenements. Samples will be taken from areas identified as 'of interest' from previous programs in an effort to identify mineral anomalies.

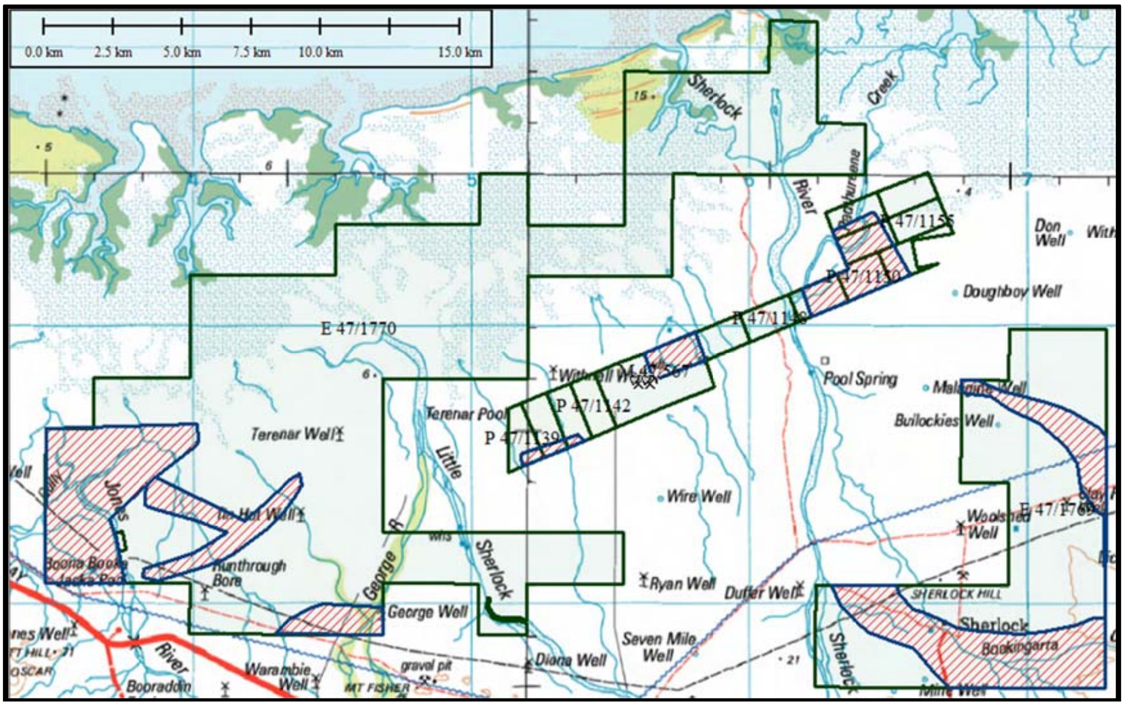

Figure 8 - Areas of exploratory interest set against 1:250,000 topography data

GOLD PROJECTS, VICTORIA

During the June quarter, Metals decided it would relinquish the two low impact exploration licenses held in Western Victoria at St Arnaud South (EL5242) and Wedderburn (EL5243). The planned relinquishment is part of a strategy and cost review as the Company focuses its resources on its base metal and uranium assets. The documentation was sent through to the Victorian Department of Mines towards the end of the quarter, but the final relinquishment was not approved until August 2014.

MINERAL AND EXPLORATION LICENCES

Country	State/Region	Project	Tenement ID	Area km^2	Grant Date	Expiry Date	Interest %	Company
Australia	WA	St Arnaud South	EL5242	90.1	18/09/2009	18/09/2014	100	Metals Australia Ltd
		Wedderburn	EL5243	70.4	18/09/2009	18/09/2014	100	
Namibia		Mile 72	EPL 3308	73	19/05/2005	17/5/2015	100	Metals Namibia (Pty) Ltd
Australia	WA	Manindi	M57/227	4.64	3/09/1992	2/09/2034	80	Karrilea Holdings Pty Ltd
			M57/240	3.15	10/11/1993	9/11/2014	80	
			M57/533	8.01	17/01/2008	16/01/2029	80	
Australia	WA	Sherlock Bay	E47/1769	76.7	7/09/2009	6/09/2014	30	Metals Australia Ltd
			E47/1770	223	7/09/2009	6/09/2014	30	

CORPORATE

The Company announced on 2 September 2013 that it has successfully completed a capital raising of $500,000 for further exploration at Mile 72.

Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Matthew Painter, who is a full time employee of Sabre Resources Limited and a consultant to Metals Australia Limited and who is a member of The Australasian Institute of Geoscientists. Dr Painter has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves”. Dr Painter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Metals Australia Ltd’s planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may”, "potential," "should," and similar expressions are forward-looking statements. Although Metals Australia Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

The Directors present their report on the consolidated entity consisting of Metals Australia Ltd and its controlled entities for the year ended 30 June 2014.

DIRECTORS

The following were Directors of Metals Australia Ltd during the financial year and up to the date of this report:

Hersh Solomon Majteles (Chairman)
Michael Scivolo
David Zukerman (until 26 February 2014)
Robert Collins (from 26 February 2014)

PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity are the exploration of mineral deposits and investment.

RESULTS

The loss of the Group for the financial year after providing for income tax amounted to $1,550,222 (2013: $778,916).

DIVIDENDS

Since the end of the previous financial year, no dividend has been declared or paid by the Company.

FINANCIAL POSITION

The net assets of the group have decreased by $502,420 from $6,804,961 at 30 June 2013 to $6,302,541 at 30 June 2014.

SIGNIFICANT CHANGES

There have not been any significant changes in the state of affairs of the Group during the financial year, other than as noted in this financial report.

LIKELY DEVELOPMENTS

The Group will continue to focus on its exploration and investment activities.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

(a) Qualifications, experience and special responsibilities of Directors:-

(i) Hersh Solomon Majteles LLB

Mr Majteles is a commercial lawyer and has been in private practice in Western Australia since 1972. He has been a board member of a number of publicly listed companies involved in the mining, resources, energy and biotech sectors for over twenty five years. Mr Majteles is also a Director of Blaze International Limited, Prime Minerals Limited, Power Resources Limited, and Chairman of Promesa Limited.

(ii) Michael Scivolo B. Com, FCPA

Mr Scivolo has extensive experience in the fields of accounting and taxation in both corporate and non-corporate. He was a Director of South East Asia Resources Ltd until 29 November 2013, and is a Director of Blaze International Limited, Prime Minerals Limited, Power Resources Limited, Sabre Resources Ltd and Golden Deeps Limited.

(iii) David Zukerman (until 26 February 2014)

Mr Zukerman has an accounting and finance background. He has held a number of public company directorships in Australia and Asia during the past twenty five years. During the past three years he has served as a Director of Golden Deeps Limited and Sabre Resources Ltd.

(iv) Robert Collins (appointed 26 February 2014)

Mr Collins has served on a number of ASX listed industrial and mining company boards, and owned a large accounting practice serving the corporate sector. He is currently a Non-Executive Director of Golden Deeps Limited, Blaze International Limited, Prime Minerals Limited and Power Resources Limited.

(b) The Company Secretary was in office for the entire period, and his qualifications and experience are as follows:-

Norman Grafton FCIS, FCSA

Mr Grafton has extensive experience in both Australian and international commerce, having previously been based in Singapore, Papua New Guinea and Jamaica. Prior to returning to Australia, he was Director of Finance and Company Secretary of the largest agro-industrial operation in Jamaica, on secondment from a major UK firm of corporate managers.

(c) Relevant interests of Directors in shares and options of the Company at the date of this report:-

Name	Ordinary Shares	Options
H S Majteles	2,950,000	-
M Scivolo	25,000	-
R Collins	-	-

(d) Directors' interest in contracts:-

No Director has an interest, whether directly or indirectly, in a contract or proposed contract with the Company.

REMUNERATION REPORT (AUDITED)
2014

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment		Performance Related %
	Directors Fees	Consulting Fees		Options	Total	
	$	$		$	$	
H S Majteles	30,000	-	2,775	-	32,775	-
M Scivolo	9,000	-	4,110	-	13,110	-
D Zukerman (until 26 February 2014)	-	9,635	7,110	-	16,745	-
R Collins (from 26 February 2014)	4,000	-	-	-	4,000	-
V Algar	-	90,434	-	-	90,434	-
N Grafton	-	38,114	6,645	-	44,759	-
TOTAL	**43,000**	**138,183**	**20,640**	**-**	**201,823**	**-**

2013

Key Management Personnel	Short-term Benefits		Super-annuation	Share-based Payment		Performance Related %
	Directors Fees	Consulting Fees		Options	Total	
	$	$		$	$	
H S Majteles	30,000	-	2,700	-	32,700	-
A Clemen	4,750	-	-	-	4,750	-
M Scivolo	11,283	-	1,015	-	12,298	-
D Zukerman	-	14,572	5,240	-	19,812	-
K Munro	-	26,000	-	-	26,000	-
V Algar (from October 2012)	-	41,935	-	-	41,935	-
N Grafton	-	35,512	4,983	-	40,495	-
TOTAL	**46,033**	**118,019**	**13,938**	**-**	**177,990**	**-**

Key Management Personnel Options and Rights Holdings

The number of options over ordinary shares held by each KMP during the financial year is as follows:

30 June 2014	Balance 1 July 2013	Granted as Compensation	Options Exercised	Options Expired	Other changes during the year	Balance 30 June 2014
H S Majteles	-	-	-	-	-	-
M Scivolo	25,000	-	(25,000)	-		-
D Zukerman (to 26 February 2014)	-	-	-	-	-	-
R Collins (from 26 February 2014)	-	-	-	-	-	-
N Grafton	250,000	-	-	(250,000)	-	-
Total	**275,000**	**-**	**(25,000)**	**(250,000)**	**-**	**-**

Key Management Personnel Shareholdings

The number of ordinary shares in Metals Australia Ltd held by each KMP during the financial year was as follows:

30 June 2014

	Balance 1 July 2013	Granted as Compensation	Issued on exercise of options during the year	Other changes during the year	Balance 30 June 2014
H S Majteles	2,950,000	-	-	-	2,950,000
M Scivolo	-	-	25,000	-	25,000
D Zukerman	-	-	-	-	-
R Collins					
N Grafton	350,000	-	-	-	350,000
Total	**3,350,000**	**-**	**25,000**		**3,325,000**

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Directors receive a fixed fee (plus statutory superannuation where appropriate), with executive directors being remunerated for any professional service conducted for the Company. Directors did not receive any benefits in the form of share-based payments during the year under review.

There are no retirement schemes for any directors or any loans or any other type of compensation.

Board policy on the remuneration for this exploration Company is influenced by comparing fees paid to directors in other companies within the exploration industry, and then set at a level to attract qualified people, to accept the responsibilities of Directorship. No Director, executive or employee has an employment contract.

Being an exploration company, with no earnings, a relationship is yet to be established between an emolument policy and the Company's performance. During the year the Company did not engage remuneration consultants to review its existing remuneration policies.

At the last AGM shareholders voted to adopt the remuneration report for the year ended 30 June 2013. The Company did not receive specific feedback at the AGM regarding its remuneration practices.

END OF REMUNERATION REPORT

ANALYSIS OF MOVEMENT IN OPTIONS

The only movement in options over ordinary shares in the Company held by Directors was the exercise of 25,000 listed options (MLSO) owned by Michael Scivolo, at the strike price of two cents per option. No other options were held by any Company Director during the reporting period, and no options were granted to Directors during the year under review.

MEETINGS OF DIRECTORS

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

Name	Eligible to attend	Attended
H S Majteles	6	6
M Scivolo	6	6
D Zukerman	4	4
R Collins	1	1

The Company does not have a formally appointed audit committee as all Directors are involved in all activities of the Company and the size and scope of operations does not warrant its formation.

RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr Majteles retired by rotation as a Director at the Annual General Meeting on 29 November 2013 and was re-elected.

Mr Collins, who was appointed a Director to fill a casual vacancy on the retirement of Mr Zukerman on 26 February 2014, offers himself for election as a Director at the forthcoming Annual General Meeting.

At the forthcoming Annual General Meeting, Mr Scivolo retires by rotation as a Director and offers himself for re-election.

ENVIRONMENTAL ISSUES

The Company's objective is to ensure that a high standard of environmental care is achieved and maintained on all properties. There are no known environmental issues outstanding.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of these operations, or the state of affairs of the consolidated group in future years.

INDEMNIFYING OFFICER OR AUDITORS

No indemnities have been given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

OPTIONS

As at the date of this report, the unissued ordinary shares of Metals Australia Ltd under option are as follows:

Grant Date	Listed/ Unlisted	ASX Code	Date of expiry	Exercise Price	Number under option
2 September 2013	Unlisted	MLSAK	31 August 2016	$0.02	50,000,000

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

With the exception of the above, there have been no unissued shares or interest under option of any controlled entity within the group during or since the reporting date.

For details of options issued to directors and executives as remuneration, refer to Remuneration Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independent auditor's declaration as required by section 307c of the *Corporations Act 2001* is set out on page 54.

DIRECTORS' BENEFITS

Except as detailed in note 6 and the above Remuneration Report, no Director of the Company has received or become entitled to receive during or since the end of the previous financial year, any benefit (other than a benefit included in the aggregate amounts of emoluments received or due and receivable by Directors shown in the accounts or the fixed salary of a full time employee of the Company or of a related corporation) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

AUDIT COMMITTEE

No Audit Committee has been formed as the Directors believe that the Company is not of a size to justify having a separate Audit Committee. Given the small size of the Board, the Directors believe an Audit Committee structure to be inefficient.

NON AUDIT SERVICES

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons;

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

During the year under review, Grant Thornton also provided services in relation to taxation matters. Details of the amounts paid and payable to the auditor of the company, Grant Thornton Audit Pty Ltd and its related entities for audit and non-audit services provided during the year are set out in note 5 to the Financial Statements.

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

M Scivolo
DIRECTOR

Dated this 26th day of September 2014
Perth, Western Australia

METALS AUSTRALIA LTD

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

	Notes	Consolidated 2014 $	Consolidated 2013 $
Revenue			
Interest earned		33,653	74,509
Other income		6,869	-
		40,522	**74,509**
Expenditure			
Change in fair value of investments		39,002	185,035
Impairment of exploration costs		239,975	743
Management fees		259,097	253,197
Directors' fees and services		61,745	65,811
Securities Exchange fees		28,272	28,119
Administration costs		130,262	149,053
Other operating costs		153,838	164,038
Share based payments	14	612,000	-
Impairment of VAT recovery in Namibia		51,223	-
Depreciation expense		15,330	18,374
		1,590,744	**864,370**
Profit/(loss) before income tax		**(1,550,222)**	**(789,861)**
Income tax benefit	4	-	(10,945)
Profit/(loss) after income tax		**(1,550,222)**	**(778,916)**
Attributable to:			
Minority interest		-	-
Members of the parent entity	15	(1,550,222)	(778,916)
Other Comprehensive Income, net of tax:			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign controlled entities		(109,698)	(79,640)
Total Comprehensive Income/(Loss) for the year		**(1,440,524)**	**(858,556)**
Total Comprehensive Income/(Loss) attributable to:			
Outside interest	16	-	-
Members of the parent entity		(1,440,524)	(858,556)
Total Comprehensive Income / (Loss)		**(1,440,524)**	**(858,556)**
Earnings per share		**Cents**	**Cents**
Basic and diluted profit/(loss) per share	17	(0.19)	(0.10)

The statement above should be read in conjunction with the accompanying notes.

METALS AUSTRALIA LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	593,641	1,294,625
Trade and other receivables	8	27,281	33,386
TOTAL CURRENT ASSETS		620,923	1,328,011
NON-CURRENT ASSETS			
Plant and equipment	9	10,656	27,552
Financial assets	10	64,343	103,345
Exploration and evaluation expenditure	11	5,716,868	5,460,174
TOTAL NON-CURRENT ASSETS		5,791,866	5,591,071
TOTAL ASSETS		**6,412,789**	**6,919,082**
CURRENT LIABILITIES			
Trade and other payables	12	110,248	114,121
TOTAL CURRENT LIABILITIES		110,248	114,121
TOTAL LIABILITIES		110,248	114,121
NET ASSETS		**6,302,541**	**6,804,961**
EQUITY			
Issued capital	13	25,187,316	24,613,601
Option reserve	14	612,000	2,351,206
Foreign currency translation reserve		82,134	191,832
Accumulated losses	15	(19,578,909)	(20,351,678)
PARENT EQUITY INTEREST		6,302,541	6,804,961
Outside interest	16	-	-
TOTAL EQUITY		**6,302,541**	**6,804,961**

The statement above should be read in conjunction with the accompanying notes.

METALS AUSTRALIA LTD

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

CONSOLIDATED ENTITY	Issued Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance as at 1 July 2012	**24,613,601**	**2,351,206**	**271,472**	**(19,572,762)**	**7,663,517**
Loss attributable to members of parent entity	-	-	-	(778,916)	(778,916)
Total other comprehensive income/(loss) for the year, net of tax	-	-	(79,640)	-	(79,640)
Total Comprehensive Income/(Loss)	**-**	**-**	**(79,640)**	**(778,916)**	**(858,556)**
Balance as at 30 June 2013	**24,613,601**	**2,351,206**	**191,832**	**(20,351,678)**	**6,804,961**
Loss attributable to members of parent entity	-	-	-	(1,550,222)	(1,550,222)
Total other comprehensive income/(loss) for the year, net of tax	-	-	(109,698)	-	(109,698)
Total Comprehensive Income/(Loss)	**-**	**-**	**(109,698)**	**(1,550,222)**	**(1,659,920)**
Shares issued	500,000	-	-	-	500,000
Options exercised	73,715	(28,215)	-	-	45,500
Options expired	-	(2,322,991)	-	2,322,991	-
Share based payments	-	612,000	-	-	612,000
Total Comprehensive Income	**573,715**	**(1,739,206)**	**(109,698)**	**772,769**	**502,420**
Balance as at 30 June 2014	**25,187,316**	**612,000**	**82,134**	**(19,578,909)**	**6,302,541**

The statement above should be read in conjunction with the accompanying notes.

METALS AUSTRALIA LTD

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

	Notes	Consolidated 2014 $	2013 $
Cash flow from operating activities			
Payments to suppliers		(798,702)	(661,231)
Sundry Income		471	10,945
Interest received		39,560	102,144
Net cash used in operating activities	18(a)	**(758,671)**	**(548,142)**
Cash flow from investing activities			
Exploration and evaluation expenditure		(496,669)	(379,754)
Proceeds from disposal of plant and equipment		6,398	3,580
Net cash used in from investing activities		**(490,271)**	**(376,174)**
Cash flow from financing activities			
Proceeds from issue of shares		500,000	-
Options exercised		40,500	-
Options issued		5,000	-
Net cash provided by financing activities		**545,500**	**-**
Net decrease in cash and cash equivalents held		(704,442)	(924,316)
Cash and cash equivalents at the beginning of the financial year		1,294,625	2,216,314
Effect of exchange rates on cash holdings in foreign currencies		2,459	2,627
Cash and cash equivalents at the end of the financial year	7	**593,641**	**1,294,625**

The statement above should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of Metals Australia Ltd and its subsidiaries Karrilea Holdings Pty Ltd and Metals Namibia (Pty) Ltd (the Group) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 15 September 2014.

Metals Australia Ltd is a company incorporated and domiciled in Australia, limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are mineral exploration and investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations and complies with other requirements of the law, as appropriate for for-profit oriented entities. The financial report has also been prepared on an accruals basis and on a historical cost basis, except for financial assets and liabilities, which have been measured at fair value.

The financial report is presented in Australian Dollars.

The financial statements of the Group have been prepared on a going concern basis which anticipates the ability of the Group to meet its obligations in the normal course of the business. It is considered that the Group should obtain sufficient funds from capital raising to enable it to meet its obligations. If the Group is unable to continue as a going concern then it may be required to realise its assets and extinguish its liabilities, other than in the normal course of business and amounts different from those stated in the financial statements.

(b) Statement of compliance

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

(c) New and Amended Accounting Standards adopted by the Group

The group has applied the following standards and amendments for the first time for the financial year beginning 1 July 2013:

- AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7
  Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards
- AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The adoption of the above standards only affected the disclosures in these notes to the financial statements.

New Accounting Standards for Application in Future Period

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments (December 2010) (also refer to AASB 2013-9 and AASB 2014-1 below) supersedes AASB 139 Financial Instruments: Recognition and Measurement (in part).

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

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2013) (continued)

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: the change attributable to changes in credit risk are presented in other comprehensive income (OCI) and the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: Classification and measurement of financial liabilities; and Derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in the financial statements.

Consequential amendments arising from AASB 9 are contained in AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters, AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments and AASB 2014-1 Amendments to Australian Accounting Standards.

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

(ii) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

The amendments to IFRS 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a ‘business’, as defined in IFRS 3 Business Combinations, should: apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except principles that conflict with the guidance of IFRS 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and provide disclosures for business combinations as required by IFRS 3 and other IFRSs.

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

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

There are no other standards that are not yet effective and that are expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

(d) Basis of consolidation

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

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

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

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

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree’s financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

(e) Interest in joint venture operation

The Group's interest in any joint venture operation is accounted for by recognising the Group's assets and liabilities from the joint venture, as well as expenses incurred by the Group and the Group's share of income earned from the joint venture, in the consolidated financial statements.

(f) Foreign currency translation

Both the functional and presentation currency of Metals Australia Ltd and its Australian subsidiary is the Australian Dollar (A$). The functional currency of the Namibian subsidiary is the Namibian Dollar (N$). Cash remittances from the parent entity to the Namibian subsidiary are sent in Australian dollars and then converted to Namibian dollars using the applicable rate of exchange. Monetary assets and liabilities denominated in the foreign currency are retranslated at the rate of exchange at the reporting date.

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

All differences in the consolidated financial report are taken to the Statement of Profit or Loss and Other Comprehensive Income.

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

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

As at the reporting date the assets and liabilities of any overseas subsidiaries were translated into the presentation currency of Metals Australia Ltd at the rate of exchange ruling at the reporting date, and the Statement of Profit or Loss and Other Comprehensive Income is translated at the weighted average exchange rates for the period.

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

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

Plant and equipment – over 3 to 5 years

Impairment

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(h) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(i) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that a non-financial asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Investments and other financial assets

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

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

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

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

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

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

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

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.

Impairment
At the end of each reporting period, the Group 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 statement of comprehensive income.

(k) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development, or sale, of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(l) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(m) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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

(n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

(o) Share-based payment transactions

(i) Equity settled transactions:
The Group provides benefits to Directors and consultants of the Group in the form of share-based payments whereby personnel render services in exchange for shares.

The cost of these equity-settled transactions was measured by reference to the fair value of the equity instruments at the date on which they were granted. The fair value was determined using the Black Scholes formula.

In valuing equity-settled transactions, no account was taken of any performance conditions, other than conditions linked to the price of the shares of Metals Australia Ltd (market conditions). The cost of equity-settled transactions was recognised, together with the corresponding increase in equity, on the date of grant of the options.
The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(ii) Cash settled transactions:
The Group does not provide benefits to employees in the form of cash-settled share based payments.

Any cash-settled transactions would be measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

(p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends
Revenue is recognised when the shareholders' right to receive the payment is established.

(q) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and,
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

(r) Other taxes

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

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

(s) Trade and other payables

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

(t) Contributed equity

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

(u) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

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

- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(v) Comparatives

Comparatives are reclassified where necessary to be consistent with the current year's disclosures.

(w) Going Concern
The financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the period, the Group has reported a net loss of $1,550,222 and a net cash outflow from operating activities of $758,671 and from investing activities of $490,271.

The Directors will continue to monitor the capital requirements of the Group, and this may include additional capital raisings in future periods as required.

The Directors recognise that the above represents a material uncertainty as to the Group's ability to continue as a going concern, however, they are confident that the Group will be able to continue its operations into the foreseeable future.

Should the Group be unable to obtain he funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3. Significant Accounting Judgments, Estimates and Assumptions

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments include:

(a) Classification of and value of investments

The Group has decided to classify investments in listed securities as "held for trading" investments and movements in fair value are recognised directly in the Statement of Profit or Loss and Other Comprehensive Income. The fair value of listed shares has been determined by reference to published price quotations in an active market.

(b) Provision in and loans to subsidiaries

Investments in and loans to subsidiaries are fully provided for until such time as subsidiaries are in a position to repay loans.

(c) Exploration expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $5,954,776.

(ii) Significant accounting estimates and assumptions include:

(a) Share-based payment transactions

The Group measures the cost of equity-settled transactions with Directors, employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes formula, with the assumptions detailed in note 14. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measure the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

(b) Provision for rehabilitation

Where applicable, the Group makes provision for material restoration obligations. The amount recognised includes the cost of reclamation and site rehabilitation after taking into account any restoration works which are carried out during exploration. The provision for rehabilitation costs is determined from an estimate of future costs which may be incurred in rehabilitating exploration sites.

(c) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and turnover policies (for motor vehicles). In addition, the condition of assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

4. Income Tax

	Consolidated 2014 $	2013 $
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax on profit/(loss) from ordinary activities before income tax at 30%:	(465,067)	(236,958)
Add:		
Tax effect of:		
Other non-allowable items	212,191	60,800
Other assessable items	-	-
Deferred tax asset not brought to account	255,978	178,432
Less:		
Tax effect of:		
Research and development tax offset	-	(10,945)
Effect of overseas tax rate	(3,103)	(2,274)
Income tax benefit attributable to entity	**-**	**(10,945)**
Unrecognised deferred tax assets:		
- Tax losses: operating losses	3,594,961	3,385,277
- Temporary differences	4,800	4,650
- Temporary differences equity	-	-
	3,599,761	**3,389,927**
Unrecognised Deferred Tax Liabilities	(908,679)	(931,977)

The benefits from Unrecognised Deferred Tax Assets will only be obtained if: -

(i) The companies derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
(ii) The companies continue to comply with the conditions for deductibility purposes imposed by the Law; and
(iii) No changes in tax legislation adversely affect the companies in realising the benefits from the deductions for the losses.

5. Auditor's Remuneration

	2014 $	2013 $
Remuneration of the auditor of the parent entity, Grant Thornton Audit Pty Ltd		
- auditing or reviewing the financial report	28,175	24,575
- taxation services provided by a related practice of the auditor	5,900	5,800
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial reports of subsidiaries	8,348	8,786
	42,423	**39,161**

6. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for Details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014.

The totals of remuneration paid to KMP during the year are as follows:

	$	$
Short-term employee benefits	181,183	164,052
Superannuation	20,640	13,938
Share-based payments	-	-
	201,823	**177,990**

7. Cash and Cash Equivalents

	Consolidated	
	$	$
Represented by:		
Cash at bank	193,641	144,625
Bank term deposits*	400,000	1,150,000
	593,641	**1,294,625**

* Bank deposits are treated as cash and cash equivalents as the funds can be easily accessed for an insignificant monetary penalty.

8. Trade and Other Receivables

	$	$
Current		
Other debtors	27,281	33,386

9. Plant and Equipment

	Consolidated	
	$	$
Plant and equipment, at cost	72,613	107,386
Less: accumulated depreciation	(61,957)	(79,834)
	10,656	**27,552**
Movement:		
Opening written down value	27,552	49,506
Additions	-	-
Disposals	(1,566)	(3,580)
Depreciation	(15,330)	(18,374)
Closing written down value	**10,656**	**27,552**

10. Other financial assets

Financial assets at fair value through profit or loss		
	64,343	103,345

11. Exploration and Evaluation Expenditure

Opening balance	5,460,174	5,163,431
Expenditure for the year	496,670	296,965
Impairment of exploration expenditure	(239,976)	(222)
	5,716,868	**5,460,174**

The Company's Australian exploration properties may be subject to claim(s) under native title, or contain sacred sites or sites of significance to Aboriginal people. As a result exploration properties or areas within the tenement may be subject to exploration and/or mining restrictions or incur a liability for compensation. It is not possible to quantify these restrictions and liabilities at this time.

12. Trade and other Payables

Current		
Payables	110,248	114,121

13. Issued Capital

The following movement in ordinary share capital of the Company occurred during the last two years.

Date	Details	Number of Shares	Unit Price (cents)	Amount $
1 July 2012	**Balance**	**767,926,110**		**24,613,601**
30 June 2013	**Balance**	**767,926,110**		**24,613,601**
2 September 2013	Shares issued	50,000,000	1.0	500,000
7 October 2013	Option issue price	-		5,000
7 October 2013	Options exercised	2,025,000		68,715
30 June 2014	**Balance**	**819,951,110**		**25,187,316**

The Company's capital consists of Ordinary Shares. The Company does not have a limited amount of authorised share capital. The Shares have no par value and are entitled to participate in dividends and the proceeds on any winding up of the Company in proportion to the number of Shares held. At shareholders' meetings each fully paid ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

14. Share Option Reserve

Date	Details	Number of Options	Unit Price (cents)	Amount $
1 July 2012	**Balance**	**233,435,767**		**2,351,206**
30 June 2013	**Balance**	**233,435,767**		**2,351,206**
30 September 2013	Options expired	(161,640,000)		(2,252,191)
7 October 2013	Options exercised	(2,025,000)		(28,215)
7 October 2013	Options granted	50,000,000		612,000
14 November 2013	Options expired	(6,000,000)		(70,800)
1 December 2013	Options expired	(63,770,767)		-
30 June 2014	**Balance**	**50,000,000**		**612,000**

Summary of Options Granted

The following table sets out the number (No.) and weighted average exercise price (WAEP) of, and movements in, share options granted during the year:

	2014 No.	2014 WAEP (cents)	2013 No.	2013 WAEP (cents)
Outstanding at beginning of year	233,435,767	2.87	233,435,767	2.87
Granted during the year	50,000,000	2.00	-	-
Exercised during the year	(2,025,000)	1.00	-	-
Expired during the year	(231,410,767)	2.88	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	**50,000,000**	**2.00**	**233,435,767**	**2.87**

As at the year-end, there was one class of unlisted options, exercisable at 2 cents per option at any time up to their expiry date of 31 August 2016.

The remaining contractual life of the options outstanding at year end was 2.17 years.
The exercise price for options outstanding at the end of the year was 20 cents (2012: 10 cents).

The fair values of options granted were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The performance condition related to the Employee incentive, being a market condition, has been incorporated into the measurement by means of actuarial modelling.

The following principal assumptions were used in the valuation:

Number of Options	50,000,000
Fair value at grant date	$0.09
Share price	$0.02
Exercise price	$0.02
Volatility factor	117%
Expiry date of the options	31 August 2016
Risk free interest rate	2.50%
Expense recognised	$612,000

Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, and to ensure that the group can fund its operations and continue as a going concern. The group's debt and capital includes ordinary share capital, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

15. Accumulated Losses

	Consolidated	
	2014	**2013**
	$	**$**
Accumulated losses at the beginning of the year	(20,351,678)	(19,572,762)
Options expired	2,322,991	-
Profit/(loss) for year	(1,550,222)	(778,916)
Accumulated losses at the end of the financial year	**(19,578,909)**	**(20,351,678)**

16. Outside Equity

Comprises:		
Share capital	2	2
Accumulated losses	(2)	(2)
	-	**-**

The parent company has taken over the losses of its subsidiaries as there is no firm commitment from the minority shareholders to provide additional funding to the subsidiary.

17. Earnings per Share

Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	810,634,740	767,926,110
Basic and diluted profit/(loss) per share – cents	(0.19)	(0.10)

18(a). Cashflow Information

Reconciliation to Statement of Cash Flows

	Consolidated 2014 $	2013 $
Operating profit/(loss) after income tax	(1,550,222)	(778,916)
Non-cash items in profit/(loss)		
Unrealised foreign exchange gain	(110,591)	-
Impairment of Exploration and evaluation expenditure	239,975	743
Revaluation of shares	39,002	185,035
Options expensed	612,000	-
Depreciation	15,330	18,374
Changes in assets and liabilities:		
Decrease in trade and other receivables	6,105	42,174
Decrease in trade and other payables	(3,873)	(15,552)
Net cash flows (used in) operating activities	**(758,671)**	**(548,142)**

18(b). Non-cash financing activities

No non-cash financing activities were made during the year under review.

19. Financial Instruments

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Floating Interest Rate		Non-Interest Bearing		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
	0.00% - 3.59%	0.00% - 5.50%				
Financial Assets						
Cash and cash equivalents	593,641	1,294,625	-	-	593,641	1,294,625
Loans and Receivables	-	-	27,281	33,386	27,281	33,386
Held for trading investments	-	-	64,343	103,345	64,343	103,345
Total Financial Assets	**593,641**	**1,294,625**	**91,624**	**136,731**	**685,265**	**1,431,356**
Financial Liabilities (at amortised cost)						
Trade and other payables	-	-	(110,248)	(114,121)	(110,248)	(114,121)
Net Financial Assets	**593,641**	**1,294,625**	**(18,624)**	**22,610**	**575,017**	**1,317,235**

19. Financial Instruments (continued)

Reconciliation of Financial Assets to Net Assets

	Consolidated	
	2014 $	2013 $
Net financial assets	575,017	1,317,235
Exploration and evaluation expenditure	5,716,868	5,460,174
Plant & equipment	10,656	27,552
Net assets	**6,302,541**	**6,804,961**

(b) 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 of those assets, net of any provision for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial report.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

(d) Financial Risk Management

The Group's financial instruments consist mainly of deposits with recognised banks, investments in bank bills up to 90 days, accounts receivable and accounts payable, and loans to subsidiaries. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The Directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to through its financial instruments are the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal, as being an exploration company, no goods are sold, or services provided, for which consideration is claimed.

(e) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages the risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;

- only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(f) Sensitivity Analysis

Interest Rate Risk, Foreign Currency Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2014, the effect on profit/(loss) and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2014	**2013**
	$000	**$000**
Change in profit/(loss)		
- Increase in interest rate by 2%	12	26
- Decrease in interest rate by 2%	(12)	(26)
Change in equity	12	26
- Increase in interest rate by 2%	(12)	(26)
- Decrease in interest rate by 2%		

Foreign Currency Risk Sensitivity Analysis

There is minimal foreign currency risk as insignificant balances of foreign currency are held.

Price Risk Sensitivity Analysis

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Financial Liabilities - Due for Payment								
Trade and other payables	110,248	114,121	-	-	-	-	110,248	114,121
Total expected outflows	110,248	114,121	-	-	-	-	110,248	114,121
Financial Assets - Cash Flows Realisable								
Cash and cash equivalents	193,641	144,625	-	-	-	-	193,641	144,625
Bank deposits over 3 months	400,000	1,150,000	-	-	-	-	400,000	1,150,000
Receivables	27,281	33,386	-	-	-	-	27,281	33,386
Financial assets through profit or loss	-	-	64,343	103,345	-	-	64,343	103,345
Total anticipated inflows	620,922	1,328,011	64,343	103,345	-	-	685,265	1,431,356
Net (outflow)/inflow on financial instruments	510,674	1,213,890	64,343	103,345	-	-	575,017	1,317,235

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities.

The Group is also exposed to securities price risk on investments held for trading or for medium to longer terms. Such risk is managed through diversification of investments across industries and geographical locations.

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).

Consolidated Group	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2014				
Financial assets				
Financial assets at fair value through profit or loss:-				
Investments: held for trading	64	-	-	64
	64	**-**	**-**	**64**
2013				
Financial assets				
Financial assets at fair value through profit or loss:-				
Investments: held for trading	103	-	-	103
	103	**-**	**-**	**103**

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

20. Investment in controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Book Value of Investment		Contribution to Consolidated Result	
			2014 %	2013 %	2014 $	2013 $	2014 $	2013 $
Karrilea Holdings Pty Ltd	Australia	Ordinary	80	80	-	-	-	-
Metals Namibia (Pty) Ltd	Namibia	Ordinary	100	100	-	-	(103,421)	(75,809)

21. Related Parties

The Groups related parties include its subsidiaries, key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were received or given.

			Year ended 30 June 2014		Year ended 30 June 2013	
Related Party	**Relationship**	**Nature Of Transaction**	**Transaction**	**Balance**	**Transaction**	**Balance**
Karrilea Holdings Pty Ltd	Subsidiary	Exploration assets	155,736	3,406,571	65,347	3,250,835
Metals Namibia (Pty) Ltd	Subsidiary	Exploration assets	459,095	2,440,000	122,000	1,980,905
Karrilea Holdings Pty Ltd	Subsidiary	Provisions	(155,736)	(3,406,571)	(65,347)	(3,250,835)
Metals Namibia (Pty) Ltd	Subsidiary	Provisions	(459,095)	(2,440,000)	(122,000)	(1,980,905)
Sabre Resources Limited	Common directorship	Employee Costs	(43,240)	(4,646)	(41,011)	(3,612)
Golden Deeps Limited	Common directorship	Employee Costs	(34,433)	-	(20,404)	(1,729)

All transactions with Directors are disclosed in note 6 and the Remuneration Report.

22. Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (Chief Operating decision makers) in assessing performance and determining the allocation of resources. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. The internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

The Company is managed on the basis of area of interest. Operating segments are therefore determined on the same basis.

Segments

The three reportable segments are as follows:

- (i) Western Australian Base Metal Projects;
- (ii) Victorian Gold Projects; and
- (iii) Namibian Uranium Projects.

Basis of Accounting for purposes of reporting by operating segments

Accounting Policies Adopted

All amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

There are no inter-segment transactions. Segment assets are clearly identifiable on the basis of their nature. Segment liabilities include trade and other payables and the provision for rehabilitation.

Unallocated items
Corporate costs are not considered core operations of any segment.

Comparative information
This is the first reporting period in which AASB 8: Operating Segments has been adopted. Where appropriate, comparative information has been restated to conform to the requirements of the Standard.

Segment Performance

2014	**Western Australian Base Metals**	**Victorian Gold**	**Namibian Uranium**	**Total**
	$	**$**	**$**	**$**
Revenue from external sources				
Unallocated - Interest revenue				33,653
Unallocated – Other income				6,869
Unallocated - Gain/(loss) on investments				(39,002)
Total Group Revenue				**(1,520)**
Segment Profit/(loss)			(238,712)	(238,712)
Unallocated items - corporate charges				(1,311,510)
Total Group profit/(loss)				**(1,550,222)**
Segment Assets	3,026,986	-	2,689,882	5,716,868
Unallocated - cash, receivables, plant & equipment				695,921
Total Group Assets				**6,412,789**
Segment Liabilities				
Unallocated - corporate trade payables	102,414	-	7,834	110,248
Total Group Liabilities				**110,248**

2013	**Western Australian Base Metals** $	**Victorian Gold** $	**Namibian Uranium** $	**Total** $
Revenue from external sources				
Unallocated - Interest revenue				74,509
Unallocated - Gain/(loss) on investments				(185,035)
Total Group Revenue				**(110,526)**
Segment Profit/(loss)			(75,809)	(75,809)
Unallocated items - corporate charges				(703,107)
Total Group profit/(loss)				**(778,916)**
Segment Assets	3,250,835	226,823	2,085,860	5,563,518
Unallocated - cash, receivables, plant & equipment				1,355,563
Total Group Assets				**6,919,081**
Segment Liabilities				
Unallocated - corporate trade payables	109,221	-	4,900	114,121
Total Group Liabilities				**114,121**

23. Commitments

(i) Mining Tenements

As part of ongoing activities, the consolidated entity is required to commit to minimum expenditures to retain its interest in its Western Australian mining tenements. EL 5242 and 5243 in Victoria were relinquished in July 2014. Over the next five years this amounts to $790,000, as follows:

Year Ending 30 June	**Amount $**
2015	158,000
2016	158,000
2017	158,000
2018	158,000
2019	158,000
	790,000

(ii) Management Agreement

The Company has an agreement with a management service company for the provision of services at $255,000 per annum plus CPI. Charges are at commercial terms in accordance with the Deed of Variation of Management Agreement entered into on 18 October 2012 for a five year term.

24. Contingent Liabilities

No contingent liability exists for termination benefits under service agreements with directors or persons who take part in the management of the company. There were no contingent liabilities as at 30 June 2014.

25. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of these operations, or the state of affairs of the consolidated group in future years.

26. Parent Entity Information

The following details information related to the parent entity, Metals Australia Ltd, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as shown in Note 2.

	Parent Entity	
	2014	**2013**
	$	**$**
ASSETS		
Current assets	595,982	1,301,375
Non-current assets	1,598,613	1,803,689
TOTAL ASSETS	**2,194,125**	**3,105,064**
LIABILITIES		
Current liabilities	(102,414)	(109,221)
Non-current liabilities	-	-
TOTAL LIABILITIES	**(102,414)**	**(109,221)**
EQUITY		
Issued capital	25,187,316	24,613,601
Accumulated losses	(23,707,605)	(23,968,964)
TOTAL EQUITY	**1,479,711**	**644,637**
RESERVES		
Share option reserve	612,000	2,351,206
TOTAL RESERVES	**612,000**	**2,351,206**
FINANCIAL PERFORMANCE		
(Loss) for the year	(2,061,633)	(890,453)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)	**(2,061,633)**	**(890,453)**

No guarantees have been entered into by the parent entity on behalf of its subsidiary.

No contingent liabilities exist.

No contractual commitments by the parent company exist, other than those for exploration commitments and Management Agreement fees as set out below.

Year Ending 30 June	**Amount $**
2015	413,000
2016	413,000
2017	222,000
2018	158,000
2019	158,000
	1,364,000

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Metals Australia Ltd (the "Company"):

(a) the financial statements and notes set out on pages 21 to 50, and the remuneration disclosures that are contained in pages 15 to 17 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

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

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

(iii) complying with International Financial Reporting Standards as disclosed in Note 2.

(b) the remuneration disclosures that are contained in page 15 to 17 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors:

M Scivolo
DIRECTOR

Dated this 26th day of September 2014
Perth, Western Australia

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Independent Auditor's Report
To the Members of Metals Australia Ltd

Report on the financial report

We have audited the accompanying financial report of Metals Australia Ltd (the "Company"), 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 of the company the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Metals Australia Ltd is in accordance with the Corporations Act 2001, including:

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

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

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

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 2(w) to the financial report which indicates that the consolidated entity incurred a net loss of $1,550,222 and incurred cash outflows from operating and investing activities of $1,248,942 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 2 (w), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 15 to 17 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 26 September 2014

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Auditor's Independence Declaration
To the Directors of Metals Australia Ltd

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

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J W Vibert
Partner - Audit & Assurance

Perth, 26 September 2014

CORPORATE GOVERNANCE STATEMENT

Metals Australia Ltd ACN 008 982 474 ("the Company") has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised below.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.metalsaustralia.com.au :

Principle 1 – Lay solid foundations for management and oversight

Responsibilities of the Board

The Board is responsible for the following matters:

- ensuring the Company's conduct and activities are ethical and carried out for the benefit of all its stakeholders;
- development of corporate strategy, implementation of business plans and performance objectives;
- reviewing, ratifying and monitoring systems of risk management, codes of conduct, internal control system and legal and regulatory compliance;
- the appointment of the Company's Corporate Manager, Chief Executive Officer (or equivalent), Chief Financial Officer, Company Secretary and other senior executives;
- monitoring senior executives' performance and implementation of strategy;
- determining appropriate remuneration policies;
- allocating resources and ensuring appropriate resources are available to management;
- approving and monitoring the annual budget, progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

Diversity

The Company recognises and respects the value of diversity at all levels of the organisation.

Currently, however, due to the size and scale of the Company's activities, all managerial and geological services are provided by the Corporate Manager and the Company has no direct employees.

When the level of activity permits, the Directors will ensure that women are fairly considered and the Company's aim will be to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising that skills are not gender specific.

As at the date of this report, the Company has no women appointed to the Board, to senior management, or to the organisation as a whole.

Chairman

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's business. The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between the Board and management of the Company. The Chairman is responsible for briefing directors on issues arising at Board meetings and is ultimately responsible for communications with shareholders and arranging Board performance evaluation.

Corporate Manager

The Corporate Manager is responsible for running the affairs of the Company under authority delegated from the Board. In carrying out its responsibilities the Corporate Manager must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

Company Secretary

The Company Secretary is responsible for monitoring the extent that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agendas and briefing material. All directors are to have access to the Company Secretary.

Performance Evaluation

The Chairman and/or the Corporate Manager are responsible for reviewing the performance of each executive at least once every calendar year with reference to the terms of their employment contract.

Principle 2 - Structure the Board to add value

Composition of the Board

The Company will ensure that the Board will be of a size and composition that is conducive to making appropriate decisions and be large enough to incorporate a variety of perspectives and skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. It will not, however, be so large that effective decision-making is hindered.

Independent Directors

The Company will regularly review whether each non-executive director is independent and each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independence status changes this should be disclosed and explained to the market in a timely fashion.

The Company will endeavour to ensure that it has a majority of independent directors at all times, subject to the right of shareholders in general meeting to elect and remove directors.

Chairman

The Chairman should be a non-executive director who is independent. The Chairman should not be the Chief Executive Officer of the Company. The Chairman's other positions should not be such that they are likely to hinder the effective performance of his role of Chairman of the Company.

Independent decision-making

All directors - whether independent or not - should bring an independent judgment to bear on Board decisions. Non-executive directors are encouraged to confer regularly without management present. Their discussions are to be facilitated by the Chairman, if he is independent, or, if he is not independent, the deputy Chairman. Non-executive directors should inform the Chairman before accepting any new appointments as directors.

Independent advice

To facilitate independent decision making, the Board and any committees it convenes from time to time may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chairman, individual directors may seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities.

Procedure for selection of new directors

The Company believes it is not of a size to justify having a Nomination Committee. If any vacancies arise on the Board, all directors will be involved in the search and recruitment of a replacement. The Board believes corporate performance is enhanced when it has an appropriate mix of skills and experienced.

In support of their candidature for directorship or re-election, non-executive directors should provide the Board with details of other commitments and an indication of time available for the Company. Prior to appointment or being submitted for re-election non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them. Re-appointment of directors is not automatic.

Induction and education

The Board will implement an induction programme to enable new directors to gain an understanding of:

- the Company’s financial, strategic, operational and risk management position;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives; and
- the role of any Board committees in operation.

Directors will have reasonable access to continuing education to update and enhance their skills and knowledge, including education concerning key developments in the Company and in the industries in which the Company’s business is involved.

Access to information

The Board has the right to obtain all information from within the Company which it needs to effectively discharge its responsibilities.

Senior executives are required on request from the Board to supply the Board with information in a form and timeframe, and of a quality that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

Principle 3: Promote ethical and responsible decision-making

Code of conduct

The Board has adopted the Code of Conduct set out at Appendix A to promote ethical and responsible decision making by directors, management and employees. The Code embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity.

The Board is responsible for ensuring that training on the Code of Conduct is provided to staff and officers of the Company.

The Board is responsible for making advisers, consultants and contractors aware of the Company's expectations set out in the Code of Conduct.

Policy for trading in Company securities

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees set out in Appendix B.

The Board is responsible for ensuring that the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

Principle 4: Safeguard integrity in financial reporting

Audit and Risk Management

- The Company believes it is not of a size to justify having a separate Audit and Risk Management Committee. Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. Given the small size of the Board, the directors believe an Audit Committee structure to be inefficient. All directors share responsibility for ensuring the integrity of the Company's financial reporting and appropriate Board processes must be implemented to perform the following audit and risk management functions:

- external audit function:
  - review the overall conduct of the external audit process including the independence of all parties to the process;
  - review the performance of the external auditors;
  - consider the reappointment and proposed fees of the external auditor; and
  - where appropriate seek tenders for the audit and where a change of external auditor is recommended arrange submission to shareholders for shareholder approval;
- reviewing the quality and accuracy of published financial reports;
- reviewing the accounting function and ongoing application of appropriate accounting and business policies and procedures;
- reviewing and imposing variations to the risk management and internal control policies designed and implemented by Company management; and
- any other matter relevant to audit and risk management processes.

Principle 5: Make timely and balanced disclosure

Disclosure Policy

The Board has adopted a Disclosure Policy for ensuring timely and accurate disclosure of price-sensitive information to shareholders through the ASX set out in Appendix D.

The Disclosure Policy ensures that:

- all investors have equal and timely access to material information concerning the Company including its financial position, performance, ownership and governance; and
- Company announcements are subjected to a vetting and authorisation process designed to ensure they:
  - are released in a timely manner;
  - are factual;
  - do not omit material information; and
  - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of shareholders

Communication with Shareholders

The Board is committed to open and accessible communication with holders of the Company's shares and other securities. Disclosure of information and other communication will be made as appropriate by telephone, mail or email.

The Company's website will also be used to provide additional relevant information to security holders. The Board considers the following to be appropriate features for the Company's website:

- placing the full text of notices of meeting and explanatory material on the website;
- providing information about the last three years' press releases or announcements plus at least three years of financial data on the website; and
- providing information updates to security holders on request by email.

General Meetings

The Company is committed to improving shareholder participation in general meetings. In order to achieve that objective, the Company has adopted guidelines of the ASX Corporate Governance Council for improving shareholder participation through the design and content of notices and through the conduct of the meeting itself.

Principle 7: Recognise and manage risk

Creation and implementation of Company risk management policies

It is the responsibility of the Corporate Manager to create, maintain and implement risk management and internal control policies for the Company, subject to review by the Board.

The Corporate Manager must report to the Board on an annual basis regarding the design, implementation and progress of the risk management policies and internal control systems.

Audit and Risk Management

As referenced with respect to Principle 4, the Board has not established an Audit and Risk Management Committee for the reasons given above.

Review by the Board

The Board will review the effectiveness of implementation of the risk management system and internal control system at least annually.

When reviewing risk management policies and internal control system the Board should take into account the Company's legal obligations and should also consider the reasonable expectations of the Company's stakeholders, including security holders, employees, customers, suppliers, creditors, consumers and the community.

Corporate Manager

The Corporate Manager is required annually to state in writing to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material respects.

Verification of financial reports

The Corporate Manager and Chief Financial Officer are required by the Company to state the following in writing prior to the Board making a solvency declaration pursuant to section 295(4) of the Corporations Act:

that the Company's financial reports contain a true and fair view, in all material respects, of the financial condition and operating performance of the Company and comply with relevant accounting standards; and

- that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Director and senior executive remuneration policies

The Company's remuneration policy is structured for the purpose of:

- motivating senior executives to pursue the long-term growth and success of the Company; and
- demonstrating a clear relationship between senior executives' performance and remuneration.

The Board's responsibility is to set the level and structure of remuneration for officers (including but not limited to directors and secretaries) and executives, for the purpose of balancing the Company's competing interests of:

- attracting and retaining senior executives and directors; and
- not paying excessive remuneration.

Executive directors' remuneration should be structured to reflect short and long-term performance objectives appropriate to the Company's circumstances and goals.

Executive directors' and senior executives' remuneration packages should involve a balance between fixed and incentive-based pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

Non-executive directors' remuneration should be formulated with regard to the following guidelines:

- non-executive directors should normally be remunerated by way of fees, in the form of cash, non-cash benefits, superannuation contributions or equity, usually without participating in schemes designed for the remuneration of executives;
- non-executive directors should not be provided with retirement benefits other than superannuation.

No director may be involved in setting their own remuneration or terms and conditions and in such a case relevant directors are required to be absent from the full Board discussion.

Remuneration Committee

The Company believes it is not of a size to justify having a Remuneration Committee and that it has Board processes in place which raise the issues which would otherwise be considered by a committee.

Appendix A – Code of Conduct

Introduction

This Code of Conduct sets out the standards with which the Board, management and employees of the Company are encouraged to comply when dealing with each other, the Company's shareholders and the broader community.

Responsibility to shareholders

The Company aims:

- to increase shareholder value within an appropriate framework which safeguards the rights and interests of shareholders; and
- to comply, with openness and integrity, the systems of control and accountability which the Company has in place as part of its corporate governance.

Responsibility to clients, employees, suppliers, creditors, customers and consumers

The Company will comply with all legislative and common law requirements which affect its business.

Employment practices

The Company will employ the best available staff with the skills required to carry out the role for which they are employed. The Company will ensure a safe workplace and maintain proper occupational health and safety practices.

Responsibility to the community

The Company recognises, considers and respects environmental, native title and cultural heritage issues which may arise in relation to the Company's activities and will comply with all applicable legal requirements.

Responsibility to the individual

The Company recognises and respects the rights of individuals and will comply with applicable laws regarding privacy and confidential information.

Obligations relative to fair trading and dealing

The Company will deal with others in a way that is fair and will not engage in deceptive practices.

Business courtesies, bribes, facilitation payments, inducements and commissions

Corrupt practices are unacceptable to the Company. It is prohibited for the Company or its directors, managers or employees to directly or indirectly offer, pay, solicit or accept bribes or any other corrupt arrangements.

Conflicts of interest

The Board, management and employees must report any situations where there is a real or apparent conflict of interest between them as individuals and the interests of the Company. Where a real or apparent conflict of interest arises, the matter must be brought to the attention of the Chairman in the case of a Board member, the Corporate Manager in the case of a member of management and a supervisor in the case of an employee, so that it may be considered and dealt with in an appropriate manner.

Compliance with the Code of Conduct

Any breach of compliance with this Code of Conduct is to be reported directly to the Chairman.

Periodic review of Code

The Company will monitor compliance with this Code of Conduct periodically by liaising with the Board, management and staff. Suggestions for improvements or amendments to this Code of Conduct can be made at any time to the Chairman.

Appendix B – Policy for trading in Company securities

Introduction

The Company recognises and enforces legal and ethical restrictions on trading in its securities by relevant persons within and external to the Company. The terms of this securities dealing policy apply to the Company's directors, Corporate Manager, senior executives, employees and consultants (**Relevant Persons**).

Communication

This policy will be communicated to all Relevant Persons and will be placed on the Company website.

Trading restrictions

Trading by Relevant Persons in the Company's securities is subject to the following limitations:

- No trading in Company securities shall take place during the two weeks preceding release of each quarterly report, half-yearly financial report, and annual financial report of the Company.
- No trading in the Company's securities shall take place, directly or indirectly, where it is known, or ought reasonably to have been known by the person intending to trade, that information exists which has not been released to the ASX and where that information is of a type that could reasonably be expected to encourage buying or selling were that information known by others.
- No trading shall take place in Company securities unless prior notice is given to the Chairman [and approval is obtained from the Chairman].

Hardship

During a period specified in paragraph o, Relevant Persons may, after obtaining the Chairman's consent, trade the Company's securities to the extent reasonably necessary to avoid or ameliorate documented hardship and suffering or as required by other extenuating circumstances.

Directors' trading and disclosures

Within twenty four hours of a director being appointed to the Board, resigning or being removed from the Board, or trading in the Company's securities, full details of the director's notifiable interests in the Company's securities and changes in such interest must be advised to the Company Secretary so that a record is kept within the Company and so that necessary ASX notifications will occur.

All directors must notify the Company Secretary of any margin loan or similar funding arrangement entered into in relation to the Company's securities and any variations to such arrangements, including the number of securities involved, the circumstances in which the lender can make margin calls, and the right of the lender to dispose of securities.

Appendix C - Disclosure Policy

Disclosure requirements

The Company recognises its obligations pursuant to the continuous disclosure rules of the ASX Listing Rules and the Corporations Act to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities.

Subject to certain exceptions (in ASX Listing Rule 3.1A), the Company is required to immediately release to the market information that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Responsibilities of directors officers and employees

The Board as a whole is primarily responsible for ensuring that the Company complies with its disclosure obligations and for deciding what information will be disclosed. Subject to delegation, the Board is also responsible for authorising all ASX announcements and responses of the Company to ASX queries.

Every director, officer and employee of the Company is to be informed of the requirements of this policy and must advise the Corporate Manager, Chairman or Company Secretary as soon as possible (and prior to disclosure to anyone else) of matters which they believe may be required to be disclosed.

Authorised Disclosure Officer

The Board has delegated its primary responsibilities to communicate with ASX to the following Authorised Disclosure Officer:

- the Company Secretary or
- in the absence of the Company Secretary, the Corporate Manager is authorised to act in that capacity by the Board.

Responsibilities of Authorised Disclosure Officer

Subject to Board intervention on a particular matter, the Authorised Disclosure Officer is responsible for the following:

- monitoring information required to be disclosed to ASX and coordinating the Company's compliance with its disclosure obligations;
- ASX communication on behalf of the Company, authorising Company announcements and lodging documents with ASX;
- requesting a trading halt in order to prevent or correct a false market;
- providing education on these disclosure policies to the Company's directors, officers and employees; and
- ensuring there are vetting and authorisation processes designed to ensure that Company announcements:
  - are made in a timely manner;
  - are factual;
  - do not omit material information;
  - are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

An Authorised Disclosure Officer, who is responsible for providing contact details and other information to ASX to ensure such availability, must be available to communicate with the ASX at all reasonable times.

Measures to avoid a false market

In the event that ASX requests information from the Company in order to correct or prevent a false market in the Company's securities, the Company will comply with that request. The extent of information to be provided by the Company will depend on the circumstances of the ASX request.

If the Company is unable to give sufficient information to the ASX to correct or prevent a false market, the Company will request a trading halt.

If the full Board is available to consider the decision of whether to call a trading halt, only they may authorise it, but otherwise, the Authorised Disclosure Officer may do so.

ASX announcements

Company announcements of price sensitive information are subjected to the following vetting and authorisation process to ensure their clarity, timely release, factual accuracy and inclusion of all material information:

- The Authorised Disclosure Officer must prepare ASX announcements when required to fulfil the Company's disclosure obligations.
- Proposed announcements must be approved by the Corporate Manager or in his absence, urgent announcements may be approved by any other person expressly authorised by the Board.
- Announcements must first be released to the ASX Announcements Platform before being disclosed to any other private or public party (such as the media). After release of the announcement, it must be displayed on the Company's website, following which the Company can then release such information to media and other information outlets.
- Wherever practical, all announcements must be provided to the directors, Corporate Manager and Company Secretary prior to release to the market for approval and comment.

Confidentiality and unauthorised disclosure

The Company must safeguard the confidentiality of information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. If such information is inadvertently disclosed, the Authorised Disclosure Officer must be informed of the same and must refer it to the Chairman and Corporate Manager as soon as possible.

External communications and media relations

The Chairman, Corporate Manager and Company Secretary are authorised to communicate on behalf of the Company with the media, government and regulatory authorities, stock brokers, analysts and other interested parties or the public at large. No other person may do so unless specifically authorised by the Chairman or the Corporate Manager.

All requests for information from the Company must be referred to the Authorised Disclosure Officer for provision to the Chairman and the Corporate Manager.

Breach of Disclosure Policy

Serious breaches of the Company's Disclosure Policy may be treated with disciplinary action, including dismissal, at the discretion of the Board.

Where the breach is alleged against a member of the Board, that director will be excluded from the Board's consideration of the breach.

Additional information included in accordance with listing requirements of the Australian Securities Exchange Limited.

1. SHAREHOLDERS

(a) As at 22 September 2014 the distribution of members and their shareholdings were:-

Range of Holding			Holders	Shares Held	Percent
1	-	1,000	97	58,283	0.01
1,001	-	5,000	280	950,997	0.11
5,001	-	10,000	370	3,185,072	0.39
10,001	-	100,000	1,366	61,380,997	7.49
100,001	-	and over	729	754,375,761	92.00
			2,842	**819,951,110**	**100.00**

(b) There exist 1,798 shareholders with unmarketable parcels of shares.

(c) The twenty largest shareholders as at 22 September 2014 which represents 46.01% of the paid up capital were as follows:

Name of Holder	Number	Percent
JP Morgan Nominees Australia Ltd	79,269,513	9.67
HSBC Custody Nominees (Australia) Pty Ltd	69,918,000	8.53
Pan Pacific Mining Pty Ltd	35,000,000	4.27
BNP Paribas Nominees Pty Ltd	26,052,700	3.18
Timmid Pty Ltd	25,290,000	3.08
Doyle Family Superannuation Fund	22,036,406	2.69
I-CAN Limited	17,000,000	2.07
Pio Services Limited	15,057,000	1.84
L C Asia Limited	12,720,000	1.55
Philip Hamlyn	12,000,000	1.46
Salvatore Danze	10,000,000	1.22
Ruth Adams & Derek Mitchell	8,740,000	1.07
Bassam Haddad	8,000,000	0.98
Alban H Hasslinger	7,825,000	0.95
Paul Arsenis	6,750,000	0.82
Alban R Hasslinger	6,680,000	0.82
Zuvela Super Fund	5,000,000	0.61
Evangelos Kalafatas	4,943,298	0.60
Mick Zivkov	4,575,000	0.56
Fredy Raffoul	4,241,382	0.52

(d) **Substantial Shareholders**

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporation Act 2001* are:

Name	Number of Ordinary Shares	Percentage of Issued Capital
AI Opportunity Fund	50,000,000	6.11%

2. OPTIONHOLDERS

There is one class of unlisted options held by one holder comprising 50,000,000 options, held by 1 holder, exercisable at 2 cents each at any time up to their maturity on 16 August 2016.