

METALIKO RESOURCES LIMITED

ABN 11 120 974 567

**Annual Report
for the Year Ended
30 June 2014**

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CORPORATE DIRECTORY

Directors

Peter Hayden Hunt
Dr Michael Ruane
Robin Dean
Geoff Baker (appointed 25 August 2014)
Min Yang (appointed 25 August 2014)

Company Secretary

Bianca Taveira

Registered Office

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Auditors

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Level 1, Lincoln House
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WEST PERTH WA 6005

Stock Exchange Listing

Australian Securities Exchange
Home Exchange: Perth
Code : MKO

REVIEW OF OPERATIONS

The 2013/2014 year has been significant for Metaliko Resources Ltd. The highlight of the financial year has been the acquisition of the Bronzewing Project via the purchase of all the shares in Navigator (Bronzewing) Pty Ltd from its administrators (Pitcher Partners) for \$3M plus the issue of 33.3M MKO shares. Thus, Navigator (Bronzewing) Pty Ltd is now a 100% owned subsidiary of Metaliko Resources Ltd. The transaction was concluded in August 2014 and the name of the subsidiary changed to MKO Mines Pty Ltd.

This is a major asset and includes a 2.3mtpa gold plant, airstrip, 200 man camp, offices, workshops, haul roads and bore fields. In addition to this infrastructure, Metaliko acquired 730km² of prospective tenements in the Yandal greenstone belt (Figure 1). Importantly, Bronzewing has produced over 3M oz of gold.

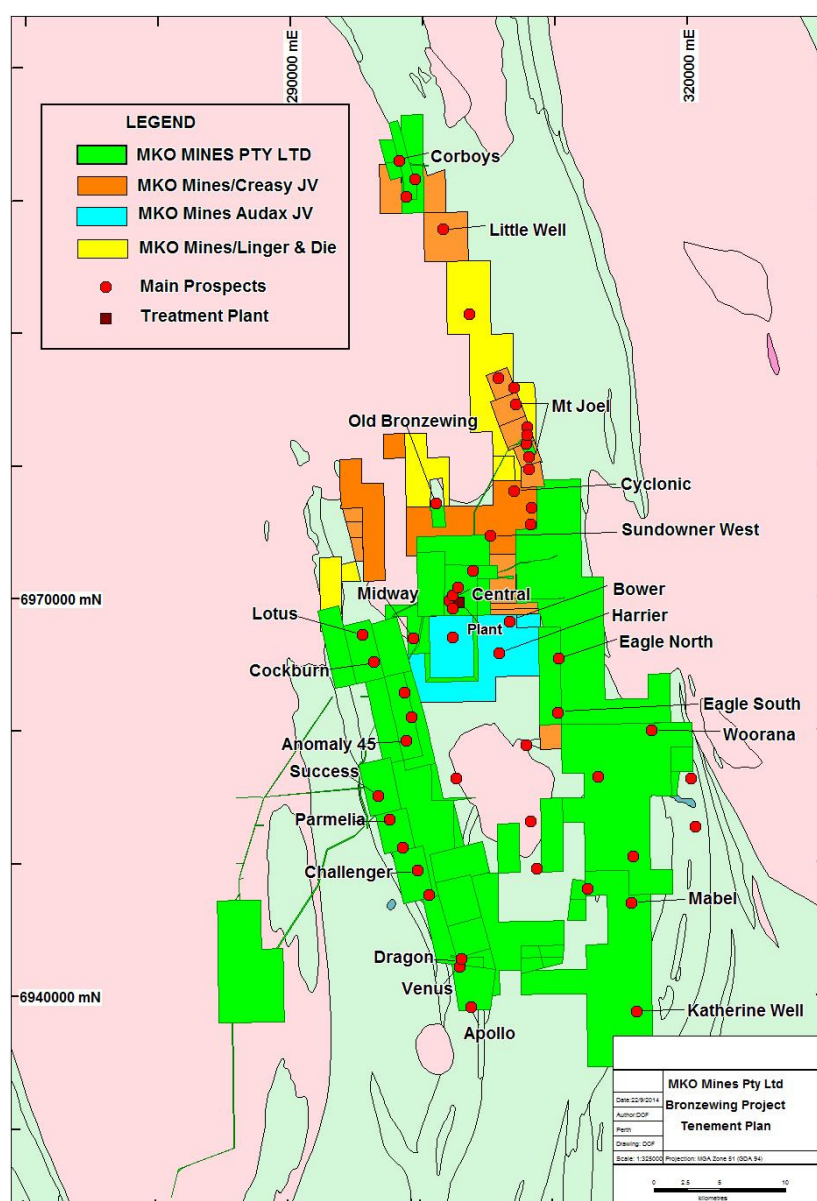


Figure 1
MKO Mines Ltd Bronzewing Tenement Plan

REVIEW OF OPERATIONS

The Bronzewing purchase occupied much of the year, however Metaliko was able to progress exploration at Goongarrie Lady where an indicated shallow resource of 250,000t @ 2.87g/t for a 21,000oz Au was delineated. The resource is open at depth and along strike and confirms the real opportunity for a small, open-cut, toll treatment operation. The Company has also maintained its extensive tenement portfolio in the Eastern Goldfields region of WA. Besides Bronzewing, Metaliko holds over 400km² of tenure within 100km of Kalgoorlie, WA (Figure 2 below). Cash at bank at the end of the period to 30 June 2014 was approximately \$60,000. The Rights Issue concluded on 6 August 2014 and raised \$5,550,867 before costs of the issue.



Figure 2
Location of Metaliko Resources Ltd Eastern Goldfields Projects

REVIEW OF OPERATIONS

Bronzewing (BZW)

Prior to Metaliko's acquisition of the BZW project, a detailed due diligence was undertaken by Metaliko's staff. This was a lengthy and time consuming process. The database is extensive with over 25 years of active exploration, resource development and mining having taken place in the Bronzewing area. This translated to over 105,000 drill holes, 46,000 geochemical samples, conversion of Surpac mine data to Micromine, numerous reports and GIS creation. Several exploration highlights were noted and include:

1. Significant gold resources have been reported for Corboys and Cockburn (refer to Navigator Resources Ltd ASX resource announcements).
2. Numerous gold intercepts requiring follow up eg Dragon, Anomaly 45 and Polar Bear.
3. Promising nickel prospects at Mandaline Well and Mt Grey.

In addition to the documented exploration by previous explorers, Metaliko has also outlined several conceptual targets that have received little effective exploration. Follow up work is ongoing.

Metaliko, along with Como Engineers, also conducted an inspection of the gold plant and general site infrastructure. The plant is in good condition, but will require routine maintenance. Metaliko also applied to have the BZW Mining Leases included into the DMP Mine Rehabilitation Fund (MRF) under which bond deposits lodged by the previous owners should be released. On 8 September 2014, the DMP advised that \$7,077,900 of bond deposits were released to the Administrator (Pitcher Partners) who forwarded the funds to the secured creditor of Navigator (Waterton Global). This will allow Securities lodged in favour of Waterton to be released shortly.

Goongarrie Lady (GGL)

Exploration of the Goongarrie Lady prospect was restricted somewhat by financial constraints and wet weather. However, the project progressed significantly during 2013/2014.

In 2012, a gold measured/indicated/inferred resource to -150m depth was identified (256,575 tonnes @ 2.72g/t – 22,412oz), however due to the deterioration of the gold market during 2012 to 2014, the Directors then focussed on exploring for shallow, oxide or supergene ore resources. An alternative, and perhaps, more useful resource was then calculated to -60m depth and shown below.

Table 1
JORC 2102 Indicated Goongarrie Resource

FROM	TO	CUM_VOLUME	CUM_TONNES	CUM_DENSITY	CUM_Au_g/t	CUM_Au_g/t 20g/t cut
10.0	20.0	1828.13	3290.63	1.80	12.18	6.99
5.0	10.0	15890.63	29840.63	1.88	7.35	5.68
2.0	5.00	66960.94	130571.88	1.95	4.19	3.70
1.0	2.00	124875.00	249,863	2.00	2.87	2.61
0.5	1.00	164382.81	330862.50	2.01	2.35	2.15
0.0	0.50	185406.25	373600.00	2.02	2.12	1.94

The resource was based on a 1g/t minimum grade and 20g/t top cut and totalled approximately 21,000oz Au. Future work involving pit design and optimisation and environmental studies are ongoing. Some of the drilling to the south remains open and will be followed up in due course, and subject to positive economics may be incorporated into a second stage, deeper pit at some future point in time.

The GGL drilling campaign during 2013/2014 comprised 23 RC and Aircore holes for 1546m and are summarised below in Table 2. Collars are shown in Figure 3.

REVIEW OF OPERATIONS

Goongarrie Lady (GGL) (cont)

Table 2
Goongarrie Lady 2013-2014 drilling summary of significant drill intercepts

Hole ID	North	East	Depth	Dip	Azimuth	From metres	Interval metres	Au g/t
GLRC116	5323	10760	72	-60	90	60	7	1.54
GLRC117	5146	10769	80	-60	90	65	2	2.03
GLRC118	5127	10785	80	-60	90	36	6	4.08
						58	1	1.04
GLRC120	5107	10805	60	-60	90	37	4	13.84
						47	1	13.19
GLRC121	5107	10785	80	-60	90	47	4	5.56
						57	1	0.94
GLRC123	5085	10820	60	-60	90	54	2	0.95
GLRC125	5065	10810	66	-60	90	29	1	5.41
						42	3	4.66
						65	1	1.17
GLRC126	5065	10830	60	-60	90	50	2	1.82
GLRC127	5279	10928	102	-60	270	54	2	2.51
GLRC128	5221	10935	80	-60	270	40	3	0.92
GLRC129	5301	10924	102	-60	270	45	1	0.51
						59	4	0.62
						97	3	0.97
GLRC130	5321	10924	108	-60	270	63	1	1.63
GLRC132	10792	5065	59	-60	90	48	3	5.86
GLRC135	10841	5065	60	-60	90	44	1	0.55
GLRC136	10812	5040	60	-60	90	32	1	1.62
						40	4	6.66

REVIEW OF OPERATIONS

Goongarrie Lady (GGL) (cont)

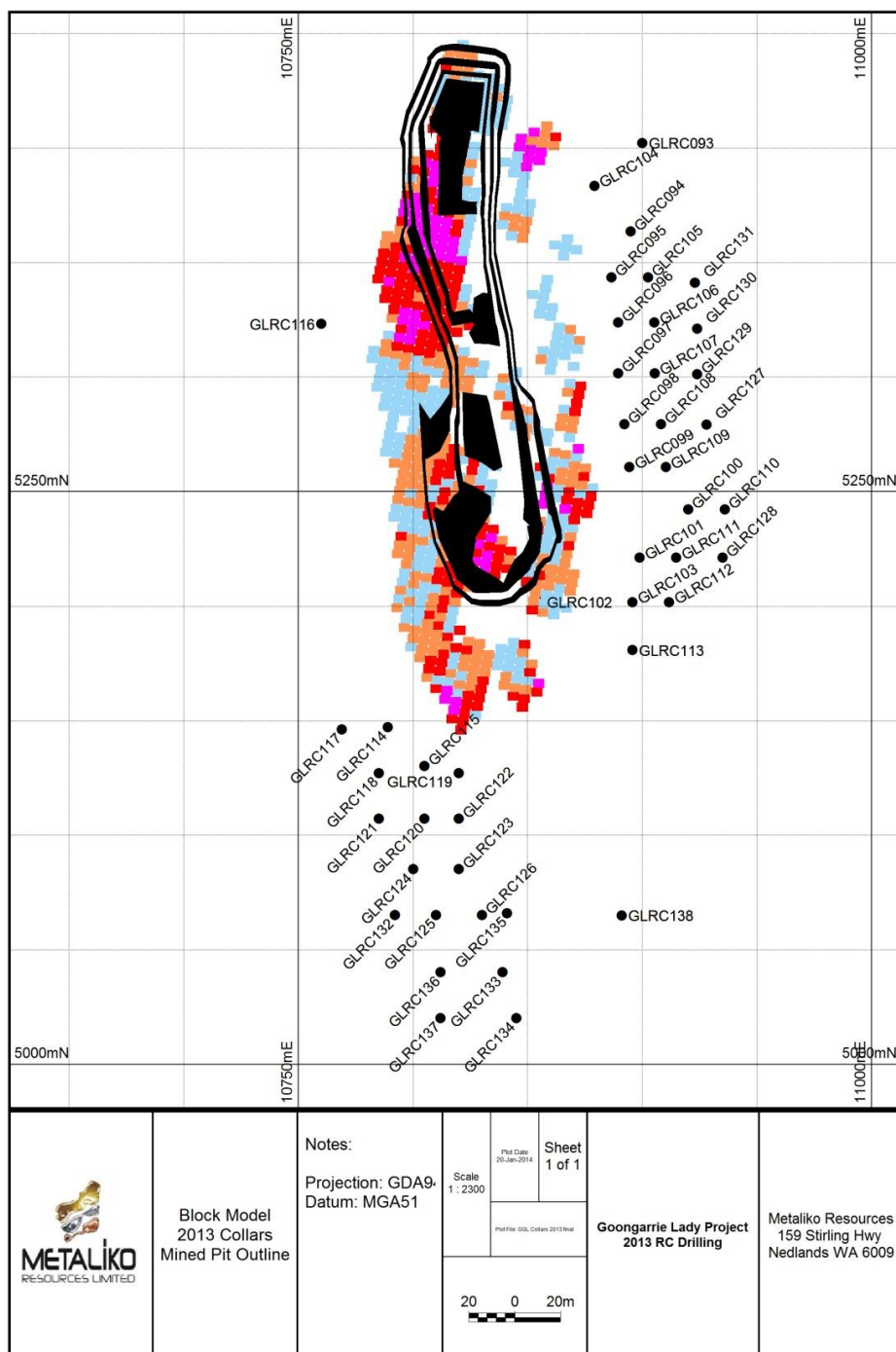


Figure 3
Location of Goongarrie Lady Drill Collars 2013-2014

REVIEW OF OPERATIONS

Anthill

The Anthill Project covers a portion of the highly prospective Zuleika Shear Zone (ZSZ) 54 kilometres northwest of Kalgoorlie, WA. This structure contains the Kundana gold camp (4M oz Au), Frogs Leg (1M oz Au) Mine and Bullant Mines (0.43M oz, refer Figure 4).

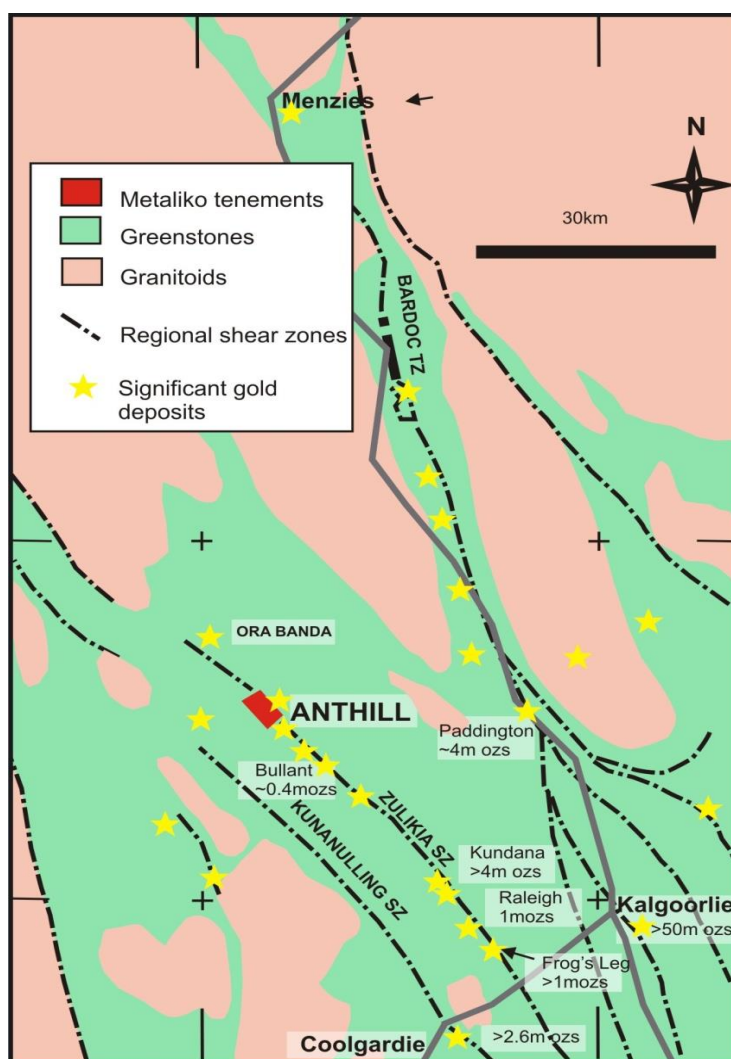


Figure 4
Regional Geology – Anthill Project

Metaliko has completed 3,710m of drilling at the Anthill Project since acquisition. The drilling has confirmed a zone of quartz stockwork hosted gold mineralisation measuring 100m in diameter near surface to around 150m in diameter at about 100m depth. Mineralisation has been intersected by previous drilling at depths of up to 200m but Metaliko's initial focus has been to define resources that might be amenable to open cut mining.

REVIEW OF OPERATIONS

Anthill (cont)

Grade and tonnes for a range of lower cut-off grades calculated for Anthill are provided in Table 3 below.

Table 3
Anthill global resource estimate tabulation by grade range,
with lower cut-off increments of 0.5 g/t Au (SRK Consulting)

Lower cut-off	Density	Cumulative Volumes	Cumulative Tonnes	Cumulative Grade (Au ppm)
0.5	2.51	2,057,770	5,186,002	0.96
1.0	2.52	617,260	1,569,964	1.61
1.5	2.56	253,158	651,610	2.18
2.0	2.57	122,558	316,850	2.67
2.5	2.59	59,593	154,741	3.16
3.0	2.60	24,875	64,675	3.66

A scoping study by Metaliko in 2011 indicated that the Anthill Project contained a Mining Reserve of 868,000t @ 0.96g/t for a recoverable 25,287oz of gold using a gold price of AUD\$1,400/oz. A small profit of \$4.7M was calculated for mining of the reserve.

Although the economics are tight, a recent review of the Anthill data has highlighted additional follow up targets adjacent to the current Ore Reserve. The key Anthill Mining Lease 16/531 of 698 hectares was granted recently. With the grant of the Anthill Mining Lease, Metaliko will proceed with a significant drilling program aimed at better definition of the higher grade portions of the resource and testing of the proximal targets – particularly in the shallow oxide sections. A Program of Works (POW) has been submitted.

Bullabulling

The Bullabulling project tenements comprise of E15/942, E15/1042, P15/4820, P15/5283-5286, P15/5307-5308 and P15/5360-5365 covering 8,722 hectares.

Late in the period, Metaliko granted Bullabulling Gold Ltd (ASX: BAB) an option to acquire Prospecting Licences 15/4820, 15/5361 and 15/5365 (500 Ha) which lie adjacent to the BAB mining project at Bullabulling, WA. The sale price for the Tenements is \$200,000.

The transaction is subject to sterilization of the area by BAB within a two year time frame. In the event the parties accept that no commercially recoverable resources exist on the Tenements the sale can proceed. Should commercial mineralisation be identified on the ground, BAB and Metaliko will enter a Joint Venture for further exploration of the prospects discovered. Further details are provided in the Metaliko June 2013 period Quarterly Report.

Recently the Company received a request from BAB for an extension of the option period following the takeover of BAB by Norton Goldfields Ltd. A three month extension was granted. During the 2014 year Metaliko received interest from a number of parties regarding Joint Venture exploration of the Bullabulling tenement package but no conclusive outcome had been realised prior to the year end.

REVIEW OF OPERATIONS

Baden Powell

Baden Powell is one of three advanced gold prospects and eight aeromagnetic targets within the Windanya Project located 50km north of Kalgoorlie, WA. Metaliko has used aeromagnetic data from a survey it flew earlier in 2011 to re-interpret the geology and mineralisation controls in the 30km strike length of the Bardoc Tectonic Zone within its Windanya tenement holdings. Metaliko considers Baden Powell has the potential to form the third of its Mine Truck Treat “MTT” projects, along with the Anthill and Goongarrie projects.

Baden Powell has historical gold workings and prospecting pits spread over a strike length of 2km. Historical production from the Baden Powell shaft was 582 tonnes of ore with a recovered grade of 35.6g/t Au. In the 1980s, a 5m to 8m deep trial open pit was dug by Mistral Mines and 913 tonnes of ore were treated for a recovered grade of 3.4g/t Au. This was below the expected grade and no further production was undertaken.

Metaliko has drilled 12 RC drill holes at the Baden Powell prospect for a total of 850m (Figure 5). The broadest intercepts are from a zone of mineralisation up to 14m true width that extends from the base of the test pit to at least 90m (Figure 5) where it remains open at depth. Significant results are contained in Table 4.

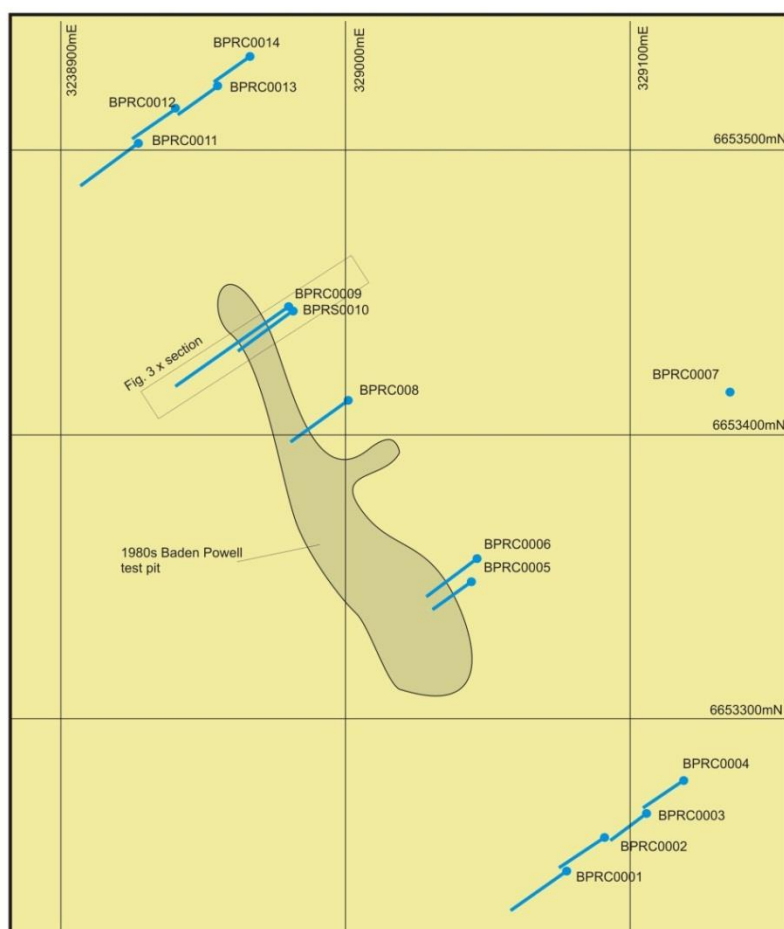


Figure 5
Metaliko RC drilling around the Baden Powell 1980s trial pit

REVIEW OF OPERATIONS

Baden Powell (cont)

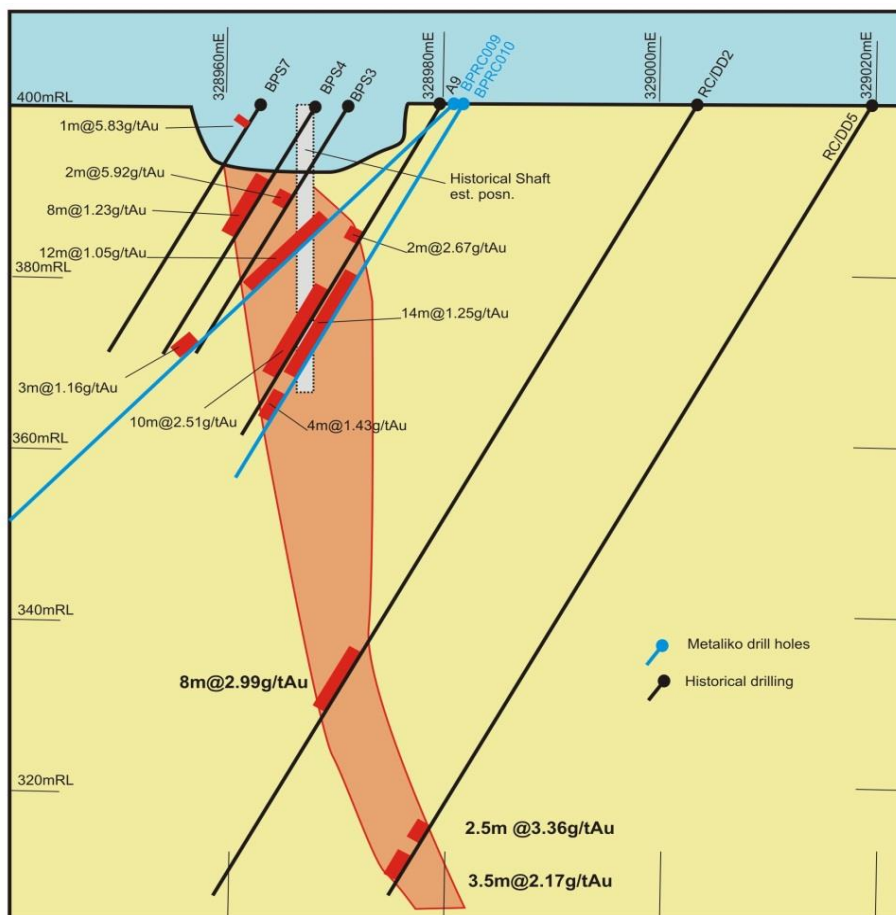


Figure 6
Cross section of the Baden Powell trial pit showing Metaliko and historical drilling intercepts

Table 4
Significant intercepts
(based on a lower cut off of 0.5g/tAu and up to 1m of internal dilution of subgrade material)

Hole ID	East	North	EOH_Depth	Azimuth	Dip	m From	m To	Width	Au_ppm
BPRC0005	329045	6653349	50	235	-60	47.00	48.00	1.00	0.73
BPRC0009	328980	6653445	70	235	-45	19.00	31.00	12.00	1.05
BPRC0009	328980	6653445	70	235	-45	33.00	34.00	1.00	0.60
BPRC0009	328980	6653445	70	235	-45	39.00	42.00	3.00	1.16
BPRC0010	328982	6653444	50	235	-60	23.00	37.00	14.00	1.25
BPRC0010	328982	6653444	50	235	-60	39.00	43.00	4.00	1.43
BPRC0013	328955	6653522	50	235	-60	39.00	40.00	1.00	0.98
BPRC0014	328968	6653531	50	235	-60	10.00	11.00	1.00	1.29
BPRC0014	328968	6653531	50	235	-60	39.00	40.00	1.00	1.00

REVIEW OF OPERATIONS

Baden Powell (cont)

Approvals have been sought for further drilling to test for down dip and down plunge of gold mineralisation extensions on the northern end of the former test pit.

Recent work by prospectors on the Company's tenements in the Baden Powell/Windanya area has highlighted numerous areas where gold has been picked up with metal detectors. The occurrences are being collated and will be used as a guide to further soil sampling and scout drilling in the forthcoming period.

Seven Seas

Metaliko's Seven Seas Project is located on the Zuleika Shear Zone, 70km northwest of Kalgoorlie, Western Australia.

Metaliko collated data from more than 800 RAB and RC drill holes over the consolidated tenement area and has determined a consistent gold trend in the deeper regolith and bedrock. Peak values in the drill holes show near continuous trends of significant gold anomalism from 100ppb Au to 16700 ppb Au over a strike length in excess of 7km (Figure 7).

Metaliko has completed 13 RC drill holes for a total of 850m of drilling at the Seven Seas prospect. The drilling was designed to test the continuity of mineralisation encountered in the wider spaced historical drilling. The results are listed in Table 5.

The best intercepts were:

- 3m at 3.31g/t Au from 58m
- 3m at 3.13g/t Au from 69m
- 1m at 10.30g/t Au from 90m

The drill results demonstrate significant continuity of gold mineralisation in the oxidised and partially oxidised bedrock. It is significant to note that the highest assay was the deepest at 90m down hole (78m vertical) and about 20m below the base of complete oxidation.

Table 5
Seven Seas >0.5g/t Au intercepts calculated with up to 1m of internal dilution.
All holes drilled at 60° declination to 225°.

Hole ID	Easting m	Northing m	From m	Width m	Grade g/tAu
ETRC0001	290902	6639671	21	5	1.156
			32	1	0.694
ETRC0002	289980	6639742	23	1	1.147
ETRC0004	290550	6639370	52	1	1.435
			90	1	10.298
ETRC0005	295540	6637380	52	1	1.035
ETRC0006	295590	6637465	50	1	0.673
			57	1	0.528
ETRC0008	295330	6637495	39	1	0.742
			42	2	0.908
			58	3	3.309
			63	4	0.959
			69	3	3.133

REVIEW OF OPERATIONS

Seven Seas (cont)

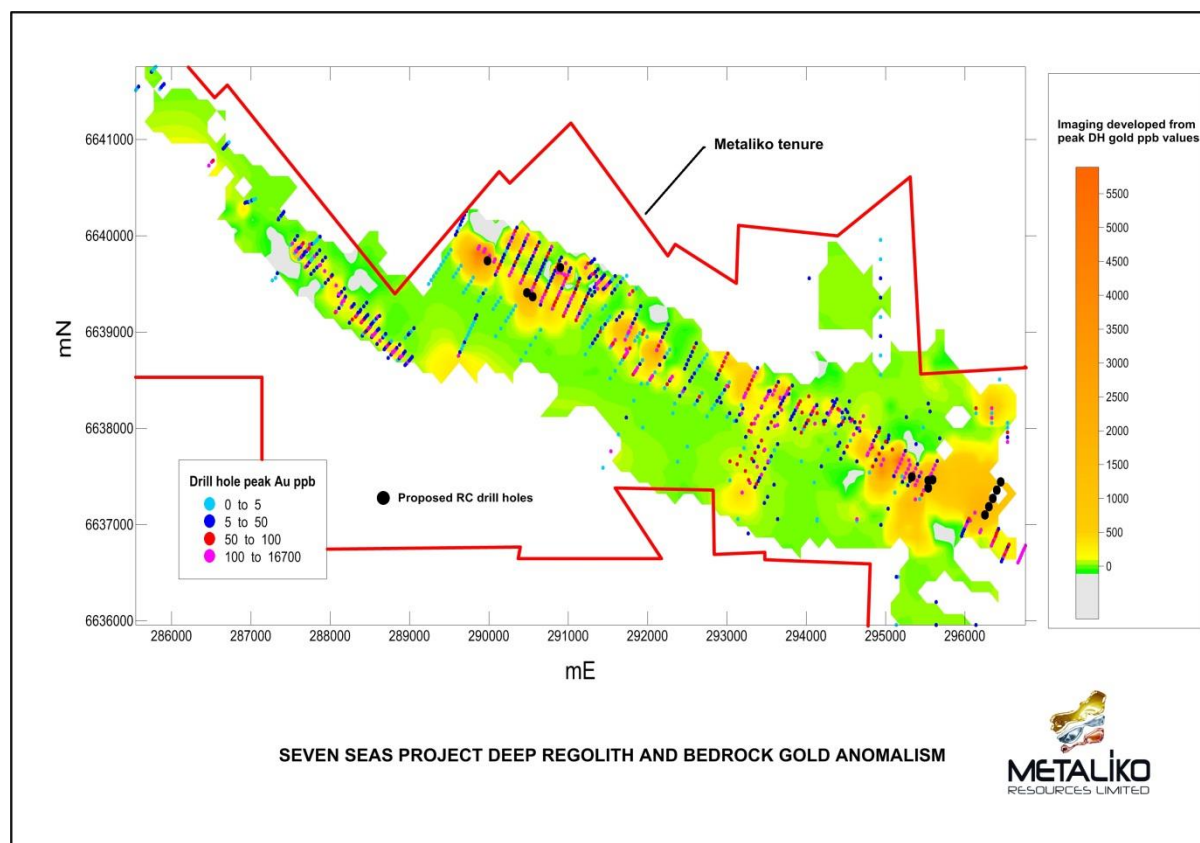


Figure 7
Bedrock and deep regolith gold anomalism at Seven Seas

Windanya

During 2011 Metaliko completed 6,522 line kilometres of low level high resolution aeromagnetic and radiometric surveys on its Windanya and adjoining Baden Powell gold projects in the Eastern Goldfields of Western Australia located 50km to 70km north of Kalgoorlie (Figure 8).

Numerous targets were identified from the very comprehensive survey conducted.

Areas of known gold mineralisation will be the focus of the next stage of exploration. In addition 8 other target areas which were identified from the magnetic data remain to be followed up. Auger soil geochemistry surveys are in progress for these targets.

REVIEW OF OPERATIONS

Windanya (cont)

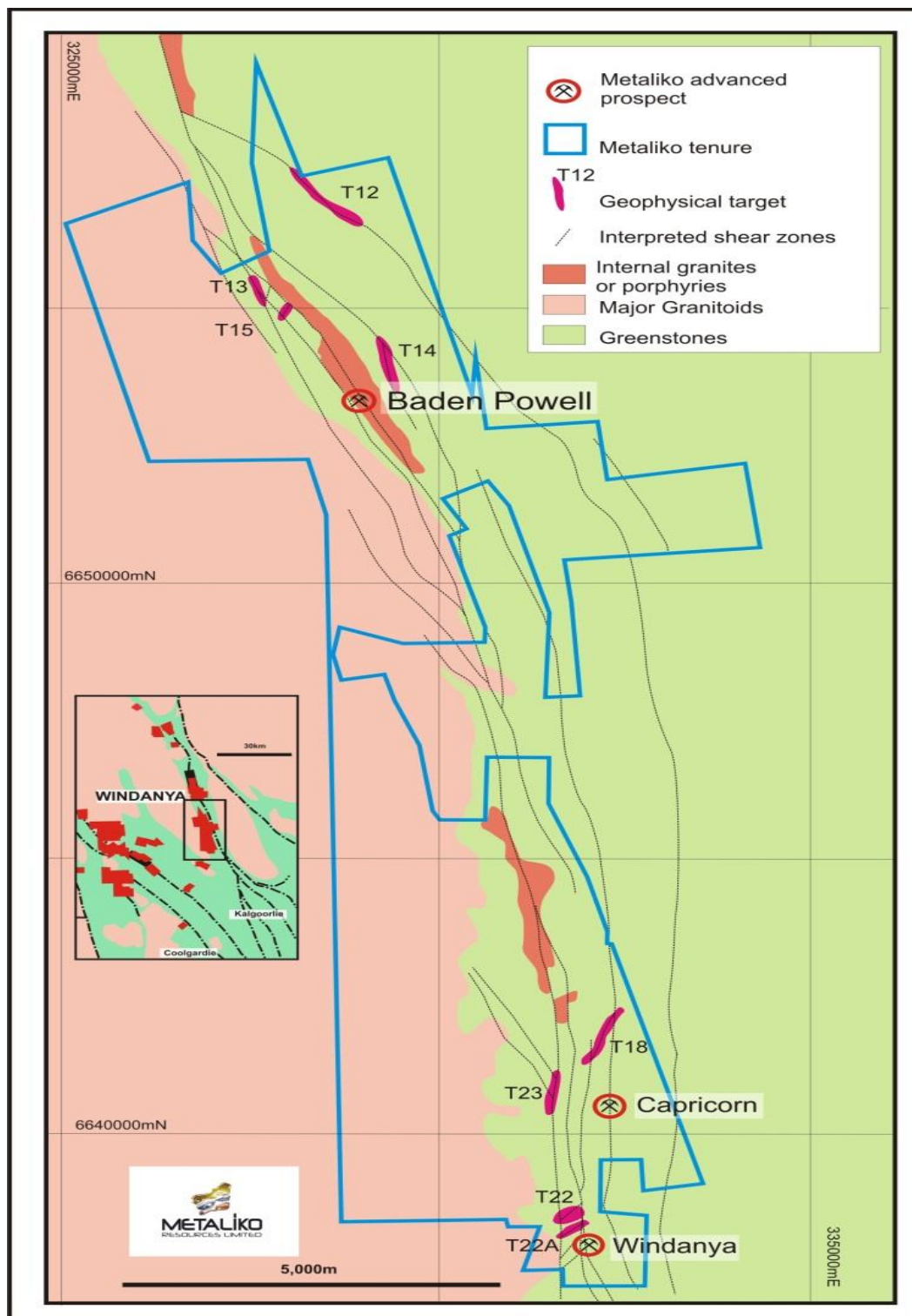


Figure 8
Windanya

REVIEW OF OPERATIONS

MINERAL RESOURCES AND ORE RESERVES STATEMENT

Metaliko Resources Ltd has tabled two JORC mineral resources at Anthill and Goongarrie Lady. Location and prospect, tenement details have been included in this report. The main commodity is gold.

The mineral resource estimates for these projects were prepared and first disclosed under the then current JORC Code 2004. Dates of the ASX public releases are shown. It has not been updated since to comply with the new JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Company will report any future mineral reserves and resources estimates in accordance with the 2012 JORC Code.

CORPORATE GOVERNANCE - RESERVES AND RESOURCES CALCULATIONS

Due to the nature, stage and size of the Company's existing operations, Metaliko Resources Ltd believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations. However, the Company ensures that all mineral reserve and measured resource calculations are prepared by a competent, senior geologist and are reviewed and verified independently by a qualified person.

COMPETENT PERSONS STATEMENT

1. Metaliko Resources Ltd advises in accordance with Australian Stock Exchange Limited Listing Rules 5(6) that the exploration results contained within this Annual Report are based on information compiled by Mr David O'Farrell who is a member of the Australian Institute of Mining and Metallurgy. Mr O'Farrell is a consultant working for Metaliko Resources Ltd and has consented in writing to the inclusion in this Annual Report of matter based on the information so compiled by him in the form and context in which it appears. Mr O'Farrell has sufficient experience relevant to the style of mineralisation and types of deposit under consideration to be qualified as a Competent Person as defined by the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves".
2. The information in this report that relates to open pit oxide ore resource at Goongarrie has been compiled by Mr Simon Coxhell. Mr Coxhell, who is a member of the Australian Institute of Mining and Metallurgy, is an independent consultant to Intermin Resources Ltd. Mr Coxhell has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that he is undertaking to qualify as a Competent person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Coxhell consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.
3. The information in this report that relates to the fresh/oxide (-150m depth) Goongarrie Lady mineral resource estimate is based on information received from MKO and work carried out by Mr Andrew Moulds, a full time employee of Goldfields Mining Services Pty Ltd (GMS). Mr Andrew Moulds gives his consent for the public release of this report. Andrew Moulds is a member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the JORC code.

REVIEW OF OPERATIONS

The resource calculation was based on data composited to 1m, placed into domains, and a block model constructed using the sub-block method. The resource was calculated using the IDW method. The resource was classified as inferred, principally due to the lack of QAQC information for the historic data. However to facilitate economic evaluation and analysis the inferred resource has been subdivided in to categories that would otherwise have corresponded to measured (Pass 1), indicated (Pass 2) and inferred (Pass 3).

Table 6
June 2012 Resource Estimate for Goongarrie Lady by "Pass Number" classification

Pass	Tonnes	Grade	Ounces
1	58807	3.49	6607
2	115257	2.38	8806
3	82508	2.64	6999
Total	256572	2.72	22412

4. Information in this announcement relating to Mineral Resources Ltd at the Anthill Project is based on information prepared by Phil Jankowski, who is employed full time by SRK Consulting, Mr Jankowski is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and deposit under consideration to qualify as a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Jankowski has consented to the form and context of the resource statement included here.

TENEMENT SCHEDULE

Prospect Area	Tenement ID	Holder	Equity	Responsible party
Goongarrie	M29/0420	MKO	100	MKO
	L29/0109	MKO	100	MKO
	E29/0419**	MKO	100	MKO
	P29/1954	MKO	100	MKO
	P29/1955	MKO	100	MKO
	P29/2070	MKO	100	MKO
	P29/2073	MKO	100	MKO
	P29/2286**	MKO	100	MKO
	P29/2287**	MKO	100	MKO
	P29/2288**	MKO	100	MKO
	P29/2289**	MKO	100	MKO
	P29/2290**	MKO	100	MKO
	P29/2307**	MKO	100	MKO
	P29/2308**	MKO	100	MKO
	ELA29/0922	MKO	100	MKO
Menzies	P29/1961	MKO	100	MKO
	P29/1973	MKO	100	MKO
	P29/1974	MKO	100	MKO
	P29/1975	MKO	100	MKO
	P29/1976	MKO	100	MKO
Anthill	L16/0092	MKO	100	MKO
	M16/0531	MKO	100	MKO
Bullabulling	E15/1042	MKO	100	MKO
	P15/4820*	MKO	100	MKO
	P15/5286	MKO	100	MKO
	P15/5307	MKO	100	MKO
	P15/5308	MKO	100	MKO
	P15/5360	MKO	100	MKO
	P15/5361*	MKO	100	MKO
	P15/5362	MKO	100	MKO
	P15/5363	MKO	100	MKO

TENEMENT SCHEDULE

Prospect Area	Tenement ID	Holder	Equity	Responsible party
	P15/5364	MKO	100	MKO
	P15/5365*	MKO	100	MKO
	P15/5680	MKO	100	MKO
Seven Seas	E24/0148	MKO	100	MKO
	P16/2461	MKO	100	MKO
	P16/2462	MKO	100	MKO
	P16/2463	MKO	100	MKO
	P16/2466	MKO	100	MKO
	P16/2467	MKO	100	MKO
	P16/2468	MKO	100	MKO
	P16/2469	MKO	100	MKO
	P16/2470	MKO	100	MKO
	P16/2631	MKO	100	MKO
	P16/2632	MKO	100	MKO
	P16/2633	MKO	100	MKO
	P16/2634	MKO	100	MKO
	P16/2635	MKO	100	MKO
	P16/2636	MKO	100	MKO
	P16/2637	MKO	100	MKO
	P24/4291	MKO	100	MKO
	P24/4294	MKO	100	MKO
	P24/4397	MKO	100	MKO
Windanya	P24/4188	MKO	100	MKO
	P24/4189	MKO	100	MKO
	P24/4190	MKO	100	MKO
	P24/4191	MKO	100	MKO
	P24/4192	MKO	100	MKO
	P24/4193	MKO	100	MKO
	P24/4194	MKO	100	MKO
	P24/3771	MKO	100	MKO
	P24/4215	MKO	100	MKO
	P24/4216	MKO	100	MKO
	P24/4217	MKO	100	MKO

TENEMENT SCHEDULE

Prospect Area	Tenement ID	Holder	Equity	Responsible party
	P24/4218	MKO	100	MKO
	P24/4222	MKO	100	MKO
	P24/4505	MKO	100	MKO
	P24/4673	MKO	100	MKO
	P24/4674	MKO	100	MKO
	P24/4675	MKO	100	MKO
	P24/4676	MKO	100	MKO
	P24/4677	MKO	100	MKO
	P24/4678	MKO	100	MKO
Baden Powell	M24/0898	MKO	100	MKO
	M24/0919	MKO	100	MKO
	P24/4016	MKO	100	MKO
	P24/4195	MKO	100	MKO
	P24/4196	MKO	100	MKO
	P24/4197	MKO	100	MKO
	P24/4198	MKO	100	MKO
	P24/4199	MKO	100	MKO
	P24/4200	MKO	100	MKO
	P24/4201	MKO	100	MKO
	P24/4210	MKO	100	MKO
	P24/4212	MKO	100	MKO
	P24/4213	MKO	100	MKO
	P24/4214	MKO	100	MKO
	P24/4488	MKO	100	MKO
	P24/4524	MKO	100	MKO
	P24/4525	MKO	100	MKO
	P24/4586	MKO	100	MKO
	P24/4611	MKO	100	MKO
	P24/4702**	MKO	100	MKO
	P24/4703**	MKO	100	MKO
Chadwin	P24/4398	MKO	100	MKO
	P24/4399	MKO	100	MKO

TENEMENT SCHEDULE

Prospect Area	Tenement ID	Holder	Equity	Responsible party
	P24/4404	MKO	100	MKO
	P24/4405	MKO	100	MKO
Jenny Wren	P15/4782	MKO	100	MKO
Wombola	P26/3759	MKO	100	MKO
	P26/3760	MKO	100	MKO
Leo Dam	P24/4767	MKO	100	MKO
	P24/4768	MKO	100	MKO
	P24/4769	MKO	100	MKO

Abbreviations

BAB	Bullabulling Gold Ltd
BAP	Barrick Australia Pacific
MKO	Metaliko Resources Limited

Notes

* MKO granted BAB the option to acquire tenements.

** Barrick Australia Pacific (BAP) retains certain buyback and exploration rights for these tenements. The buyback right is triggered in the event Metaliko discovers a gold resource in excess of 300,000oz whereupon BAP may acquire a 70% interest in the relevant tenement by payment of 2.5 times the expenditure incurred by Metaliko to that point in time. Up to the 300,000oz resource level Metaliko retains 100% interest but is required to pay BAP 2% Net Smelter Royalty on gold recovered by Metaliko from the tenement.

DIRECTORS' REPORT

The directors of Metaliko Resources Limited ("the Company") submit herewith the annual financial report of the Company and its subsidiary ("the Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

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

Peter Hayden Hunt
Dr Michael Ruane
Robin Dean
Geoff Baker – appointed 25 August 2014
Min Yang – appointed 25 August 2014

Information on Directors

Peter Hayden Hunt, Executive Chairman

Mr Hunt is a member of the Institute of Chartered Accountants in Australia and an experienced Company Director.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Wolf Petroleum Ltd formerly Strzelecki Metals Limited, Director, Appointed 20 November 2005, Resigned 7 November 2012.
- Adelaide Energy Limited, Director, Appointed 16 February 2007, Resigned 9 December 2011.
- MUI Corporation Limited, Director and Chairman, Appointed 5 June 2011, Resigned 5 December 2011.
- UXA Resources Limited, Director, Appointed 26 August 2014.
- Intermin Resources Limited, Non-Executive Director for over 20 years.

Dr Michael Ruane (PhD MRACI), Managing Director

Dr Ruane holds a PhD in Chemistry and has over 30 years' experience as a Technical Consultant in the chemical and metallurgical fields.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Intermin Resources Limited, Managing Director, Appointed 29 May 1998.
- Reward Minerals Limited, Director, Appointed 2 December 2004.

Robin Dean (BEC), Director

Mr Dean holds a Bachelor of Economics degree from the University of Western Australia and has had over 30 years' experience in banking and project finance including five years as head of Project Finance and Resource Banking at Bankwest. Since 1997, Mr Dean has acted as a financial adviser on IPO's, acquisitions and mergers, and held position of managing director and director of publicly listed companies.

Special Responsibilities:

- Nil

Directorships held in other listed companies in the past 3 years:

- Intermin Resources Limited, Non-Executive Director, Appointed 17 October 2012.

DIRECTORS' REPORT

Information on Directors (cont)

Geoff Baker, Director (appointed 25 August 2014)

Mr Baker is an Australian lawyer previously residing in Hong Kong now residing in the UK. He is also qualified to practice as a lawyer in Hong Kong. Over the past 20 years Mr Baker has been active in China conducting a practice assisting companies to do business in the region.

Previously, as a CEO of an Australian Investment Bank, Mr Baker specialised in mergers, acquisitions and fundraising. This activity operated across various industries including specialising in overseas companies, operating in Australia and investment in Asia. In 2002 Mr Baker set up the Beijing office of Deacons Lawyers and assisted in the development of the practice in China. Mr Baker's involvement in these wide-ranging fields and major projects has required him to work closely with many international companies.

Mr Baker has helped many companies from around the world to operate successfully in China by guiding them through the countries cultural, political and regulatory spheres.

Directorships held in other listed companies in the past 3 years:

- ASF Group Limited, Director, Appointed 30 November 2006.
- Rey Resources Limited, Director, Appointed 13 September 2012.
- ActivEx Limited, Director, Appointed 15 February 2013.
- Key Petroleum Ltd, Non-Executive Director, Appointed January 2014.

Min Yang, Director (appointed 25 August 2014)

Ms Yang is a resident of Hong Kong with extensive business connections in the Asia Pacific region especially greater China and has over twenty years of hands-on experience dealing with both private and state-run businesses in China.

Over the years, Ms Yang has proven her unique business insight and expertise in the identification, incubation and realization of embryonic opportunities in the resources, commodities trading and residential estate and financial investment sectors.

She is also the chairman of ASF Group and plays a significant role in shaping ASF as a creator and facilitator of two-way cross-border investments and trade transfer.

Directorships held in other listed companies in the past 3 years:

- ASF Group Limited, Director, Appointed 9 September 2005.
- Rey Resources Limited, Director, Appointed 13 September 2012.
- ActivEx Limited, Director, Appointed 10 May 2012.
- Key Petroleum Ltd, Non-Executive Director, Appointed January 2014.

Company Secretary

Ms Bianca Taveira has been providing administration and secretarial services to many listed and unlisted public companies for 15 years.

Principal Activities

The principal activity of the Group, constituted by Metaliko Resources Limited and the entities it controlled during the year, consisted of exploration for gold.

Operating Results

The net loss after providing for income tax amounted to \$352,165 (2013: loss of \$358,359).

Review of the Group Operations

(a) Exploration Activities

For detailed information on the Group's exploration activities over the past year, please refer to the Review of Operations report.

DIRECTORS' REPORT

Review of the Group Operations (cont)

(b) Corporate Matters

In June 2014, the Company issued a prospectus seeking to raise approximately \$5,550,867 via a renounceable rights issue of 185,028,885 fully paid ordinary shares at an issue price of \$0.03 per share. The renounceable rights issue closed on 10 July 2014 and subsequent shortfall shares were fully subscribed by 6 August 2014.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the company during the financial year were as follows:

- On 6 January 2014, the Company announced that it had reached agreement with the Administrator of Navigator Resources Ltd to acquire all the shares in Navigator Bronzewing Pty Ltd under the terms of a Share Sale Agreement. Navigator Bronzewing Pty Ltd is a wholly owned subsidiary of Navigator Resources Ltd and owns the Bronzewing Gold Project in the south Yandal gold belt of Western Australia. The Bronzewing Gold Project consists of the Processing Plant, associated infrastructure and various Tenements.

The company sought to raise the funds for the acquisition via a 5:2 Rights Issue Prospectus dated 24 February 2014. However, following poor uptake by shareholders and withdrawal of the Underwriter, funds raised did not meet the minimum subscription level and thus were insufficient to fund the purchase contemplated.

- Following termination of the initial transaction to acquire the Bronzewing Gold Project, the Company continued discussions with the administrator of Navigator Resources Ltd and entered into a new agreement with Navigator to acquire all of the securities of Navigator Bronzewing Pty Ltd.

On 27 June 2014 the new transaction was settled, and the Company acquired 100% of the issued share capital of Navigator Bronzewing (and therefore the Bronzewing Gold Project) by payment of the purchase of \$4,000,000 in the form of \$3,000,000 in cash and the issue of 33,333,333 fully paid ordinary shares in the Company at a deemed issue price of 3 cents per share. The issued shares are subject to voluntary escrow for a period of 12 months from the date of issue.

The settlement was completed using loan funds provided by Dr Michael Ruane and Tyson Resources Pty Ltd a company controlled by M Ruane who is a Director of the Company.

- On 19 June 2014 the Company issued a Prospectus for a renounceable rights issue of approximately 185 million shares at 3 cents per share, to raise approximately \$5.5 million.

Matters Subsequent to the End of the Financial Year

- On 8 August 2014, the Company received authorisation for the release of \$7 million in environmental bond deposits lodged in respect of the Bronzewing Gold Project tenements, as required by the Bronzewing Share Sale Agreement and Deed of Company Arrangement.
- The Company's 2:1 renounceable Rights Issue of 185,028,885 fully paid ordinary shares closed on 10 July 2014 with 44,288,861 new shares issued to shareholders on 15 July 2014. Shortfall shares of 101,377,806 were subscribed by the underwriters on 24 July 2014 and 39,362,218 by lead manager, BW Equities Pty Ltd, on 6 August 2014. A total of \$5.5 million was raised under this offer.
- In July and August 2014, the Company repaid \$2.5 million to Dr Michael Ruane and Tyson Resources Pty Ltd in relation to funds loaned to the Company for the acquisition of the Bronzewing Gold Project (see Note 11 to the consolidated financial statements).

DIRECTORS' REPORT

Matters Subsequent to the End of the Financial Year (cont)

There are no other matters or circumstances that have arisen since 30 June 2014 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

Likely Developments & Expected Results of Operations

Further information on likely developments in the operations of the Group has not been included in this report because at this stage the directors believe it would be likely to result in unreasonable prejudice to the Group.

Dividends Paid or Recommended

No dividends were paid during the year and no recommendation is made as to payments of future dividends.

Meetings of Directors

During the year, the number of meetings held and the attendances by each director were as follows:

	Circular Resolutions		Full Meetings Of Directors		Audit Committee	
Directors	Eligible To Participate	Number Attended	Eligible To Participate	Number Attended	Eligible To Participate	Number Attended
Peter Hunt	8	8	3	3	1	1
Dr Michael Ruane	8	8	3	3	-	-
Robin Dean	8	8	3	3	1	1
Geoff Baker	-	-	-	-	-	-
Min Yang	-	-	-	-	-	-

Directors' Share and Option holdings

As at 10 September 2014, the interests of the directors in the shares and options of the Company were:

Director	Ordinary Shares Indirect	Ordinary Shares Direct
Peter Hayden Hunt	3,920,700	-
Dr Michael Ruane	80,212,821	3,500,001
Robin Dean	200,000	-
Geoff Baker*	-	-
Min Yang*	-	-

* Mr Baker and Ms Yang are both non-executive directors of ActivEx Limited and ASF Resources (WA) Pty Ltd which respectively hold 83,750,000 and 22,195,557 fully paid ordinary shares in the Company.

Share Options

Unissued ordinary shares of the Company under option as at the date of this report are as follows:

Expiry date	Exercise price of options	Number under option
6 December 2015	\$0.30	450,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No shares have been issued on the exercise of options.

On 30 June 2014, 20,089,999 unlisted options expired unexercised.

DIRECTORS' REPORT

Audited Remuneration Report

The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

(a) Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group's directors has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes or Binomial methodologies.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in employee option plans.

The objective of the Group's executive reward framework is set to attract and retain the most qualified and experienced directors and senior executives. The board ensures that executive reward satisfies the following criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Directors' fees

A director may be paid fees or other amounts as the directors determine where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

DIRECTORS' REPORT

Audited Remuneration Report (cont)

Performance based remuneration

The Group has no performance based remuneration component built into director and executive remuneration packages.

Group performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This is facilitated through the issue of options to Directors and Executives to encourage the alignment of personal and shareholder interests. The Group believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

The following table shows the gross revenue and losses and the share price of the Group at the end of the respective financial year:

	2014 \$	2013 \$
Revenue	70,702	50,974
Net loss	(352,165)	(358,359)
Share price	0.02	0.01

(b) Compensation of Key Management Personnel

The key management personnel of the Group are the Directors. There are no executives, other than Directors, who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Name of Director

Peter Hayden Hunt	Executive Chairman
Dr Michael Ruane	Director
Robin Dean	Director

Remuneration Report

The emoluments for each director of the Group are as follows:

Year ended 30 June 2014	Short-term		Non Cash \$	Share-based payments Options \$	Termination Payments \$	Total \$
	Salary & Fees \$	Consulting \$				
Directors						
P Hunt	30,000	-	-	-	-	30,000
Dr M Ruane	30,000	-	-	-	-	30,000
R Dean	30,000	-	-	-	-	30,000
	90,000	-	-	-	-	90,000

DIRECTORS' REPORT

Audited Remuneration Report (cont)

Year ended 30 June 2013	Short-term		Non Cash \$	Share-based payments	Termination Payments	Total
	Salary & Fees \$	Consulting \$		Options \$	\$	\$
Directors						
P Hunt	30,000	-	-	-	-	30,000
Dr M Ruane	30,000	-	-	-	-	30,000
R Dean	22,315	-	-	-	-	22,315
R Griffiths	6,818	-	-	-	-	6,818
	89,133	-	-	-	-	89,133

(c) *Service agreements*

The agreements related to remuneration are set out below:

Current Agreements

- (i) Pursuant to the minutes of a meeting of Directors held on 5 July 2012, it was resolved that Directors fees be set at \$30,000 per annum each, commencing from the date of the appointment of the new directors.

(d) *Option Holdings of Key Management Personnel*

2014	Balance at 01/07/13	Options issued	Options acquired	Options lapsed	Balance held at appointment	Balance held at resignation	Balance at 30/06/14
	No.	No.	No.	No.	No.	No.	No.
Directors							
P Hunt	-	-	-	-	-	-	-
Dr M Ruane	8,000,000	-	-	(8,000,000)	-	-	-
R Dean	-	-	-	-	-	-	-
Company Secretary							
B Taveira	-	-	-	-	-	-	-
	8,000,000	-	-	(8,000,000)	-	-	-

2013	Balance at 01/07/12	Options issued	Options acquired	Options disposed	Balance held at appointment	Balance held at resignation	Balance at 30/06/13
	No.	No.	No.	No.	No.	No.	No.
Directors							
P Hunt	-	-	-	-	-	-	-
Dr M Ruane	8,000,000	-	-	-	-	-	8,000,000
R Griffiths	1,000,000	-	-	-	-	(1,000,000)	-
R Dean	-	-	-	-	-	-	-
Company Secretary							
B Taveira	-	-	-	-	-	-	-
	9,000,000	-	-	-	-	(1,000,000)	8,000,000

DIRECTORS' REPORT

Audited Remuneration Report (cont)

(e) Shareholdings of Key Management Personnel

2014	Balance at 01/07/13	Shares Acquired*	Shares Disposed*	Shares Issued	Balance held at resignation	Balance at 30/06/14
	No.	No.	No.	No.	No.	No.
Directors						
P Hunt	4,625,700	195,000	(900,000)	-	-	3,920,700
Dr M Ruane	19,008,006	2,833,666	-	-	-	21,841,672
R Dean	-	-	-	-	-	-
Company Secretary						
B Taveira	-	-	-	-	-	-
	23,633,706	3,028,666	(900,000)	-	-	25,762,372

2013	Balance at 01/07/12	Shares Acquired *	Balance held at appointment	Shares Issued **	Balance held at resignation	Balance at 30/06/13
	No.	No.	No.	No.	No.	No.
Directors						
P Hunt	-	-	-	4,625,700	-	4,625,700
Dr M Ruane	12,626,980	1,906,713	-	4,474,313	-	19,008,006
R Griffiths	3,928,000	-	-	-	(3,928,000)	-
R Dean	-	-	-	-	-	-
Company Secretary						
B Taveira	-	-	-	-	-	-
	16,554,980	1,906,713	-	9,100,013	(3,928,000)	23,633,706

* Shares acquired and disposed during the year were as a result of on and off-market purchases.

** Shares issued during the 2013 year were as a result of Metaliko's non-renounceable rights issue.

(f) Directors Loans

At 30 June 2014, a loan of \$3,558,860 existed between the Group, Dr Michael Ruane and Tyson Resources Pty Ltd, a company controlled by Dr Ruane. The loan funds represented monies borrowed by the Group to acquire its interest in the Bronzewing Gold Project. The loan is currently unsecured, interest free and repayable at call.

(g) Share-based compensation

No shares have been issued to Directors as a result of the exercise of any options in the current financial year (2013: Nil).

No remuneration options have been issued during the year.

(h) Use of remuneration consultants

The Group did not employ the services of remuneration consultants during the financial year.

DIRECTORS' REPORT

Audited Remuneration Report (cont)

(i) *Voting and comments made at the Group's 2013 Annual General Meeting*

The approval of the remuneration report was passed as indicated in the results of annual general meeting dated 27 November 2013. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

The Group received more than 95% of "yes" votes on its resolution to re-elect Mr Robin Dean as a Director of the Group.

This is the end of the Audited Remuneration Report.

Indemnification of Officers and Auditors

During the financial year, the Group paid a premium in respect of a contract of insurance insuring the Directors and officers of the Group against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

No non-audit services have been provided by the Group's auditors in year ended 30 June 2014. Remuneration paid to the Group's auditors is detailed in Note 15 of this report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in this Financial Report on page 36.

Details of amounts paid or payable to the auditor, Rothsay Chartered Accountants, for audit and non-audit services provided during the year are set out in Note 15 to the financial statements.

Environmental Issues

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

Proceedings on Behalf of the Group

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

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

Signed in accordance with a resolution of the Board of Directors:



DR MICHAEL RUANE
DIRECTOR

Dated at Perth: 30 September 2014

CORPORATE GOVERNANCE STATEMENT

Corporate governance is a matter of high importance to the Group and is undertaken with due regard to all of the Group's stakeholders and its role in the community. A description of the Group's corporate governance practices is set out below. Unless otherwise stated, all these practices were in place for the entire year.

Principle 1 Lay Solid Foundations for Management and Oversight

Recommendation 1.1 Entity has established the functions reserved to the Board and those delegated to senior executives

Disclosure

The Group is directly managed by the Board, through the Executive Director, contractors are used to perform functions as required.

Directors of the Group are required to act honestly, transparently, diligently, independently, and in the best interests of all shareholders with the objective of increasing shareholder value.

The Group operates in a framework to:

- Enable the Board to provide strategic guidance for the Group and effective oversight of contractors;
- Clarify the respective roles and responsibilities of Board members in order to facilitate Board accountability to the Group and shareholders;
- Ensure a balance of authority so that no single individual has unfettered powers.

Recommendation 1.2 Entity has disclosed its process for evaluating the performance of senior executives

Disclosure

The performance of non-executive directors is reviewed by the Chairman on an ongoing basis. Any Director whose performance is considered unsatisfactory is asked to resign.

Principle 2 Structure the Board to Add Value

Recommendation 2.1 A majority of the Board are independent directors

Disclosure

The two non-executive directors, Peter Hunt and Robin Dean are deemed to be independent as their shareholdings in the Company are considered to be low.

One of the Directors, Dr Michael Ruane is considered not to be independent due to the substantial holdings that companies associated with him have in the Group. This is not a disadvantage to the Group. The Group's wellbeing is of primary interest to Dr Ruane and his skill and experience is necessary to the Group.

Directors, Geoff Baker and Min Yang were appointed in August 2014 hence not involved in company activities during the reporting period.

As part of the Group's Constitution the Board:

- should comprise between 3 and 8 Directors;
- at least half of the Board should be non-executive Directors;
- the Chairman should be a non-executive Director;
- on appointment, Directors should desirably be able to serve a minimum of three years before retirement; and
- the Board should comprise Directors with a broad range of skills and experience.

At the date of signing the Directors' Report the Board consisted of one executive director and four non-executive directors. Details of the Directors are set out in the Directors' Report under the heading "Directors Information."

CORPORATE GOVERNANCE STATEMENT (cont)

Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting of shareholders, and re-election at three-yearly intervals.

Disclosure

The most significant responsibilities and functions of the Board are:

- Development of corporate strategy and performance objectives;
- Approving and monitoring the progress of major capital expenditure, capital management and monitoring of the results;
- Oversight of the Group, including reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- Approving and monitoring financial and other reporting;
- Monitoring and influencing the culture, reputation and ethical standards of the Group;
- Monitoring the Board composition, director selection and Board processes and performance;
- Approving key executive appointments;
- Reviewing and approving executive remuneration.

The Directors are expected to attend all meetings of the Board. The frequency of Board meetings and Directors' attendance at those meetings is set out in the Directors' Report. Directors are expected to adequately prepare for meetings and attend and participate at Board meetings.

Recommendation 2.2 The Chair is an independent director

Disclosure

The independent Chair of the Board is Peter Hunt.

Recommendation 2.3 The roles of Chair and CEO are not exercised by the same individual

Disclosure

The role of the Chairman (Peter Hunt) and the CEO (Michael Ruane) are not exercised by the same individual.

Recommendation 2.4 The Board has established a nomination committee

Disclosure

Principle 2 has not been fully complied with as a nomination committee has not been established. The role of the nomination committee has been assumed by the full Board instead.

Recommendation 2.5 Entity has disclosed the process for evaluating the performance of the Board, its committees and individual directors

Disclosure

The Board has a process to review and evaluate the performance of the Board. The process involves consideration of all of the Board's key areas of responsibility. The Board of Directors have responsibility for the overall corporate governance of the Group and for protecting the rights and interests of the stakeholders in the Group.

Principle 3 Promote Ethical and Responsible Decision Making

Recommendation 3.1 Entity has established a code of conduct and disclosed the code or a summary of the code

Disclosure

The Group is committed to maintaining appropriate standards of ethical behaviour required of the Group Directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourage the observance of those standards.

CORPORATE GOVERNANCE STATEMENT

The Board supports the following Code of Conduct issued by the Australian Institute of Company Directors:

- A Director must act honestly, in good faith and in the best interests of the Group as a whole;
- A Director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- A Director must use the powers of office for a proper purpose, in the best interests of the Group as a whole;
- A Director must recognise that the primary responsibility is to the Group's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Group;
- A Director must not make improper use of information acquired as a Director;
- A Director must not take improper advantage of the position of Director;
- A Director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Group;
- A Director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board of Directors;
- Confidential information received by a Director in the course of the exercise of directorial duties remains the property of the Group from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Group, or the person from whom the information is provided, or is required by law;
- A Director should not engage in conduct likely to bring discredit upon the Group;
- A Director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

Recommendation 3.2 Entity has established a policy concerning diversity and disclosed the policy or a summary of that policy

Recommendation 3.3 Entity has disclosed in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them

Disclosure

The Group values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. However due to the small size of the Group, the Group has not developed a formal diversity policy.

Recommendation 3.4 Entity has disclosed in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board

Disclosure

The Group embraces diversity, with a focus on female participation. Diversity is not limited to gender, age, ethnicity and/or cultural backgrounds.

As at September 2014, the proportion of women employed in the Group was:

- All employees – 10%
- In management positions – Nil
- In senior executive positions – 10%
- Board – 10%

CORPORATE GOVERNANCE STATEMENT

Principle 4 Safeguard Integrity in Financial Reporting

Recommendation 4.1 The Board has established an audit committee

Recommendation 4.2 The Audit Committee has been structured

Recommendation 4.3 The Audit Committee has a formal charter

Disclosure

To assist it in fulfilling its responsibilities the Board has established an audit committee. The audit committee consists of two non-executive Directors being:

- P H Hunt (Chairman); and
- R Dean

The skills, experience and expertise relevant to each member of the audit committee is included in the Directors Report. Details of the number of meetings of the committee held during the year and the attendees at those meetings are available in the Directors Report.

The main responsibilities of the audit committee are to:

- review and report to the Board on the annual report and financial statements;
- provide assurance to the Board that it is receiving adequate, up to date and reliable information;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering;
 - effectiveness and efficiency of operations;
 - reliability of financial reporting;
 - compliance with applicable laws and regulations; and
 - coordination with the external auditors;

The committee is also charged with the responsibilities of recommending to the Board the appointment, removal and remuneration of the external auditors, reviewing the terms of their engagement and the scope and quality of the audit.

In fulfilling its responsibilities the committee receives regular reports from external auditors. The external auditors have a clear line of direct communication at any time to the Chairman of the audit committee.

The committee has authority, within the scope of its responsibilities, to:

- seek any information it requires from any employee or external party, and
- obtain external legal or other independent professional advice.

The committee reports to the full Board after each committee meeting and relevant papers are provided to all Directors.

Principle 5 Make Timely and Balanced Disclosure

Recommendation 5.1 Entity has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies

Disclosure

The Group supports the continuous disclosure policy set out in the Australian Stock Exchange Listing Rules to ensure that:

- All investors have equal and timely access to material information concerning the Group, including its financial situation, performance, ownership and governance;
- Group announcements are factual and presented in a clear and balanced way.

CORPORATE GOVERNANCE STATEMENT

Communication with Shareholders

All Group announcements are subject to appropriate vetting and authorisation to ensure that Group 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.

Informing the Market

The Board's policy is that shareholders are informed of all major developments that are price sensitive, regardless of whether the information is good news or bad news.

Continuous Disclosure

The Managing Director is the nominated Australian Stock Exchange Communication Officer and is responsible for ensuring that the Group complies with its continuous disclosure requirements.

The Managing Director is responsible for overseeing and coordinating the disclosure of information to the stock exchange, analysts, brokers, shareholders, the media and the public.

The Group's compliance with its continuous disclosure obligations is reviewed at each meeting of the Board of Directors.

Principle 6 Respect the Rights of Shareholders

Recommendation 6.1 Entity has a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclosed the policy or a summary of the policy

Disclosure

Principle 6 has not been complied with, the Group does not have a published Communications Policy. The Group communicates with shareholders in an open and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. Shareholders are encouraged to submit questions at general meetings and also to participate in discussions with the Board at the meetings.

Restrictions on Share Dealings by Directors

Directors are subject to the Corporations Act 2001 restrictions on applying for, acquiring and disposing of securities in, or other relevant financial products of, the Group (or procuring another person to do so), if they are in possession of inside information. Inside information is that information which is not generally available, and which if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities in, or other relevant financial products of, the Group.

The Board does not place any restrictions on the Directors or staff in trading in the Group's shares other than that no trading is to take place unless all information which is price sensitive is first released to the market. It is the Board's policy to keep the market informed at all times.

CORPORATE GOVERNANCE STATEMENT

Principle 7 Recognise and Manage Risk

Recommendation 7.1 Entity has established policies for the oversight and management of material business risks and disclosed a summary of those policies

Recommendation 7.2 Board requires management to design and implement the risk management and internal control system to manage the entity's material business risks and report to it on whether those risks are being managed effectively. The Board has disclosed that management has reported to it as to the effectiveness of the company's management of its material business risks

Recommendation 7.3 Board has disclosed whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

Disclosure

Principal 7 has not been complied with as the Group does not have a published risk management policy. A Board member is responsible for the day to day management of the Group and communicates directly with the other Board members, this ensures that any potential risk to the Group is dealt with immediately.

Access to Independent Professional Advice

The Group has a policy that each Director may seek independent legal and other professional advice at the Group's expense concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors. The prior approval of the Chairman is required, which must not be unreasonably withheld, before incurring the expense.

Principle 8 Remunerate Fairly and Responsibly

Recommendation 8.1 The Board has established a remuneration committee

Recommendation 8.2 The remuneration committee is structured so that it consists of a majority of independent directors, is chaired by an independent chair, and has at least three members

Disclosure

Principal 8 has not fully been complied with as the Group has not established a remuneration committee.

Recommendation 8.3 Entity clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives

Disclosure

The Directors' salaries are set out in the Directors' Report and published annually. The Group's administrative activities are carried out by contractors under instruction from the Board. Commercial rates are paid. Work performed by Director controlled entities is at commercial rates and disclosed annually. The Group's executives are paid a salary commensurate with their experience and market conditions.

The Board consists of only three members, performance evaluation by a remuneration committee is thus inappropriate. The Board evaluates its own performance on the success of the Group on a yearly basis. The Chairman evaluates the performance of the other Board members annually to assess their suitability and also to ensure that additional Directors are not required. The shareholders also have the right and are given the opportunity to question the Board members formally at meetings or informally by direct contact.

CORPORATE GOVERNANCE STATEMENT

Departure from Best Practice Recommendations

From 1 July 2013 to 30 June 2014, the Group complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than the recommendations specified in the table below.

2.4	The Board has not established a nomination committee.	The whole Board carries out the duties which would otherwise be undertaken by the nomination committee. The need for a nomination committee will be reviewed annually.
3.2 & 3.3	The Board has not established a policy concerning diversity.	Due to the small size of the Group, a Diversity Policy has not yet been introduced. The need for a diversity policy will be reviewed annually.
7.1 & 7.2	The Board has not established a risk management policy.	Risk management is dealt with on a daily basis by management and communicated directly to the Board. The need for a risk management policy will be reviewed annually.
8.1 & 8.2	The Board has not established a remuneration committee.	The whole Board carries out the duties which would otherwise be undertaken by the remuneration committee. The need for a remuneration committee will be reviewed annually.

AUDITORS INDEPENDENCE DECLARATION



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Metaliko Resources Ltd
PO Box 1104
Nedlands WA 6909

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 30 September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

INDEPENDENT AUDIT REPORT



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF METALIKO RESOURCES LTD

Report on the financial report

We have audited the accompanying financial report of Metaliko Resources Ltd ("the Company") which comprises the balance sheet as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flow state for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 our 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, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

INDEPENDENT AUDIT REPORT



Audit opinion

In our opinion the financial report of Metaliko Resources Ltd is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in 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.

Audit opinion

In our opinion the remuneration report of Metaliko Resources Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Rothsay Chartered Accountants

Graham R Swan FCA
Partner

Dated 30 September 2014



Chartered Accountants

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

DIRECTORS' DECLARATION

The directors of the Company declare that:

- a) the financial statements and notes, as set out on pages 40 to 70 comply with Accounting Standards and the Corporations Act 2001 and other mandatory professional reporting requirements;
- b) gives 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 to 30 June 2014; and
- c) in the Directors' opinion, the financial statements and notes are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the International Accounting Standards Board.

In the Directors' opinion:

- (i) at the date of the declaration there are reasonable grounds to believe that the Company will be able to pay its debts and when they become due and payable; and
- (ii) the Directors have been given the declaration by the Chief Executive Officer and Chief Financial Controller required by Section 295A of the Corporations Act 2001.

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



DR MICHAEL RUANE
DIRECTOR

Dated at Perth: 30 September 2014

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

	NOTE	2014 \$	2013 \$
Revenue from continuing operations			
Revenue from ordinary activities	2(a)	24,342	45,363
Other income	2(b)	46,360	5,611
Total Revenue		<u>70,702</u>	<u>50,974</u>
Expenses			
Depreciation	2(c)	(9,442)	(19,017)
Capitalised exploration & evaluation expenditure written off	9	(29,000)	-
Administration expenses		(73,519)	(58,557)
Consultant expenses and professional costs		(72,287)	(119,649)
Employee and contractors expenses		(192,897)	(160,336)
Occupancy expenses		(40,772)	(40,669)
Travel expenses		(411)	(1,081)
Investor relations and marketing expenses		(3,589)	(8,181)
Other expenses		(950)	(1,843)
Total expenses		<u>(422,867)</u>	<u>(409,333)</u>
Loss before income tax		<u>(352,165)</u>	<u>(358,359)</u>
Income tax benefit	3	-	-
Loss for the year		<u>(352,165)</u>	<u>(358,359)</u>
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income/(loss) for the year		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(352,165)</u>	<u>(358,359)</u>
Earning/(loss) per share for profit/(loss) from continuing operations attributable to equity holders of Metaliko Resources Limited:			
Basic loss per share (cents)	4	(0.4)	(0.4)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	60,118	989,945
Receivables	6	196,873	66,645
Other assets	7	554,423	-
TOTAL CURRENT ASSETS		811,414	1,056,590
NON CURRENT ASSETS			
Property, plant & equipment	8	2,972,194	36,424
Capitalised exploration and evaluation expenditure costs	9	6,741,936	5,018,653
Other assets	7	25,000	-
TOTAL NON CURRENT ASSETS		9,739,130	5,055,077
TOTAL ASSETS		10,550,544	6,111,667
CURRENT LIABILITIES			
Trade and other payables	10	283,109	50,927
Borrowings	11	3,558,860	-
TOTAL CURRENT LIABILITIES		3,841,969	50,927
TOTAL LIABILITIES		3,841,969	50,927
NET ASSETS		6,708,575	6,060,740
EQUITY			
Issued capital	12(a)	10,360,943	9,360,943
Reserves	14	1,477,861	1,477,861
Accumulated losses	13	(5,130,229)	(4,778,064)
TOTAL EQUITY		6,708,575	6,060,740

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

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

	Attributable to equity holders			
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2012	8,733,648	1,477,861	(4,419,705)	5,791,804
<i>Other comprehensive income</i>				
Loss for the year	-	-	(358,359)	(358,359)
<i>Total comprehensive income / (loss) for the year</i>	-	-	(358,359)	(358,359)
Transactions with owners in their capacity as owners				
Shares issued during the year	693,858	-	-	693,858
Share issue costs	(66,563)	-	-	(66,563)
Total contributions by owners	627,295	-	-	627,295
Balance at 30 June 2013	9,360,943	1,477,861	(4,778,064)	6,060,740
	Attributable to equity holders			
	Ordinary Shares \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	9,360,943	1,477,861	(4,778,064)	6,060,740
<i>Other comprehensive income</i>				
Loss for the year	-	-	(352,165)	(352,165)
<i>Total comprehensive income / (loss) for the year</i>	-	-	(352,165)	(352,165)
Transactions with owners in their capacity as owners				
Shares issued during the year	1,000,000	-	-	1,000,000
Share issue costs	-	-	-	-
Total contributions by owners	1,000,000	-	-	1,000,000
Balance at 30 June 2014	10,360,943	1,477,861	(5,130,229)	(6,708,575)

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

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

	NOTE	2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(303,616)	(523,182)
R & D tax rebate received		-	219,259
Interest received		24,704	41,611
Net cash used in operating activities	20(b)	<u>(278,912)</u>	<u>(262,312)</u>
Cash flows from investing activities			
Capitalised exploration and evaluation expenditure		(342,383)	(571,199)
Acquisition of subsidiary net of cash acquired – MKO Mines Pty Ltd (formerly Navigator (Bronzewing) Pty Ltd)	25	(1,745,263)	-
Payments for property, plant and equipment		<u>(13,487)</u>	<u>11,829</u>
Net cash used in investing activities		<u>(2,101,133)</u>	<u>(559,370)</u>
Cash flows from financing activities			
Proceeds from issues of ordinary shares		-	693,858
Share issue costs		-	(66,563)
Proceeds from borrowings		<u>1,450,218</u>	<u>-</u>
Net cash provided by financing activities		<u>1,450,218</u>	<u>627,295</u>
Net increase in cash and cash equivalents		(929,827)	(194,387)
Cash and cash equivalents at the beginning of the financial year		989,945	1,184,332
Cash and cash equivalents at the end of the financial year	20(a)	<u><u>60,118</u></u>	<u><u>989,945</u></u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies

The financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Australian Accounting Interpretations.

The financial statements were authorised for issue by the Directors on 30 September 2014.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the year ended 30 June 2014 of \$352,165 (2013: \$358,359) and experienced net cash outflows from operating activities of \$278,912 (2013: \$262,312). At 30 June 2014, the Group had current assets of \$811,414 (2013: current assets of \$1,056,590).

The Directors believe, having regard to the subsequent events as detailed in Note 19 to the financial statements, there are sufficient funds to meet the Group's working capital requirements and as at the date of this report the Group believes it can meet all liabilities as and when they fall due. However the Directors recognise that additional funding either through the issue of further shares, convertible notes or a combination of both will be required for the Group to continue to actively explore its mineral properties.

The Directors have reviewed the business outlook and the assets and liabilities of the Group and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds through debt or equity issues or partial sale of its mineral properties as and when the need to raise working capital arises.

Should the Directors not achieve the matters set out above, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and liabilities in the normal course of business.

The financial report does not include any adjustments that may be necessary if the Group is unable to continue as a going concern.

Critical Accounting Judgments & Estimates

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(a) Principles of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Metaliko Resources Limited and its controlled entity, MKO Mines Pty Ltd. As at 30 June 2014, Metaliko Resources Limited and its subsidiary together are referred to in this financial report as the Consolidated Entity or the Group.

Control exists where the Company has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with the Company to achieve the objectives of the Company. All inter-company balances and transactions between entities in the Group, including any unrealised profits and losses have been eliminated on consolidation. Non-controlling interests in the results and equity of the consolidated entities are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income from the date on which control commences. They are de-consolidated from the date that control ceases.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(c) Trade and other receivables

Trade receivables, which generally have 30-60 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.

(d) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(e) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(f) Financial instruments issued by the Group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(h) Impairment of assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group satisfies all attached conditions.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset by equal annual instalments.

Where a grant is received in relation to the tax benefit of research and development costs, the grant shall be credited to income tax expense in the Statement of Comprehensive Income in the year of receipt.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(j) Income Tax

Current Tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(k) Exploration and Evaluation Expenditure

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition.

Subsequent exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered through use or sale.

(l) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(m) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Property, plant and equipment	10% to 66.67%
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(o) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. The cost of mining stocks includes direct materials, direct labour, transportation costs and variable and fixed overhead costs relating to mining activities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(p) Presentation currency

The entity operates entirely within Australia and the presentation currency is Australian dollars.

(q) Share-based payments

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(r) Revenue recognition

Interest revenue

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

(s) Issued Capital

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(t) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that it transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

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

(u) Earnings per share

Basic earnings per share is calculated as a net profit attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- 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) Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS required the use of certain critical estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Exploration and evaluation assets

Acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable areas, and active and significant operations in or relating to, the area of interest are continuing.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(x) New, revised or amending Accounting Standards and Interpretations adopted

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

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

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

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

AASB 10 Consolidated Financial Statements

AASB 10 provides a revised definition of 'control' which states that control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Consolidated Entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. This standard is not expected to significantly impact the Consolidated Entity's financial statements.

The standard has not significantly impacted the Consolidated Entity's financial statements.

AASB 11 Joint Arrangements

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

The standard has not significantly impacted the Consolidated Entity's financial statements.

AASB 12 Disclosure of Interests in Other Entities

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(x) New, revised or amending Accounting Standards and Interpretations adopted (cont)

The standard has not significantly impacted the Consolidated Entity's financial statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

The standards have not significantly impacted the amounts recognised in the Consolidated Entity's financial statements.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

The Consolidated Entity does not have any defined benefit plans and thus changes to the standard are not relevant.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

The standards have not significantly impacted the Consolidated Entity's financial statements.

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

The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(x) New, revised or amending Accounting Standards and Interpretations adopted (cont)

The standard has not significantly impacted the Consolidated Entity's financial statements.

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

The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

The standard has not significantly impacted the Consolidated Entity's financial statements.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The standard amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20

The Interpretation clarifies when production stripping costs should lead to the recognition of an asset and how that asset should be initially and subsequently measured. The Interpretation only deals with waste removal costs that are incurred in surface mining activities during the production phase of the mine.

The interpretation has not significantly impacted the Consolidated Entity's financial statements.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

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

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2014. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont)

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Consolidated Entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the Consolidated Entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the Consolidated Entity.

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 1: Summary of Significant Accounting Policies (cont)

(y) New Accounting Standards and Interpretations not yet mandatory or early adopted (cont)

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 July 2014 will have no impact on the Consolidated Entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the Consolidated Entity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
Note 2: Loss From Continuing Operations		
Loss from continuing operations before income tax includes the following items of revenue and expenses		
(a) Interest revenue	<u>24,342</u>	<u>45,363</u>
(b) Other income		
Rent received	-	3,885
Sale of tenement	25,000	-
Other - reimbursements	<u>21,360</u>	<u>1,726</u>
	<u>46,360</u>	<u>5,611</u>
(c) Operating Expenses		
Depreciation of plant and equipment	<u>9,442</u>	<u>19,017</u>

Note 3: Income Tax

- (a) The prima facie income tax expense on pre-tax accounting loss reconciles to the income tax expense in the financial statements as follows:

	2014	2013
	\$	\$
Loss from Operations	<u>(352,165)</u>	<u>(358,359)</u>
Income tax benefit calculated at 30%	(105,650)	(107,508)
Capital raising cost allowable	(41,827)	(12,986)
Legal fees	4,057	-
	<u>(143,420)</u>	<u>(120,494)</u>
Movements in unrecognised timing differences	(195,187)	(171,413)
Unused tax losses not recognised as a deferred tax asset	<u>338,607</u>	<u>291,907</u>
Income tax benefit reported in the Statement of Comprehensive Income	<u>-</u>	<u>-</u>

- (b) Unrecognised deferred tax balances:

The following deferred tax assets (30%) have not been brought to Account :

Unrecognised deferred tax asset – tax losses	3,281,381	2,913,779
Unrecognised deferred tax liability – capitalised exploration expenses	(1,704,292)	(1,505,596)
Unrecognised deferred tax asset – other temporary differences	<u>12,322</u>	<u>8,733</u>
Net deferred tax assets not brought to account	<u>1,589,411</u>	<u>1,416,916</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 3: Income Tax (cont)

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

- (d) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (e) conditions for deductibility imposed by the law are complied with; and
- (f) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Note 4: Loss per share	2014 Cents Per Share	2013 Cents Per Share
(a) Basic loss per share:	(0.4)	(0.4)

The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2014 \$	2013 \$
Loss for the year after income tax	(352,165)	(358,359)

	2014 No.	2013 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	92,788,415	81,742,213

(b) Diluted loss per share

The Group's potential ordinary shares, being its options and performance rights granted are not considered dilutive as the conversion of these options and performance rights would result in a decrease in the net loss per share.

Note 5: Cash and cash equivalents

	2014 \$	2013 \$
Cash at bank	59,958	989,785
Cash on hand	160	160
	<u>60,118</u>	<u>989,945</u>

(a) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 21. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
Note 6: Receivables		
Current		
Accrued interest	268	3,752
Other receivables – GST refundable	12,241	8,632
Prepaid insurance	55,292	14,284
Other debtor – prepayments	105,796	-
Other debtor	3,276	19,977
Security bonds	20,000	20,000
	196,873	66,645

None of the above receivables are past due or impaired. Refer to Note 21 for the Group's financial risk management and policies.

	2014 \$	2013 \$
Note 7: Other Assets		
Current		
Spare parts and consumables (Refer Note 25(a))	550,000	-
Unexpired borrowing & interest costs	4,423	-
	554,423	-
Non Current		
Financial assets	25,000	-

Financial assets represents shares in a listed company, which were issued to Metaliko Resources Limited as consideration for sale of a tenement. The shares are subject to an escrow agreement.

Note 8: Property, Plant & Equipment

	Office Equipment \$	Kalgoorlie Office \$	Field Equipment \$	Motor Vehicles \$	Bronzewing Plant & Equipment \$	Total \$
Year ended 30 June 2014						
Opening net book value	15,812	4,824	2,798	12,990	-	36,424
Additions	-	-	14,544	-	2,930,668	2,945,212
Disposals	-	-	-	-	-	-
Profit/(loss) on sale	-	-	-	-	-	-
Depreciation charge for the year	(3,778)	(1,192)	(1,224)	(3,248)	-	(9,442)
Closing net book value	12,034	3,632	16,118	9,742	2,930,668	2,972,194
At 30 June 2014						
Cost or fair value	56,597	10,729	18,980	28,364	2,930,668	3,045,338
Accumulated depreciation	(44,563)	(7,097)	(2,862)	(18,622)	-	(73,144)
Net book value	12,034	3,632	16,118	9,742	2,930,668	2,972,194

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 8: Property, Plant & Equipment (cont)

	Office Equipment \$	Kalgoorlie Office \$	Field Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2013					
Opening net book value	39,784	6,551	3,615	17,321	67,271
Additions	-	-	-	-	-
Disposals	(11,830)	-	-	-	(11,830)
Profit/(loss) on sale	-	-	-	-	-
Depreciation charge for the year	(12,142)	(1,727)	(817)	(4,331)	(19,017)
Closing net book value	15,812	4,824	2,798	12,990	36,424
At 30 June 2013					
Cost or fair value	56,597	10,729	4,436	28,364	100,126
Accumulated depreciation	(40,785)	(5,905)	(1,638)	(15,374)	(63,702)
Net book value	15,812	4,824	2,798	12,990	36,424

Note 9: Capitalised Exploration & Evaluation Expenditure Assets

	2014 \$	2013 \$
Opening balance	5,018,653	4,473,511
Tenement acquisition – Bronzewing Gold Project (Refer Note 25(a))	1,012,776	-
Current year expenditure	739,507	545,142
Expenditure written off	(29,000)	-
Closing balance	6,741,936	5,018,653

The recoverability of the carrying amounts of exploration and valuation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

Note 10: Trade and other payables	2014 \$	2013 \$
Accrued Expenses	62,415	21,000
Trade Creditors	204,650	17,879
Other Payables	7,386	3,939
Employee Entitlements	8,658	8,109
	283,109	50,927

Note 11: Borrowings

Loan – Related Party (Refer Note 17(a)(iii) and Note 19)	3,558,860	-
	3,558,860	-

Refer to Note 21 for the Group's financial risk management and policies.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 12: Issued Capital

	2014	2013
	\$	\$
(a) Issued Capital	10,360,943	9,360,943

Movements in share capital were as follows:

Year ended 30 June 2014	Issue Price	Fully Paid Ordinary Shares	\$
1 July 2013		92,514,442	9,360,943
27 June 2014	\$0.03	33,333,333	1,000,000
		-	-
30 June 2014		125,847,775	10,360,943

Year ended 30 June 2013	Issue Price	Fully Paid Ordinary Shares	\$
1 July 2012		69,385,832	8,733,648
17 December 2012	\$0.03	23,128,610	693,858
		-	(66,563)
30 June 2013		92,514,442	9,360,943

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Refer to Note 21(b) for the Group's capital risk policy.

(b) Options

	Unlisted Options	Employee Options
Exercise price	\$0.20	\$0.30
Expiry date	30/06/2014	06/12/2015
Opening balance	20,089,999	450,000
Issued during the year	-	-
Expired during the year	(20,089,999)	-
Exercised during the year	-	-
Closing balance	-	450,000

Note 13: Accumulated Losses

	2014	2013
	\$	\$
Balance at beginning of financial year	(4,778,064)	(4,419,705)
Net Loss	(352,165)	(358,359)
Balance at end of financial year	(5,130,229)	(4,778,064)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
Note 14: Reserves		
Option Reserve	<u>1,477,861</u>	<u>1,477,861</u>

The option issue reserve is used to recognise both the fair value and issue price of options issued.

Note 15: Remuneration of Auditors

BDO Audit (WA) Pty Limited (resigned 29 November 2012)	-	3,810
Rothsay Chartered Accountants (appointed 29 November 2012)	<u>25,500</u>	<u>23,500</u>
	<u>25,500</u>	<u>27,310</u>

Note 16: Segment Information

The Group currently does not have production and is only involved in exploration. As a consequence, activities in the operating segments are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of service line manager and country of expenditure. Discrete financial information about each of these areas is reported to the executive management team on a quarterly basis.

Based on this criteria, management has determined that the Group has one operating segment being mineral exploration in Western Australia. 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. These areas of interest meet aggregating criteria and are aggregated into one reporting sector. This 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.

Revenue from external sources	-	-
Reportable segment loss	-	-
Reportable segment assets	10,222,604	5,018,653
Reportable segment liabilities	-	-

Reconciliation of reportable segment loss

Reportable segment loss	-	-
Other revenue	70,702	50,974
Unallocated expenses	<u>(422,867)</u>	<u>(409,333)</u>
Loss before tax	<u>(352,165)</u>	<u>(358,359)</u>

Reconciliation of reportable segment assets

Reportable segment assets	10,222,604	5,018,653
Unallocated:		
- Cash	60,118	989,945
- Receivables	196,873	66,645
- Other	29,423	-
- Property, plant and equipment	<u>41,526</u>	<u>36,424</u>
Total assets	<u>10,550,544</u>	<u>6,111,667</u>

Reconciliation of reportable segment liabilities

Reportable segment liabilities	-	-
Unallocated:		
- Trade and other payables	(283,109)	(50,927)
- Borrowings	<u>(3,558,860)</u>	<u>-</u>
Total liabilities	<u>(3,841,969)</u>	<u>(50,927)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 17: Related Party Disclosures

(a) Other transactions with Director related entities

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Disclosures relating to Key Management Personnel are set out in Note 18 and the Remuneration Report.

	2014	2013
	\$	\$
(i) Labour hire and consultancy services charged to Intermin Resources Limited, a Company in which Peter Hunt, Dr Michael Ruane and Robin Dean are Directors.	46,448	44,048
(ii) Payments made to Intermin Resources Limited, a Company in which Peter Hunt, Dr Michael Ruane and Robin Dean are Directors, for the provision of office facilities and administration support.	111,313	109,222
(iii) Loans payable to Director Related Entity: Dr Michael Ruane and his related company, Tyson Resources Pty Ltd, has lent an amount of \$3,558,860 to the Group to assist with the acquisition of the Bronzewing Gold Project. The loan is unsecured, interest free and repayable at call.		
Opening Balance	-	-
Amounts Borrowed – cash	1,450,218	-
Amounts Borrowed – non cash financing	2,108,642	-
Closing Balance	<u>3,558,860</u>	<u>-</u>
(b) Aggregate amount payable to Directors and their Director related entities at reporting date:		
(i) Trade payables	77,321	9,211
(ii) Borrowings	3,558,860	-
(c) Aggregate amount receivable from Directors and their Director related entities at reporting date:		
(i) Receivables	3,276	19,437

Note 18: Key Management Personnel Disclosures

(a) Compensation of Key Management Personnel

Short term employee benefits	90,000	89,133
	<u>90,000</u>	<u>89,133</u>

Refer to the remuneration report for additional information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 19: Events Occurring After the Reporting Period

In July and August 2014, the Company raised approximately \$5,550,867 via a 2:1 renounceable Rights Issue of 185,028,885 fully paid ordinary shares at an issue price of \$0.03 per share pursuant to its prospectus dated 19 June 2014.

In July and August 2014, Metaliko Resources Limited paid an amount of \$2.5 million, being part repayment of loan funds owed to Dr M Ruane and Tyson Resources Pty Ltd (refer Note 11).

There are no other matters or circumstances that have arisen since 30 June 2014 that have or may significantly affect the operations, results, or state of affairs of the Group in future financial periods.

Note 20: Notes to the Statement of Cash flows

(a) Reconciliation of Cash

For the purposes of the Statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position, as follows:

	2014	2013
	\$	\$
Cash at bank and on hand	<u>60,118</u>	<u>989,945</u>

**(b) Reconciliation of Operating Loss After Income Tax to
Net Cash Flow From Operations**

Loss for the year	(352,165)	(358,359)
Depreciation	9,442	19,017
Capitalised exploration and evaluation expenditure written off	29,000	-
Tenement option proceeds	(25,000)	-

Changes in assets and liabilities:

Trade and other payables	162,005	(156,988)
Receivables	12,152	245,334
Provisions	548	(23,484)
Prepayments and other	(114,894)	12,168
Net cash (used in) operating activities	<u>(278,912)</u>	<u>(262,312)</u>

(c) Non Cash Financing and Investing Activities

Acquisition of Bronzewing Gold Project partly satisfied by:

- Issue of 33,333,333 shares at \$0.03	1,000,000	-
- Proceeds of loan from Dr Michael Ruane and related entities (Note 17(a)(iii))	2,108,642	-
	<u>3,108,642</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 21: Financial Instruments

Financial risk management and policies

Metaliko Resources Limited's exploration activities are being funded by equity and are not exposed to significant financial risks. There are no speculative or financial derivative instruments. Funds are invested for various short term periods to match forecast cash flow requirements.

The Group holds the following financial instruments:

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	60,118	989,945
Trade and other receivables	196,873	66,645
	<u>256,991</u>	<u>1,056,590</u>
Financial liabilities		
Trade and other payables	283,109	50,927
Borrowings	3,558,860	-
	<u>3,841,969</u>	<u>50,927</u>

The Group's principal financial instruments comprise cash and short-term deposits. In June 2014 the Group secured loan funding from a related party of approximately \$3.5 million to assist with the purchase of the Navigator Bronzewing Project.

The main purpose of these financial instruments is to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group are capital risk, credit risk, liquidity risk, and interest rate risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

(a) Credit risk

Management does not actively manage credit risk.

The Group has no significant exposure to credit risk from external parties at year end. The maximum exposure to credit risk at the reporting date is equal to the carrying value of financial assets at 30 June 2014.

Cash at bank is held with internationally regulated banks. As at 30 June 2014, all cash and cash equivalents were held with A-1+ rated banks.

Other receivables are of a low value and all amounts are current. There are no trade receivables.

(b) Capital risk

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 21: Financial Instruments (cont)

During the year ended 30 June 2014, the Group's strategy was to keep borrowings to a minimum. The Group's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs.

(c) Liquidity risk

Maturity profile of financial instruments

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates.

The directors monitor the cash-burn rate of the Group on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amount, by maturity, of the financial instruments including exposure to interest rate risk:

As at 30 June 2014	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	60,118	-	-	60,118	4.64%
Receivables & other	196,873	-	-	196,873	
	256,991	-	-	256,991	
Financial Liabilities:					
Trade payables and advance deposits	283,109	-	-	283,109	
Loan	-	3,558,860	-	3,558,860	
	283,109	3,558,860	-	3,841,969	
As at 30 June 2013	<1 year	1 – 5 years	Over 5 years	Total	Weighted average effective interest rate %
Financial Assets:					
Cash	989,945	-	-	989,945	3.50%
Receivables & other	66,645	-	-	66,645	
	1,056,590	-	-	1,056,590	
Financial Liabilities:					
Trade payables and advance deposits	50,927	-	-	50,927	
Loan	-	-	-	-	
	50,927	-	-	50,927	

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 21: Financial Instruments (cont)

Interest Rate Risk

The sensitivity analysis has not been determined for the exposure to interest rate risk, because Directors of Metaliko consider it to be immaterial.

(d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Group's principal financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

Note 22: Commitments for expenditure

(a) Operating lease commitments

The Group leases shared office premises under an operating lease expiring in three years. Minimum commitments under the lease are as follows:

	2014 \$	2013 \$
Not later than 1 year	35,973	37,727
Later than 1 year and not later than 2 years	35,973	-
Later than 2 years and not later than 5 years	32,976	-
	104,922	37,727

(b) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in. Outstanding exploration commitments are as follows:

Not later than 1 year	3,567,140	932,020
Later than 1 year and not later than 2 years	3,500,000	882,020
Later than 2 years and not later than 5 years	4,000,000	1,000,000
	11,067,140 *	2,814,040

* The substantial increase in future exploration commitments is due to the Company's acquisition of approximately 100 additional tenements as a result of the Bronzewing Gold Project acquisition.

(c) Royalty and other obligations is under tenement purchase agreement

As a condition precedent to the exercise by Metaliko Resources Limited (Metaliko) of the Heron Option Agreement, Heron and Metaliko agreed to enter into a deed of assignment, under which the Group accepts all of the rights and obligations of Heron under a former agreement with Barrick Gold Corporation (Barrick) ("Deed of Assignment"). The Deed of Assignment contains the following material terms and conditions:

Clawback Rights: Placer Dome Asia Pacific Limited ("PDAP") has a clawback right for any single resource exceeding 300,000oz containing gold that may be discovered on the tenements upon the following terms:

- (i) PDAP may elect to clawback a 70% interest in the tenements within 60 days of being notified of the establishment of a 300,000oz inferred resource by payment by two and a half times the expenditure incurred by Metaliko to that date. Please refer to the Tenement Schedule where it is noted for BAP.
- (ii) A joint venture will be formed on a 70% PDAP, 30% Heron basis where each party may elect to contribute to future expenditure or dilute.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 22: Commitments for expenditure (cont)

- (iii) PDAP will have a first right of refusal to purchase from the tenements, at best commercial terms, any gold resource discovered or developed on the tenements.

Review: PDAP reserves a right to review and scope a project if a development decision is made on any gold resource and clawback if potential exists for a greater than 300,000oz resource.

Royalty: The Group will provide a PDAP with a 2% net smelter return on all gold produced from all gold deposits developed on the tenements less than 300,000oz.

Explore: The Group will provide PDAP with a right to explore conceptual gold targets within the tenements subject to PDAP complying with the Group's safety management provisions.

Nickel Rights

- (i) Heron retains the right to explore and exploit nickel mineralisation on the tenements and after consultation with the Group has the right to explore and mine for nickel minerals within the tenements subject to being responsible for all work undertaken including rehabilitation requirements.
- (ii) The Group will have first priority to explore and mine for non-nickel minerals on the tenements and Heron will have second priority to explore for and mine for nickel minerals.
- (iii) Heron has the right to lodge a consent caveat over the tenements noting Heron's ownership of the nickel rights.

Note 23: Contingent Liabilities

The Group has no contingent liabilities at the date of this report.

Note 24: Dividends

No dividends were paid or declared during the year ended 30 June 2014 (2013: Nil).

Note 25: Business Combination

(a) Summary of acquisition

In June 2014, Metaliko Resources Ltd acquired 100% of the issued share capital of MKO Mines Pty Ltd, formerly Navigator (Bronzewing) Pty Ltd, which owns the Bronzewing Gold Project in the south Yandal belt of Western Australia.

Details of the purchase consideration and the net assets acquired are as follows:

	\$
Purchase Consideration (refer to (b) below):	
Cash Paid – Purchase Price	3,000,000
Cash Paid – Incidental Costs	493,444
Shares Issued	1,000,000
Total Purchase Consideration	<u>4,493,444</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 25: Business Combination (cont)

(a) Summary of acquisition (cont)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	\$
Cash	-
Spare Parts and Consumables	550,000
Plant and Equipment	2,930,668
Mining Tenements	1,012,776
Net assets acquired	4,493,444

(b) Purchase Consideration – Cash Outflow

	\$
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1,745,263
Less: cash acquired	-
Outflow of cash – investing activities	1,745,263

Refer to Note 20(c) for Non Cash Financing used for the part acquisition of the Group's interest in Bronzewing Gold Project.

Note 26: Investment in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in Note 1(a):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2014 %	2013 %
MKO Mines Pty Ltd (Formerly Navigator (Bronzewing) Pty Ltd)	Australia	Ordinary	100	0

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

Note 27: Parent Entity Financial Information

	2014	2013
	\$	\$
Current assets	309,601	1,056,590
Non-current assets	10,240,943	5,055,077
Total assets	10,550,544	6,111,667
Current liabilities	283,109	50,927
Non-current liabilities	3,558,860	-
Total liabilities	3,841,969	50,927
Net assets	6,708,575	6,060,740
Equity		
Contributed equity	10,360,943	9,360,943
Reserves	1,477,861	1,477,861
Accumulated losses	(5,130,229)	(4,778,064)
Total equity	6,708,575	6,060,740
Profit/ (Loss) for the year	(352,165)	(358,359)

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in the report is set out below. The information is at 22 September 2014.

Shareholdings as at 22 September 2014

Substantial Shareholders

The names of substantial shareholders who have notified the Group in accordance with section 671B of the Corporations Act:

Shareholder Name	Number of Shares	Percentage
Activex Limited	83,750,000	27.26%
Tyson Resources Pty Limited & Michael Ruane	83,712,822	27.25%
Waterton Global Value LP	33,333,333	10.85%
ASF Resources (WA) Pty Ltd	22,195,557	7.22%

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel is 171.

There is only one class of share and all ordinary shareholders have equal voting rights.

Voting Rights

All ordinary shares carry one vote per share without restriction.

Unquoted Securities

Securities	Number of Options	Number of Holders	Holder with more than 20%
Options exercisable at \$0.30 on or before 6 December 2015	450,000	2	2

On 30 June 2014, 20,089,999 unlisted options exercisable at \$0.20 expired unexercised.

On-Market Buyback

There is no current on-market buyback.

Stock Exchange Listing

Quotation has been granted for the Group's Ordinary Shares.

Distribution of Holders	
1 - 1,000	9
1,001 - 5,000	19
5,001 - 10,000	105
10,001 - 100,000	235
100,001 and above	98
Total	466

METALIKO RESOURCES LIMITED ABN 11 120 974 564**SHAREHOLDER INFORMATION**

	Holder Name	Number Held	Percentage
1	Activex Limited	83,750,000	27.26%
2	Tyson Resources Pty Limited	58,297,501	18.98%
3	Waterton Global Value LP	33,333,333	10.85%
4	ASF Resources (WA) Pty Ltd	22,195,557	7.22%
5	Kesli Chemicals Pty Limited <Ruane S/F A/C>	15,516,282	5.05%
6	Bill Brooks Pty Limited <Bill Brooks Superfund A/C>	8,452,997	2.75%
7	Heartlink Limited	6,399,038	2.08%
8	Bill Brooks Pty Limited <Bill Brooks Family A/C>	5,863,823	1.91%
9	Natjo Nominees Pty Limited	3,725,700	1.21%
10	Mr Michael Ruane	3,500,001	1.14%
11	Ms Christina Michael Michael <The M&A A/C>	3,000,000	0.98%
12	Bates Family Super Fund Pty Ltd <Bates Family Super Fund A/C>	2,864,500	0.93%
13	Kailis Consolidated Pty Limited	2,500,000	0.81%
14	Octopi Enterprises Pty Ltd	1,833,333	0.60%
15	Beaumy Pty Ltd <Robert Frost Family A/C>	1,666,666	0.54%
16	Citicorp Nominees Pty Limited	1,666,666	0.54%
17	Shamaz Pty Ltd	1,666,666	0.54%
18	Mr Joshua Slattery <The JCS A/C>	1,666,666	0.54%
19	Drawone Pty Ltd <Carbine Trading A/C>	1,666,666	0.54%
20	Ms Terril Gaye Lantzke <Leonora Investment A/C>	1,552,077	0.51%
	TOTAL	261,117,472	84.98%

METALIKO RESOURCES LIMITED ABN 11 120 974 564

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