

# **ANNUAL FINANCIAL REPORT**

**30 June 2014**

**ABN 99 009 076 233**

## **COMPANY INFORMATION**

### **Directors**

|                 |                          |
|-----------------|--------------------------|
| Craig Willis    | - Executive Director     |
| Richard Griffin | - Non-Executive Director |
| Douglas Spinley | - Non-Executive Director |

### **Company Secretary**

Damon Sweeny

### **Registered Office**

32 Barker Road  
Subiaco WA 6008

Telephone: (08) 9381 2517

Email: [info@leopardresources.com.au](mailto:info@leopardresources.com.au)

### **Auditors**

HLB Mann Judd  
Level 4  
130 Stirling Street  
Perth WA 6000

Telephone: (08) 9227 7500

Facsimile: (08) 9227 7533

### **Share Registry**

Computershare Investor Services Pty Ltd  
45 St George's Terrace  
Perth WA 6000

Telephone: 1300 787 272

### **Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

Telephone: (08) 9217 6700

Facsimile: (08) 9217 6710

### **Securities Exchange Listing**

Leopard Resources NL shares are listed  
on the Australian Securities Exchange

ASX Code: LRR

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# **Leopard Resources NL**

## **Annual Financial Report for the year ended 30 June 2014**

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### **DIRECTORS' REPORT**

Your directors present the annual financial report of the Group, consisting of Leopard Resources NL and the entities it controlled during the period for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

#### **DIRECTORS**

The names of the directors who held office during or since the end of the year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

##### **Craig Willis – Executive Director**

Mr Willis has considerable project management and technology development experience, having held a number of public and private company directorships including international resource companies. This experience includes listing and management of an exploration company on the Australian Securities Exchange. He has significant experience in dealing with government instrumentalities pertaining to contract negotiations between private and public entities.

During the past 3 years, Mr Willis has also served as a director of the following listed companies:

- Stratos Resources Ltd (formerly Eldore Mining Corporation Ltd) resigned 5/06/2012
- Sprint Energy Ltd (formerly Modena Resources Ltd) resigned 24/10/2011

##### **Richard Griffin – Non-Executive Director**

Mr Griffin has over 28 years of International project experience in mining, petroleum, and engineering environments within Australia, Asia, United States, Europe and New Zealand with specialist skills in project evaluation, management and development.

Currently advising several exploration and resource listed companies, providing strategic and operational management from the early stages of project appraisal through to ongoing production management.

During the past 3 years, Mr Griffin has also served as a director of the following listed companies:

- Arturus Capital Ltd resigned 23/10/12
- Stratos Resources Ltd (formerly Eldore Mining Corporation Ltd) resigned 5/06/2012

##### **Douglas Spinley – Non-Executive Director – appointed 21 October 2013**

Mr Spinley has more than 40 years corporate global experience, having held executive positions in mining, oil and gas, agricultural and manufacturing companies in Australia, New Zealand, S.E. Asia and the South Pacific. Mr. Spinley is a Chartered Accountant and also holds a Bachelor of Commerce and is a Fellow of the Governance Institute of Australia.

During the past 3 years, Mr Spinley has not served as a director of any other listed companies.

##### **Anthony Hamilton – Executive Director – resigned 20 October 2013**

Mr Hamilton is a fellow of the Institute of Directors in London and previously CEO of an International Mining company based in London. He has extensive public company and corporate governance experience with both Australian and International resource expertise in gold, diamonds, oil & gas and base metals, having established operations in Africa, North America and Australia.

During the past 3 years, Mr Hamilton has also served as a director of the following listed companies:

- Stratos Resources Ltd (formerly Eldore Mining Corporation Ltd) resigned 28/07/2011
- Sprint Energy Ltd (formerly Modena Resources Ltd) resigned 28/07/2011

#### **COMPANY SECRETARY**

##### **Damon Sweeny –Company Secretary**

Damon holds a Master of Business Administration and is a Chartered Secretary. Damon has over 25 years of mining industry experience, more recently in the corporate services sphere. He has held a number of private company directorships as well as private and public governance roles.

# Leopard Resources NL

## Annual Financial Report for the year ended 30 June 2014

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### DIRECTORS' REPORT (CONT'D)

#### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares and options of the company or a related body corporate were held by the directors as at the date of this report.

| Directors and Officers | Number of options over ordinary shares | Number of fully paid ordinary shares |
|------------------------|--|--------------------------------------|
| Craig Willis           | -                                      | 20,100,000                           |
| Richard Griffin        | -                                      | 9,191,000                            |
| Douglas Spinley        | -                                      | 15,500,000                           |

#### REVIEW OF OPERATIONS

The operating result for the financial year ended 30 June 2014 for the Group was an after tax loss of \$1,097,169 (2013: \$1,957,734).

#### REVIEW OF FINANCIAL CONDITION

##### *Capital Structure*

The Group has a net assets position at 30 June 2014 of \$1,122,980 (2013: \$368,596).

##### *Treasury Policy*

The Board has considered it is not necessary to establish a separate treasury function because of the size and scope of the Group's activities.

##### *Liquidity and Funding*

The Group has cash resources of \$42,316 at 30 June 2014, and holds available-for-sale financial assets of \$20,748. The Company also has a further \$800,000 in uncalled capital on partly paid shares.

##### *Risk Management*

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Group believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

#### REVIEW OF EXPLORATION ACTIVITIES

##### MISSION CABLES PROJECT

The Mission and Cables Project forms part of the Yandal Belt area which has been a major gold producing region for many years with deposits such as Jundee/Nimary (historical production of 7.3Moz), Bronzewing (3.6Moz), Darlot (3Moz) and Mt McClure (1.8Moz). The 3Moz Darlot/Centenary Gold Mine is located seven kilometres south of the Prospects.

##### PROJECT

The Board executed an agreement to acquire a 100% interest in Exploration Licence E37/747 which contains two established gold prospects known as Cables and Mission. The project is located within the Yandal Greenstone Belt, in Western Australia. The company settled the transaction at the end of July 2013. Since then, drilling has been undertaken and assay results were received by the company as it works towards upgrading and extending the currently defined Inferred Mineral Resource.

##### HIGHLIGHTS

- PHW01 with 7.0m @ 32.97g/t Au from 65m (incl 1m at 210.0g/t Au from 66m)
- PHW13 with 16m @ 15.72g/t Au from 71m (incl 1m at 167g/t Au from 73m and 1m at 52.00g/t Au from 74m)
- PHWT03 with 2m @ 19.99g/t Au from 140m (incl 1m at 38.30g/t Au from 140m)
- PHW02 with 4.0m @ 2.24g/t Au from 80m
- PHW02 with 3.0m @ 2.60g/t Au from 75m
- PHW02 with 2.0m @ 2.19g/t Au from 52m
- Significant High grade intersections support high grade mineralization, including ADRC027 4.0m @ 41.96 g/t Au from 78m (incl 1.0m @ 107.50 g/t Au) as previously reported.

**DIRECTORS' REPORT (CONT'D)**

| Cables<br>Hole Id | Easting | Northing | RL  | Az <sup>0</sup> | Dip <sup>0</sup> | EOH<br>m | From<br>m | To<br>m | m  | g/t<br>Au** | Comment |
|-------------------|---------|----------|-----|-----------------|------------------|----------|-----------|---------|----|-------------|---------|
| PHW01             | 328274  | 6923027  | 425 | 270             | -50              | 180      | 65        | 72      | 7  | 32.97       | *S      |
| or                |         |          |     |                 |                  |          | 65        | 74      | 9  | 25.74       | *S      |
| and               |         |          |     |                 |                  |          | 75        | 76      | 1  | 1.42        | *S      |
| and               |         |          |     |                 |                  |          | 79        | 80      | 1  | 2.75        | *S      |
| and               |         |          |     |                 |                  |          | 85        | 86      | 1  | 1.42        | *S      |
| and               |         |          |     |                 |                  |          | 128       | 130     | 2  | 0.79        | *S      |
| PHW02             | 328221  | 6923027  | 425 | 270             | -50              | 210      | 52        | 54      | 2  | 2.19        | *S      |
| and               |         |          |     |                 |                  |          | 74        | 78      | 4  | 2.06        | *S      |
| including         |         |          |     |                 |                  |          | 75        | 78      | 3  | 2.60        | *S      |
| and               |         |          |     |                 |                  |          | 80        | 84      | 4  | 2.24        | *S      |
| PHW03             | 328173  | 6923027  | 425 | 270             | -50              | 167      | 79        | 80      | 1  | 1.62        | *S      |
| PHWT03            | 328220  | 6923055  | 425 | 270             | -60              | 174      | 140       | 142     | 2  | 19.99       | *S      |
| PHW08             | 328274  | 6922951  | 425 | 270             | -50              | 180      | 68        | 69      | 1  | 1.06        | *S      |
| and               |         |          |     |                 |                  |          | 152       | 153     | 1  | 1.02        | *S      |
| PHW13             | 328249  | 6923083  | 425 | 270             | -50              | 177      | 69        | 85      | 16 | 15.72       | *S      |
| including         |         |          |     |                 |                  |          | 71        | 82      | 11 | 22.66       | *S      |
| PHW14             | 328199  | 6923082  | 425 | 270             | -50              | 170      | 110       | 113     | 3  | 0.62        | *S      |
| PHW15             | 328150  | 6923083  | 425 | 270             | -50              | 140      | 90        | 94      | 4  | 0.75        | *S      |
| PHW44             | 328300  | 6922832  | 425 | 270             | -50              | 160      | 98        | 101     | 3  | 1.12        | *S      |

\*C – Composite samples – \*S - split results. \*\*Gold Results by Fire Assay at SGS Labs, Kalgoorlie.

Table 1: Latest Intersections to 18<sup>th</sup> September, 2013  
(Using a cut-off of 0.25 g/t Au).

**TENEMENT GEOLOGY**

The Tenement is situated within the Yandal Greenstone Belt, in the Eastern Goldfields Province of Western Australia. The main lithologies present within the Tenement are Achaean mafic, felsic and sedimentary rocks of the Yandal Greenstone Belt, overlain by Cainozoic colluvial, alluvial and lacustrine sediments.

**RESOURCE INFORMATION**

The Company has completed a comprehensive review of the significant data received on the project area which includes extensive drilling data including high grade gold intersections. The Company and its geological consultants believe that the resource is open on both the Mission and Cables structures and has undertaken Stage One of an exploration program to increase and redefine the potential for a JORC Code compliant mineral resource estimate upgrade in status from Inferred to Indicated.

Aircore drilling at the Cables Prospect defined a significant northwest-trending base-of-weathering supergene gold anomaly extending over 1,000m of strike length. The central core of the anomaly was associated with sub-vertical mineralised structures within a 100-200m wide zone of alteration and shearing hosted by dolerite, over 400m of strike. A strong nugget effect was evident from standard and duplicate sampling results.

Mineralisation is associated with quartz veining and/or sericite-chlorite+/-carbonate-pyrite alteration. Late northeast-trending faults dextrally offset the mineralised structures. Previous drilling of 30 RC holes – 4,350 metres across the 400 metre strike length on drill spacing of 50 to 60 metre lines has provided an initial Inferred Mineral Resource estimate of 1.02 million tonnes @ 2.96 g/t Au (97,100 ounces).

Historical aircore drilling at the Mission Prospect defined a significant north-to-northwest trending base-of-weathering supergene gold anomaly extending over 380m of strike. The anomaly was associated with two mineralised structures bounding a major shear zone within dolerite.

RC drilling at the Mission Prospect defined two narrow, north - to northwest - trending, sub-vertical mineralised structures over 380m of strike. The parallel structures bound a major 30m wide shear zone within dolerite. Mineralisation was associated with quartz veining and/or sericite-chlorite+/-carbonate-pyrite alteration. Previous drilling of 23 RC holes – 2,848 metres across the 380 metre strike length on drill spacing of 20 to 40 metres lines has provided an initial Inferred "JORC" estimate of 201,000 tonnes @ 1.9 g/t Au (12,400 ounces).

The Company and its geological consultants have concentrated on the potential to expand and increase the current 400m strike length inferred resource beyond the current estimate having defined a significant northwest-trending base-of-weathering supergene gold anomaly extending over 1,000m of strike length.

## **DIRECTORS' REPORT (CONT'D)**

The central core of the anomaly was associated with sub-vertical mineralised structures. The exploration program includes geochemical sampling, RC drilling to evaluate the strike extensions, resource estimating, ongoing technical review of all historical data, change in drilling direction to NE or SE for better drill intersections across the structures and acquisition of any additional ground where practical to evaluate mineralization extensions.

### **NACIMIENTO COPPER URANIUM PROJECT**

The company continued to undertake work reviewing the prospectivity of the project in relation to both copper and uranium. The Company's consultants believe given the current status of the project it may be prudent to look at other alternatives to minimize its exposure and seek interest from various parties regarding the Los Pinos 1-51 Lode Claims (+/-510 ha) in New Mexico.

*The information in this release which relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of AI Maynard & Associates Pty Ltd and has over 35 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.*

*This document contains forward looking statements concerning Leopard. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Leopard's beliefs, opinions and estimates of Leopard as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.*

### **EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the Group to the date of this report.

### **DIVIDENDS**

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

### **PRINCIPAL ACTIVITIES**

The principal activities of the entities within the Group during the year were mineral exploration and investment. There have been no significant changes in the nature of those activities during the year.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Comments on likely developments and expected results have been covered generally herein and under the heading 'Review of Operations' of this Report. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

Further information on likely developments in the operations of the Group and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

# Leopard Resources NL

## Annual Financial Report for the year ended 30 June 2014

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### DIRECTORS' REPORT (CONT'D)

#### DIRECTORS' MEETINGS

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

| <i>Name of Director</i> | <i>Directors' Meetings</i>         |                        |
|-------------------------|------------------------------------|------------------------|
|                         | <i>Meetings eligible to attend</i> | <i>Number attended</i> |
| A Hamilton              | 4                                  | 3                      |
| C Willis                | 12                                 | 12                     |
| R Griffin               | 12                                 | 12                     |
| D Spinley               | 7                                  | 7                      |

This report, which forms part of the directors' report, details the nature and amount of remuneration for Key Management Personnel of Leopard Resources NL (the "Company") for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those key management personnel who are not directors of the parent company.

### REMUNERATION REPORT (AUDITED)

#### Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

#### A. Remuneration policy

The board policy is to remunerate directors at market rates for time, commitment and responsibilities. The board determines payments to the 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 directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholders interests, the directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company.

The executive directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

#### B. Remuneration structure

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



## **DIRECTORS' REPORT (CONT'D)**

### **Non-executive Director Compensation**

#### *Objective*

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

#### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX listing rules.

Separate from their duties as Directors, the Non-Executive Directors undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a rate as pursuant to individual agreements with the non-executive directors and are not taken into account when determining their aggregate remuneration levels.

### **Executive Compensation**

#### *Objective*

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

#### *Structure*

In determining the level and make-up of executive remuneration, the Board negotiates remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate.

Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

#### *Fixed Remuneration*

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

#### *Variable Pay — Long Term Incentives*

The objective of long term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

## **DIRECTORS' REPORT (CONT'D)**

Long term incentives (LTI's) granted to directors/ executives are delivered in the form of options.

LTI granted to executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of granting options is to reward executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the executive, and the responsibilities the executive assumes in the Company.

Typically, the grant of LTIs occur at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

### **C. Employment contracts of directors and senior executives**

#### **Directors**

The following persons were directors of Leopard Resources NL during the financial year:

|                  |  |
|------------------|--|
| Craig Willis     | Executive Director                                 |
| Richard Griffin  | Non-Executive Director                             |
| Douglas Spinley  | Non-Executive Director – appointed 21 October 2013 |
| Anthony Hamilton | Executive Director – Resigned 20 October 2013      |

#### **Executives**

There were no persons that fulfilled the role of a key management person, other than those disclosed as Executive Directors.

Remuneration and other terms of employment for the Key Management Personnel are formalised in service agreements. Major provisions of these agreements are set out below:

#### *C S Willis*

- Term of agreement – 1 year commencing 1 July 2013, renewable at term by mutual agreement, and was renewed by mutual agreement for a further 12 months.
- Base retainer to be reviewed annually.
- Annual retainer - \$144,000 plus directors fees of \$30,000 and superannuation.
- Either party may terminate the engagement at any time by three month's written notice. Fees are payable up until the termination takes effect.

#### *R Griffin*

- Term of agreement – 1 year commencing 1 July 2013, renewable at term by mutual agreement, and was renewed by mutual agreement for a further 12 months.
- Base retainer to be reviewed annually.
- Annual retainer - \$108,000 plus directors fees of \$30,000 and Superannuation.
- Either party may terminate the engagement at any time by three month's written notice. Fees are payable up until the termination takes effect.

#### *D Spinley*

- Term of agreement – 9 months commencing 21 October 2013, renewable at term by mutual agreement, and was renewed by mutual agreement for a further 12 months.
- Base retainer to be reviewed annually.
- Annual retainer - \$105,000 plus directors fees of \$30,000 and Superannuation.
- Either party may terminate the engagement at any time by three month's written notice. Fees are payable up until the termination takes effect.

**Leopard Resources NL**  
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**DIRECTORS' REPORT (CONT'D)**

*Anthony Hamilton*

- Term of agreement – 1 year commencing 1 July 2011, renewable at term by mutual agreement, and was renewed by mutual agreement for a further 12 months.
- Base retainer to be reviewed annually.
- Annual retainer - \$288,000.
- Either party may terminate the engagement at any time by three months written notice. Retainer is payable up until the termination takes effect. Mr Hamilton terminated his agreement effective 20 October 2013.

**D. Details of remuneration for year**

Details of the remuneration of Key Management Personnel of the Company, including their personally-related entities, during the years ended 30 June 2014 and 30 June 2013 were as follows:

|              | Short Term<br>Benefits | Post<br>Employment<br>Benefits | Equity<br>Based<br>Benefits |                | Total unpaid at<br>date of this<br>report | Remuneration<br>consisting of<br>equity<br>during the year |
|--------------|------------------------|--------------------------------|-----------------------------|----------------|---|--|
|              | Salary and<br>fees     | Super-<br>annuation            | Shares and<br>Options       | Total          |   | %  |
| 30 June 2014 | \$                     | \$                             | \$                          | \$             | \$  |  |
| C Willis     | 174,000                | 2,850                          | -                           | 176,850        | 116,850                                   | -  |
| R Griffin    | 149,850                | -                              | -                           | 149,850        | 36,618                                    | -  |
| D Spinley    | 72,823                 | 23,016                         | -                           | 95,839         | 39,765                                    | -  |
| A Hamilton   | 89,239                 | -                              | -                           | 89,239         | -   | -  |
| <b>Total</b> | <b>485,912</b>         | <b>25,866</b>                  | <b>-</b>                    | <b>511,778</b> | <b>193,233</b>                            | <b>-</b>   |

|              | Short Term<br>Benefits | Post<br>Employment<br>Benefits | Equity<br>Based<br>Benefits |                | Total unpaid at<br>date of this<br>report | Remuneration<br>consisting of<br>equity<br>during the year |
|--------------|------------------------|--------------------------------|-----------------------------|----------------|---|--|
|              | Salary and<br>fees     | Super-<br>annuation            | Shares and<br>Options       | Total          |   | %  |
| 30 June 2013 | \$                     | \$                             | \$                          | \$             | \$  |  |
| C Willis     | 50,000                 | 2,700                          | 100,000                     | 152,700        | 37,245                                    | 66%  |
| R Griffin    | 113,750                | -                              | 35,000                      | 148,750        | 5,193                                     | 24%  |
| D Spinley    | -                      | -                              | -                           | -              | -   | -  |
| A Hamilton   | 156,540                | -                              | 100,000                     | 256,540        | 10,000                                    | 39%  |
| <b>Total</b> | <b>320,290</b>         | <b>2,700</b>                   | <b>235,000</b>              | <b>557,990</b> | <b>52,438</b>                             |  |

The directors have provided to the Company letters of support to not call on their outstanding payables until such time that the Company is in a position to make the outstanding payments.

There were no performance related payments made during the year. Performance hurdles are not attached to remuneration options, however the Board determines appropriate vesting periods to provide rewards over a period of time to Key Management Personnel.

The Group does not have any full time executive officers, other than directors as detailed above.

**E. Compensation options to Key Management Personnel**

No options were granted as equity compensation benefits to Key Management Personnel during the year.

**F. Shares issued to Key Management Personnel on exercise of compensation options**

No shares were issued to Key Management Personnel on exercise of compensation options during the year.

**G. Options granted, exercised or lapsed during the year**

During the year ended 30 June 2014 there were no Options issued to Key Management Personnel.

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**DIRECTORS' REPORT (CONT'D)**

**H. Option holdings of Key Management Personnel**

|                     | Balance<br>01/07/13 | Granted in lieu<br>of<br>Remuneration | Options<br>Exercised | Net Change<br>Other | Balance<br>30/06/14 | Vested and<br>Exercisable |
|---------------------|---------------------|---------------------------------------|----------------------|---------------------|---------------------|---------------------------|
| <b>30 June 2014</b> |                     |                                       |                      |                     |                     |                           |
| C Willis            | 20,000,000          | -                                     | -                    | (20,000,000)*       | -                   | -                         |
| R Griffin           | 7,000,000           | -                                     | -                    | (7,000,000)*        | -                   | -                         |
| D Spinley           | -                   | -                                     | -                    | -                   | -                   | -                         |
| A Hamilton          | 20,000,000          | -                                     | -                    | (20,000,000)*       | -                   | -                         |

\*Options expired, unexercised at 30 June 2014

|                     | Balance<br>01/07/12 | Granted in lieu<br>of<br>Remuneration | Options<br>Exercised | Net Change<br>Other | Balance<br>30/06/13 | Vested and<br>Exercisable |
|---------------------|---------------------|---------------------------------------|----------------------|---------------------|---------------------|---------------------------|
| <b>30 June 2013</b> |                     |                                       |                      |                     |                     |                           |
| C Willis            | -                   | 20,000,000                            | -                    | -                   | 20,000,000          | 20,000,000                |
| R Griffin           | -                   | 7,000,000                             | -                    | -                   | 7,000,000           | 7,000,000                 |
| D Spinley           | -                   | -                                     | -                    | -                   | -                   | -                         |
| A Hamilton          | -                   | 20,000,000                            | -                    | -                   | 20,000,000          | 20,000,000                |

**I. Shareholdings of Key Management Personnel**

|                     | Balance<br>01/07/13 | Granted in lieu of<br>Remuneration | Options<br>Exercised | Net Change<br>Other | Balance<br>30/06/14 |
|---------------------|---------------------|------------------------------------|----------------------|---------------------|---------------------|
| <b>30 June 2014</b> |                     |                                    |                      |                     |                     |
| C Willis            | 20,100,000          | -                                  | -                    | -                   | 20,100,000          |
| R Griffin           | 7,550,000           | -                                  | -                    | 1,641,000           | 9,191,100           |
| D Spinley (i)       | -                   | -                                  | -                    | 15,500,000          | 15,500,000          |
| A Hamilton (ii)     | 20,430,000          | -                                  | -                    | (20,430,000)        | -                   |
| <b>30 June 2013</b> |                     |                                    |                      |                     |                     |
| C Willis            | 100,000             | 20,000,000                         | -                    | -                   | 20,100,000          |
| R Griffin           | -                   | 7,000,000                          | -                    | 550,000             | 7, 550,000          |
| D Spinley (i)       | -                   | -                                  | -                    | -                   | -                   |
| A Hamilton (ii)     | 120,000             | 20,000,000                         | -                    | 310,000             | 20,430,000          |

(i) Mr Spinley was appointed to the Company on 21 October 2013

(ii) Mr Hamilton resigned from the Company on 20 October 2013

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

**J. Loans with Key Management Personnel**

There were no loans to key management personnel or their related entities during the financial year.

**K. Other transactions and balances with Key Management Personnel**

The terms and conditions of transactions with Directors and their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amount recognised during the year to Directors and their Director-related entities were as follows:

*Craig Willis*

Rent expense of \$60,200 (excluding GST) was paid to Mr Willis' related company Giarc Investments Pty Ltd during the year. \$126,831 (excluding GST) remains unpaid in respect of Director fees and rental payments.

*Richard Griffin*

\$44,697 (excluding GST) remains unpaid in respect of Director fees and consulting fees.

**Leopard Resources NL**  
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**DIRECTORS' REPORT (CONT'D)**

*Doug Spinley*

\$40,165 (excluding GST) remains unpaid in respect of Director and Consulting fees.

\*\*\*\*\*END OF REMUNERATION REPORT\*\*\*\*\*

**SHARE OPTIONS**

There were no unissued ordinary shares of the Company as all options had reached expiry by 30 June 2014.

No shares have been issued by virtue of the exercise of an option during the year or to the date of this report.

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

**ENVIRONMENTAL ISSUES**

The Group's operations are subject to various environmental regulations. The directors have complied with these regulations and are not aware of any breaches of the legislation during the current financial year and up until the date of this report which are material in nature.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The company has agreed to indemnify all the directors of the company for any liabilities to another person (other than the company or related body corporate) that may arise from their position as directors of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**PROCEEDINGS ON BEHALF OF COMPANY**

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

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

**NON-AUDIT SERVICES**

No non-audit services were provided by our auditors, HLB Mann Judd, during the year ended 30 June 2014.

**AUDITOR'S DECLARATION OF INDEPENDENCE**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 14 and forms part of this directors' report for the year ended 30 June 2014.

Signed in accordance with a resolution of Directors.



**C Willis**  
Director  
PERTH, Western Australia  
Dated: 30 September 2014



Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Leopard Resources NL for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Norman Glue', which is the signature of N G Neill.

Perth, Western Australia  
30 September 2014

N G Neill  
Partner

**Leopard Resources NL**  
**Annual Financial Report for the year ended 30 June 2014**

**CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of Leopard Resources NL is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Leopard Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Leopard Resources NL's key governance principles and practices.

**1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS**

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

| Principle #        | ASX Corporate Governance Council Recommendations   | Reference                                | Comply |
|--------------------|--|--|--------|
| <b>Principle 1</b> | <b>Lay solid foundations for management and oversight</b>  |  |        |
| 1.1                | Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.   | 2(a)                                     | Yes    |
| 1.2                | Disclose the process for evaluating the performance of senior executives.  | 2(h), 3(b),<br>Remuneration Report       | Yes    |
| 1.3                | Provide the information indicated in the Guide to reporting on principle 1.  | 2(a), 2(h), 3(b),<br>Remuneration Report | Yes    |
| <b>Principle 2</b> | <b>Structure the board to add value</b>  |  |        |
| 2.1                | A majority of the board should be independent directors.   | 2(b), 2(e)                               | No     |
| 2.2                | The chair should be an independent director.   | 2(c), 2(e)                               | No     |
| 2.3                | The roles of chair and chief executive officer should not be exercised by the same individual.   | 2(b), 2(c)                               | No     |
| 2.4                | The Board should establish a nomination committee.   | 2(d)                                     | No     |
| 2.5                | Disclose the process for evaluating the performance of the board, its committees and individual directors.   | 2(h)                                     | Yes    |
| 2.6                | Provide the information indicated in the Guide to reporting on principle 2.  | 2(b), 2(c), 2(d), 2(e),<br>2(h)          | Yes    |
| <b>Principle 3</b> | <b>Promote ethical and responsible decision-making</b>   |  |        |
| 3.1                | Establish a code of conduct and disclose the code or a summary as to:  | 4(a)                                     | Yes    |
|                    | <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the Company's integrity;</li> </ul>   |  |        |
|                    | <ul style="list-style-type: none"> <li>the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and</li> </ul>  |  |        |
|                    | <ul style="list-style-type: none"> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>   |  |        |
| 3.2                | Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. | 4(b)                                     | No     |
| 3.3                | Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.  | 4 (c)                                    | No     |
| 3.4                | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.   | 4 (d)                                    | Yes    |
| 3.5                | Provide the information indicated in the Guide to reporting on principle 3.  | 4(a), 4(b)                               | Yes    |

**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

| Principle #        | ASX Corporate Governance Council Recommendations  | Reference                 | Comply |
|--------------------|---|---------------------------|--------|
| <b>Principle 4</b> | <b>Safeguard integrity in financial reporting</b>   |                           |        |
| 4.1                | The Board should establish an audit committee.  | 3(a)                      | Yes    |
| 4.2                | The audit committee should be structured so that it:  | 3(a)                      | No     |
|                    | • consists only of non-executive directors;   |                           |        |
|                    | • consists of a majority of independent directors;  |                           |        |
|                    | • is chaired by an independent chair, who is not chair of the Board; and  |                           |        |
|                    | • has at least three members.   |                           |        |
| 4.3                | The audit committee should have a formal charter  | 3(a)                      | Yes    |
| 4.4                | Provide the information indicated in the Guide to reporting on principle 4.   | 3(a)                      | Yes    |
| <b>Principle 5</b> | <b>Make timely and balanced disclosure</b>  |                           |        |
| 5.1                | Establish 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.   | 5(a), 5(b)                | Yes    |
| 5.2                | Provide the information indicated in the Guide to reporting on principle 5.   | 5(a), 5(b)                | Yes    |
| <b>Principle 6</b> | <b>Respect the rights of shareholders</b>   |                           |        |
| 6.1                | Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.   | 5(a), 5(b)                | Yes    |
| 6.2                | Provide the information indicated in the Guide to reporting on principle 6.   | 5(a), 5(b)                | Yes    |
| <b>Principle 7</b> | <b>Recognise and manage risk</b>  |                           |        |
| 7.1                | Establish policies for the oversight and management of material business risks and disclose a summary of those policies.  | 6(a)                      | Yes    |
| 7.2                | The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.                     | 6(a), 6(b), 6(d)          | Yes    |
| 7.3                | The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer 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. | 6(c)                      | Yes    |
| 7.4                | Provide the information indicated in the Guide to reporting on principle 7.   | 6(a), 6(b), 6(c), 6(d)    | Yes    |
| <b>Principle 8</b> | <b>Remunerate fairly and responsibly</b>  |                           |        |
| 8.1                | The Board should establish a remuneration committee.  | 3(b)                      | No     |
| 8.2                | The remuneration committee should be structured so that it:<br>• consists of a majority of independent directors<br>• is chaired by an independent chair<br>• has at least three members.   | 3(b), Remuneration Report | No     |



**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

|     |  |       |     |
|-----|--|-------|-----|
| 8.3 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives |       | Yes |
| 8.3 | Provide the information indicated in the Guide to reporting on principle 8.  | 3(b), | Yes |

**2. THE BOARD OF DIRECTORS**

**2(a) Roles and Responsibilities of the Board**

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

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

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

**2(b) Board Composition**

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of one Executive Director and two Non-Executive Directors. During the whole of the financial year there was not a majority of Non-Executive Directors. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint further Non-Executive Directors simply to comply with the Corporate Governance Council's Recommendations.

The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

During the year, the Chairman was not independent and the role of Chairman and Chief Executive Officer were exercised by the same person. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chairman simply in order to comply with the Corporate Governance Council's Recommendations. The Board considers that, at this stage of the Company's development, the executive role carried out by the Chairman was in the best interests of the Company.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

**2(c) Chairman and Chief Executive Officer**

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

During the year, the Chairman was not independent. The role of Chairman and Chief Executive Officer are exercised by the same person. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint an independent Chairman simply in order to comply with the Corporate Governance Council's Recommendations. The Board had considered this matter and decided that the non-compliance did not affect the operation of the Company.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

The Board specifies that the roles of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

Due to the nature of the Company's current activities it does not currently have a Chief Executive Officer and this role is effectively undertaken by the executive director. The Board considers that, at this stage of the Company's development, the executive role carried out by the director is in the best interests of the Company. The Board will monitor the need to separate these roles as the Company's circumstances change.

**2(d) Nomination Committee**

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

**2(e) Independent Directors**

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Leopard Resources NL are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

## **CORPORATE GOVERNANCE STATEMENT (CONT'D)**

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board currently comprises one independent Non-Executive Director.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of Leopard Resources NL are considered to be independent:

| <b>Name</b>     | <b>Position</b>                                    |
|-----------------|--|
| Richard Griffin | Non-Executive Director                             |
| Doug Spinley    | Non-Executive Director - Appointed 21 October 2013 |

The following persons were directors of Leopard Resources NL during the financial year:

|                  |  |
|------------------|--|
| Craig Willis     | Executive Director                                 |
| Richard Griffin  | Non-Executive Director                             |
| Doug Spinley     | Non-Executive Director - Appointed 21 October 2013 |
| Anthony Hamilton | Executive Director – Resigned 20 October 2013      |

The Board is currently comprised of two independent Non-Executive Directors and one Executive Director. Given the size and scale of the Company's operations during the year, the Board did not consider it essential to appoint further Non-Executive Directors simply to comply with the Corporate Governance Council's Recommendations.

### **2(f) Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

### **2(g) Board access to information and independent advice**

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

### **2(h) Review of Board performance**

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The Board member assessment measures are the responsibility of the Chairman. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Leopard Resources NL. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

## **3. BOARD COMMITTEES**

### **3(a) Audit Committee**

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chairman of the Board is Chairman of the Audit Committee and the Audit Committee does not comprise only of Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

*External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is HLB Mann Judd's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

**3(b) Remuneration Committee**

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the Chief Executive Officer's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for Non-Executive Director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-Executive Directors should not receive options or bonus payments'. The Company may, in the future, grant options to Non-Executive Directors. The Board is of the view that options (for both Executive and Non-Executive Directors) are a cost effective benefit for small companies such as Leopard Resources NL that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

## **CORPORATE GOVERNANCE STATEMENT (CONT'D)**

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by Directors and Executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

### **4. ETHICAL AND RESPONSIBLE DECISION MAKING**

#### **4(a) Code of Ethics and Conduct**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

#### **4(b) Trading in Company securities by Directors and employees**

The Board has adopted a Securities Trading Policy which complies with the requirements of Listing Rule 12.12 which regulates dealings by Directors, officers and employees in securities issued by the Company.

The policy, which is available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's Key Management Personnel, trading that is not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that Directors, Officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.

#### **4(c) Diversity Policy**

Given the size and nature of the Company, the Board has not implemented a diversity policy at the date of this report.

#### **4(d) Women declaration**

During the year the Company did not employ any Women in its senior management or Board members.

### **5. TIMELY AND BALANCED DISCLOSURE**

#### **5(a) Shareholder communication**

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

**5(b) Continuous disclosure policy**

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

**6. RECOGNISING AND MANAGING RISK**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Audit and Risk Management Charter"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

**6(a) Board oversight of the risk management system**

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

**6(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

**CORPORATE GOVERNANCE STATEMENT (CONT'D)**

**6(c) Chief Executive Officer and Chief Financial Officer Certification**

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**6(d) Internal review and risk evaluation**

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

**STATEMENT OF COMPREHENSIVE INCOME**

|   |             | <b>Consolidated</b> |                    |
|---|-------------|---------------------|--------------------|
|   | <b>Note</b> | <b>2014</b>         | <b>2013</b>        |
|   |             | <b>\$</b>           | <b>\$</b>          |
| Other revenue   | 2           | -                   | 10,280             |
| Interest received – Other   | 2           | 1,164               | 278                |
| Depreciation expense  |             | (7,966)             | (39,440)           |
| Loss on disposal of property, plant and equipment                               |             | (11,706)            | -                  |
| Loss on sale of available-for-sale financial assets                             |             | -                   | (444,566)          |
| Impairment of property, plant and equipment                                     |             | -                   | (24,005)           |
| Impairment of available-for-sale financial assets                               |             | (49,831)            | -                  |
| Impairment of loan  |             | -                   | (51,196)           |
| Exploration expenditure written off   |             | (54,152)            | (595,990)          |
| Borrowing costs   |             | (240,188)           | (136,097)          |
| Administration expenditure  |             | (734,490)           | (676,998)          |
| <b>Loss before income tax benefit</b>   | 2           | <b>(1,097,169)</b>  | <b>(1,957,734)</b> |
| Income tax benefit  | 3           | -                   | -                  |
| <b>Net loss for the year</b>  |             | <b>(1,097,169)</b>  | <b>(1,957,734)</b> |
| <b>Other comprehensive income</b>   |             |                     |                    |
| <i>Items that may be reclassified to profit or loss</i>                         |             |                     |                    |
| Unrecognised loss on available-for-sale financial assets                        |             | (53,497)            | (208,409)          |
| <i>Items that will not be reclassified to profit or loss</i>                    |             |                     |                    |
| Recognition of impairment of available-for-sale financial assets                |             | 49,831              | -                  |
| <b>Total other comprehensive income</b>   |             | <b>(3,666)</b>      | <b>(208,409)</b>   |
| <b>Total comprehensive loss attributable to members of Leopard Resources NL</b> |             | <b>(1,100,835)</b>  | <b>(2,166,143)</b> |
| Basic and diluted loss per share (cents per share)                              | 4           | (0.08)              | (0.40)             |

The accompanying notes form part of these financial statements.



**Leopard Resources NL**  
**Annual Financial Report for the year ended 30 June 2014**

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**STATEMENT OF FINANCIAL POSITION**

|                                     |             | <b>Consolidated</b> |                    |
|-------------------------------------|-------------|---------------------|--------------------|
|                                     | <b>Note</b> | <b>2014<br/>\$</b>  | <b>2013<br/>\$</b> |
| <b>Assets</b>                       |             |                     |                    |
| <b>Current Assets</b>               |             |                     |                    |
| Cash and cash equivalents           | 5           | 42,316              | 181,806            |
| Trade and other receivables         | 6           | -                   | 16,515             |
| <b>Total Current Assets</b>         |             | <b>42,316</b>       | <b>198,321</b>     |
| <b>Non-Current Assets</b>           |             |                     |                    |
| Trade and other receivables         |             | 2,500               | 2,500              |
| Available-for-sale financial assets | 7           | 20,748              | 74,244             |
| Property, plant and equipment       | 8           | 40,277              | 59,950             |
| Deferred exploration expenditure    | 9           | 2,086,488           | 1,082,272          |
| <b>Total Non-Current Assets</b>     |             | <b>2,150,013</b>    | <b>1,218,966</b>   |
| <b>Total Assets</b>                 |             | <b>2,192,329</b>    | <b>1,417,287</b>   |
| <b>Liabilities</b>                  |             |                     |                    |
| <b>Current Liabilities</b>          |             |                     |                    |
| Trade and other payables            | 10          | 755,788             | 747,010            |
| Borrowings                          | 11          | 313,561             | 301,681            |
| <b>Total Current Liabilities</b>    |             | <b>1,069,349</b>    | <b>1,048,691</b>   |
| <b>Total Liabilities</b>            |             | <b>1,069,349</b>    | <b>1,048,691</b>   |
| <b>Net Assets</b>                   |             | <b>1,122,980</b>    | <b>368,596</b>     |
| <b>Equity</b>                       |             |                     |                    |
| Issued capital                      | 12          | 49,702,238          | 47,841,097         |
| Reserves                            | 13          | 1,039,427           | 1,049,015          |
| Accumulated losses                  |             | (49,618,685)        | (48,521,516)       |
| <b>Total Equity</b>                 |             | <b>1,122,980</b>    | <b>368,596</b>     |

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY**

|  | Consolidated            |   |  |                                       |                             |                       |
|--|-------------------------|---|--|---------------------------------------|-----------------------------|-----------------------|
|  | Issued<br>Capital<br>\$ | Share<br>Based<br>Payments<br>Reserve<br>\$ | Available -<br>for-sale<br>Financial<br>Assets<br>Revaluation<br>Reserve<br>\$ | Convertible<br>Notes<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
| Balance at 30 June 2012  | 44,761,655              | 968,849                                     | 282,653  | 14,681                                | (46,563,782)                | (535,944)             |
| Net Loss for the year  | -                       | -   | -  | -                                     | (1,957,734)                 | (1,957,734)           |
| Other comprehensive income   | -                       | -   | (208,409)  | -                                     | -                           | (208,409)             |
| Total comprehensive loss for the year  | -                       | -   | (208,409)  | -                                     | (1,957,734)                 | (2,166,143)           |
| Securities issued during the year  | 2,404,317               | -   | -  | -                                     | -                           | 2,404,317             |
| Expenses of issue  | 25,125                  | -   | -  | -                                     | -                           | 25,125                |
| Unissued shares issued for the tenement<br>acquisition for the Cables & Mission<br>project | 650,000                 | -   | -  | -                                     | -                           | 650,000               |
| Equity component of convertible note   | -                       | -   | -  | (8,759)                               | -                           | (8,759)               |
| Balance at 30 June 2013  | 47,841,097              | 968,849                                     | 74,244   | 5,922                                 | (48,521,516)                | 368,596               |

|                                       | Consolidated            |   |  |                                       |                             |                       |
|---------------------------------------|-------------------------|---|--|---------------------------------------|-----------------------------|-----------------------|
|                                       | Issued<br>Capital<br>\$ | Share<br>Based<br>Payments<br>Reserve<br>\$ | Available -<br>for-sale<br>Financial<br>Assets<br>Revaluation<br>Reserve<br>\$ | Convertible<br>Notes<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>Equity<br>\$ |
| Balance at 30 June 2013               | 47,841,097              | 968,849                                     | 74,244   | 5,922                                 | (48,521,516)                | 368,596               |
| Net loss for the year                 | -                       | -   | -  | -                                     | (1,097,169)                 | (1,097,169)           |
| Other comprehensive income            | -                       | -   | (3,666)  | -                                     | -                           | (3,666)               |
| Total comprehensive loss for the year | -                       | -   | (3,666)  | -                                     | (1,097,169)                 | (1,100,835)           |
| Securities issued during the year     | 1,874,573               | -   | -  | -                                     | -                           | 1,874,573             |
| Expenses of issue                     | (13,432)                | -   | -  | -                                     | -                           | (13,432)              |
| Equity component of convertible note  | -                       | -   | -  | (5,922)                               | -                           | (5,922)               |
| Balance at 30 June 2014               | 49,702,238              | 968,849                                     | 70,578   | -                                     | (49,618,685)                | 1,122,980             |

The accompanying notes form part of these financial statements.

**Leopard Resources NL**  
**Annual Financial Report for the year ended 30 June 2014**

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**STATEMENT OF CASH FLOWS**

|  |             | <b>Consolidated</b>      |                          |
|--|-------------|--------------------------|--------------------------|
|  | <b>Note</b> | <b>2014</b><br><b>\$</b> | <b>2013</b><br><b>\$</b> |
| <b>Cash flows from operating activities</b>                |             |                          |                          |
| Payments to suppliers and employees                        |             | (709,197)                | (790,488)                |
| Interest paid  |             | (145,498)                | -                        |
| Interest received  |             | 1,164                    | 278                      |
| <b>Net cash used in operating activities</b>               | 5 (a)       | <b>(853,531)</b>         | <b>(790,210)</b>         |
| <b>Cash flows from investing activities</b>                |             |                          |                          |
| Proceeds on available-for-sale assets                      |             | -                        | 387,710                  |
| Payment of exploration expenditure                         |             | (1,058,368)              | (381,143)                |
| <b>Net cash (used in)/provided by investing activities</b> |             | <b>(1,058,368)</b>       | <b>6,567</b>             |
| <b>Cash flows from financing activities</b>                |             |                          |                          |
| Proceeds from securities issues                            |             | 1,824,047                | 395,000                  |
| Securities issue transaction costs                         |             | (13,432)                 | 25,126                   |
| Proceeds from borrowings                                   |             | 269,397                  | 595,000                  |
| Repayment of borrowings                                    |             | (307,603)                | (84,618)                 |
| <b>Net cash provided by financing activities</b>           |             | <b>1,772,409</b>         | <b>930,508</b>           |
| <b>Net (decrease)/increase in cash held</b>                |             | <b>(139,490)</b>         | <b>146,865</b>           |
| Cash at beginning of year                                  |             | 181,806                  | 34,941                   |
| <b>Cash at end of year</b>                                 | 5           | <b>42,316</b>            | <b>181,806</b>           |

The accompanying notes form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Leopard Resources NL and its subsidiaries.

The financial report has been prepared on an accruals basis and is based on historical costs, except for available-for-sale financial assets which have been measured at fair value. Cost is based on fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

Leopard Resources NL is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are mineral exploration and investment.

#### **(b) Adoption of new and revised standards**

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

#### **(c) Statement of Compliance**

The financial report was authorised for issue on 30 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### **(d) Going Concern**

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional share capital and ultimately developing its mineral property.

Notwithstanding the fact that the company has a working capital deficiency of \$1,027,033 and net assets position of \$1,122,980 the directors are of the opinion that the company is a going concern for the following reasons:

- The Company holds available-for-sale financial assets in listed companies with a market value of \$20,748.
- The Directors have an appropriate plan to raise additional funds as and when it is required. In light of the status of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- Directors have provided their support to the Company by providing agreements to not call upon the Company for payment of outstanding debts until the Company is in a position to repay or convert into equity.

Should the Directors not be able to raise sufficient additional funds, there is a material uncertainty that may cast significant doubt whether the Group will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(e) Basis of consolidation**

The consolidated financial statements comprise of the financial statements of Leopard Resources NL ("Company" or "Parent Entity") and its subsidiaries as at 30 June 2014.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any no-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group has directly disposed of the relevant assets (i.e. reclassified to profit or loss of transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### **(f) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### **(g) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

#### **(h) Trade and other receivables**

Trade receivables 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.

#### **(i) Impairment of financial assets**

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

##### *(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(i) Impairment of financial assets (cont'd)**

The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### *(ii) Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

#### *(iii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the Statement of Comprehensive Income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

#### **(j) Foreign currency translation**

Both the functional and presentation currency of Leopard Resources NL and its controlled entities is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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

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

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Leopard Resources NL at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

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

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(k) Income Tax**

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

#### **(l) Other taxes**

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

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

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(l) Other tax (cont'd)**

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

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

#### **(m) Plant and equipment**

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

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

##### *(i) Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment 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 an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income in the cost of sales line item.

##### *(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### **(n) Financial assets**

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

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

##### *(i) Financial assets at fair value through profit or loss*

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



## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(n) Financial assets (cont'd)**

##### *(ii) Loans and receivables*

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

##### *(iii) Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

##### *(iv) Held-to-maturity investments*

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

#### **(o) Derecognition of financial assets and financial liabilities**

##### *(i) Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

##### *(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(p) Interest-bearing loans and borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholder's equity, net of income tax effects.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### **(q) Exploration and Evaluation**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area 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 relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

#### **(r) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(r) Impairment of assets (cont'd)**

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### **(s) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

#### **(t) Employee leave benefits**

*Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

#### **(u) Share-based payment transactions**

*Equity settled transactions:*

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

When provided, the cost of these equity-settled transactions with employees is measured 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 external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Leopard Resources NL (market conditions) if applicable.

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

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 Group's best estimate of the number of equity instruments that will ultimately vest. 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. The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(u) Share-based payment transactions (cont'd)**

If 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, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 4).

#### **(v) Issued capital**

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

#### **(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 of the Company.

#### **(x) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, 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 of the parent, 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.

#### **(y) Critical Accounting Estimates and Judgments**

The application of accounting policies requires the use of judgements, 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 other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Exploration and evaluation costs carried forward*

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(q). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

##### *Impairment of available-for-sale financial assets*

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(z) Parent entity financial information**

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

*(i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

*(ii) Share-based payments*

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

**2 REVENUE AND EXPENSES**

**(a) Other Revenue**

|               |   |        |
|---------------|---|--------|
| Other revenue | - | 10,280 |
|---------------|---|--------|

**(b) Interest Received - Other**

|  |       |     |
|--|-------|-----|
| Interest received – financial institutions | 1,164 | 278 |
|--|-------|-----|

**(c) Expenses**

|                                |         |         |
|--------------------------------|---------|---------|
| Consulting and directors' fees | 198,711 | 320,290 |
| ASX and share registry fees    | 48,654  | 60,886  |

**3 INCOME TAX**

**(a) Income tax benefit**

The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:

|  |             |             |
|--|-------------|-------------|
| Loss for year                              | (1,097,169) | (1,957,734) |
| Prima facie income tax benefit at 30%      | (329,151)   | (587,320)   |
| Tax effect of non-deductible items         | -           | 7,201       |
| Deferred tax assets not brought to account | 329,151     | 580,119     |
| <b>Total income tax benefit</b>            | <b>-</b>    | <b>-</b>    |

**(b) Deferred tax assets**

Deferred tax assets not brought to account arising from tax losses:

|  |                  |                  |
|--|------------------|------------------|
| Revenue losses   | 5,597,316        | 5,268,165        |
| Capital losses   | 1,847,304        | 1,847,304        |
|  | <b>7,444,620</b> | <b>7,115,469</b> |
| <b>Balance of Franking account at year end – Class C</b> | <b>214,784</b>   | <b>214,784</b>   |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**3 INCOME TAX (CONT'D)**

Deductible temporary differences and tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.

**4 EARNINGS PER SHARE (EPS)**

|                             | 2014<br>Cents | 2013<br>Cents |
|-----------------------------|---------------|---------------|
| <b>Basic loss per share</b> | <b>(0.08)</b> | <b>(0.40)</b> |

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

|  | \$                 | \$                 |
|--|--------------------|--------------------|
| <b>Net loss for year used in total basic EPS</b> | <b>(1,097,169)</b> | <b>(1,957,734)</b> |

|  | No.                  | No.                |
|--|----------------------|--------------------|
| <b>Weighted average number of ordinary shares used in the calculation of Basic EPS</b> | <b>1,293,747,074</b> | <b>488,065,208</b> |

There are no potential ordinary shares on issue that are considered to be dilutive, therefore basic earnings per share also represents diluted earnings per share.

|                     | 2014<br>\$ | 2013<br>\$ |
|---------------------|------------|------------|
| <b>Consolidated</b> |            |            |

**5 CASH AND CASH EQUIVALENTS**

|                     |               |                |
|---------------------|---------------|----------------|
| <b>Cash at bank</b> | <b>42,316</b> | <b>181,806</b> |
|---------------------|---------------|----------------|

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**(a) Reconciliation of loss for the year to net cash flows used in operating activities**

|                   |                    |                    |
|-------------------|--------------------|--------------------|
| Loss for the year | <b>(1,097,169)</b> | <b>(1,957,734)</b> |
|-------------------|--------------------|--------------------|

**Non-Cash Items**

|  |               |         |
|--|---------------|---------|
| Depreciation expense   | <b>7,966</b>  | 39,440  |
| Impairment on available-for-sale assets                      | <b>49,831</b> | -       |
| Impairment of property, plant and equipment                  | -             | 24,005  |
| Exploration & evaluation expenditure written off             | <b>54,152</b> | 595,990 |
| Exploration & evaluation expenditure written off - creditors | -             | 37,368  |
| Borrowing costs  | <b>58,129</b> | -       |
| Accrued Interest   | <b>36,561</b> | -       |
| Equity settled payments                                      | -             | 235,000 |
| Unrealised loss on sale of shares                            | -             | 517,088 |
| Loss made on disposal of property, plant and equipment       | <b>11,706</b> | -       |

**Changes in Assets and Liabilities**

|  |               |                  |
|--|---------------|------------------|
| (Increase)/Decrease in accounts receivable | <b>16,515</b> | 51,050           |
| Increase/(Decrease) in accounts payable    | <b>8,778</b>  | <b>(332,417)</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>Net cash flows used in operating activities</b> | <b>(853,531)</b> | <b>(790,210)</b> |
|--|------------------|------------------|

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2014</b>         | <b>2013</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <b>6 TRADE AND OTHER RECEIVABLES</b>  |                     |             |
| <b>Current</b>  |                     |             |
| Other receivables   | -                   | 16,515      |
| <b>Non-current</b>  |                     |             |
| Deposit   | 2,500               | 2,500       |
| Terms and conditions relating to the above financial instruments:   |                     |             |
| <ul style="list-style-type: none"> <li>Other receivables are non-interest bearing and generally repayable within 30 days.</li> <li>Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.</li> </ul> |                     |             |
| <b>Ageing of past due but not impaired:</b>   |                     |             |
| 60 – 90 days  | -                   | -           |
| 90 – 120 days   | -                   | -           |
| 120 + days  | -                   | 16,515      |
|   | -                   | 16,515      |

**7 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

|                             |        |        |
|-----------------------------|--------|--------|
| <b>Non-current</b>          |        |        |
| Listed shares at fair value | 20,748 | 74,244 |

Listed shares are readily saleable with no fixed terms.

All shares held in listed companies are valued at their fair value.

**8 PROPERTY, PLANT AND EQUIPMENT**

|  |               |               |
|--|---------------|---------------|
| Plant and equipment - at cost                                  | 90,528        | 203,752       |
| Less: Accumulated depreciation and impairment                  | (50,250)      | (143,802)     |
| <b>Net carrying amount</b>                                     | <b>40,278</b> | <b>59,950</b> |
| <b>Reconciliation</b>  |               |               |
| Balance at beginning of year, net of accumulated depreciation  | 59,950        | 123,395       |
| Additions  | -             | -             |
| Disposals  | (11,706)      | -             |
| Depreciation   | (7,966)       | (39,440)      |
| Impairment   | -             | (24,005)      |
| <b>Balance at end of year, net of accumulated depreciation</b> | <b>40,278</b> | <b>59,950</b> |

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

|   | <b>Consolidated</b> |                  |
|---|---------------------|------------------|
|   | <b>2014</b>         | <b>2013</b>      |
|   | <b>\$</b>           | <b>\$</b>        |
| <b>9 DEFERRED EXPLORATION EXPENDITURE</b>         |                     |                  |
| <b>Exploration and evaluation phase - at cost</b> |                     |                  |
| <b>Mineral properties</b>                         | <b>2,086,488</b>    | <b>1,082,272</b> |
| <b>Reconciliation</b>                             |                     |                  |
| Balance at beginning of year                      | 1,082,272           | 310,887          |
| Acquisition of tenements                          | -                   | 650,000          |
| Expenditure incurred                              | 1,058,368           | 754,743          |
|   | <b>2,140,640</b>    | <b>1,715,630</b> |
| Expenditure written off                           | (54,152)            | (633,358)        |
| <b>Balance at end of year</b>                     | <b>2,086,488</b>    | <b>1,082,272</b> |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

**10 TRADE AND OTHER PAYABLES**

**Current**

|                             |                |                |
|-----------------------------|----------------|----------------|
| Trade payables and accruals | <b>755,788</b> | <b>747,010</b> |
|-----------------------------|----------------|----------------|

Terms and conditions relating to the above financial instruments:

- Trade creditors are non-interest bearing and are normally settled on 30-90 day terms.
- Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

**11 BORROWINGS**

**Current**

|                       |                |                |
|-----------------------|----------------|----------------|
| Loans – unsecured (a) | <b>313,561</b> | -              |
| Convertible notes (b) | -              | 301,681        |
|                       | <b>313,561</b> | <b>301,681</b> |

(a) Represents a loan which is secured by a Company's fixed and floating charge over the Company and its assets. The lender has a charge in place over all present and after acquired property of the Company. Repayment shall be 6 months from 1 August 2014 and shall be due on 31 January 2015, unless some default, termination or payment condition is triggered pursuant to the original agreement.

(b) In the prior financial year the Company entered into a number of convertible note instruments during the year with sophisticated investors. These convertible notes were repaid during the year and the equity component derecognised on settlement. The net proceeds received from the issue of the convertible notes have been split between the financial liability element and an equity component, representing the residual attributable to the option to convert the financial liability into equity of the company, as follows:

|                                      |          |              |
|--------------------------------------|----------|--------------|
| Proceeds of issue                    | -        | 300,000      |
| Liability component at date of issue | -        | (294,078)    |
| <b>Equity component</b>              | <b>-</b> | <b>5,922</b> |

The movement on the equity component of \$5,922 (2013: \$8,759) has been debited to share option reserve (see note 13).



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

|   | <b>Consolidated</b> |                   |
|---|---------------------|-------------------|
|   | <b>2014</b>         | <b>2013</b>       |
|   | <b>\$</b>           | <b>\$</b>         |
| <b>12 ISSUED CAPITAL</b>                    |                     |                   |
| <b>(a) Issued and paid up capital</b>       |                     |                   |
| Ordinary shares fully paid                  | <b>46,502,238</b>   | 43,991,097        |
| Ordinary shares of 10 cents paid to 8 cents | <b>3,200,000</b>    | 3,200,000         |
| Ordinary shares to be issued                | -                   | 650,000           |
|   | <b>49,702,238</b>   | <b>47,841,097</b> |

|   | <b>2014</b>          |                   | <b>2013</b>      |            |
|---|----------------------|-------------------|------------------|------------|
|   | <b>Number of</b>     | <b>\$</b>         | <b>Number of</b> | <b>\$</b>  |
|   | <b>Shares</b>        |                   | <b>Shares</b>    |            |
| <b>(b) Movement in ordinary shares on issue</b>             |                      |                   |                  |            |
| (i) Ordinary shares fully paid                              |                      |                   |                  |            |
| Balance at beginning of year                                | <b>815,748,565</b>   | <b>43,991,097</b> | 252,309,677      | 41,561,655 |
| Issue of shares for cash                                    | <b>34,000,000</b>    | <b>102,000</b>    | -                | -          |
| Issue of shares in satisfaction of tenement acquisition     | <b>130,000,000</b>   | <b>650,000</b>    | -                | -          |
| Issue of shares for cash                                    | <b>111,940,725</b>   | <b>223,881</b>    | -                | -          |
| Conversion of loans   | <b>881,660,802</b>   | <b>1,398,692</b>  | -                | -          |
| Expense of issue  | <b>100,000,000</b>   | <b>150,000</b>    | -                | -          |
| Less expense of issue                                       | -                    | <b>(13,432)</b>   | -                | -          |
| Conversion of loan, placement & satisfaction of fees        | -                    | -                 | 266,644,110      | 1,333,221  |
| Conversion of loan  | -                    | -                 | 43,355,841       | 216,779    |
| Placement and satisfaction of fees                          | -                    | -                 | 74,772,270       | 224,317    |
| Issue of shares in satisfaction of consulting fees          | -                    | -                 | 47,000,000       | 235,000    |
| Issue of shares for cash - 17 June 2013                     | -                    | -                 | 131,666,667      | 395,000    |
| Expense of issue  | -                    | -                 | -                | 25,125     |
| <b>Balance at year end</b>                                  | <b>2,073,350,092</b> | <b>46,502,238</b> | 815,748,565      | 43,991,097 |
| (ii) Ordinary shares partly paid                            |                      |                   |                  |            |
| Balance at beginning of year                                | <b>4,000,000</b>     | <b>3,200,000</b>  | 4,000,000        | 3,200,000  |
| <b>Balance at end of year</b>                               | <b>4,000,000</b>     | <b>3,200,000</b>  | 4,000,000        | 3,200,000  |
| (iii) Unissued shares                                       |                      |                   |                  |            |
| Balance at beginning of year                                | 130,000,000          | 650,000           | -                | -          |
| Shares to be issued in satisfaction of tenement acquisition | (130,000,000)        | (650,000)         | 130,000,000      | 650,000    |
| <b>Balance at year end</b>                                  | -                    | -                 | 130,000,000      | 650,000    |
| <b>Total ordinary share capital</b>                         | <b>2,077,350,092</b> | <b>49,702,238</b> | 949,748,565      | 47,841,097 |

**(c) Uncalled Capital**

|   |                  |                |           |         |
|---|------------------|----------------|-----------|---------|
| <b>Shares of 10 cents paid to 8 cents</b> | <b>4,000,000</b> | <b>800,000</b> | 4,000,000 | 800,000 |
|---|------------------|----------------|-----------|---------|

**(d) Share Options at 30 June 2014**

|                         | <b>Number</b>      | <b>Exercise Price</b> | <b>Expiry Date</b>      |
|-------------------------|--------------------|-----------------------|-------------------------|
| <b>Unlisted Options</b> | <b>696,666,667</b> | <b>0.5 cents</b>      | <b>5 September 2015</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12 ISSUED CAPITAL (CONT'D)

#### (e) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

|  | <b>Consolidated</b> |                  |
|--|---------------------|------------------|
|  | <b>2014</b>         | <b>2013</b>      |
|  | <b>\$</b>           | <b>\$</b>        |
| <b>Reserves</b>  |                     |                  |
| Share-based payments reserve (i)                             | <b>968,849</b>      | 968,849          |
| Available-for-sale financial assets revaluation reserve (ii) | <b>70,578</b>       | 74,244           |
| Convertible note reserve (iii)                               | -                   | 5,922            |
|  | <b>1,039,427</b>    | <b>1,049,015</b> |

#### (i) Share based payments reserve

##### *Nature and purpose of reserve*

The share based payments reserve is used to accumulate proceeds received from the issue of options and records items recognised as expenses on valuation of employee share options.

##### *Movements in reserve*

|                               |                |                |
|-------------------------------|----------------|----------------|
| Balance at beginning of year  | <b>968,849</b> | 968,849        |
| Issue of options              | -              | -              |
| <b>Balance at end of year</b> | <b>968,849</b> | <b>968,049</b> |

#### (ii) Available-for-sale financial assets revaluation reserve

##### *Nature and purpose of reserve*

This reserve reflects fair value changes on available-for-sale financial assets

##### *Movements in reserve*

|  |                 |               |
|--|-----------------|---------------|
| Balance at beginning of year                               | <b>74,244</b>   | 282,653       |
| Impairment taken to profit or loss                         | <b>49,831</b>   | -             |
| Net unrealised loss on available-for-sale financial assets | <b>(53,497)</b> | (208,409)     |
| <b>Balance at end of year</b>                              | <b>70,578</b>   | <b>74,244</b> |

#### (iii) Convertible Note Reserve

##### *Nature and purpose of reserve*

This reserve reflects the equity portion of convertible notes

##### *Movements in reserve*

|                                       |                |              |
|---------------------------------------|----------------|--------------|
| Balance at beginning of year          | <b>5,922</b>   | 14,861       |
| Equity component of convertible notes | <b>(5,922)</b> | (8,759)      |
| <b>Balance at end of year</b>         | <b>-</b>       | <b>5,922</b> |

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **14 SEGMENT REPORTING**

The Company operates predominantly in one business segment, namely the acquisition and exploration of uranium/gold properties. The Company operates predominantly in two geographical segments being Australia and the United States of America.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

Operating segments are identified by Management based on the mineral resource and exploration activities in Australia and the United States of America. Discrete financial information about each project is reported to the chief operating decision maker on a regular basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the economic characteristics, the nature of the activities and the regulatory environment in which those segments operate.

The Group has two reportable segments based on the geographical areas of the mineral resource and exploration activities in Australia and the United States of America. Unallocated results, assets and liabilities represent corporate amounts that are not core to the reportable segments.

Information regarding these segments is presented below. The accounting policies of the reported segments are the same as the group accounting policies.

The following tables are an analysis of the group's revenues and results by the reportable segment of the chief decision maker for the years ended 30 June 2014 and 30 June 2013.

|                                | <b>Australia<br/>(Missions<br/>Cables<br/>Project)<br/>\$</b> | <b>United States<br/>of America<br/>(Nacimiento<br/>Project)<br/>\$</b> | <b>Republic of<br/>Argentina<br/>(Lithium<br/>Project)<br/>\$</b> | <b>Unallocated<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------|---|---|---|---------------------------|---------------------|
| <b>Year ended 30 June 2014</b> |   |   |   |                           |                     |
| Segment Revenue                | -   | -   | -   | <b>1,164</b>              | <b>1,164</b>        |
| Segment loss before tax        | <b>51,152</b>   | <b>3,000</b>  | -   | <b>1,043,017</b>          | <b>1,097,169</b>    |
| Segment assets                 | <b>2,086,488</b>  | -   | -   | <b>105,841</b>            | <b>2,192,329</b>    |
| Segment Liabilities            | -   | -   | -   | <b>1,069,349</b>          | <b>1,069,349</b>    |
|                                |   |   |   |                           |                     |
|                                | <b>Australia<br/>(Missions<br/>Cables<br/>Project)<br/>\$</b> | <b>United States<br/>of America<br/>(Nacimiento<br/>Project)<br/>\$</b> | <b>Republic of<br/>Argentina<br/>(Lithium<br/>Project)<br/>\$</b> | <b>Unallocated<br/>\$</b> | <b>Total<br/>\$</b> |
| <b>Year ended 30 June 2013</b> |   |   |   |                           |                     |
| Segment Revenue                | -   | -   | -   | 10,558                    | 10,558              |
| Segment loss before tax        | -   | 57,684  | 529,027   | 1,371,023                 | 1,957,734           |
| Segment assets                 | 1,082,272   | -   | -   | 335,015                   | 1,417,287           |
| Segment Liabilities            | -   | -   | -   | 1,048,691                 | 1,048,691           |

### **15 COMMITMENTS**

The Company has no commitments.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

|  | <b>Consolidated</b> |             |
|--|---------------------|-------------|
|  | <b>2014</b>         | <b>2013</b> |
|  | <b>\$</b>           | <b>\$</b>   |
| <b>16 COMMITMENTS FOR EXPENDITURE</b>    |                     |             |
| Not later than one year                  | <b>102,000</b>      | 102,000     |
| After one year but not more than 5 years | -                   | -           |
|  | <b>102,000</b>      | 102,000     |

**17 CONTINGENT LIABILITIES**

As at 30 June 2014, the Group did not have any contingent liabilities.

**18 REMUNERATION OF AUDITORS**

Amount received or due and receivable by the auditors of the Group for:

|  |               |        |
|--|---------------|--------|
| Auditing or reviewing the financial statements | <b>34,000</b> | 34,000 |
|  | <b>34,000</b> | 34,000 |

**19 RELATED PARTY TRANSACTIONS**

**(a) Subsidiaries**

The consolidated financial statements include the financial statements of Leopard Resources NL and the subsidiaries listed in the following table.

|                               | <b>Country of Incorporation</b> | <b>Equity Interest</b> |             | <b>Investment at cost</b> |             |
|-------------------------------|---------------------------------|------------------------|-------------|---------------------------|-------------|
|                               |                                 | <b>2014</b>            | <b>2013</b> | <b>2014</b>               | <b>2013</b> |
|                               |                                 | <b>%</b>               | <b>%</b>    | <b>\$</b>                 | <b>\$</b>   |
| Denny Dalton (Pty) Ltd        | Republic of South Africa        | <b>100</b>             | 100         | <b>6,000,000</b>          | 6,000,000   |
| Energy Company of America LLC | United States of America        | <b>100</b>             | 100         | <b>1,650,000</b>          | 1,650,000   |

**(b) Parent entity**

Leopard Resources NL is the ultimate Australian parent entity and ultimate parent of the Group.

**(c) Other related party transactions**

The terms and conditions of transactions with Directors and their Director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amount recognised during the year to Directors and their Director-related entities were as follows:

*Craig Willis*

Rent expense of \$60,200 (excluding GST) was paid to Mr Willis' related company Giarc Investments Pty Ltd during the year. \$126,831 (excluding GST) remains unpaid in respect of Director fees and rental payments.

*Richard Griffin*

\$44,697 (excluding GST) remains unpaid in respect of Director fees and consulting fees.

*Doug Spinley*

\$40,165 (excluding GST) remains unpaid in respect of Directors and Consulting fees.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

|                                     | Consolidated       |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | 2014               | 2013               |
|                                     | \$                 | \$                 |
| <b>20 PARENT ENTITY DISCLOSURES</b> |                    |                    |
| <b>Financial Position</b>           |                    |                    |
| <b>Assets</b>                       |                    |                    |
| Current Assets                      | 45,316             | 200,821            |
| Non-current asset                   | 2,150,013          | 1,216,466          |
| <b>Total assets</b>                 | <b>2,192,329</b>   | <b>1,417,287</b>   |
| <b>Liabilities</b>                  |                    |                    |
| Current Liabilities                 | 1,069,349          | 1,048,691          |
| Non-current liabilities             | -                  | -                  |
| <b>Total liabilities</b>            | <b>1,069,349</b>   | <b>1,048,691</b>   |
| <b>Equity</b>                       |                    |                    |
| Issued capital                      | 49,702,238         | 47,841,097         |
| Reserves                            | 1,039,427          | 1,049,015          |
| Accumulated losses                  | (49,618,685)       | (48,521,516)       |
| <b>Total equity</b>                 | <b>1,122,980</b>   | <b>(368,596)</b>   |
| <b>Financial Performance</b>        |                    |                    |
| Loss for the year                   | (1,097,169)        | (1,957,734)        |
| Other comprehensive loss            | (3,666)            | (208,649)          |
| <b>Total comprehensive loss</b>     | <b>(1,100,835)</b> | <b>(2,166,143)</b> |

## 21 KEY MANAGEMENT PERSONNEL

|                              | Consolidated   |                |
|------------------------------|----------------|----------------|
|                              | 2014           | 2013           |
|                              | \$             | \$             |
| Short-Term employee benefits | 485,912        | 320,290        |
| Post Employment benefits     | 25,866         | 2,700          |
| Equity based benefits        | -              | 235,000        |
| <b>Total compensation</b>    | <b>511,778</b> | <b>557,990</b> |

## 22 SHARE BASED PAYMENTS

Share-based payments in lieu of directors' fees and salary were made to key management personnel during the 2013 year.

There were no share-based payment arrangements existing at 30 June 2014.

## 23 FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise of cash and short-term deposits, trade and other receivables and available-for-sale financial assets. The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **23 FINANCIAL INSTRUMENTS (CONT'D)**

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group does not speculate in the trading of derivative instruments. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

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

#### **Risk Exposures and Responses**

##### ***Interest rate risk***

The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Company has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At balance date, the following table details the Group's expected maturity for its non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities on the financial instruments including interest that will be earned on these instruments.

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2014</b>         | <b>2013</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <i>Financial Assets</i>                               |                     |             |
| Cash and cash equivalents (interest-bearing accounts) | <b>42,316</b>       | 181,806     |
| Trade and other receivables                           | -                   | 16,515      |
| Available-for-sale financial assets                   | <b>20,748</b>       | 74,244      |
|   | <b>63,064</b>       | 557,990     |

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit/loss and equity relating to financial assets of the Group would have been affected as follows:

Judgements of reasonably possible movements:

*Post tax profit/(loss) – higher / (lower)*

|                    |             |       |
|--------------------|-------------|-------|
| + 100 basis points | <b>42</b>   | 181   |
| - 100 basis points | <b>(42)</b> | (181) |

*Equity – higher / (lower)*

|                    |             |       |
|--------------------|-------------|-------|
| + 100 basis points | <b>42</b>   | 181   |
| - 100 basis points | <b>(42)</b> | (181) |

##### ***Liquidity Risk***

The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained or available to the Group.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**23 FINANCIAL INSTRUMENTS (CONT'D)**

***Credit risk***

Credit risk arises from the financial assets of the Company, which comprise of deposits with banks and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Statement of Financial Position represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not hold any credit derivatives to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Company's policy to secure its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts.

The Company's cash deposits are held with a major Australian banking institution otherwise, there are no significant concentrations of credit risk within the Company.

The following table details the expected maturity of the Group's financial assets and liabilities based on the earliest date of maturity or payment respectively. The amounts are stated on an undiscounted basis and include interest.

|                                | Weighted<br>average<br>effective<br>interest rate<br>% | Consolidated               |                    |                            |                   |
|--------------------------------|--|----------------------------|--------------------|----------------------------|-------------------|
|                                |  | Less than 1<br>month<br>\$ | 1 – 3 Months<br>\$ | 3 months – 1<br>year<br>\$ | 1 – 5 years<br>\$ |
| <b>Year ended 30 June 2014</b> |  |                            |                    |                            |                   |
| <i>Financial Assets</i>        |  |                            |                    |                            |                   |
| Non-interest bearing           |  | 20,748                     | -                  | -                          | -                 |
| Variable interest rate         | 0.1%   | 42,316                     | -                  | -                          | -                 |
| Fixed interest rate            |  |                            |                    |                            |                   |
|                                |  | 63,064                     | -                  | -                          | -                 |
| <i>Financial Liabilities</i>   |  |                            |                    |                            |                   |
| Non-interest bearing           |  | 755,788                    | -                  | -                          | -                 |
| Fixed interest rate            | 10%  | -                          | -                  | 313,561                    | -                 |
|                                |  | 755,788                    | -                  | 313,561                    | -                 |
|                                |  |                            |                    |                            |                   |
|                                | Weighted<br>average<br>effective<br>interest rate<br>% | Consolidated               |                    |                            |                   |
|                                |  | Less than 1<br>month<br>\$ | 1 – 3 Months<br>\$ | 3 months – 1<br>year<br>\$ | 1 – 5 years<br>\$ |
| <b>Year ended 30 June 2013</b> |  |                            |                    |                            |                   |
| <i>Financial Assets</i>        |  |                            |                    |                            |                   |
| Non-interest bearing           | -  | 93,759                     | -                  | -                          | -                 |
| Variable interest rate         | 1.25%  | 181,806                    | -                  | -                          | -                 |
| Fixed interest rate            | -  | -                          | -                  | -                          | -                 |
|                                |  | 275,565                    | -                  | -                          | -                 |
| <i>Financial Liabilities</i>   |  |                            |                    |                            |                   |
| Non-interest bearing           | -  | 747,010                    | -                  | -                          | -                 |
| Fixed interest rate            | 10%  | -                          | -                  | 301,681                    | -                 |
|                                |  | 747,010                    | -                  | 301,681                    | -                 |

## **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

### **23 FINANCIAL INSTRUMENTS (CONT'D)**

#### **Capital Management Risk**

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

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

#### **Foreign Currency Risk**

As a result of the Group's mineral exploration activities in United States of America, the Group's operations can be affected by movements in US\$/A\$ exchange rates. The Company does not hedge this exposure.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and, where considered prudent, ensuring appropriate cash balances are maintained in United States Dollars, to meet current operational commitments.

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments. The Group's exposure to foreign currency risk is considered immaterial at 30 June 2014.

#### **Commodity Price Risk**

The Group's exposure to price risk is minimal given the Group is still in an exploration phase.

#### **Fair value**

This note provides information about how the Group determines fair values of various financial assets and liabilities.

- Fair value of the Group's financial assets and liabilities are measured at fair value on a recurring basis
- Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and key input(s) used).

|                                      | <b>Fair Value<br/>at<br/>30 June<br/>2014</b> | <b>Fair Value at<br/>30 June<br/>2013</b> | <b>Fair Value<br/>Hierarchy</b> | <b>Valuation<br/>Technique(s)<br/>and key<br/>input(s)</b> | <b>Significant<br/>unobservable<br/>input(s)</b> | <b>Relationship<br/>of<br/>unobservable<br/>input(s) to fair<br/>value</b> |
|--------------------------------------|---|---|---------------------------------|--|--|--|
| <b>Financial assets:</b>             |   |   |                                 |  |  |  |
| Available-for-sale financial assets: |   |   |                                 |  |  |  |
| - listed investments                 | 20,478  | 74,244                                    | Level 1                         | Share price  | None   | None   |
| <b>Financial assets:</b>             |   |   |                                 |  |  |  |
| Convertible notes                    | -   | 301,681                                   | Level 1                         | Interest rate<br>of similar<br>convertible<br>notes        | None   | None   |

If the above unobservable inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the available for sale assets and convertible notes would decrease/increase by an immaterial amount.

There were no transfers between Level 1 and Level 2 in the period.

#### **Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The Directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

**23 FINANCIAL INSTRUMENTS (CONT'D)**

All gains and losses included in other comprehensive income relate to available for sale assets and convertible notes held at the balance date are reported as changes of financial assets revaluation reserve and convertible note reserve.

**24 EVENTS SUBSEQUENT TO BALANCE DATE**

There has been no matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

**DIRECTORS' DECLARATION**

1. In the opinion of the directors of Leopard Resources NL (the 'Company'):
  - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
    - ii) complying with Australian Accounting Standards the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed In accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to be 'CW', enclosed within a large, loopy oval shape.

Craig Willis  
Director  
Perth, 30 September 2014



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Leopard Resources NL

### Report on the Financial Report

We have audited the accompanying financial report of Leopard Resources NL ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

#### ***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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



Accountants | Business and Financial Advisers

### ***Independence***

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

### ***Auditor's opinion***

In our opinion:

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

### ***Emphasis of matter***

Without qualifying our opinion, we draw attention to Note 1(d) to the financial report which indicates that the ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group successfully raising additional share capital and ultimately developing its mineral property. If the Group is unable to raise additional share capital, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

### **Report on the Remuneration Report**

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

### ***Auditor's opinion***

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

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd  
Chartered Accountants

A handwritten signature in blue ink that reads 'N G Neill'.

N G Neill  
Partner

Perth, Western Australia  
30 September 2014

**ADDITIONAL SECURITIES EXCHANGE INFORMATION**

**Information Relating to Shareholders and Option holders at 25 September 2014**

|          |  | Ordinary Shares<br>Fully Paid | Ordinary Shares<br>Partly Paid |
|----------|--|-------------------------------|--------------------------------|
| <b>1</b> | <b>Number of shareholders</b>  | 3,856                         | 56                             |
| <b>2</b> | <b>Distribution of shareholders:</b>   |                               |                                |
|          | Category   |                               |                                |
|          | 1 - 1,000  | 842                           | 27                             |
|          | 1,001 - 5,000  | 1,256                         | 5                              |
|          | 5,001 - 10,000   | 448                           | 5                              |
|          | 10,001 - 100,000   | 848                           | 11                             |
|          | 100,001 and over   | 410                           | 8                              |
|          |  | <b>3,804</b>                  | <b>56</b>                      |
|          | Total on issue   | 2,035,415,232                 | 4,000,000                      |
|          | Shareholders with unmarketable parcel  | 3,584                         |                                |
| <b>3</b> | <b>Percentage of the 20 largest holders</b>  | 56.84%                        | 97.85%                         |
| <b>4</b> | <b>Voting rights</b>   |                               |                                |
|          | <ul style="list-style-type: none"> <li>Ordinary fully paid shares - upon show of hands one vote for every registered shareholder and upon a poll, one vote for each share held.</li> <li>Contributing shares - upon a poll proportional to the called up capital.</li> <li>Options – Options have no voting rights until such options are exercised as fully paid shares.</li> </ul> |                               |                                |
| <b>5</b> | <b>20 Largest Ordinary Fully Paid Shareholders</b>   | <b>Number</b>                 | <b>%</b>                       |
| 1.       | WILLIS HOLDINGS LIMITED  | 318,345,206                   | 15.35                          |
| 2.       | CITICORP NOMINEES PTY LIMITED  | 249,083,790                   | 12.01                          |
| 3.       | MARAVALL INVESTMENTS LLC   | 139,612,785                   | 6.73                           |
| 4.       | WAKEFIELD INVESTMENTS LLC  | 100,000,000                   | 4.82                           |
| 5.       | MR PETER JOHN BARTTER  | 80,000,000                    | 3.86                           |
| 6.       | JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>   | 52,213,132                    | 2.52                           |
| 7.       | STORMS SNOW CLOUD PTY LTD <BATTLE SUPER FUND A/C>  | 34,977,169                    | 1.69                           |
| 8.       | KING GEORGE V NOMINEES   | 34,000,000                    | 1.64                           |
| 9.       | GROUP SEVENTY THREE PTY LTD  | 30,000,000                    | 1.45                           |
| 10.      | COCOON CAPITAL INVESTMENTS LIMITED   | 25,000,000                    | 1.21                           |
| 11.      | EMERALD LAKE PTY LTD <BG PAULL SUPERANNUATION A/C>   | 25,000,000                    | 1.21                           |
| 12.      | NYONI CONSULTING PL LLC  | 25,000,000                    | 1.21                           |
| 13.      | BELL POTTER NOMINEES LTD <BB NOMINEES A/C>   | 23,000,000                    | 1.11                           |
| 14.      | STERLING COMMODITIES INVESTMENTS LIMITED   | 22,000,000                    | 1.06                           |
| 15.      | PALLA NOMINEES PTY LTD   | 21,876,712                    | 1.06                           |
| 16.      | BACCHUS SUPER PTY LTD <THE BACCHUS SUPERFUND A/C>  | 20,986,301                    | 1.01                           |
| 17.      | FOUR MILES INVESTMENT LLC  | 20,000,000                    | 0.96                           |
| 18.      | GIARC INVESTMENTS PTY LTD  | 20,000,000                    | 0.96                           |
| 19.      | WASHDO HOLDINGS PTY LTD  | 20,000,000                    | 0.96                           |
| 20.      | CAPETOWN INVESTMENTS PTY LTD <Sinton Super Fund>   | 17,488,585                    | 0.84                           |
|          |  | <b>1,278,583,680</b>          | <b>56.84</b>                   |

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**6 20 Largest Ordinary Partly Paid Shareholders**

|    |                               | <b>Number</b>    | <b>%</b>     |
|----|-------------------------------|------------------|--------------|
| 1  | CORRIDOR NOMINEES PTY LTD     | 1,760,590        | 44.01        |
| 2  | GEB CAPITAL LIMITED           | 500,000          | 12.50        |
| 3  | MS TINA BAZZO                 | 351,000          | 8.78         |
| 4  | JADE ASSET PTY LTD            | 201,000          | 5.03         |
| 5  | WATERSHORE HOLDINGS PTY LTD   | 148,000          | 3.70         |
| 6  | RUBY NET PTY LTD              | 140,000          | 3.50         |
| 7  | MR SCOTT JAMES DUNCAN &       | 120,000          | 3.00         |
| 8  | MS MELISSA ANNE VORLICEK      | 120,000          | 3.00         |
| 9  | MRS DAGMAR BLOCHLOVA          | 90,000           | 2.25         |
| 10 | MR SCOTT JAMES DUNCAN &       | 90,000           | 2.25         |
| 11 | CLELAND PROJECTS PTY LTD      | 74,500           | 1.86         |
| 12 | MRS MARGARET DOWNES           | 59,000           | 1.48         |
| 13 | MR SCOTT JAMES DUNCAN &       | 50,000           | 1.25         |
| 14 | KELANCO PTY LTD               | 50,000           | 1.25         |
| 15 | MR JEREMY ROBERT POCKLEY      | 46,000           | 1.15         |
| 16 | SUMMERSET INVESTMENTS PTY LTD | 40,000           | 1.00         |
| 17 | MR JOHN CHARLES GEARY         | 35,000           | 0.88         |
| 18 | EDENKEY NOMINEES PTY LTD      | 15,000           | 0.38         |
| 19 | MS MELISSA ANN VORLICEK       | 14,000           | 0.35         |
| 20 | MRS EMMA JANE COURTNEY BAXTER | 10,000           | 0.25         |
|    |                               | <b>3,914,090</b> | <b>97.87</b> |

**7 Substantial Shareholders**

The Company has been notified of the following substantial shareholdings:

|                               | <b>Number</b> |
|-------------------------------|---------------|
| WILLIS HOLDINGS LIMITED       | 318,345,206   |
| CITICORP NOMINEES PTY LIMITED | 249,083,790   |
| MARAVAL INVESTMENTS LLC       | 139,612,785   |

**8 Unlisted Options**

**Share Options at 30 June 2014**

|                  | <b>Number</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|------------------|---------------|-----------------------|--------------------|
| Unlisted Options | 696,666,667   | 0.5 cents             | 5 September 2015   |

**9 Restricted Securities**

There are no restricted securities or securities subject to voluntary escrow.

**10 On-market Buy-back**

Currently there is no on-market buy-back of the Company's securities.

## Leopard Resources NL

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#### 11 Summary of Mining Interests as at 30 June 2014

##### **MISSION & CABLES**, Western Australia

Leopard Resources NL 100%

E37/747

##### **MAROOCHYDORE**, Western Australia

Leopard Resources NL 100%

E45/2475

##### **NACIMIENTO COPPER URANIUM PROJECT**, State of New Mexico, USA

###### ***Los Pinos Lode Mining Claims, Sandoval County, New Mexico***

The property comprises 51 unpatented lode mining claims covering 1,120 acres.