pacific ore

ABN 68 123 867 765

2014

PACIFIC ORE LIMITED
ANNUAL REPORT

CORPORATE DIRECTORY

DIRECTORS
Mr Ian Middlemas
Mr David Parker
Mr Mark Pearce

COMPANY SECRETARY
Mr Greg Swan

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PSF – Fully paid ordinary shares

BANKERS
Australia and New Zealand Banking Group Limited

SOLICITORS
Hardy Bowen Lawyers

AUDITOR
HLB Mann Judd

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COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Woodman, who is a member of the Australian Institute of Mining and Metallurgy. Mr Woodman is a consultant to Pacific Ore Limited. Mr Woodman has sufficient experience, which is relevant to the styles of mineralisation and types 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 Woodman consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

DIRECTORS' REPORT

The Directors of Pacific Ore Limited present their report on the Consolidated Entity consisting of Pacific Ore Limited (“**Company**” or “**Pacific**”) and the entities it controlled at the end of, or during, the year ended 30 June 2014 (“**Consolidated Entity**” or “**Group**”).

DIRECTORS

The names and details of the Company's directors in office at any time during the financial year or since the end of the financial year are:

Mr Ian Middlemas	Chairman
Mr David Parker	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise stated, Directors held their office from 1 July 2013 until the date of this report.

CURRENT DIRECTORS AND OFFICERS

Mr Ian Middlemas *B.Com, CA*
Chairman

Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a director with a number of publicly listed companies in the resources sector.

Mr Middlemas was appointed a Director of the Company on 19 April 2010. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Paringa Resources Limited (October 2013 – present), Berkeley Resources Limited (April 2012 – present), Prairie Mining Limited (August 2011 – present), Papillon Resources Limited (May 2011 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Sierra Mining Limited (January 2006 – June 2014), Decimal Software Limited (July 2013 – April 2014), Global Petroleum Limited (April 2007 – December 2011) and Coalspur Mines Limited (March 2007 – October 2011).

Mr David Parker *B.Com, SAFin, ACIS*
Non-Executive Director

Mr Parker has completed a Bachelor of Commerce at Curtin University. He is a Senior Associate of the Financial Services Institute of Australia and has completed a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia.

Mr Parker was appointed a Director of the Company on 20 November 2009. During the three year period to the end of the financial year, Mr Parker held a directorship in West Peak Iron Limited (March 2010 – August 2012).

CURRENT DIRECTORS AND OFFICERS (Continued)

Mr Mark Pearce *B.Bus, CA, FAGIA, FFin*
Non-Executive Director

Mr Pearce is a Chartered Accountant and is currently a director of several listed companies that operate in the resources sector. He has had considerable experience in the formation and development of listed resource companies and has worked for several large international Chartered Accounting firms. Mr Pearce is also a Fellow of the Governance Institute of Australia and a Fellow of the Financial Services Institute of Australasia.

Mr Pearce was appointed a Director of the Company on 19 April 2010. During the three year period to the end of the financial year, Mr Pearce has held directorships in Prairie Mining Limited (August 2011 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Sovereign Metals Limited (July 2006 – present), Odyssey Energy Limited (September 2005 – present), Decimal Software Limited (July 2013 – April 2014) and Coalspur Mines Limited (March 2007 – October 2011).

Mr Greg Swan *B.Com, CA, AGIA, AFin*
Company Secretary

Mr Swan is a Chartered Accountant and Associate Member of the Governance Institute of Australia. He commenced his career at a large international Chartered Accounting firm and has since worked in the corporate office of a number of listed companies that operate in the resources sector.

Mr Swan was Company Secretary of the Company from 19 April 2010 to 28 January 2011 and was re-appointed Company Secretary on 29 July 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the year consisted of the identification, acquisition, exploration and development of resource projects. No significant change in the nature of these activities occurred during the year.

EARNINGS PER SHARE

	2014 Cents	2013 Cents
Basic loss per share	**(0.15)**	(0.53)

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

OPERATING AND FINANCIAL REVIEW

Operations

Highlights during the year were as follows:

(i) Pacific continued its efforts on the identification and acquisition of advanced resource projects during the year. In this regard, the Company assessed a large number of new business opportunities and conducted significant detailed due diligence on at least six resource projects;

(ii) Pacific extended the earn-in period for its joint venture with Central Iron Ore Limited (TSX-V: CIO) in relation to the Perinvale North Project ("**Project**") located in the Midwest region of Western Australia;

(iii) Pacific continued its review of the Project and is currently assessing its options for further exploration work across the Project; and

(iv) Completed a one for one non-renounceable entitlements offer ("**Entitlements Offer**") to raise $2.7 million (before costs) which will enable the Company to continue exploration activities and to pursue new opportunities in the resources and other sectors.

Perinvale North Iron Project

Pacific has a joint venture with Central Iron Ore Limited (TSX-V: CIO) ("**CIO**") in relation to the Project which is currently 100% owned by CIO. Under the terms of the agreement (as amended by the parties during the year):

- Pacific can earn a 51% interest by spending $1.5 million before 21 June 2015;
- If CIO does not elect to maintain its 49% interest, Pacific can earn an additional 19% by spending a further $3.5 million within 18 months from the date it earns a 51% interest; and
- If CIO does not elect to maintain its 30% interest, Pacific can earn an additional 20% by spending a further $10 million within 18 months from the date it earns a 70% interest.

The Project consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the Southern Cross Domain of the Yilgarn Craton.

The Project is considered prospective for iron and other minerals including gold and covers part of the Maynard Hills Greenstone Belt which is comprised of amphibolite facies equivalent of the komatitic basalts, sediments volcanics, banded iron formations, quartzites and cherts, and a narrow unit of ultramafics.

The Company has completed a detailed high resolution airborne magnetic survey over the Project which has resulted in the identification of Magnetite BIF and Enriched BIF targets that may warrant further investigation and rock chip sampling completed in April 2012 indicated the presence of goethite enriched BIF mineralisation.

Corporate

During the year, the Company continued with its efforts in the identification and acquisition of advanced resource projects both domestic and overseas. In this regard, the Company assessed a number of new business opportunities during the year. Unfortunately, none of these opportunities were ultimately considered prospective enough to proceed to an acquisition.

During the year, the Company undertook a one for one non-renounceable entitlements offer ("**Entitlements Offer**") to raise $2.7 million (before costs) through the issue of 273.4 million new ordinary shares at an issue price of $0.01 each. Funds raised from the Entitlements Offer will enable the Company to continue exploration activities and to pursue new opportunities in the resources and other sectors, and follows a cost cutting exercise which has significantly reduced the Company's overhead expenses.

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

The net loss of the Consolidated Entity attributable to members of the Company for the year ended 30 June 2014 was $610,800 (2013: $1,407,165). This loss is partly attributable to the following:

(i) The Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of rights to explore and up to the commencement of feasibility studies. During the financial year, exploration and evaluation expenditure totalled $91,754 (2013: $228,168); and

(ii) Business development expenditure totalled $153,363 (2013: $652,061) incurred in respect of business development activities conducted by the Group, including costs relating to international travel, site visits, due diligence, technical reviews, legal fees and overhead expenses in relation to its assessment of new opportunities. The majority of these costs were incurred during the first half of the year prior to the completion of a cost cutting exercise which has now significantly reduced the Company's overhead expenses.

Financial Position

At 30 June 2014, the Group had cash reserves of $2.5 million and have now significantly reduced the Company's overhead expenses.

At 30 June 2014, the Group had net assets of $2.4 million (2013: $0.3 million), an increase of $2.1 million compared with the previous year. This is consistent with and largely attributable to:

(i) Completion of the Entitlements Offer during the year to raise $2.7 million (before costs) through the issue of 273.4 million new ordinary shares at an issue price of $0.01 each; and

(ii) The net loss of the Consolidated Entity for the year ended 30 June 2014 of $0.6 million (2013: $1.4 million).

Business Strategies and Prospects for Future Financial Years

The objective of the Group is to create long-term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits.

To date, the Group has not commenced production of any minerals, nor has it identified a Mineral Resource in accordance with the JORC Code. To achieve its objective, the Group currently has the following business strategies and prospects over the medium term:

- Assessing plans for further exploration work across the Project, which may include a maiden drilling program; and
- Continue to actively assess new domestic and overseas business opportunities in the mineral resources sector to complement the Company's current projects.

All of these activities are inherently risky and the Board is unable to provide certainty of the expected results of these activities, or that any or all of these likely developments will be achieved. The material business risks faced by the Group that could have an effect on the Group's future prospects, and how the Group manages these risks, include:

- **The Company's exploration properties may never be brought into production** – the exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. To mitigate this risk, the Company will undertake systematic and staged exploration and testing programs on its mineral properties and, subject to the results of these exploration programs, the Company will then progressively undertake a number of technical and economic studies with respect to its projects prior to making a decision to mine. However there can be no guarantee that the studies will confirm the technical and economic viability of the Company's mineral properties or that the properties will be successfully brought into production;

- **The Company may not successfully acquire new projects** – the Company continues to actively pursue and assess other new business opportunities in the resources sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of tenements/permits, or direct equity participation. The Company's success in its acquisition activities depends on its ability to identify suitable projects, acquire them on acceptable terms, and integrate the projects successfully, which the Company's Board is experienced in doing. However, there can be no guarantee that any proposed acquisition will be completed or be successful. If a proposed acquisition is completed the usual risks associated with a new projects and/or business activities will remain. Furthermore, if a new investment or acquisition is not completed, then the Company may not be in a position to comply with the ongoing Listing Rules, which includes but is not limited to, maintaining a sufficient level of operations and financial position;

- **The Company's activities will require further capital** – the exploration and any development of the Company's exploration properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and any development of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company;

- **The Company may be adversely affected by fluctuations in commodity prices** – the price of commodities fluctuate widely and are affected by numerous factors beyond the control of the Company. Future production, if any, from the Company's mineral properties will be dependent upon the price of commodities being adequate to make these properties economic. The Company currently does not engage in any hedging or derivative transactions to manage commodity price risk. As the Company's operations change, this policy will be reviewed periodically going forward; and

- **Global financial conditions may adversely affect the Company's growth and profitability** – many industries, including the mineral resource industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the current nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities. If these increased levels of volatility and market turmoil continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

(i) During the year, the Company completed a one for one non-renounceable Entitlements Offer to raise $2.7 million (before costs) through the issue of 273.4 million new ordinary shares at an issue price of $0.01 each.

There are no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;

- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or

- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' REPORT
(Continued)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve.

Instances of environmental non-compliance by an operation are identified either by external compliance audits or inspections by relevant government authorities.

There have been no known breaches by the Consolidated Entity during the financial year.

DIRECTORS' INTERESTS

As at the date of this report, the Directors' interests in the securities of the Company are as follows:

	Interest in securities at the date of the report
	Ordinary Shares[1]
Ian Middlemas	**40,000,000**
David Parker	**2,800,001**
Mark Pearce	**12,000,000**

Notes:
[1] "Ordinary Shares" means fully paid ordinary shares in the capital of the Company.

SHARE OPTIONS

At the date of this report, 1,000,000 Incentive Options (each exercisable at $0.15 on or before 31 December 2014) have been issued over unissued Ordinary Shares of the Company.

During the year ended 30 June 2014 and up to the date of this report, no Ordinary Shares have been issued as a result of the exercise of options.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company or Group for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

During or since the end of the financial year, no amounts have been paid by the Company or Group in relation to the above indemnities.

During the financial year, an insurance premium of $12,765 (2013: $12,765) was paid by the Group to insure against a liability incurred by a person who is or has been a director or officer of the Company or Group.

REMUNERATION REPORT (AUDITED)

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel ("**KMP**") of the Group.

Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Mr Ian Middlemas	*Chairman*
Mr David Parker	*Non-Executive Director*
Mr Mark Pearce	*Non-Executive Director*

Other KMP

Mr Philip Welten	*Chief Operating Officer (resigned effective 15 September 2013)*
Mr Nathan Ainsworth	*Business Development Officer (resigned effective 15 October 2013)*
Mr Gregory Swan	*Company Secretary*

Unless otherwise disclosed, the KMP held their position from 1 July 2013 until the date of this report.

Remuneration Policy

The Group's remuneration policy for its KMP has been developed by the Board taking into account the size of the Group, the size of the management team for the Group, the nature and stage of development of the Group's current operations, and market conditions and comparable salary levels for companies of a similar size and operating in similar sectors.

In addition to considering the above general factors, the Board has also placed emphasis on the following specific issues in determining the remuneration policy for KMP:

- the Group is currently focused on identifying and acquiring suitable resource projects and undertaking exploration, appraisal and development activities;
- risks associated with small cap resource companies whilst exploring and developing projects; and
- other than profit which may be generated from asset sales, the Company does not expect to be undertaking profitable operations until sometime after the commencement of commercial production on any of its projects.

Executive Remuneration

The Group's remuneration policy is to provide a fixed remuneration component and a performance based component (short term incentive and long term incentive). The Board believes that this remuneration policy is appropriate given the considerations discussed in the section above and is appropriate in aligning executives' objectives with shareholder and business objectives.

Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits.

Fixed remuneration is reviewed annually by the Board. The process consists of a review of company and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices.

REMUNERATION REPORT (AUDITED) (Continued)

Executive Remuneration (Continued)

Performance Based Remuneration – Short Term Incentive

Executives may be entitled to an annual cash bonus upon achieving various key performance indicators ("**KPI's**"), as set by the Board. Having regard to the current size, nature and opportunities of the Company, the Board has determined that these KPI's will include measures such as successful completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of scoping and/or feasibility studies), corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. project acquisitions and capital raisings). Prior to the end of each financial year, the Board assesses performance against these criteria.

No bonuses were paid or are payable in relation to the 2014 financial year.

Performance Based Remuneration – Long Term Incentive

The Board has chosen to issue Incentive Options (where appropriate) to some executives as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Company. The Board considers that each executive's experience in the resources industry will greatly assist the Company in progressing its projects to the next stage of development and the identification of new projects. As such, the Board believes that the number of Incentive Options granted to executives is commensurate to their value to the Company.

The Board has a policy of granting incentive options ("Incentive Options") to executives with exercise prices at and/or above market share price (at the time of agreement). As such, Incentive Options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options granted. Other than service-based vesting conditions, there are no additional performance criteria on the Incentive Options granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related. The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package.

No Incentive Options were issued or are issuable in relation to the 2014 financial year.

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Given the current size, nature and risks of the Company, Incentive Options have been used to attract and retain Non-Executive Directors. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. Director's fees paid to Non-Executive Directors accrue on a daily basis. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and Non-Executive Directors may in limited circumstances receive Incentive Options in order to secure their services.

Fees for the Chairman are presently set at $36,000 (2013: $36,000) per annum plus superannuation and fees for Non-Executive Directors' are presently set at $20,000 (2013: $20,000) per annum plus superannuation. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

Relationship between Remuneration of KMP and Shareholder Wealth

During the Company's exploration and development phases of its business, the Board anticipates that the Company will retain earnings (if any) and other cash resources for the exploration and development of its resource projects. Accordingly the Company does not currently have a policy with respect to the payment of dividends and returns of capital. Therefore there was no relationship between the Board's policy for determining, or in relation to, the nature and amount of remuneration of KMP and dividends paid and returns of capital by the Company during the current and previous four financial years.

The Board did not determine, and in relation to, the nature and amount of remuneration of the KMP by reference to changes in the price at which shares in the Company traded between the beginning and end of the current and the previous four financial years. However, as noted above, a number of KMP have received Incentive Options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Options.

Relationship between Remuneration of KMP and Earnings

As discussed above, the Company is currently undertaking exploration activities and is actively pursuing new business opportunities, and does not expect to be undertaking profitable operations (other than by way of material asset sales, none of which is currently planned) until sometime after the successful commercialisation, production and sales of commodities from one or more of its projects. Accordingly the Board does not consider earnings during the current and previous four financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

The Board does not directly base remuneration levels on the Company's share price or movement in the share price over the financial year. However, as noted above, a number of KMP have received Incentive Options which generally will only be of value should the value of the Company's shares increase sufficiently to warrant exercising the Incentive Options granted.

Emoluments of Directors and Other KMP

Details of the nature and amount of each element of the emoluments of each of the Key Management Personnel of Pacific Ore Limited are as follows:

2014	Short-term benefits Salary & fees $	Super-annuation $	Termination payments $	Share-based payments $	Total $	Percentage performance related %
Directors						
Ian Middlemas	36,000	3,330	-	-	39,330	-
David Parker	20,000	1,850	-	-	21,850	-
Mark Pearce	20,000	1,850	-	-	21,850	-
Other KMP						
Philip Welten [1]	55,714	5,154	-	-	60,868	-
Nathan Ainsworth[2]	60,123	5,031	-	7,349	72,503	10.1%
Gregory Swan[3]	-	-	-	-	-	-
Total	**191,837**	**17,215**	**-**	**7,349**	**216,401**	

Notes:

1 Resigned effective 15 September 2013.

2 Resigned effective 15 October 2013.

3 Mr Swan provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd. During the year, Apollo Group Pty Ltd was paid $158,400 for the provision of administrative, accounting and company secretarial services to the Company. Apollo Group Pty Ltd is a company controlled by Mr Pearce.

REMUNERATION REPORT (AUDITED) (Continued)

Emoluments of Directors and Other KMP (Continued)

2013	Short-term benefits Salary & fees $	Super-annuation $	Termination payments $	Share-based payments $	Total $	Percentage performance related %
Directors						
Ian Middlemas	36,000	3,240	-	-	39,240	-
David Parker	20,000	1,800	-	-	21,800	-
Mark Pearce	20,000	1,800	-	-	21,800	-
Other KMP						
Philip Welten [1]	270,000	24,300	-	(105,468)	188,832	(55.8%)
Nathan Ainsworth	190,000	17,100	-	34,121	241,221	14.1%
Gregory Swan [3]	-	-	-	-	-	-
Daniel Fogarty [2]	63,768	5,739	26,002	(24,894)	70,615	(35.2%)
Total	**599,768**	**53,979**	**26,002**	**(96,241)**	**583,508**	

Notes:

1 Mr Welten's remuneration includes share based payment expense for the year of $39,532, less an amount of $145,000 in respect of incentive options which did not meet their vesting conditions and expired during the year. An expense of $145,000 for these options had previously been recognised in remuneration in the statement of profit or loss and other comprehensive income.

2 Mr Fogarty resigned on 15 October 2012. Mr Fogarty's remuneration includes share based payment expense for the year of $10,606, less an amount of $35,500 in respect of incentive options which did not meet their vesting conditions and expired during the year. An expense of $35,500 for these options had previously been recognised in remuneration in the statement of profit or loss and other comprehensive income.

3 Mr Swan provides services as the Company Secretary through a services agreement with Apollo Group Pty Ltd. During the year, Apollo Group Pty Ltd was paid $158,400 for the provision of administrative, accounting and company secretarial services to the Company. Apollo Group Pty Ltd is a company controlled by Mr Pearce.

Options Granted to Key Management Personnel

There were no Unlisted Options granted by the Company to KMP of the Group during the financial year.

Details of the value of Unlisted Options granted, exercised or lapsed for each KMP of the Group during the financial year are as follows:

2014	Value of Options Granted During the Year[1] $	Value of Options Exercised During the Year[2] $	Value of Options Lapsed During the Year $	Value of Options Included in Remuneration for the Year $	Remuneration for the Year that Consists of Options %
Other KMP					
Nathan Ainsworth	-	-	-	7,349	10.1%
Total	**-**	**-**	**-**	**7,349**	

Notes:

1 For details on the valuation of the Unlisted Options, including models and assumptions used, please refer to Note 20 to the financial statements.

2 During the year, no KMP exercised Unlisted Options that were granted to them as part of their compensation.

Employment Contracts with Directors and Key Management Personnel

No employment contracts have been entered into with any directors or executives of the Company.

Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a director and beneficial shareholder, was paid $158,400 for the provision of serviced office facilities and administration services (2013: $158,400). The amount is based on a monthly retainer of $13,200 due and payable in arrears, with no fixed term. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income. At 30 June 2014, Nil (2013: Nil) was included as a current liability in the Statement of Financial Position.

Option holdings of Key Management Personnel

2014	Held at 1 July 2013	Granted as Remuner-ation	Expiry of Options	Lapse of Options	Held at 30 June 2014	Vested and exercisable at 30 June 2014
Directors						
Ian Middlemas	-	-	-	-	-	-
David Parker	-	-	-	-	-	-
Mark Pearce	-	-	-	-	-	-
Other KMP						
Philip Welten	-	-	-	-	-[1]	-[1]
Nathan Ainsworth	2,000,000	-	-	-	2,000,000[1]	2,000,000[1]
Greg Swan	-	-	-	-	-	-

Notes:
[1] As at date of resignation.

Shareholdings of Key Management Personnel

2014	Held at 1 July 2013	Entitlements Offer	Held at 30 June 2014
Directors			
Ian Middlemas	20,000,000	20,000,000	40,000,000
David Parker	1,800,001	1,000,000	2,800,001
Mark Pearce	6,000,000	6,000,000	12,000,000
Other KMP			
Philip Welten	1,500,000	-	1,500,000[1]
Nathan Ainsworth	4,225,000	-	4,225,000[1]
Greg Swan	3,150,000	3,850,000	7,000,000

Notes:
[1] As at date of resignation.

End of Remuneration Report

DIRECTORS' REPORT
(Continued)

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board Meetings	
	Number eligible to attend	Number attended
Ian Middlemas	2	2
David Parker	2	2
Mark Pearce	2	2

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. As the Group's activities increase in size, scope and/or nature the Board will review this position.

NON-AUDIT SERVICES

There were no non-audit services provided by the auditor (or by another person or firm on the auditor's behalf) during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 13 of the Directors' Report.

Signed in accordance with a resolution of the directors.

MARK PEARCE
Director

23 September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Pacific Ore Limited 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.

Perth, Western Australia
23 September 2014

M R W Ohm
Partner

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

	Notes	2014 $	2013 $
Continuing operations			
Revenue	2(a)	**39,237**	18,730
Exploration expenses		**(91,754)**	(228,168)
Business development expenses		**(153,363)**	(652,061)
Corporate expenses		**(183,522)**	(225,068)
Administrative expenses		**(221,398)**	(318,727)
Other expenses	3(a)	**-**	(30,510)
Loss before income tax		**(610,800)**	(1,435,804)
Income tax expense	4	**-**	-
Net loss for the year		**(610,800)**	(1,435,804)
Net loss attributable to members of the Company		**(610,800)**	(1,407,165)
Net loss attributable to non-controlling interests		**-**	(28,639)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**27,723**	17,749
Total other comprehensive income, net of tax		**27,723**	17,749
Total comprehensive loss for the year, net of tax		**(583,077)**	(1,418,055)
Total comprehensive loss attributable to members of the Company		**(583,255)**	(1,388,253)
Total comprehensive income/(loss) attributable to non-controlling interests		**178**	(29,802)
Loss per Share			
Basic and diluted loss per share (cents per share)	16	**(0.15)**	(0.53)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	Notes	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15(b)	**2,470,228**	431,256
Trade and other receivables	6	**21,688**	5,394
TOTAL CURRENT ASSETS		**2,491,916**	436,650
NON-CURRENT ASSETS			
Property, plant and equipment	7	**-**	9,659
TOTAL NON-CURRENT ASSETS		**-**	9,659
TOTAL ASSETS		**2,491,916**	446,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	**114,946**	134,871
Employee entitlements	9	**-**	9,094
TOTAL CURRENT LIABILITIES		**114,946**	143,965
TOTAL LIABILITIES		**114,946**	143,965
NET ASSETS		**2,376,970**	302,344
EQUITY			
Contributed equity	11	**24,439,650**	21,805,533
Reserves	12	**78,530**	76,136
Accumulated losses	13	**(22,141,210)**	(21,562,910)
Equity attributable to owners of the Company		**2,376,970**	318,759
Non-controlling interests	14	**-**	(16,415)
TOTAL EQUITY		**2,376,970**	302,344

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to members of the Company					
	Contributed Equity $	Option Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Non-controlling interests $	Total Equity $
Balance at 1 July 2013	**21,805,533**	**59,152**	**16,984**	**(21,562,910)**	**(16,415)**	**302,344**
Net loss for the year	**-**	**-**	**-**	**(610,800)**	**-**	**(610,800)**
Exchange differences on translation of foreign operations	**-**	**-**	**27,545**	**-**	**178**	**27,723**
Total comprehensive income/(loss) for the year	**-**	**-**	**27,545**	**(610,800)**	**178**	**(583,077)**
Transactions with owners recorded directly in equity						
Issue of shares	**2,733,885**	**-**	**-**	**-**	**-**	**2,733,885**
Share issue costs	**(99,768)**	**-**	**-**	**-**	**-**	**(99,768)**
Expiry of incentive options	**-**	**(32,500)**	**-**	**32,500**	**-**	**-**
Share-based payments	**-**	**7,349**	**-**	**-**	**-**	**7,349**
Disposal of non-controlling interest	**-**	**-**	**-**	**-**	**16,237**	**16,237**
Balance at 30 June 2014	**24,439,650**	**34,001**	**44,529**	**(22,141,210)**	**-**	**2,376,970**
Balance at 1 July 2012	20,548,360	198,175	(1,928)	(20,184,745)	13,387	573,249
Net loss for the year	-	-	-	(1,407,165)	(28,639)	(1,435,804)
Exchange differences on translation of foreign operations	-	-	18,912	-	(1,163)	17,749
Total comprehensive income/(loss) for the year	-	-	18,912	(1,407,165)	(29,802)	(1,418,055)
Transactions with owners recorded directly in equity						
Exercise of listed options	1,257,173	-	-	-	-	1,257,173
Expiry of incentive options	-	(226,900)	-	29,000	-	(197,900)
Share-based payments	-	87,877	-	-	-	87,877
Balance at 30 June 2013	21,805,533	59,152	16,984	(21,562,910)	(16,415)	302,344

The accompanying notes form part of these financial statements.

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

	Notes	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(629,599)**	(1,624,665)
Interest paid		**(61)**	(621)
Interest received		**33,208**	18,730
NET CASH FLOWS USED IN OPERATING ACTIVITIES	15(a)	**(596,452)**	(1,606,556)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**-**	(1,217)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**-**	(1,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**2,733,885**	-
Share issue costs		**(99,768)**	-
Proceeds from exercise of options		**-**	1,257,173
NET CASH FLOWS FROM FINANCING ACTIVITIES		**2,634,117**	1,257,173
Net increase/(decrease) in cash and cash equivalents		**2,037,665**	(350,600)
Cash and cash equivalents at beginning of year		**431,256**	773,296
Effect of exchange rate changes on the balance of cash held in foreign currencies		**1,307**	8,560
CASH AND CASH EQUIVALENTS AT END OF YEAR	15(b)	**2,470,228**	431,256

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing the financial report of Pacific Ore Limited ("Pacific" or "Company") and its consolidated entities ("Consolidated Entity" or "Group") for the year ended 30 June 2014 are stated to assist in a general understanding of the financial report.

Pacific is a Company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial report of the Group for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 23 September 2014.

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*.

The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars.

(b) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9/IFRS 9	Financial Instruments	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: a. The change attributable to changes in credit risk are presented in other comprehensive income (OCI) b. The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 January 2018	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014
(Continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards – *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-3	Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 makes amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The intention of this amendment is to harmonise the disclosure requirements for fair value less costs of disposal and value in use when present value techniques are used to measure the recoverable amount of impaired assets.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	20 December 2013 1 January 2014 1 January 2015	These amendments are not expected to have any significant impact on the Group's financial report.	30 June 2014 1 July 2014 1 July 2015
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Statement of Compliance (Continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: a) AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. b) AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. c) AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. d) AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. e) AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards – Part A Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: f) AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. g) AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	These amendments are not expected to have any significant impact on the Group's financial report.	1 July 2014

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. Intercompany transactions and balances, income and expenses and profits and losses between Group companies, are eliminated.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(d) Foreign Currencies

(i) Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign Currencies (Continued)

(iii) Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- items of equity are translated at the historical exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 2 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(f) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free.

(g) Investments and Other Financial Assets

(i) Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value though 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 transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

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 indeed 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.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

(ii) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available for sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the statement of comprehensive income as gains and losses on disposal of investment securities.

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is transferred from equity to the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as held for sale are not reversed through the statement of comprehensive income.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the Group's interests in joint ventures are shown at Note 10.

(i) Parent entity financial information

The financial information for the parent entity, Pacific Ore Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of Pacific Ore Limited.

(j) Property, Plant and Equipment

(i) Cost and valuation

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

(ii) Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment.

	2014	2013
Major depreciation periods are:		
Plant and equipment:	2 – 5 years	2 – 5 years

(k) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method and with AASB 6 *Exploration for and Evaluation of Mineral Resources*, which is the Australian equivalent of IFRS 6.

Exploration and evaluation expenditure encompasses expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred, up to costs associated with the preparation of a feasibility study.

Acquisition costs are accumulated for each area of interest and recorded as an asset if:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - 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; and
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised exploration costs are reviewed at each reporting date to establish whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs 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 is made to proceed with development, accumulated expenditure is tested for impairment and transferred to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(l) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 60 days.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Revenue Recognition

Revenues are recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

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

(o) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income Tax (Continued)

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

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

(p) Employee Entitlements

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(q) Earnings per Share

Basic earnings per share (“EPS”) is calculated by dividing the net profit/loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential Ordinary Shares and the effect on revenues and expenses of conversion to Ordinary Shares associated with dilutive potential Ordinary Shares, by the weighted average number of Ordinary Shares and dilutive Ordinary Shares adjusted for any bonus issue.

(r) Goods and Services Tax

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

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

(s) Use and Revision of Accounting Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 20 – Share-Based Payments

(t) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The chief operating decision maker has been identified as the Board of Directors, taken as a whole. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

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

An 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 a 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Fair Value Estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(w) Issued Capital

Ordinary Shares and Performance Shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the year but not distributed at balance date.

(y) Share-Based Payments

Equity-settled share-based payments are provided to officers, employees, consultants and other advisors. These share-based payments are measured at the fair value of the equity instrument at the grant date. Fair value is determined using the Black Scholes option pricing model. Further details on how the fair value of equity-settled share based payments has been determined can be found in Note 20.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option premium reserve.

Equity-settled share-based payments may also be provided as consideration for the acquisition of assets. Where ordinary shares are issued, the transaction is recorded at fair value based on the quoted price of the ordinary shares at the date of issue. The acquisition is then recorded as an asset or expensed in accordance with accounting standards.

	2014 $	2013 $
2. REVENUE AND OTHER INCOME		
(a) Revenue		
Interest revenue	**38,837**	18,730
	38,837	18,730
3. EXPENSES		
(a) Other Expenses		
Net foreign exchange loss	**-**	134
Impairment loss on receivables	**-**	8,256
Write-off of plant and equipment (note 7(b))	**-**	21,499
Interest expense	**-**	621
	-	30,510
(b) Depreciation and Amortisation Included in Statement of Profit or Loss and Other Comprehensive Income		
Depreciation of plant and equipment	**9,659**	16,844
(c) Employee Benefits Expense (including Key Management Personnel)		
Wages and salaries	**182,743**	607,268
Termination payments	**-**	26,002
Defined contribution plans	**17,215**	53,979
Share-based payments expense	**7,349**	87,877
Share-based payments expense reversal	**-**	(197,900)[1]
Other employment expenses	**6,190**	10,463
	213,497	587,689

Notes:

[1] 6,600,000 incentive options did not meet their vesting conditions and expired during the 2013 year. As an expense for these options had previously been recognised in the statement of profit or loss and other comprehensive income, an adjustment was made at 30 June 2013.

	2014 $	2013 $
4. INCOME TAX		
(a) Recognised in the Statement of Comprehensive Income		
Current income tax		
Current income tax benefit in respect of the current year	**(184,231)**	(405,187)
Deferred income tax		
Relating to origination and reversal of temporary differences	**9,421**	35,476
Deferred tax assets not brought to account	**174,810**	369,711
Income tax expense reported in the statement of comprehensive income	**-**	-
(b) Reconciliation Between Tax Expense and Accounting Loss Before Income Tax		
Accounting loss before income tax	**(610,800)**	(1,435,804)
At the domestic income tax rate of 30% (2013: 30%)	**(183,240)**	(430,741)
Expenditure not allowable for income tax purposes	**8,430**	61,031
Deferred tax assets not brought to account	**174,810**	369,710
Income tax expense attributable to loss	**-**	-
(c) Deferred Tax Assets and Liabilities		
Deferred income tax at 30 June relates to the following:		
Deferred Tax Assets		
Accrued expenditure	**12,150**	12,900
Provisions	**-**	5,205
Capital allowances	**-**	3,466
Tax losses available to offset against future taxable income	**2,255,498**	2,071,265
Deferred tax assets not brought to account	**(2,267,648)**	(2,092,836)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

(d) Tax Consolidation

The Company and its wholly-owned Australian resident entities have implemented the tax consolidation legislation.

	2014 $	2013 $
5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES		
Dividends paid or proposed for the year	**-**	-
(a) Franking Credit Balance		
Franking credits available to shareholders of Pacific Ore Limited for subsequent financial years	**-**	-
6. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	**166,231**	353,967
Allowance for impairment losses	**(166,231)**	(353,630)
Net trade receivables	**-**	337
Interest receivable	**5,629**	-
GST and other receivables	**16,059**	5,057
	21,688	5,394
(a) Movement in the allowance for impairment losses:		
Balance at the beginning of the year	**(353,630)**	(256,228)
Disposal of receivables from disposal of non-controlling interest	**187,399**	-
Impairment losses recognised on receivables	**-**	(85,693)
Foreign exchange movement	**-**	(11,709)
Balance at the end of the year	**(166,231)**	(353,630)

	2014 $	2013 $
7. PROPERTY, PLANT AND EQUIPMENT (NON-CURRENT)		
(a) Plant and Equipment		
At cost	**53,618**	53,618
Accumulated depreciation and impairment	**(53,618)**	(43,959)
Net carrying amount	**-**	9,659
(b) Reconciliation		
Carrying amount at beginning of year	**9,659**	46,234
Additions	**-**	1,217
Write-off of plant and equipment during the year	**-**	(21,499)
Depreciation	**(9,659)**	(16,844)
Foreign exchange translation difference	**-**	551
Carrying amount at end of year, net of accumulated depreciation and impairment	**-**	9,659
8. TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors	**73,069**	74,635
Accrued expenses	**41,877**	60,236
	114,946	134,871
9. EMPLOYEE ENTITLEMENTS (CURRENT)		
Annual leave	**-**	9,094
	-	9,094

10. INTERESTS IN JOINTLY CONTROLLED OPERATIONS AND FARM-IN AGREEMENTS

The Group has interests in the following jointly controlled operations:

			Interest		Carrying Amount	
			Consolidated		Consolidated	
Name	**Principal Activities**	**Country**	**2014 %**	**2013 %**	**2014 $**	**2013 $**
Central Iron Ore Limited Joint Venture	Mineral exploration	Australia	**-**	-	**-**	-

No assets or liabilities are employed by the Group in relation to the above joint venture operations.

Farm-In Agreement with Central Iron Ore Limited

Pacific has a farm-in agreement with Central Iron Ore Limited (TSX-V: CIO) in relation to the Perinvale North Project ("**Project**") consisting of a tenement in Western Australia considered prospective for iron. The Project consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the Southern Cross Domain of the Yilgarn Craton.

The farm-in agreement provides for Pacific to farm-in into a joint venture with Central Iron Ore Limited on the following terms (as amended by the parties during the year):

1. Pacific can earn a 51% interest by spending $1.5 million before 21 June 2015;

2. If CIO does not elect to maintain its 49% interest, Pacific can earn an additional 19% by spending a further $3.5 million within 18 months from the date it earns a 51% interest; and

3. If CIO does not elect to maintain its 30% interest, Pacific can earn an additional 20% by spending a further $10 million within 18 months from the date it earns a 70% interest.

Pacific may withdraw from the agreement at any time by giving 14 days' notice without any liability to expend further moneys, provided that Pacific has met the minimum annual expenditure commitments for the tenement for that year at the date of withdrawal. The tenement was granted on 22 February 2011 with an initial term of 5 years.

	Notes	2014 $	2013 $
11. CONTRIBUTED EQUITY			
(a) Issued Capital			
546,776,880 (2013: 273,388,440) Ordinary Shares	**11(b)**	**24,439,650**	21,805,533
		24,439,650	21,805,533

11. CONTRIBUTED EQUITY (Continued)

(b) Movements in Ordinary Shares During the Past Two Years Were as Follows:

Date	Details	Number of Ordinary Shares	Issue Price $	$
01-Jul-13	**Opening Balance**	**273,388,440**		**21,805,533**
13-Feb-14	Entitlements Offer	**273,388,440**	$0.01	2,733,885
30-Jun-14	Share issue costs	-	-	(99,768)
30-Jun-14	**Closing Balance**	**546,776,880**		**24,439,650**
01-Jul-12	**Opening Balance**	**248,244,996**		**20,548,360**
Sep-12	Exercise of $0.05 Listed Options	25,143,444	$0.05	1,257,173
30-Jun-13	**Closing Balance**	**273,388,440**		**21,805,533**

(c) Rights Attaching to Ordinary Shares

The rights attaching to fully paid ordinary shares ("**Ordinary Shares**") arise from a combination of the Company's Constitution, statute and general law.

Ordinary Shares issued following the exercise of Options in accordance with Note 12(c) will rank equally in all respects with the Company's existing Ordinary Shares.

Copies of the Company's Constitution are available for inspection during business hours at the Company's registered office. The clauses of the Constitution contain the internal rules of the Company and define matters such as the rights, duties and powers of its shareholders and directors, including provisions to the following effect (when read in conjunction with the Corporations Act 2001 or Listing Rules).

(i) Shares

The issue of shares in the capital of the Company and options over unissued shares by the Company is under the control of the directors, subject to the Corporations Act 2001, ASX Listing Rules and any rights attached to any special class of shares.

(ii) Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act 2001. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 shareholders.

(iii) Voting

Subject to any rights or restrictions at the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representative more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

(iv) *Changes to the Constitution*

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(v) *Listing Rules*

Provided the Company remains admitted to the Official List, then despite anything in its Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

		2014 $	2013 $
12. RESERVES			
Option reserve	12(b)	**34,001**	59,152
Foreign currency translation reserve	12(d)	**44,529**	16,984
		78,530	76,136

(a) Nature and Purpose of Reserves

(i) *Option Reserve*

The option reserve is used to record the fair value of options issued by the Group.

(ii) *Foreign Currency Translation Reserve*

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

12. RESERVES (Continued)

(b) Movements in Options During the Past Two Years were as Follows:

Date	Details	Number of Listed Options	Number of Incentive Options	$
01-Jul-13	**Opening Balance**	**-**	**2,000,000**	**59,152**
31-Dec-13	Expiry of $0.10 unlisted options	-	(500,000)	(16,000)
30-Jun-14	Expiry of $0.12 unlisted options	-	(500,000)	(16,500)
30-Jun-14	Share based payment expense for the year	-	-	7,349
30-Jun-14	**Closing Balance**	**-**	**1,000,000**	**34,001**
01-Jul-12	**Opening Balance**	**70,654,952**	**9,600,000**	**198,175**
Jul-12 to Sep-12	Exercise of $0.05 Listed Options	(25,143,444)	-	-
30-Sep-12	Expiry of $0.05 Listed Options	(45,511,508)	-	-
31-Dec-12	Expiry of $0.075 unlisted options	-	(4,100,000)	(118,900)
30-Jun-13	Expiry of $0.10 unlisted options	-	(3,000,000)	(87,000)
30-Jun-13	Expiry of $0.12 unlisted options	-	(500,000)	(21,000)
30-Jun-13	Share based payment expense for the year	-	-	87,877
30-Jun-13	**Closing Balance**	**-**	**2,000,000**	**59,152**

(c) Terms and Conditions of Incentive Options

The Incentive Options entitle the holder to subscribe for Shares on the following terms and conditions:

- Each Incentive Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Incentive Option, the Optionholder must exercise the Incentive Options in accordance with the terms and conditions of the Incentive Options;
- The Incentive Options on issue as at 30 June 2014 have exercise prices and expiry dates as follows:
    - 1,000,000 Incentive Options exercisable at $0.15 each on or before 31 December 2014.
- the Incentive Options are exercisable at any time prior to the Expiry Date, subject to vesting conditions being satisfied (if applicable);
- Ordinary Shares issued on exercise of the Incentive Options rank equally with the then Ordinary Shares of the Company;
- application will be made by the Company to ASX for official quotation of the Ordinary Shares issued upon the exercise of the Incentive Options;
- if there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction; and
- no application for quotation of the Incentive Options will be made by the Company.

	2014 $	2013 $
(d) Movements in the Foreign Currency Translation Reserve During the Past Two Years were as Follows:		
Balance at 1 July	**16,984**	(1,928)
Exchange differences	**27,545**	18,912
Balance at 30 June	**44,529**	16,984

13. ACCUMULATED LOSSES

	2014 $	2013 $
Balance at 1 July	**(21,562,910)**	(20,184,745)
Transfer of expired option balance	**32,500**	29,000
Net loss for the year attributable to members of the Company	**(610,800)**	(1,407,165)
Balance at 30 June	**(22,141,210)**	(21,562,910)

14. NON-CONTROLLING INTERESTS

	2014 $	2013 $
Balance at 1 July	**(16,415)**	13,387
Share of loss for the year	**-**	(28,639)
Share of foreign currency translation reserve for the year	**178**	(1,163)
Disposal of non-controlling interest	**16,237**	-
Balance at 30 June	**-**	(16,415)

	2014 $	2013 $
15. STATEMENT OF CASH FLOWS		
(a) Reconciliation of the Net Loss After Tax to the Net Cash Flows from Operations		
Loss for the year	**(610,800)**	(1,435,804)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	**9,659**	16,844
Net foreign exchange loss	**991**	8,637
Disposal of non-controlling interest	**41,662**	-
Equity settled share-based payments	**7,349**	(110,023)
Impairment of plant and equipment	**-**	21,499
Impairment of receivables	**-**	78,794
Employee entitlements	**(9,094)**	(22,711)
Change in assets and liabilities		
Increase in trade and other receivables	**(16,294)**	(78,713)
Decrease in other current assets	**-**	12,912
Decrease in trade and other payables	**(19,925)**	(97,991)
Net cash outflow from operating activities	**(596,452)**	(1,606,556)
(b) Reconciliation of Cash		
Cash at bank and on hand	**66,309**	162,256
Short term deposits	**2,403,919**	269,000
	2,470,228	431,256

(c) Non-cash Financing and Investing Activities

There were no non-cash financing and investing activities during the year ended 30 June 2013 or 30 June 2014.

16. EARNINGS PER SHARE

	2014 Cents	2013 cents
(a) Basic and Diluted Profit/(Loss) per Share		
From continuing operations	**(0.15)**	(0.53)
Total basic and diluted loss per share	**(0.15)**	(0.53)

	2014 $	2013 $
The following reflects the income and share data used in the calculations of basic earnings per share:		
Net loss attributable to members of the Company	**(610,800)**	(1,407,165)
Earnings used in calculating basic earnings per share from continuing operations	**(610,800)**	(1,407,165)

	Number of Ordinary Shares 2014	Number of Ordinary Shares 2013
Weighted average number of Ordinary Shares used in calculating basic and diluted earnings per share	**399,569,245**	267,102,579

(b) Non-Dilutive Securities

As at balance date, 1,000,000 Incentive Options (which represent 1,000,000 potential Ordinary Shares) were considered not dilutive as they would decrease the loss per share from continuing operations.

(c) Conversions, Calls, Subscriptions or Issues after 30 June 2014

There have been no conversions to, calls of, or subscriptions for Ordinary Shares or issues of potential Ordinary Shares since the reporting date and before completion of this financial report.

17. RELATED PARTIES

(a) Subsidiaries

Name	Country of Incorporation	% Equity Interest 2014 %	% Equity Interest 2013 %
Subsidiaries of Pacific Ore Limited:			
Pacific Ore (UK) Limited	United Kingdom	100	100
Pacific Ore Mining Pty Ltd	Australia	100	100
Pacific Ore Holdings Pty Ltd	Australia	100	100
Pacific Ore (WA) Pty Ltd	Australia	100	100
Pacific Ore Exploration Pty Ltd	Australia	100	100

(b) Ultimate Parent

Pacific Ore Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(c) Key Management Personnel

Transactions with Key Management Personnel, including remuneration, are included at note 18.

(d) Transactions with Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Interests in jointly controlled entities are set out in note 10.

18. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

The KMP of the Group during or since the end of the financial year were as follows:

Directors	
Mr Ian Middlemas	*Chairman*
Mr David Parker	*Non-Executive Director*
Mr Mark Pearce	*Non-Executive Director*
Other KMP	
Mr Philip Welten	*Chief Operating Officer (resigned effective 15 September 2013)*
Mr Nathan Ainsworth	*Business Development Officer (resigned effective 15 October 2013)*
Mr Greg Swan	*Company Secretary*

Unless otherwise disclosed, the KMP held their position from 1 July 2013 until the date of this report.

	2014 $	2013 $
(b) Key Management Personnel Compensation		
Short-term employee benefits	**191,837**	599,768
Post-employment benefits	**17,215**	53,979
Termination payments	**-**	26,002
Share-based payments	**7,349**	(96,241)
Total compensation	**216,401**	583,508

(c) Loans from Key Management Personnel

No loans were provided to or received from Key Management Personnel during the year ended 30 June 2014 (2013: Nil).

(d) Other Transactions

Apollo Group Pty Ltd, a Company of which Mr Mark Pearce is a director and beneficial shareholder, was paid $158,400 for the provision of serviced office facilities and administration services (2013: $158,400). The amount is based on a monthly retainer of $13,200 due and payable in arrears, with no fixed term. This item has been recognised as an expense in the Statement of Profit or Loss and other Comprehensive Income.

	2014 $	2013 $
19. PARENT ENTITY DISCLOSURES		
(a) Financial Position		
Assets		
Current Assets	**2,491,900**	371,325
Non-Current Assets	**2**	70,367
Total Assets	**2,491,902**	441,692
Liabilities		
Current Liabilities	**114,608**	139,348
Total Liabilities	**114,608**	139,348
Equity		
Contributed equity	**28,071,390**	25,437,273
Accumulated losses	**(25,728,421)**	(25,194,081)
Reserves	**34,001**	59,152
Total Equity	**2,376,970**	302,344
(b) Financial Performance		
Loss for the year	**(534,340)**	(1,389,054)
Other comprehensive income	**-**	-
Total comprehensive loss	**(534,340)**	(1,389,054)

(c) Other

No guarantees have been entered into by the parent entity in relation to its subsidiaries.

Refer to note 24 for details of commitments.

20. SHARE-BASED PAYMENTS

(a) Recognised Share-based Payment Expense

From time to time, the Group provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	Consolidated	
	2014 $	2013 $
Expense arising from equity-settled share-based payment transactions	**7,349**	87,877
Reversal of expense arising from expiry of options which had not vested	**-**	(197,900)
Net share based payment expense/(income) recognised in the profit or loss	**7,349**	(110,023)

20. SHARE-BASED PAYMENTS (Continued)

(b) Summary of Options Granted as Share-based Payments

During the current and prior years, no Incentive Options were granted as share-based payments.

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options granted as share-based payments at the beginning and end of the financial year:

	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at beginning of year	**2,000,000**	**$0.1300**	9,600,000	$0.0966
Granted by the Company during the year	-	-	-	-
Expired during the year	**(1,000,000)**	**$0.1100**	(7,600,000)	$0.0878
Outstanding at end of year	**1,000,000**	**$0.1500**	2,000,000	$0.1300

The outstanding balance as at 30 June 2014 is represented by:

- 1,000,000 Incentive Options exercisable at $0.15 each on or before 31 December 2014.

(c) Weighted Average Remaining Contractual Life

The weighted average remaining contractual life for the Incentive Options outstanding at 30 June 2014 is 0.5 years (2013: 1.13 years).

(d) Range of Exercise Prices

The exercise price of Incentive Options outstanding at 30 June 2014 is $0.15 (2013: range of $0.10 - $0.15).

(e) Weighted Average Fair Value

No Incentive Options were granted as share-based payments by the Group during the year ended 30 June 2014 or 30 June 2013.

(f) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black Scholes option valuation model taking into account the terms and conditions upon which the options were granted. No share options were granted by the Group during 30 June 2014 or 30 June 2013.

	2014 $	2013 $
21. AUDITORS' REMUNERATION		
Amounts received or due and receivable by HLB Mann Judd for:		
• an audit or review of the financial report of the entity and any other entity in the consolidated group	**24,500**	24,790
• other services in relation to the entity and any other entity in the consolidated group	**-**	-
	24,500	24,790

22. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Overview

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. Key risks are monitored and reviewed as circumstances change (e.g. acquisition of a new project) and policies are revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Group's operations change, the Directors will review this policy periodically going forward.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

There are no significant concentrations of credit risk within the Group. The carrying amount of the Group's financial assets represents the maximum credit risk exposure, as represented below:

	2014 $	2013 $
Cash and cash equivalents	**2,470,228**	431,256
Trade and other receivables	**21,688**	5,394
	2,491,916	436,650

Trade and other receivables are comprised primarily of interest receivable and GST refunds due. Where possible the Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit Risk (Continued)

During the year receivables due from third parties that were deemed uncollectible were impaired. Refer to Note 6.

With respect to credit risk arising from cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. At 30 June 2014, the Group had sufficient liquid assets to meet its financial obligations.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
2014					
Group					
Financial Liabilities					
Trade and other payables	**114,946**	**-**	**-**	**-**	**114,946**
	114,946	**-**	**-**	**-**	**114,946**

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the cash and short-term deposits with a floating interest rate.

These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2014 $	2013 $
Interest-bearing financial instruments		
Cash at bank and on hand	**66,309**	162,256
Short term deposits	**2,403,919**	269,000
	2,470,228	431,256

The Group's cash at bank and on hand and short term deposits had a weighted average floating interest rate at year end of 3.05% (2013: 2.75%).

The Group currently does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

A sensitivity of 1% (100 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss		Other Comprehensive Income	
	100bp Increase	100bp Decrease	100bp Increase	100bp Decrease
2014				
Group				
Cash and cash equivalents	**24,702**	**(24,702)**	**24,702**	**(24,702)**
2013				
Group				
Cash and cash equivalents	4,313	(4,313)	4,313)	(4,313)

(e) Foreign Currency Risk

As a result of activities overseas, the Group's statement of financial position can be affected by movements in exchange rates.

The Group also has transactional currency exposures. Such exposure arises from transactions denominated in currencies other than the functional currency of the entity.
The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The Group's exposure to foreign currency risk throughout the current and prior year primarily arose from controlled entities of the Company whose functional currency is the British Pound and the Malaysian Ringgit. Foreign currency risk arises on translation of the net assets of these controlled entities to Australian dollars.

The Group does not have any material exposure to financial instruments denominated in foreign currencies at year end.

(f) Commodity Price Risk

The Group is exposed to commodity price risk. These commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration and business development activities, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

(g) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Given the stage of development of the Group, the Board's objective is to minimise debt and to raise funds as required through the issue of new shares. The Group is currently examining new business opportunities where acquisition/working capital requirements of a new project may involve additional funding in some format (which may include debt where appropriate).

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(h) Fair Value

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

24. COMMITMENTS

	2014 $	2013 $
Commitments for exploration expenditure on Perinvale North Project:		
Not longer than 1 year	40,000	40,000
Longer than 1 year and shorter than 5 years	-	-
	40,000	**40,000**

25. EVENTS SUBSEQUENT TO BALANCE DATE

There are no matters or circumstances which have arisen since 30 June 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity;
- the results of those operations, in financial years subsequent to 30 June 2014, of the Consolidated Entity; or
- the state of affairs, in financial years subsequent to 30 June 2014, of the Consolidated Entity.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pacific Ore Limited:

1. In the opinion of the directors:

   (a) the attached financial statements, notes and the additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

      (i) section 296 (compliance with accounting standards and Corporations Regulations 2001); and

      (ii) section 297 (gives a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group); and

   (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.

2. The attached financial statements and notes thereto are in compliance with International Financial Reporting Standards, as stated in Note 1(b) to the financial statements.

3. The Directors have been given a declaration required by section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the Board

MARK PEARCE
Director

23 September 2014

HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Pacific Ore Limited

Report on the Financial Report

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

Directors' responsibility for the financial report

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

In Note 1(b), 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.

Independence

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

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Liability limited by a scheme approved under Professional Standards Legislation
HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Pacific Ore Limited is in accordance with the *Corporations Act 2001*, including:

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

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

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

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 Pacific Ore Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia

23 September 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Pacific Ore Limited is responsible for its corporate governance, that is, the system by which the Group is managed.

1. Board of Directors

1.1 Role of the Board and Management

The Board represents shareholders' interests in continuing a successful business, which seeks to optimise medium to long-term financial gains for shareholders. By not focusing on short-term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary / Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Group and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Group's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Group's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Group's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

The Board's role and the Group's corporate governance practices are being continually reviewed and improved as required.

1.2 Composition of the Board and New Appointments

The Company currently has the following Board members:

• Mr Ian Middlemas	Chairman
• Mr David Parker	Non-Executive Director
• Mr Mark Pearce	Non-Executive Director

Details of the directors, including their qualifications, experience and date of appointment are set out in the Directors' Report.

The Company's Constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

The Board has assessed the independence status of the directors and has determined that there are three independent directors, being Messrs Middlemas, Parker and Pearce.

The Board has followed the ASX Corporate Governance Principles and Recommendations when assessing the independence of the directors which define an independent director to be a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount which is greater than five percent of either the net assets of the Company or an individual director's net worth is considered material for these purposes.

Apollo Group Pty Ltd, a company associated with Mr Pearce, is paid a monthly retainer to provide administrative services, company secretarial services, accounting services and a fully serviced office to the Company. The Board considers that this relationship is not material or significant enough to impact the independent judgment of Mr Pearce.

If the Group's activities increase in size, nature and scope, the size of the Board will be reviewed periodically to determine the optimum number of directors required for the Board to properly perform its responsibilities and functions.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Group's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

1. Board of Directors (Continued)

1.2 Composition of the Board and New Appointments (Continued)

Directors are initially appointed by the full Board subject to election by shareholders at the next annual general meeting. Under the Company's Constitution the tenure of directors (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his last appointment. Subject to the requirements of the Corporations Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, the Board may revoke any appointment.

1.3 Committees of the Board

The Board considers that the Group is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Group's activities and to ensure that it adheres to appropriate ethical standards.

The Board has also established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If the Group's activities increase in size, scope and nature, the appointment of separate or special committees will be reviewed by the Board and implemented if appropriate.

1.4 Conflicts of Interest

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Where the Board believes that a significant conflict exists the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

1.5 Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Group's expense. The engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably. If appropriate, any advice so received will be made available to all Board members.

2. Ethical Standards

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of the Group.

2.1 Code of Conduct for Directors

The Board has adopted a Code of Conduct for Directors to promote ethical and responsible decision-making by the Directors. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

The principles of the code are:

- A director must act honestly, in good faith and in the best interests of the Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.

- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the Company.

- A director must not make improper use of information acquired as a director.

- A director must not take improper advantage of the position of director.

- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.

- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken as a Board.

- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.

- A director should not engage in conduct likely to bring discredit upon the Company.

- A director has an obligation at all times, to comply with the spirit, as well as the letter of the law and with the principles of the Code.

The principles are supported by guidelines as set out by the Australian Institute of Company Directors for their interpretation. Directors are also obliged to comply with the Company's Code of Ethics and Conduct, as outlined below

2.2 Code of Ethics and Conduct

The Group has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Group.

All employees and directors are expected to:

- respect the law and act in accordance with it;

- respect confidentiality and not misuse Group information, assets or facilities;

- value and maintain professionalism;

- avoid real or perceived conflicts of interest;

- act in the best interests of shareholders;

- by their actions contribute to the Group's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates

- perform their duties in ways that minimise environmental impacts and maximise workplace safety;

- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and

- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must report that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

2. Ethical Standards (Continued)

2.3 Dealings in Company Securities

The Group's Securities Trading Policy imposes trading restrictions on when KMP and other employees of the Group may deal in the Company's securities, in order to reduce the risk of insider trading.

The Securities Trading Policy prohibits KMP and other employees from dealing in the Company's securities if he or she has information that he or she knows, or ought to reasonably know, is inside information. 'Inside information' is information that is not generally available and if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

The Securities Trading Policy also provides prescribed closed periods during which KMP are prohibited from dealing in the Company's securities (subject to certain limited exceptions). The 'closed periods' are based around the release of material information including results from feasibility studies, exploration and corporate activities.

In addition, if an employee (including a KMP) has information that he or she knows, or ought reasonably to know, is inside information, the employee must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to deal in the Company's securities or procure another person to deal in the Company's securities. This prohibition applies regardless of how the employee learns the information (e.g. even if the employee overhears it or is told in a social setting).

KMP must obtain written clearance from an approving officer at least 2 business days prior when a KMP intends to deal in Company securities. KMP must then notify the Company Secretary of any dealings in the Company's securities within 2 business days of such deal occurring.

The Company also prohibits KMP entering into arrangements to limit their exposure to Company securities granted as part of the KMP's remuneration package.

Breaches of this policy will be subject to disciplinary action, including dismissal in serious cases.

These restrictions have been developed having regard to the current nature of the Company's activities, being exploration and development rather than production. Should the Company move into production, then the policy may be amended to restrict trading of securities during certain periods prior to the release of financial and operating results.

2.4 Interests of Other Stakeholders

The Group's objective is to leverage into resource projects to provide a solid base in the future from which the Group can build its resource business and create wealth for shareholders. The Group's operations are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

To assist in meeting its objective, the Group conducts its business within the Code of Ethics and Conduct, as outlined in 2.2 above.

3. Disclosure of Information

3.1 Continuous Disclosure to ASX

The continuous disclosure policy requires all executives and Directors to inform the Managing Director or in their absence the Company Secretary of any potentially material information as soon as practicable after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed if:

a) It is not material and a reasonable person would not expect the information to be disclosed, or it is material but due to a specific valid commercial reason is not to be disclosed; and

b) The information is confidential; or

c) One of the following applies:

   i. It would breach a law or regulation to disclose the information;
   ii. The information concerns an incomplete proposal or negotiation;
   iii. The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
   iv. The information is generated for internal management purposes;
   v. The information is a trade secret;
   vi. It would breach a material term of an agreement, to which the Group is a party, to disclose the information;
   vii. The information is scientific data that release of which may benefit the Group's potential competitors.

The Managing Director is responsible for interpreting and monitoring the Group's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

3.2 Communication with Shareholders

The Group places considerable importance on effective communications with shareholders.

The Group's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group. The strategy provides for the use of systems that ensure a regular and timely release of information about the Group is provided to shareholders. Mechanisms employed include:

- Announcements lodged with ASX;
- ASX Quarterly;
- Half Yearly Report;
- Annual Report; and
- Company Presentations.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals.

The Group also posts all reports, ASX and media releases and copies of significant business presentations on the Company's website.

4. Risk Management and Internal Controls

4.1 Approach to Risk Management and Internal Controls

The identification and effective management of risk, including calculated risk-taking, is viewed as an essential part of the Group's approach to creating long-term shareholder value.

The Group operates a standardised risk management process that provides a consistent framework for the identification, assessment, monitoring and management of material business risks. This process is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management) and the Committee of Sponsoring Organisations of the US Treadway Commission (COSO) control framework for enterprise risk management.

Strategic and operational risks are reviewed at least annually as part of the annual strategic planning, business planning, forecasting and budgeting process.

The Group has developed a series of operational risks which the Group believes to be inherent in the industry in which the Group operates having regard to the Group's circumstances (including financial resources, prospects and size). These include:

- fluctuations in commodity prices and exchange rates;
- accuracy of mineral reserve and resource estimates;
- reliance on licenses, permits and approvals from governmental authorities;
- ability to obtain additional financing;
- acquisition of new business opportunities; and
- changed operating, market or regulatory environments.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which the Group operates. They are not necessarily an exhaustive list.

4.2 Risk Management Roles and Responsibilities

Management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. Management reports to the Board annually, or more frequently as required, on the Group's key risks and the extent to which it believes these risks are being managed.

The Board is responsible for reviewing and approving the Group's risk management and internal control system and satisfying itself annually, or more frequently if required, that management has developed and implemented a sound system of risk management and internal control.

In 2014 the Board reviewed the overall risk profile for the Group and received reports from management on the effectiveness of the Group's management of its material business risks.

4.3 Integrity of Financial Reporting

The Board also receives a written assurance from the Chief Executive Officer or equivalent (CEO) and the Chief Financial Officer or equivalent (CFO) that to the best of their knowledge and belief, the declaration provided by them 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 relation to financial reporting risks.

The Board notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

4.4 Role of External Auditor

The Group's practice is to invite the auditor (who now must attend) to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

5. Performance Review

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees (if any) during each financial year. Also, an annual review is undertaken in relation to the composition and skills mix of the directors of the Company.

Arrangements put in place by the Board to monitor the performance of the Group's executives include:

- a review by the Board of the Group's financial performance;
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
- an analysis of the Group's prospects and projects; and
- a review of feedback obtained from third parties, including advisors.

The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Managing Director.

In 2014, performance evaluations for senior executives took place in accordance with the process disclosed above and in the Remuneration Report.

6. Remuneration Arrangements

The broad remuneration policy is to ensure that remuneration properly reflects the relevant persons duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components that reflect the person's responsibilities, duties and personal performance.

In addition to the above, the Group has developed a limited equity-based remuneration arrangement for key executives and consultants.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to non-executive directors by other companies of similar size in the industry.

The aggregate amount payable to the Company's Non-Executive Directors must not exceed the maximum annual amount approved by the Company's shareholders.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

During the 2014 financial year, the Company complied with the ASX Principles and Recommendations other than in relation to the matters specified below.

Recommendation Reference	Notification of Departure	Explanation for Departure
2.4	A separate Nomination Committee has not been formed.	The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. Where appropriate independent consultants are engaged to identify possible new candidates for the Board.
3.2, 3.3	A policy concerning diversity has not been established	The Board considers that the Company is not currently of a size to size to justify a policy regarding diversity and objectives regarding gender diversity. The Board's policy is to employ the best candidates for specific positions, regardless of gender. The Company currently has no female employees, executives, or directors.
4.1, 4.2, 4.3	A separate Audit Committee has not been formed.	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the identification and management of risk and the review of the operation of the internal control systems.
8.1	A separate Remuneration Committee has not been formed	The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company.

As the Company's activities increase in size, scope and/or nature, the Company's corporate governance principles will be reviewed by the Board and amended as appropriate.

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 30 September 2014.

1. TWENTY LARGEST HOLDERS OF LISTED SECURITIES

The names of the twenty largest holders of listed securities are listed below:

Name	Number of Ordinary Shares	Percentage of Ordinary Shares
Arredo Pty Ltd	40,000,000	7.32
Nefco Nominees Pty Ltd	33,000,000	6.04
Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>	32,900,000	6.02
Shah Nominees Pty Ltd <Louis Carsten S/F #2 A/C>	15,470,000	2.83
Consolidated Minerals Pty Ltd	12,468,758	2.28
Greenslade Holdings Pty Ltd	11,000,000	2.01
Ms Nicole Gallin + Mr Kyle Haynes <Gh Super Fund A/C>	10,500,000	1.92
Chellit Pty Ltd <The Madmit A/C>	10,000,000	1.83
Mr Mark Pearce + Mrs Natasha Pearce <NMLP Family A/C>	10,000,000	1.83
Enerview Pty Ltd	9,000,000	1.65
Bouchi Pty Ltd	8,000,000	1.46
Ms Nicole Joan Gallin	8,000,000	1.46
Mikado Corporation Pty Ltd <JFC Superannuation A/C>	7,500,000	1.37
Troca Enterprises Pty Ltd <Coulson Super Fund A/C>	6,320,000	1.16
Mambat Pty Ltd	5,932,000	1.08
Mr Travis Smith <Smith Investment Fund A/C>	5,537,000	1.01
JP Morgan Nominees Australia Limited <Cash Income A/C>	5,281,912	0.97
Jelly Bean Enterprises LLC	5,000,002	0.91
Minturn Pty Ltd	5,000,000	0.91
Mr Oyj Outotec	5,000,000	0.91
Total Top 20	**245,909,672**	**44.97**
Others	300,867,208	55.03
Total Ordinary Shares on Issue	**546,776,880**	**100.00**

ASX ADDITIONAL INFORMATION
(Continued)

2. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of holders by size of holding:

	Ordinary Shares	
Distribution	Number of Shareholders	Number of Ordinary Shares
1 – 1,000	77	12,112
1,001 – 5,000	37	121,295
5,001 – 10,000	80	668,120
10,001 – 100,000	378	18,224,010
More than 100,000	398	527,751,343
Totals	**970**	**546,776,880**

There were 362 holders of less than a marketable parcel of ordinary shares.

3. VOTING RIGHTS

See Note 11(c) of the Notes to the Financial Statements.

4. SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder notices have been received from the following:

Substantial Shareholder	Number of Shares
Arredo Pty Ltd	40,000,000
Mr Jason Peterson	32,900,000

5. UNQUOTED SECURITIES

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

	$0.15 Unlisted Options expiring 31 Dec 2014
Mr Nathan Lee Ainsworth	1,000,000
Total	**1,000,000**
Total holders	*1*

6. ON-MARKET BUY BACK

There is currently no on-market buy back program for any of Pacific Ore Limited's listed securities.

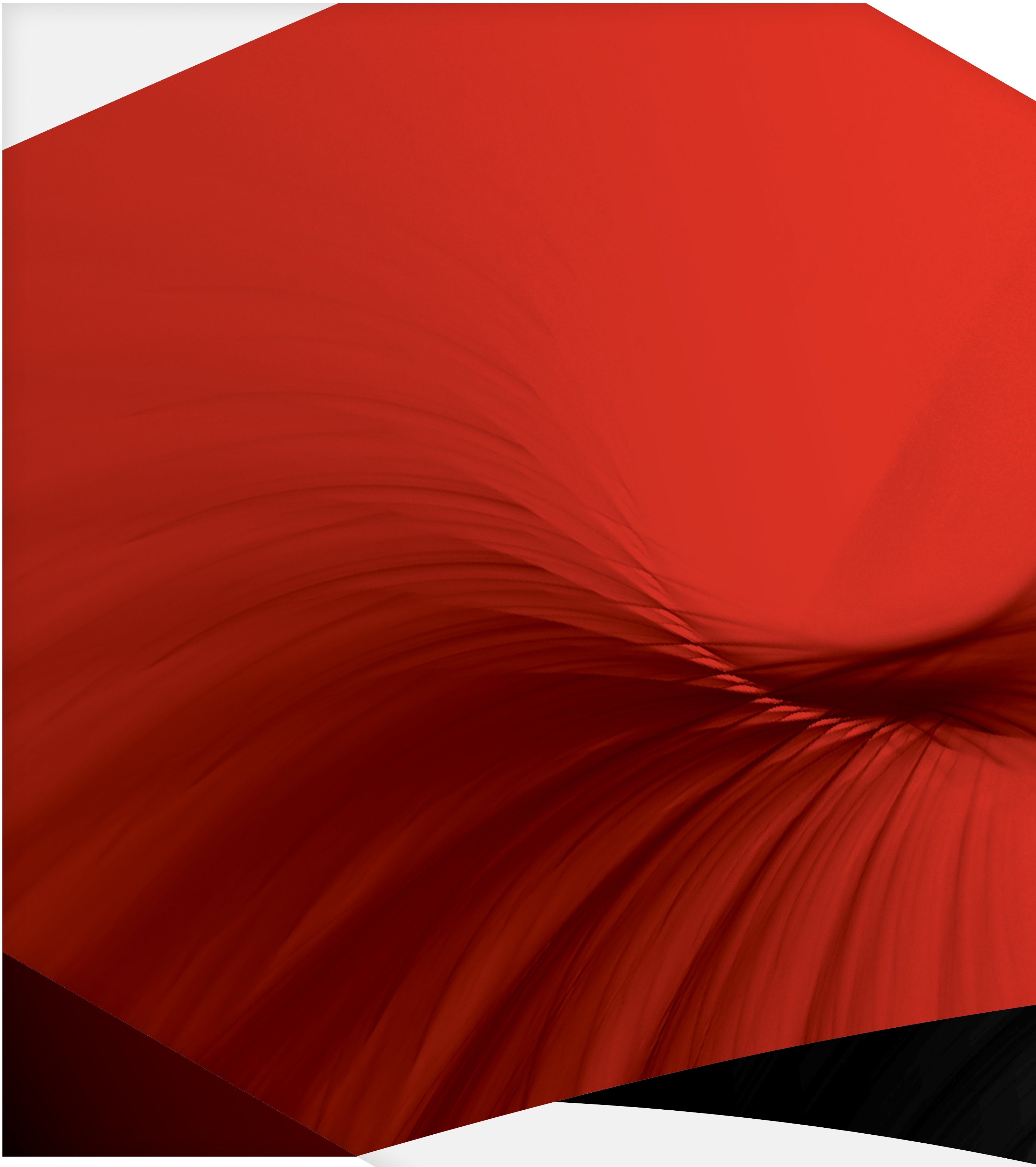
7. MINERAL RESOURCES STATEMENT

To date, the Company has not reported any Mineral Reserves or Ore Reserves for its exploration projects.

8. EXPLORATION INTERESTS

As at 30 September 2014, the Company has an interest in the following projects:

Project Name	Permit Number	Percentage Interest	Status
Central Iron Ore Limited JV:			
Perinvale North Project	E57/818	Nil	Granted



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