

# 2014 ANNUAL REPORT



## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

**The Hon. Cheryl Edwardes**

Non-executive Chairman

**Mike Young**

Managing Director

**Julian Tapp**

Executive Director

**David Cornell**

Non-executive Director

**Felicity Gooding**

Non-executive Director

**Shane McBride**

Company Secretary

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Level 1, 10 Kings Park Road

West Perth WA 6005

### SHARE REGISTRY

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### TRANSACTIONAL BANKERS

Westpac Banking Corporation

109 St Georges Terrace

Perth WA 6000

### AUSTRALIAN SECURITIES EXCHANGE

Shares in Energy and Minerals Australia Limited  
are quoted on the Australian Securities Exchange.

### ASX CODE: EMA

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## CHAIRMAN'S LETTER

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I was delighted to be invited to be the Chairman of Energy and Minerals Australia earlier this year. The combination of Mike Young, Julian Tapp, an existing team that works well together and a tremendous project like Mulga Rock presented as an exciting opportunity. And the task of getting one of the first uranium projects in Western Australia over the regulatory hurdles is a challenge that I will enjoy.

That's not to say we haven't faced a few challenges already. It was obvious that EMA needed to put some funding in place pretty quickly to advance the project. As we announced in July, we raised \$12 million in cash and eliminated all of our debt, resulting in an increase in the Company's net assets by \$36.5 million. This put us in an excellent position to advance the Mulga Rock project to production. The \$12 million of new capital came by way of an equity raising to Forrest Family Investments (**FFI**), an Andrew Forrest entity within the Munderoo Group. Andrew Forrest noted that "my investment is a strong vote of confidence in the executive management team of Mike Young and Julian Tapp with whom I have had a long and successful working relationship." Following the completion of the deal, Felicity Gooding was welcomed to the Board of EMA as FFI's nominee.

Most importantly, Mike has redefined the Company culture through workshops for both the staff and the board. At the recent board strategy workshop I was pleased to see that while the board members all bring their own different experience and mindsets, in so many discussions there were heads nodding in agreement around the table. One of the things we agreed on was that the Company would pursue excellence in all its activities – not excellence of the gold-plated variety but more of a 'fit-for-purpose' balance in both operational and organisational excellence.

The workshop for staff from Perth and Mulga Rock, held early in July, resulted in a set of statements of the Company's vision, mission and core values (shown opposite) which resonated with everyone who attended. I would like to thank our employees and consultants in Perth and in the field for their contribution to the workshop and for their efforts during the year. It is great to see them rising to the challenge of the changes being made in every area of the Company's activities.

Mike and Julian and the EMA team are working hard at the permitting and approvals process and are making good progress in this area, as well as building on their knowledge of the project in terms of geology, metallurgy and the local environment.

Julian has immersed himself in the economics of the global uranium market and he sees only good news ahead for uranium producers and investors. As he points out, spot prices have lifted from recent historical lows rising around 25% over the last quarter. They are now roughly in line with levels prevailing a year ago and long term prices have also finally ticked up, having moved consistently downwards over the last year. Whilst it is too early to say that the long overdue recovery is now underway, the longer term outlook remains very positive.

The period of very low prices for uranium prevailing over the past year has seen a number of projects postponed or put onto 'care and maintenance' even whilst the number of 'operable reactors' and 'reactors under construction' has been growing. Nuclear reactor demand for uranium is expected to continue to grow faster than supply over the next few years leading to tightness in the market and a sustained increase in long term prices. We believe the timing for the Mulga Rock project is actually very good with these long term prices expected to pick up before we reach production.

Uranium is one of the cleanest forms of energy available to mankind. Our company's vision is that of 'Mining a cleaner tomorrow' and I am confident that we will quickly put the Mulga Rock project into production as a part of achieving that outcome.

I believe we will see even more progress in the coming year with the approvals process well underway, the pre-feasibility due for completion in June 2015 and the continued accumulation of knowledge in the geology and metallurgy of Mulga Rock. I look forward to working with everyone involved to achieve those aims.

**The Hon. Cheryl Edwardes**  
**Chairman**

## CEO'S REVIEW OF ACTIVITIES

This year has truly been a rebirth for Energy and Minerals Australia. Many changes have taken place and even though many of them happened after the end of the 2014 financial year that this report relates to, this is a great opportunity to update all stakeholders on our progress and to share my view of the future of the Company.

This time last year I was writing the Chairman's letter but in February 2014 I moved to an executive role as the CEO and Managing Director. This move was a natural progression which has enabled me to step up my focus on the Company, while Julian Tapp has continued to concentrate his efforts on the Mulga Rock uranium project. The change of roles has allowed me to have a much more hands-on role in both the financing of the Company and driving the development of the Mulga Rock project.

In May 2014, The Hon. Cheryl Edwardes accepted the role of Chairman. Cheryl is a former Minister in the Richard Court government, holding the Ministries of Education, Environment, and Attorney General. After her government service, she held positions with mining companies such as Atlas Iron and Hancock Prospecting Pty Ltd where she established meaningful relationships in Asia. It is a great mix of government and private experience.

From early in 2014, we redoubled our efforts on restructuring the balance sheet. In July, we were very pleased to announce the completion of a \$36.5 million balance sheet restructure whereby FFI injected \$12 million in cash and our previous debt holders converted the debt to equity thereby eliminating all bank debt.

This has put us in a position to rapidly advance the Mulga Rock project and to capitalise on the expected demand for uranium which is expected to grow at a phenomenal rate in the coming years. The Mulga Rock uranium project is a large, world-class resource with clear-cut geology, mining and metallurgy. Mulga Rock contains the Ambassador, Emperor, Shogun and Princess deposits, which together contain a 2004 JORC Inferred Resource of 28,300 tonnes U<sub>3</sub>O<sub>8</sub> (approximately 62.2 million pounds) at 500 ppm U<sub>3</sub>O<sub>8</sub>.

While most of our announcements in the second half of the year related to corporate rather than field activities, we certainly didn't take our focus away from Mulga Rock. While underfunded, we weren't undermanned, and the team kept up steady progress on geological and environmental studies which have ultimately assisted our understanding of the Mulga Rock project.

But we are now accelerating activities with the commencement of a Pre-Feasibility Study (**PFS**) in late July 2014 which, upon successful completion, will roll into a Definitive Feasibility Study (**DFS**). Work includes significant reverse circulation and diamond core drilling, metallurgical bulk sampling, resource estimation, mining studies, and metallurgical test work with a view to becoming a low-cost, safe and reliable uranium producer, with an aspirational target production of up to 1,400 tonnes U<sub>3</sub>O<sub>8</sub> per year.

### VISION

'Mining a cleaner tomorrow'

### MISSION

**EMA aims to become a reliable and respected uranium producer.**

It will act in the best interest of its stakeholders through:

- caring for our people
- embracing a safe work culture
- operational excellence and innovation
- continuous and sustainable company growth
- focussed and inclusive leadership

### CORE VALUES

#### Responsibility

Together we are responsible for:

- the safety and wellbeing of our co-workers
- ensuring a positive social and environmental impact
- shareholders' capital

#### Credibility

We are committed to building and maintaining our credibility through:

- excellence
- leadership
- commitment to our Vision and Mission

#### Open-mindedness

We believe curiosity and openness to other views will lead to improved outcomes.

## CEO'S REVIEW OF ACTIVITIES

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### Geology

As I have mentioned before, when I started to investigate the Mulga Rock project last year before joining the Company, I was very impressed with the calibre of the technical staff headed by the General Manager of Geology and Exploration, Xavier Moreau.

Re-interpretation of the sequences that host the Mulga Rock deposits will have implications with regards to bulk density and metallurgical assumptions for future resource estimates and mining studies. This refined geological model will be critical in selecting, testing and designing a process plant capable of handling the variable ore types and characteristics identified in the course of that work.

While having to keep expenditure at a minimum, the geology team continued with technical studies on the project including re-interpretation of the geology and controls on mineralisation. It is a tribute to the staff that despite heavy headwinds, they continued to perform at high level. The commitment then is paying off now as we head into infill drilling and the PFS.

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### Project development

A significant event in the Company's history happened just after the end of the financial year when EMA started the PFS to assess the commercial viability of the Mulga Rock project. We were fortunate to have appointed Tony Chamberlain to lead our studies; he has a PhD in Metallurgy and extensive experience in both uranium and project management having previously worked with BHP, Western Mining amongst others in a variety of commodities including uranium and rare earths.

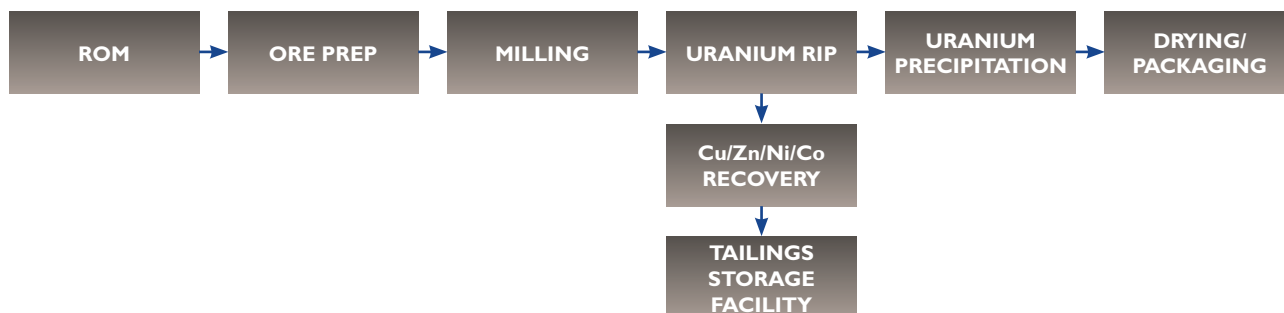
The PFS is scheduled for completion in June 2015 and includes environmental and heritage surveys; infill drilling; metallurgical bulk sampling; updated resource estimates and increased confidence levels; preliminary mining studies; and extractive metallurgy.

A significant step of the PFS is the development of a metallurgical flow sheet which is important, as the final plant design and processing methods stem from it. The metallurgy of uranium extraction at the Mulga Rock project was historically thought to be problematic. In fact, it is anything but, having been de-risked and simplified resulting in significant advances in uranium recovery and reagent use.

Recent optimisation work has indicated significant improvements in acid consumption, leach kinetics, and resin recovery, all of which are expected to reduce project costs. It is our intention to conduct pilot plant scale test work during the early part of the DFS. Ground water on site is suitable for use in the proposed process.

And finally, an important innovation will be the use of exhausted pit voids as permanent tailings disposal. Tailings management is a significant issue in uranium mining where the proponent must anticipate likely external conditions for a long time into the future which is difficult and expensive. In our case, the material will be stripped of its uranium and put back from where it came, and entombed with overburden at over 30m depth. A safe, sustainable and permanent solution.

The planned process route is shown below:



## CEO'S REVIEW OF ACTIVITIES

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### Environment and approvals

My move to the CEO's position has allowed Julian Tapp to concentrate on his areas of expertise. Together with his knowledge of the global uranium market, Julian's forte is approvals and government relations and although not in his title, he is the 'special forces operative' of our Company. No problem is too tough when it comes to Julian and he continues, as with his previous role at Fortescue Metals Group, as our problem solver.

Julian is working closely with the Environmental Protection Agency (**EPA**) and the Department of Mines and Petroleum (**DMP**), the lead agency for the Mulga Rock project, on the project permitting process. The Environmental Scoping Document (**ESD**), which provides an outline of the information to be submitted for the Public Environmental Review (**PER**), is the major step towards the project's approval and is currently being undertaken. The ESD will be structured to ensure that the PER is consistent with approvals under the *Environment Protection and Biodiversity and Conservation Act 1999* (**EPBC Act**). As advised in our quarterly reports, the Company submitted a referral under the EPBC Act to the Commonwealth's Department of Environment in late November 2013. As expected, we were advised that the Mulga Rock project was considered a "controlled action" and would require assessment and approval under the EPBC Act, which will be integrated into a single process under the bilateral agreement between the Federal and the Western Australian State governments.

In the meantime, we have continued studies of the local environment and, working with the regulatory agencies, have extended the geographic area for background monitoring to the wider, regional environment. Studies include: weather monitoring; ground water levels and chemistry; normal and background gamma radiation; radon gas and dust levels.

In keeping with our innovative approach, the Company, in consultation with conservation experts and the Department of Parks and Wildlife, developed a wildlife monitoring program using passive 'crittercams'. It is specifically designed to monitor the presence and activity of small size marsupials and has longer term potential for monitoring species which are cryptic, shy and avoid conventional trapping practices. It also has the added benefit of showing the extent of feral animal activity in the region.

Three weather monitoring stations, using the EnvirodattMK4 system, ran continuously throughout the year, making this the fourth year that certified data has been collected over the project area. The stations record a complete set of meteorological data as well as soil moisture and temperature. A data swap was organised with the operators of the neighbouring Tropicana Gold Mine providing a fourth regional station for the project.

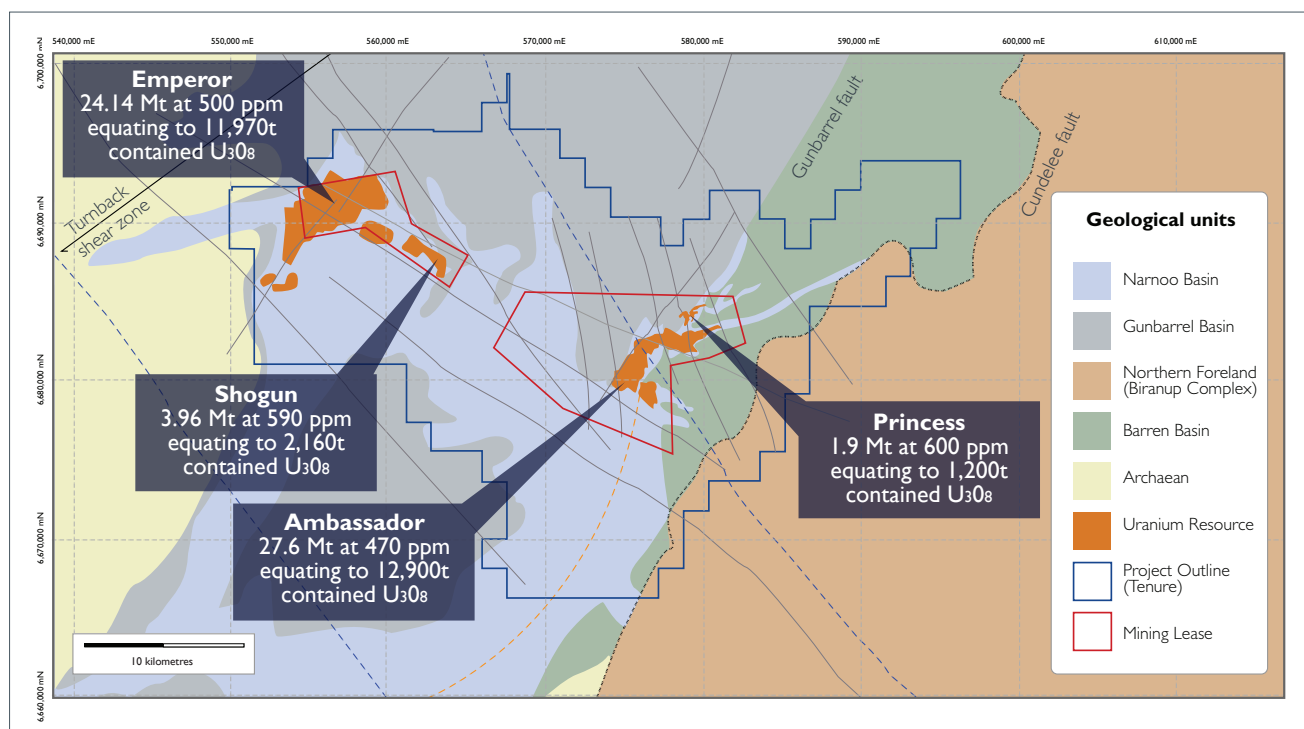
Environmental radiation sampling was carried out as part the ongoing baseline work at Mulga Rock with the results proposed to form part of the PER. Sampling carried out included Thermo-Luminescent monitors for both personal and fixed location environmental use, extremity monitors to be used during the collection of XRF data, passive radon monitoring, routine high volume and passive dust collection and surface readings for alpha radioactivity associated with particles.



## CEO'S REVIEW OF ACTIVITIES

### Grant of Mining Leases

Mining Leases M39/I080 and M39/I081 were granted over the area which contains the four main deposits – Ambassador, Emperor, Shogun and Princess (see diagram below) in July 2012. The Mining Leases cover an area of approximately 12,500 hectares and encompass all of the areas in which mining is currently expected to occur.



### Community Consultation

The Company continues to consult widely with our stakeholders, that is all those who are affected by our actions. As well as our staff and their families, this encompasses our shareholders, investors, decision-making authorities and most importantly the community, particularly in the Kalgoorlie region. For a number of years the Company has made presentations to stakeholders through gatherings with communities, local government, the mining industry and the business sector in general. As we move further into the development phase, this process will continue to gather momentum.

### Safety

To encourage a culture of safety to its team of employees, contractors, consultants and site visitors, the Company has established a range of policies and procedures. There were no lost time injuries reported during the year. In-house radiation safety programs have been on-going for a number of years and will be enlarged as the workforce grows with the move towards mining.

## CEO'S REVIEW OF ACTIVITIES

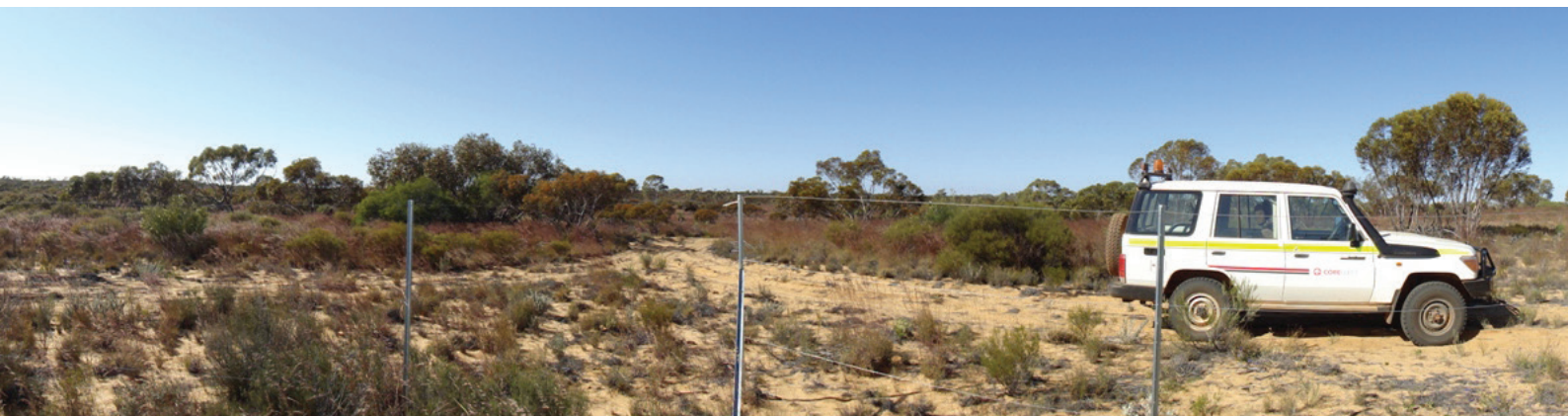
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### Location, Access and Land Use

The Mulga Rock project is located 240 kilometres east-northeast of Kalgoorlie in Western Australia. The project shares access infrastructure with the large Tropicana Gold Mine.

The Company's extensive landholding of over 900 square kilometres has significant exploration potential, not only for additional uranium but also for other valuable commodities including copper, nickel, cobalt and other rare earth elements.

The Mulga Rock region is not viable for pastoral or agricultural purposes due to its climate and geographical isolation so there are no competing land uses to the proposed mining operations.



## MULGA ROCK RESOURCES

### Uranium Inferred Resource Estimates as at 30 June 2014

Deposit	U <sub>3</sub> O <sub>8</sub> Cut off (ppm)	Tonnes (Mt)	U <sub>3</sub> O <sub>8</sub> Grade (ppm)	Contained U <sub>3</sub> O <sub>8</sub> (kt)	Contained U <sub>3</sub> O <sub>8</sub> (Mlb)*	Author
Princess	200	1.9	600	1.2	2.5	EMA, 2012
<b>Ambassador</b>						
Upper Lignite	200	16.7	600	10.0	22.0	Coffey Mining, 2010
Lower Lignite	200	3.7	320	1.2	2.6	
Sandstone	100	7.2	240	1.7	3.7	
<b>Sub-total</b>		27.6	470	12.9	28.4	Coffey Mining, 2009
<b>Emperor</b>	200	24.1	500	12.0	26.4	
<b>Shogun</b>	200	3.7	590	2.2	4.8	
<b>Total</b>		<b>57.3</b>	<b>500</b>	<b>28.3</b>	<b>62.2</b>	

- For details of the 2010 Ambassador and 2009 Emperor and Shogun Mineral Resource Estimates (**MRE**), please refer to announcements to the ASX dated 11 June 2010 and 13 January 2009 respectively. The Ambassador MRE was generated using EMA and historic data, using cut U<sub>3</sub>O<sub>8</sub> composites (combined chemical and radiometric grades), while the Emperor and Shogun estimates were generated using historic data.
- For details of the 2012 Princess Mineral Resource Estimate, please refer to announcement to the ASX dated 4 December 2012, which used EMA data.

Although drilling activities commenced in September 2014, no results are available at this time. The Company is not aware of any new information or data that materially affects the information presented herein and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. Consequently the resources have not been updated to comply with the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("**2012 JORC Code**") on the basis that the information has not materially changed since it was last reported.

#### CORPORATE GOVERNANCE - RESERVES AND RESOURCES CALCULATIONS

Due to the nature, stage and size of the Company's existing operations, the board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations. However, the Company ensures that any mineral reserve and resource calculations are prepared by competent geologists and are reviewed independently and verified (including estimation methodology, sampling, analytical and test data). The Company will report any future mineral reserves and resources estimates in accordance with the 2012 JORC Code.

*The information in this report that relates to the Princess Exploration Results, Princess Mineral Resource Estimate (U<sub>3</sub>O<sub>8</sub>), Resource Database and Bulk Density are based on information compiled by Xavier Moreau and Michael Fewster, who are Members of the Australian Institute of Geoscientists. Mr Moreau is a full time employee of the Company. Mr Fewster is a consultant to the Company and potential beneficiary of the Busani Family Trust, a substantial shareholder of the Company. Messrs Moreau and Fewster have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as Competent Persons as defined in the 2004 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Moreau and Fewster consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

*The information in this report that relates to the Ambassador, Emperor and Shogun Mineral Resource estimates (U<sub>3</sub>O<sub>8</sub>) is based on information compiled by Neil Inwood and Iain Macfarlane. Mr Inwood and Mr Macfarlane are Members of the AusIMM. Mr Inwood and Mr Macfarlane were employed by Coffey Mining as consultants to the Company at the time of the resource estimates and public release of results. As Mr Inwood and Mr Macfarlane are now no longer employed by Coffey Mining, Coffey Mining has reviewed this report and consent to the inclusion, form and context of the relevant information herein as derived from the original resource reports for which Mr Inwood's and Mr Macfarlane's consents have previously been given. Mr Inwood and Mr Macfarlane have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.*

## TENEMENT DETAILS

Project	Tenement	Ownership	Area (km <sup>2</sup> )
Mulga Rock Project	M39/1080	100%	95
	M39/1081	100%	30
	E39/876	100%	78
	E39/877	100%	129
	E39/1148	100%	157
	E39/1149	100%	178
	E39/1150	100%	96
	E39/1551	100%	63
	P39/4877	100%	1.5
	P39/4878	100%	1.1
	P39/4879	100%	0.3
	P39/4880	100%	0.9
	P39/4881	100%	0.2
	P39/4882	100%	0.2
	L39/193	100%	316
	L39/219	100%	2
Gunbarrel	E38/2822	100%	400



# CORPORATE GOVERNANCE

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## STATEMENT

Energy and Minerals Australia Limited ('Company') has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance ('Principles and Recommendations'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

## DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

### Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at [www.eama.com.au](http://www.eama.com.au), under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.3
<b>Policies and Procedures</b>	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Code of Conduct (summary)	3.1
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

## DISCLOSURE – PRINCIPLES AND RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles and Recommendations during the 2014 financial year ('Reporting Period').

### Principle 1 – Lay solid foundations for management and oversight

#### Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

## CORPORATE GOVERNANCE

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### *Disclosure:*

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Chief Executive Officer/ Managing Director ('CEO/MD') and assisting the CEO/MD in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the CEO/MD or, if the matter concerns the CEO/MD, then directly to the Chair.

### **Recommendation 1.2:**

Companies should disclose the process for evaluating the performance of senior executives.

### *Disclosure:*

The performance of all directors and senior executives is reviewed at least annually. The Board evaluates the performance of senior executives having regard to such things as: the responsibilities of the executive; performance against budget and goals that have been set; any communicated key performance indicators; and qualitative as well as quantitative measures.

No director or senior executive is involved with their own evaluation, and the remainder of the Board evaluates such parties without such parties being present.

### **Recommendation 1.3:**

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

### *Disclosure:*

During the Reporting Period no formal performance evaluations of senior executives took place.

### *Explanation for departure:*

The Board considers that the size of the Company, frequent interaction between the Board and senior executives, the limited number of senior executives coupled with the change in senior executives, obviated the need for formal evaluation during the year under review.

## Principle 2 – Structure the Board to add value

### **Recommendation 2.1:**

A majority of the Board should be independent directors.

### *Notification of departure:*

The Company did not have a majority of independent directors.

### *Explanation for departure:*

The Board considered that the composition of the Board was adequate for the Company's current size and operations, and includes an appropriate mix of skills and expertise, relevant to the Company's business. On 26 May 2014 the Hon. Cheryl Edwardes was appointed as an independent chair of the company.

## CORPORATE GOVERNANCE

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### **Recommendation 2.2:**

The Chair should be an independent director.

#### *Disclosure:*

For the period to the 26 May 2014 the Chairman of the Board was Michael Young. Mr Young was an independent director of the company until the 13 February 2014 when he was appointed to the role of CEO/MD. On 26 May 2014, the Board appointed the Hon. Cheryl Edwardes as its independent chair.

### **Recommendation 2.3:**

The roles of the Chair and CEO/MD should not be exercised by the same individual.

#### *Disclosure:*

Except for the period 13 February 2014 to 26 May 2014, the CEO/MD was not the Chair of the Board.

### **Recommendation 2.4:**

The Board should establish a Nomination Committee.

#### *Disclosure:*

The Board has not established a Nomination Committee.

#### *Notification of departure:*

The full Board performs the function of a Nomination Committee.

#### *Explanation for departure:*

A separate Nomination Committee has not been formed due to the small size and structure of the Board. The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board discusses nomination related matters on an on-going basis, as required. When considering matters of nomination, the Board functions in accordance with its Nomination Committee Charter. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

### **Recommendation 2.5:**

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

#### *Disclosure:*

The assessment process currently used by the Board requires each director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the Company Secretary with the results individually and in aggregate then communicated to the Chair of the Board.

### **Recommendation 2.6:**

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

#### *Disclosure:*

#### *Skills, experience, expertise and term of office of each director*

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

#### *Identification of independent directors*

The independent directors of the Company during the reporting period were David Cornell and from 26 May 2014 the Hon. Cheryl Edwardes. These directors are independent as they are non-executive directors who are not members of management and who are free of any material business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

## CORPORATE GOVERNANCE

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Independence is measured having regard to the relationships listed in Box 2.1 of the Principles and Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

### *Company's materiality thresholds*

In considering the independence of directors, the Board refers to its *Policy on Assessing the Independence of Directors*.

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's *Board Charter*:

- Items listed on the Statement of Financial Position are material if they have a value of more than 5% of pro-forma net asset as disclosed in the Statement of Financial Position.
- Comprehensive Income items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on the Financial Position or Comprehensive Income items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

### *Statement concerning availability of independent professional advice*

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

### *Nomination matters*

The full Board, in its capacity as the Nomination Committee, did not meet during the Reporting Period.

To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

### *Performance evaluation*

During the Reporting Period an evaluation of the Board did not take place due to the substantial number of changes to the composition of the Board during the year.

### *Selection and (Re) appointment of directors*

When the Board determines that changes are required to the Board or indeed, if a director resigns from the Board, in determining candidates for the Board, the Nomination Committee (or equivalent) will follow a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Directors are rotated on the basis of; "At each annual general meeting one-third of the directors for the time being, or, if their number is not a multiple of three, then the whole number nearest one-third, shall retire from office and based on that calculation the directors to retire at an annual general meeting are those who have been longest in office since their last election. A retiring director is eligible for re-election. Re-appointment of directors is not automatic".

## CORPORATE GOVERNANCE

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### Principle 3 – Promote ethical and responsible decision-making

#### **Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

##### *Disclosure:*

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

#### **Recommendation 3.2:**

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

##### *Notification of departure:*

The Company does not have a diversity policy.

##### *Explanation for departure:*

The Company has not established a diversity policy due to the small size of the Company. The Board considers that at this stage no benefits would be gained by establishing a diversity policy. The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees to enhance the Company's performance.

#### **Recommendation 3.3:**

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

##### *Notification of departure:*

The Company does not have a measurable objective to achieve diversity.

##### *Explanation for departure:*

The Company does not currently have a diversity policy. The Board considers that at this stage no benefits would be gained by measuring diversity. The Company is committed to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees to enhance the Company's performance.

#### **Recommendation 3.4:**

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

##### *Disclosure:*

The proportion of women employees in the whole organisation is 39%, with the Hon. Cheryl Edwardes joining the Board on 26 May 2014 and Felicity Gooding joining the Board on the 17 July 2014. There are no women at senior management level and two women on the Board.

#### **Recommendation 3.5:**

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

##### *Disclosure:*

Please refer to the section above marked Website Disclosures.

## CORPORATE GOVERNANCE

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### Principle 4 – Safeguard integrity in financial reporting

#### **Recommendation 4.1:**

The Board should establish an Audit Committee.

*Disclosure:*

The Company has not established an Audit Committee.

#### **Recommendation 4.2:**

The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

*Notification of departure:*

The Board performs the function of the Audit Committee.

*Explanation for departure:*

The composition of the Board during the financial year did not allow for an Audit Committee to be structured in accordance with the recommendation. The Board assumes the role of the Audit Committee. When the Board considers audit committee matters, the Board functions in accordance with its Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

#### **Recommendation 4.3:**

The Audit Committee should have a formal charter.

*Disclosure:*

The Company has adopted an Audit Committee Charter.

#### **Recommendation 4.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

*Disclosure:*

The full Board acting as the Audit Committee held two meetings during the Reporting Period. The following table identifies those directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Michael Young	2
David Cornell	2
Julian Tapp	2

Details of each of the director's qualifications are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor.

The Board is responsible for the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

Please refer to the section above marked Website Disclosures.

## CORPORATE GOVERNANCE

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### Principle 5 – Make timely and balanced disclosure

#### **Recommendation 5.1:**

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

*Disclosure:*

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

#### **Recommendation 5.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

*Disclosure:*

Please refer to the section above marked Website Disclosures.

### Principle 6 – Respect the rights of shareholders

#### **Recommendation 6.1:**

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

*Disclosure:*

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

#### **Recommendation 6.2:**

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

*Disclosure:*

Please refer to the section above marked Website Disclosures.

### Principle 7 – Recognise and manage risk

#### **Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

*Disclosure:*

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the CEO/MD, who is responsible for identifying, assessing, monitoring and managing risks. The CEO/MD is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the CEO/MD has unrestricted access to Company employees, contractors and records. The CEO/MD may obtain independent expert advice on any matter believed appropriate, with the prior approval of the Board.

## CORPORATE GOVERNANCE

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The Board acting in its capacity as the Audit Committee monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established authority limits for management which, if exceeded, will require prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

### **Recommendation 7.2:**

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

#### *Disclosure:*

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received oral reports from management as to the effectiveness of the Company's management of its material business risks.

### **Recommendation 7.3:**

The Board should disclose whether it has received assurance from the CEO/MD (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### *Disclosure:*

The CEO/MD (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration after considering the size of the group, its complexity, number of personnel and its financial resources is founded on a sound system of risk management and internal control appropriate to the Company and that the system is operating effectively in all material respects in relation to financial reporting risks.

#### *Explanation for departure:*

The qualified assurance has been provided primarily because of the lack of segregation of financial and administrative responsibilities which is inherent in similar sized companies.

### **Recommendation 7.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

#### *Disclosure:*

The Board has received a report from management under Recommendation 7.2.

The Board has received the assurance from the CEO/MD (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

## Principle 8 – Remunerate fairly and responsibly

### **Recommendation 8.1:**

The Board should establish a Remuneration Committee.

#### *Notification of departure:*

During the year the full Board performed the function of a Remuneration Committee. On 2 October 2014 the Company established a separate Remuneration Committee.

## CORPORATE GOVERNANCE

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### *Explanation for departure:*

The full Board considers those matters that would usually be the responsibility of a Remuneration Committee. The composition of the Board does not make the establishment of a separate Remuneration Committee practicable and the Board considers that no efficiencies or other benefits would be gained by forming a separate Remuneration Committee. The Board has adopted, and applies, its Remuneration Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Remuneration Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

### **Recommendation 8.2:**

The Remuneration Committee should be structured so that it:

- consists of a majority of independent directors
- is chaired by an independent chair
- has at least three members

### *Disclosure:*

The Board has not established a Remuneration Committee.

### *Notification of departure:*

The full Board performs the function of a Remuneration Committee

### *Explanation for departure:*

As detailed in Recommendation 8.1.

### **Recommendation 8.3:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

### *Disclosure:*

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include securities granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

### **Recommendation 8.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

### *Disclosure:*

Details of remuneration, including the Company's policy on remuneration, are contained in the 'Remuneration Report' which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, did not meet during the Reporting Period. There were significant changes to the Board and executive management during the year, with the full Board making its assessment of the candidates and setting remuneration prior to appointing those personnel.

To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter.

The explanation for departure set out under Recommendation 8.1 above explains how the functions of the Remuneration Committee are performed.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

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Your directors present their report on Energy and Minerals Australia Limited consolidated entity ('Group') for the financial year ended 30 June 2014.

### DIRECTORS

The names and details of directors who held office during the year ended 30 June 2014 and up to the date of this report (unless otherwise stated), are:

**The Hon. Cheryl Edwardes LLM, B.Juris, BA**  
**Chairman**

*Appointed 26 May 2014*

A lawyer by training, Mrs Edwardes is a former Minister in the Western Australian Legislative Assembly with extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage and land access. Mrs Edwards currently provides strategic project advice to Atlas Iron Limited and assists the clients of FTI Consulting with a range of complex statutory approvals required for resources and infrastructure projects. She was the Executive General Manager for External Affairs for Hancock Prospecting and Special Counsel at Minter Ellison in Perth where she practised in government relations, climate change and environmental regulation and compliance.

During her political career, Mrs Edwardes held positions including WA Attorney General, Minister for the Environment and Minister for Labour Relations. She also has broad experience and networks within China's business community.

*Listed company directorships in the last three years: Nil*

**Michael (Mike) Young BSc (Hon), MAIG, MAICD**  
**Managing Director and Chief Executive Officer**

*Appointed 17 April 2013*

Mr Young was the first CEO and MD of BC Iron and played an integral role in taking that company to its current position as a significant iron ore producer. Mr Young successfully steered BC Iron through first stage exploration, definition of resources, feasibility study, the negotiation of development agreements with Fortescue Metals Group and ultimately the profitable production of iron ore.

Mr Young is a geologist and a graduate of Queens University, Canada with a Bachelor of Science (Honours) degree in Geological Sciences. His experience includes base metals, iron ore, uranium and gold, with a strong focus on mine-camp exploration, resource definition, and mine development. Mr Young was a founding director of uranium developer Bannerman Resources and is the non-executive Chairman and founder of Cassini Resources.

*Listed company directorships in the last three years: BC Iron Limited October 2006 to present, Cassini Resources Limited January 2012 to present, Waratah Resources Limited 2011 to 2012.*

**Julian Tapp BA, MSc**  
**Chief Operating Officer and Executive Director**

*Appointed 18 March 2013*

Mr Tapp brings a wealth of experience in regulatory approvals. In his previous role as Head of Government Relations for Fortescue Metals Group, Mr Tapp was instrumental in overseeing and expediting the approvals process for Fortescue's world-class Pilbara iron ore project from conception through to operation.

Mr Tapp trained as an economist before holding a number of high-level roles in companies around the globe, including as Director of New Business Development for the Middle East for BAeSystems. He is also currently a non-executive director with the Port Hedland Port Authority.

*Listed company directorships in the last three years: Nil*

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

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**David Cornell** B.Comm, CA  
**Non-executive Director**

*Appointed 17 July 2012*

Mr Cornell is a director of Element Capital Pty Ltd and has significant experience providing strategic and corporate advice to listed companies, with a strong focus on transaction services.

Mr Cornell has assisted several companies, including Energy and Minerals Australia Limited, through the listing process and has raised over a quarter of a billion dollars through debt, equity and hybrid structures for leading resource companies including Atlas Iron and CopperCo.

Mr Cornell is a Chartered Accountant, gaining his experience with the international accounting firms Arthur Andersen and Ernst & Young where he specialised in providing corporate and professional services to both Western Australian junior explorers and international mining companies.

*Listed company directorships in the last three years: Nil*

**Felicity Gooding** B.Comm, CA  
**Non-executive Director**

*Appointed 17 July 2014*

Ms Gooding is the Chief Financial Officer of Minderoo, encompassing the philanthropic and private business holdings of Andrew and Nicola Forrest.

Ms Gooding is a Chartered Accountant with over fifteen years' experience specialising in due diligence, mergers and acquisitions and equity and debt financing across various sectors in Washington DC, Singapore and London. Ms Gooding has held senior positions at PricewaterhouseCoopers, Diageo Plc and Fortescue Metals Group Ltd where she was instrumental in the raising of over \$5bn expansion financing. Prior to joining Minderoo, Ms Gooding was an executive at potash development company Sirius Minerals Plc.

*Listed company directorships in the last three years: Nil*

**Shane McBride** BBus., FCPA, FGIA, FCSA, MAICD  
**Chief Financial Officer and Company Secretary**

Mr McBride has thirty years of commercial management experience, with twenty-five years' experience in senior management roles in the resources industry. His experience has been gained in listed Australian public companies in the disciplines of corporate management, management and financial accounting, project development and mine site operations, corporate finance and company secretarial functions.

Mr McBride has been a senior executive of the Company since July 2009. He was the managing director of an Australian copper producer listed on the ASX and has substantial experience as a public company director.

Mr McBride has a Bachelor of Business degree, is a Fellow of CPA Australia, Fellow of Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Directors.

*Listed company directorships in the last three years: Nil*

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

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### PRINCIPAL ACTIVITIES

The principal activities of the Group during the year ended 30 June 2014 were exploration and development of its tenement package and progression of development studies on the Mulga Rock Project.

There has been no significant change to the nature of the Group's activities during the year.

### RESULTS OF OPERATIONS

The consolidated operating loss after tax for the year ended 30 June 2014 attributable to members of the Group was \$8,298,813 (30 June 2013: operating loss after tax \$15,337,969).

### DIVIDENDS

No dividends were paid in the current year (2013: \$Nil). The directors do not recommend the payment of a dividend.

### OPERATING AND FINANCIAL REVIEW

#### *Operations*

Energy and Minerals Australia Limited ('**EMA**') is a junior uranium exploration explorer/developer, with its primary asset being the Mulga Rock Project located 240 kilometres northeast of the regional city of Kalgoorlie-Boulder in Western Australia. The Company has commenced a Pre-feasibility study on the Project. Nevertheless, as a junior explorer the Company is in the high-risk, high-reward sector of the Australian mining industry. Juniors are the critical front-end of the mining industry with the highest risk and as such the Company's business model is specific to this sector.

The company has currently seventeen tenements, two of which are mining leases and fifteen are exploration licences. The mining leases currently include all of the area that the Company anticipates will be incorporated into the Mulga Rock Project. The Company's tenement holdings are currently limited to the Mulga Rock Project.

#### *Operating Loss*

The operating loss for the year decreased by 54% for the financial year to \$8,298,813, principally because financing costs decreasing by \$3,221,250 and no further litigation costs were incurred (2013 : \$3,000,000).

The Group's interest revenue declined by \$47,994 due to the lower cash balances on hand and a lower effective interest rate on cash balances.

#### *Financial Position*

Net liabilities increased by 52% during the financial year to \$24,638,405. This is as a result of the loss of \$8,298,813 for the year.

The Group has an accounting policy to expense all exploration activities and therefore, such expenditure does not add to its net assets, even though it may add value to the Group's tenements.

Cash balances at 30 June 2014 were \$537,332.

#### *Convertible Notes*

The Company has issued two tranches of convertible notes ('Notes') which totalled \$14,270,000 on drawdown. The balance due on the Notes, which includes the principal, capitalised interest and fees as at 30 June 2014, was \$20,897,666.

On 17 July 2014, the Convertible Notes were converted into equity. Please refer to the Matters Subsequent to the End of the Year section for further details.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

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### **Going Concern**

The Group incurred net losses of \$8,298,813 during the year ended 30 June 2014 and, as of that date, the Group's operating cash outflows totalled \$4,815,219. The Group's ability to continue as a going concern and to expand its exploration and development activities depends on its ability to obtain financing through equity, debt or hybrid financing, joint ventures, production off-take arrangements or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

On 17 July 2014, the Group finalised a \$36.5 million equity injection whereby the Company raised \$12 million in cash, \$23.3 million of debt was converted to equity and the note holders forgave \$1.2 million in fees, thereby eliminating the convertible note facility. Please refer to the Matters Subsequent to the End of the Year section for further details.

In view of the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

### **Business Strategies and Prospects for future financial years**

The Company is a junior explorer/developer and as such does not receive any revenue, other than interest on cash balances. The Company's business strategy is therefore centred on the requirement for the Group to remain a sustainable entity while ensuring the shareholders' expectations of potential resource discoveries and progression of its Mulga Rock Project are met.

### **Administration and Organisation**

The Group's strategy is to develop the Mulga Rock Project and to ultimately become a mining company producing uranium. At the same time the Group is continually looking for exploration opportunities to add to its exploration upside. Consequently, whilst the Board continually reviews its employment costs, the Group retains personnel that can add value through exploration and at the same time personnel that can manage the development of the Mulga Rock Project.

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

There were no significant changes in the state of affairs of the Group during the financial year.

## **MATTERS SUBSEQUENT TO THE END OF THE YEAR**

Since 30 June 2014 the following has occurred:

On 17 July 2014, the Company finalised a \$36.5 million balance sheet restructure. The restructure comprised the following:

- The issue of 400,000,000 fully paid ordinary shares to Forrest Family Investments Pty Ltd, an Andrew Forrest entity within the Munderoo Group, at an issue price of \$0.03, raising \$12 million. A free unlisted option was granted for each share issued, with the options having an exercise price of \$0.05 and an expiry date of 30 June 2016.
- The Company's previous convertible note holders, comprising Australian resource investment groups Acorn Capital Limited and its clients, Macquarie Bank Ltd and the Element Resources Fund, have converted \$23.3 million of debt to equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of \$0.038 per share, in addition, the note holders have forgiven \$1.2 million in fees. These transactions resulted in the Company eliminating its convertible note facility.
- On conversion of the convertible notes a 1.5% royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Narnoo Mining Pty Ltd is a 100% owned subsidiary of the Company.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### LIKELY DEVELOPMENTS

The Group's strategy is to develop the Mulga Rock Project and to ultimately become a mining company. At the same time the Group is continually looking for exploration opportunities to add to its exploration upside. New assets will be evaluated on a case by case basis.

The Group's objectives are to complete the pre-feasibility study, which commenced in July 2014, to progress the development of the Mulga Rock Project and continue exploration activities on its tenement portfolio.

### MEETINGS OF DIRECTORS

The meetings of the Company's Board of Directors held during the year ended 30 June 2014, and the number of meetings attended by each director were:

Directors during the year ended 30 June 2014	Full meetings of directors		Audit Committee	
	A	B	A	B
C. Edwardes	3	3	-	-
M. Young	19	19	2	2
J. Tapp	19	19	2	2
D. Cornell	19	19	2	2
F. Gooding	-	-	-	-

A = Number of meetings attended in person or electronic means.

B = Number of meetings held during the time that the director held office.

\* = Not a member of the relevant committee.

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

Particulars of directors' interests and of persons connected with them in shares of the Group as at the reporting date are as follows:

Director	Number of shares	Number of options
C. Edwardes	-	-
M. Young	20,000,000	10,000,000
J. Tapp	20,000,000	10,000,000
D. Cornell	-	-
F. Gooding	-	-

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### SHARE OPTIONS

Options over ordinary shares of the Group as at the reporting date are as follows:

Date granted	Expiry date	Fair value per option at grant date	Exercise price	Number of options
14 June 2013	14 June 2018	\$0.014	\$0.05	20,000,000
7 February 2012	31 January 2017	\$0.056	\$0.18	1,075,000
6 January 2010	30 September 2014	\$0.064	\$0.53	150,000
4 December 2009	30 September 2014	\$0.123	\$0.53	20,000

No option holder has any right under the options to participate in any other share issue of the Group or of any other Controlled entity. No employee options were issued or exercised during the year ended 30 June 2014.

### ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group has conducted exploration and development activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved, and as a minimum, to comply with relevant environmental regulations. There have been no known material breaches of any of the environmental conditions.

### REMUNERATION REPORT (AUDITED)

The Directors of the Group present the Remuneration Report of Non-executive Directors, Executive Directors and other key management personnel, prepared in accordance with the Corporation Act 2001 and the Corporation Regulations 2001.

The Remuneration Report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Additional information

#### **A. Principles used to determine the nature and amount of remuneration**

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As an emerging development and exploration company, remuneration levels are established based on industry standards rather than company performance. These remuneration levels are set to attract qualified and experienced people to pursue the Group's stated objectives. The Board takes advice on industry remuneration standards through consultation with external agents.

The Board has established a remuneration charter, administered by the full Board, which provides oversight guidance on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

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### *Non-executive directors*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman does not attend any discussions relating to determination of her own remuneration. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum fee pool currently stands at \$500,000 per annum. There are no retirement allowances for non-executive directors other than statutory superannuation contributions.

### *Executive pay*

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation;
- Long-term incentives through participation in the EMA Employee Share Plan; and
- Short-term performance incentives.

### *Base pay*

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Employees are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

### *Superannuation*

Superannuation contributions are made to employees' chosen superannuation funds in accordance with regulatory requirements of each jurisdiction.

### *Short-term incentives*

The Board is responsible for assessing short term incentives for key management personnel. Service agreements may establish short-term incentives against key performance indicators which are assessed by the Board.

### *Long-term incentives*

Long-term incentives were provided to certain employees via the Energy and Minerals Australia Limited Employee Option Plan until 13 June 2013, and thereafter, through the EMA Employee Share Plan. See section D – Share-based compensation for further information.

### *Company performance*

The Company is currently focused on exploration and development of its projects and is not expected to generate profits during this investment phase. Consequently share price performance will be the primary measure of total shareholder return during this period. Share price performance will be as a result of the success in progressing its projects, quality of the projects, management's performance and external factors.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

Item	2014	2013	2012	2011	2010
EPS (cents)	(1.96)	(3.89)	(1.86)	(1.28)	(1.97)
Dividend (cents per share)	-	-	-	-	-
Net Loss	8,298,813	15,337,969	7,218,965	4,979,842	7,471,117
Share price (\$)	0.05	0.03	0.05	0.10	0.12

### B. Details of remuneration

#### Amounts of remuneration

The key management personnel of the Group are the directors and specified executives. Details of the remuneration of the key management personnel of the Group for the years ended 30 June 2014 and 2013 are set out in the following tables.

		Short-term benefits		Post-employment benefits		Share-based payments	
		Cash salary and fees	Cash bonus	Super-annuation	Termination benefits	Value of options/shares	Total
Directors							
Non-executive							
C. Edwardes from 26 May 2014	2014	8,876	-	821	-	-	9,697
	2013	-	-	-	-	-	-
D. Cornell from 17 July 2012	2014	40,000	-	3,700	-	-	43,700
	2013	35,000	-	3,150	-	-	38,150
F. Gooding Appointed 17 July 2014	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
Executive							
M. Young from 17 April 2013	2014	254,843	-	10,417	-	-	265,260
	2013	16,042	-	1,444	-	343,775 <sup>(a)</sup>	361,261
J. Tapp from 18 March 2013	2014	325,000	-	25,000	-	-	350,000
	2013	95,039	-	7,292	-	343,775 <sup>(a)</sup>	446,106
Total directors	2014	628,719	-	39,938	-	-	668,657
	2013	146,081	-	11,886	-	687,550	845,517

(a) These options vested immediately to the eligible parties. Please refer to note E – Additional Information of the Remuneration Report.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

		Short-term benefits		Post-employment benefits		Share-based payments	
		Cash salary and fees	Cash bonus	Super-annuation	Termination benefits	Value of options/shares	Total
Key management personnel							
M. Fewster	2014	196,450	-	-	-	-	196,450
	2013	252,355	-	-	-	-	252,355
S. McBride CFO and Company Sec	2014	196,500	-	18,176	-	-	214,676
	2013	325,576	100,000	24,939	-	-	450,515
Total key management personnel	2014	392,950	-	18,176	-	-	411,126
	2013	577,931	100,000	24,939	-	-	702,870

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

		Fixed remuneration		At risk – short term incentives		At risk – long term incentives	
		2014	2013	2014	2013	2014	2013
<b>Directors</b>							
<b>Non-executive</b>							
C. Edwardes		100%	-	-	-	-	-
D. Cornell		100%	100%	-	-	-	-
F. Gooding		-	-	-	-	-	-
<b>Executive</b>							
M. Young		100%	5%	-	-	-	95% <sup>(1) (2)</sup>
J. Tapp		100%	23%	-	-	-	77% <sup>(1) (2)</sup>
<b>Specified Executives</b>							
M. Fewster		100%	100%	-	-	-	-
S. McBride		100%	100%	-	-	-	-

- (1) On 14 June 2013, the Company granted 10,000,000 options to Mr Young and 10,000,000 options to Mr Tapp which vested at the time of grant and expire on 14 June 2018. Each option is exercisable at \$0.05 per share.
- (2) On 14 June 2013, the Company issued 10,000,000 shares to Mr Young and 10,000,000 shares to Mr Tapp in accordance with the EMA Employee Share Plan. The purchase of these shares was funded by a limited recourse loan provided by the Company.

### C. Service agreements

Remuneration and other terms of employment for certain key management are formalised in service agreements. Employees are eligible for long term incentive benefits under the EMA Employee Share Plan (from 14 June 2013).

#### *Mr M. Young, Chief Executive Officer and Managing Director*

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Young's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Young must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

#### *Mr J. Tapp, Chief Operating Officer and Executive Director*

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr Tapp's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr Tapp must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

#### *Mr S. McBride, Chief Financial Officer and Company Secretary*

- Term of agreement – The executive service agreement has no fixed completion term.
- Termination – The Company may terminate Mr McBride's employment at any time with six months' written notice or the payment of six months' remuneration in lieu of notice. Mr McBride must provide six months' written notice to terminate the agreement.
- The service agreement may be terminated by the Company at any time, without notice to the executive as a result of misconduct, wilful neglect, material breaches of his duties, the executive being charged with a criminal offence which brings the Company into serious disrepute, the executive becoming insolvent or becoming ineligible to hold office as a director.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### D. Share-based compensation

There were no employee options issued to directors and key management personnel for the period ended 30 June 2014.

#### Shareholdings

The number of ordinary shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no shares granted during the reporting period as compensation:

	Balance at the start of the period	Granted as remuneration	Other changes	Balance at the end of the period
<b>30 June 2014</b>				
<b>Directors</b>				
C. Edwardes	-	-	-	-
M. Young	20,000,000	-	-	20,000,000
J. Tapp	20,000,000	-	-	20,000,000
D. Cornell	-	-	-	-
F. Gooding	-	-	-	-
	40,000,000	-	-	40,000,000
<b>Key management personnel</b>				
M. Fewster	256,160,538	-	22,500	256,183,038
S. McBride	2,391,430	-	(908,330)	1,483,100
	258,551,968	-	(885,830)	257,666,138

#### Option holdings

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Granted as remuneration	Exercised	Other changes	Balance at the end of the period	Vested and exercisable at 30 June 2014
<b>30 June 2014</b>						
<b>Directors</b>						
C. Edwardes	-	-	-	-	-	-
M. Young	10,000,000	-	-	-	10,000,000	10,000,000
J. Tapp	10,000,000	-	-	-	10,000,000	10,000,000
D. Cornell	-	-	-	-	-	-
F. Gooding	-	-	-	-	-	-
	20,000,000	-	-	-	20,000,000	20,000,000
<b>Key management personnel</b>						
M. Fewster	-	-	-	-	-	-
S. McBride	500,000	-	-	-	500,000	500,000
	500,000	-	-	-	500,000	500,000

### E. Additional Information

#### Loans to Director and Key Management Personnel

On 14 June 2013, shareholders approved a new employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the EMA Employee Share Plan ('Plan'), pursuant to which certain employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares is repaid in full ('Limited Recourse Loan').

Subsequent to shareholder approval of the Plan and separate shareholder approval to issue shares to Messrs Young and Tapp, on 14 June 2013 the Board of the Company resolved to issue shares under the Plan to Messrs Young and Tapp.

A summary of the terms of issue and the Limited Recourse Loan provided is shown below.

Loan provided to:	Mr Mike Young (or associate)	Mr Julian Tapp (or associate)
Number of shares acquired	10,000,000	10,000,000
Amount of the loan:	\$246,753	\$246,753
Term of the loan:	up to 5 years	up to 5 years

#### Share based payment

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

#### Loan terms

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

- (i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;
- (ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):
  - acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
  - authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;
- (iv) the Limited Recourse Loan becomes repayable on the earliest of:
  - the date which is five years after the grant date of the Limited Recourse Loan ('Repayment Date');
  - one month after the Participant ceases for any reason to be employed by the Company; and
  - (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;
- (v) notwithstanding paragraph (iv) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### E. Additional Information (continued)

#### Loans to Director and Key Management Personnel (continued)

- (vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:
- the outstanding balance of the Limited Recourse Loan; and
  - the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

#### Rights attaching to Plan Shares

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

#### Sale of Plan Shares

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; these Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

#### Other transactions with director and key management personnel related entities

Mr Fewster is a director of Eaglefield Holdings Pty Ltd. The Board has agreed to reimburse legal costs incurred by Eaglefield Holdings Pty Ltd in relation to defending legal claims that were alleged by Yarri Mining Pty Ltd over EL39/876 and EL39/877. These actions were settled on 16 July 2013. There was \$102,784 unpaid at 30 June 2014 (30 June 2013: \$nil).

#### Amounts recognised

Legal fees

Consolidated	
2014	2013
\$	\$
152,785	177,390

Mr Cornell is a director of Element Capital Pty Ltd. Element provides ongoing corporate finance advice and has facilitated capital raisings for the Company for which it was paid commercial rates. There was \$108,000 unpaid at 30 June 2014 (30 June 2013: \$nil).

#### Amounts recognised

Corporate advisory and capital raising fees

137,136	405,531
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#### End of audited remuneration report.

## DIRECTORS' REPORT AS AT 23 SEPTEMBER 2014

### Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

### NON-AUDIT SERVICES

No non-audit services were provided during the period.

During the period, the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	Consolidated	
	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
<b>Assurance services</b>		
<b>I. Audit services</b>		
Grant Thornton Audit Pty Ltd:		
Audit of financial reports and other audit work under the <i>Corporations Act 2001</i>	34,648	37,641
<b>Total remuneration for assurance services</b>	<b>34,648</b>	<b>37,641</b>

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

### OFFICERS' INDEMNITIES AND INSURANCE

The Company has agreed to indemnify the following former and current directors and officers of the Company against all liabilities to another person and the Company that may arise from their position as directors and officers of the Company and its controlled entities, except where the liability arises out of conduct involving a wilful breach of duty. The agreement stipulates that the Company will meet the full amount of such liabilities including costs and expenses.

The Company agreed to pay a premium in respect of a contract insuring directors and officers of the Company. That contract of insurance prohibits the Company disclosing the nature of the liability insured against and the amount of the premium paid. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

## **DIRECTORS' REPORT** AS AT 23 SEPTEMBER 2014

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### **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

This Directors' Report, incorporating the Remuneration Report, is made in accordance with a resolution of the directors.



**Michael Young**  
**Chief Executive Officer and Managing Director**

Dated 23 September 2014

# AUDITOR'S INDEPENDENCE DECLARATION



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## **Auditor's Independence Declaration To the Directors of Energy and Minerals Australia Limited**

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

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten signature of "Grant Thornton" in dark ink.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature of "P. Warr" in dark ink.

P W Warr  
Partner - Audit & Assurance

Perth, 23 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# ANNUAL FINANCIAL STATEMENTS

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## Energy and Minerals Australia Limited – Consolidated Entity

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This financial report covers Energy and Minerals Australia Limited as a Group consisting of Energy and Minerals Australia Limited and its subsidiaries. The financial report covers the year ended 30 June 2014 and is presented in Australian dollars.

Energy and Minerals Australia Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Ground Floor, 10 Richardson Street  
West Perth, Western Australia, 6005

The financial report was authorised for issue by the directors on 23 September 2014. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. Public releases are available at [asx.com.au](http://asx.com.au) by entering the Company's ASX code 'EMA'. Additional information on the Company is available on its website [eama.com.au](http://eama.com.au).

## STATEMENT OF PROFIT OF LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014 \$	2013 \$
Revenue	5	28,680	68,474
Exploration expenditure		(3,199,206)	(2,817,829)
Corporate and administration expense		(2,274,688)	(2,885,175)
Financing expense		(2,853,599)	(6,074,849)
Settlement of legal dispute		-	(3,000,000)
Employee share based expense	6	-	(687,549)
<b>Loss before income tax</b>		<b>(8,298,813)</b>	<b>(15,396,928)</b>
Research and development claim	7	-	58,959
<b>Loss attributable to members of the Company</b>		<b>(8,298,813)</b>	<b>(15,337,969)</b>
Other comprehensive income, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(8,298,813)</b>	<b>(15,337,969)</b>

Loss per share from continuing operations attributable to the members of the Company:

		Cents per share	Cents per share
Basic and Diluted loss per share	8	(1.96)	(3.89)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	537,332	1,905,728
Trade and other receivables	10	88,178	69,774
Prepayments		100,340	273,566
<b>Total Current Assets</b>		<b>725,850</b>	<b>2,249,068</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	12	207,505	323,574
<b>Total Non-Current Assets</b>		<b>207,505</b>	<b>323,574</b>
<b>TOTAL ASSETS</b>		<b>933,355</b>	<b>2,572,642</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	743,971	597,423
Provisions	14	100,393	73,278
Loans and borrowings	15	24,667,153	18,088,356
<b>Total Current Liabilities</b>		<b>25,511,517</b>	<b>18,759,057</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	14	60,243	-
<b>Total Non-Current Liabilities</b>		<b>60,243</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>25,571,760</b>	<b>18,759,057</b>
<b>NET LIABILITIES</b>		<b>(24,638,405)</b>	<b>(16,186,415)</b>
<b>EQUITY</b>			
Contributed equity	16	27,572,593	27,725,770
Compound financial instrument	15	3,745,184	3,745,184
Employee option plan reserve	17	974,663	974,663
Employee share plan reserve	17	400,000	400,000
Accumulated losses	19	(57,330,845)	(49,032,032)
<b>TOTAL EQUITY</b>		<b>(24,638,405)</b>	<b>(16,186,415)</b>

*The above statement of financial position should be read in conjunction with the accompanying notes*

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

	Contributed equity \$	Accumulated losses \$	Option reserve \$	Share plan reserve \$	Compound financial instruments \$	Total \$
<b>CONSOLIDATED</b>						
<b>Balance at 1 July 2012</b>	26,954,740	(33,694,063)	687,114	-	2,762,722	(3,289,487)
Employee share based expense	-	-	287,549	400,000	-	687,549
Issue of convertible notes	-	-	-	-	982,462	982,462
Issue of ordinary shares, net of issue costs	771,030	-	-	-	-	771,030
Loss attributable to members of the Company	-	(15,337,969)	-	-	-	(15,337,969)
Other comprehensive income net of tax	-	-	-	-	-	-
<b>Balance at 30 June 2013</b>	27,725,770	(49,032,032)	974,663	400,000	3,745,184	(16,186,415)
<b>Balance at 1 July 2013</b>	27,725,770	(49,032,032)	974,663	400,000	3,745,184	(16,186,415)
Share issue costs	(153,177)	-	-	-	-	(153,177)
Loss attributable to members of the Company	-	(8,298,813)	-	-	-	(8,298,813)
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Balance at 30 June 2014</b>	27,572,593	(57,330,845)	974,663	400,000	3,745,184	(24,638,405)

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

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

		Consolidated	
	Note	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
Payments to other suppliers and employees		(1,857,775)	(3,027,529)
Payments for exploration		(2,989,440)	(2,587,169)
Payment to settle legal dispute		-	(3,000,000)
Interest received		21,526	100,730
Other debtors		10,470	11,564
Research and development claim		-	58,959
<b>Net cash used in Operating Activities</b>	24	(4,815,219)	(8,443,445)
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment		-	(30,337)
Sale of plant and equipment		-	636
<b>Net cash used in Investing Activities</b>		-	(29,701)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of ordinary shares, net of issue costs		-	771,030
Share issue costs		(153,177)	-
Proceeds from issue of convertible notes		-	4,000,000
Proceeds from loan drawdowns		3,600,000	300,000
Loan repayments		-	(300,000)
<b>Net cash provided by Financing Activities</b>		3,446,823	4,771,030
<b>Net decrease in cash and cash equivalents held</b>		(1,368,396)	(3,702,116)
Cash and cash equivalents at the beginning of the financial year		1,905,728	5,607,844
Cash and cash equivalents at the end of the financial year	9	537,332	1,905,728

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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### REPORTING ENTITY

Energy and Minerals Australia Limited ('the Company') is a company incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is the Ground Floor, 10 Richardson Street, West Perth, WA, 6005, Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries, together referred to as the 'Group'. The Group is a for-profit entity and primarily involved in uranium project development and exploration.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (a) Basis of preparation

##### *Statement of Compliance*

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting Standards Board (**AASB**) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) adopted by the International Accounting Standards Board (**IASB**).

##### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value.

##### *Critical accounting estimates*

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

##### *Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and are rounded to the nearest dollar. Where necessary prior year balances can be reallocated to compare with the current year.

#### (b) Going Concern

The Group incurred net losses of \$8,298,813 during the year ended 30 June 2014 and, as of that date, the Group's operating cash outflows totalled \$4,815,219. The Group's ability to continue as a going concern and to expand its exploration and development activities depends on its ability to obtain financing through equity, debt or hybrid financing, joint ventures, production off take arrangements or other means. These circumstances create material uncertainties as to the ability of the Group to continue as a going concern.

On 17 July 2014, the Group finalised a \$36.5 million equity injection whereby the Company raised \$12 million in cash, \$23.3 million of debt was converted to equity and the debt holders forgave \$1.2 million in fees, thereby eliminating the convertible note facility. Please refer Note 27 Events Occurring After Reporting Date; for further details.

In view of the foregoing, the directors are of the view that they have a reasonable expectation that the Group will have adequate resources to continue to operate for at least the next twelve months. For these reasons, they continue to adopt the going concern basis in preparing the financial report.

If the Group is unable to continue as a going concern, it may be required to realise its assets and/or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Basis of consolidation

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

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

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

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

#### (d) New Accounting Standards for Application in Future Periods

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

- **AASB 9 Financial Instruments**

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

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

*The entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 in Australia).*

- **AASB 1031 Materiality (December 2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the *Framework for the Preparation and Presentation of Financial Statements* (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn.

Effective date (annual reporting periods beginning on or after 1 January 2014).

*When these amendments are first adopted for the year ending 30 June 2015, they are unlikely to have any significant impact on the entity.*

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity); and
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part C: Materiality)*

Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 *Materiality*, which historically has been referenced in each Australian Accounting Standard.

Effective date (annual reporting periods beginning on or after 1 July 2014).

*When these amendments are first adopted for the year ending 30 June 2015, there will be no material impact on the entity.*

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)*

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.

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

*When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.*

- *AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)*

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements.

Effective date (annual reporting periods beginning on or after 1 January 2015).

The entity has not yet assessed the full impact of these amendments.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ▪ *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The amendments to IAS 38 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two limited circumstances:

- the intangible asset is expressed as a measure of revenue, for example when the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold (for instance, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged); or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

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

*When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.*

#### (e) Impairment of non-financial assets

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

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

#### (f) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – 2 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### (g) 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.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Employee benefits

##### *Share-based payments - Options*

Prior to 14 June 2013, when the Group adopted a new employee share plan; share-based compensation benefits were provided to employees and directors via various share option plans. The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the options reserve relating to those options is transferred to share capital. The market value of shares issued to employees for no cash consideration under the share plans is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

##### *Share-based payments - Shares*

On 14 June 2013, the Group adopted a new employee share plan the (EMA Employee Share Plan), where eligible participants are granted shares in the Company funded by a limited recourse loan provided by the Company. The limited recourse loans are recorded within equity and not as a receivable or financial asset to be recovered by the Company. Share-based compensation benefits may be provided to employees and directors via EMA Employee Share Plan. The fair value of the shares is the market volume weighted average closing price for the Shares over the 10 trading day period prior to issue, which is represented as an increase in equity.

#### (i) Financial instruments

##### *(i) Compound financial instruments*

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder at a fixed price determined at the inception of the loan (refer to Note 15 for details).

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognised in the Statement of Profit or Loss and Other Comprehensive Income. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (ii) *Non-derivative financial assets*

##### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

#### (iii) *Non-derivative financial liabilities*

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

#### (j) **Income tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the national 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 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 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. 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 Parent entity 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. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated Group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated Group.

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Exploration and evaluation expenditure

Exploration, evaluation and acquisition costs are expensed in the year they are incurred. Development costs, when incurred, will be capitalised. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

#### (l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

#### (m) Short Term Employee benefits

Short-term employee benefits are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement. Annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability as the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period. Annual leave liability is still presented as current liability for presentation purposes under AASB 101 Presentation of Financial Statements.

#### (n) Leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

#### (o) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (p) Segments

Identification and measurement of segments – AASB 8 requires the 'management approach' to the identification measurement and disclosure of operating segments. The 'management approach' requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, for the purpose of allocating resources and assessing performance. This could also include the identification of operating segments which sell primarily or exclusively to other internal operating segments. Under AASB 8 segments were identified by business and geographical areas, and only segments deriving revenue from external sources were considered. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

#### (q) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Interest revenue*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (r) New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2013. Information on these new standards is presented below.

##### *AASB 10 Consolidated Financial Statements*

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements (AASB 127) and AASB Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

##### *AASB 13 Fair Value Measurement*

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The Group has applied AASB 13 for the first time in the current year.

##### *Amendments to AASB 119 Employee Benefits*

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the Group does not expect all annual leave for all employees to be used wholly within 12 months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements.

The application of AASB 119 did not have a material impact on the financial statements for the year ended 30 June 2013 and 30 June 2014.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. FINANCIAL RISK MANAGEMENT

The Group's financial position is not complex. Its activities may expose it to a variety of financial risks in the future such as market risk (including fair value interest rate risk), credit risk, and liquidity risk. The Group's overall financial risk management focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	Consolidated	
	2014 \$	2013 \$
<b>Financial assets</b>		
Cash and cash equivalents	537,332	1,905,728
Trade debtors and other receivables	88,178	69,774
Prepayments	100,340	273,566
	<b>725,850</b>	<b>2,249,068</b>
<b>Financial liabilities</b>		
Trade and other payables	743,971	597,423
Loans and Borrowings	24,667,153	18,088,356
	<b>25,411,124</b>	<b>18,685,779</b>

#### (a) Market risk

*Cash flow and fair value interest rate risk*

The Group's main interest rate risk arises from cash deposits. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During 2014 and 2013, the Group's deposits at variable rates were denominated in Australian dollars.

As at the reporting date, the Group had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2014		2013	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Short-term deposits		57,331		1,228,554
Cash at bank		480,001		677,174
Net exposure to cash flow interest rate risk	0.89	537,332	2.74	1,905,728

The Group analyses its interest rate exposure on each occasion a deposit term expires. The Group aims to maximise interest returns from available funds and at the same time retain operating flexibility through adequate access to funds. During 2014 and 2013, if interest rates had been 10% higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year. Equity would not have been impacted.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. For banks and financial institutions, the Group will only hold deposits with A or better rated banks or financial institutions. All funds are currently banked with Westpac Banking Corporation. Receivables are generally limited to Goods and Services Tax refunds from the Australian Taxation Office. Events leading to other receivables are reviewed on a case by case basis and if there is no independent rating, management assesses the credit quality of the transaction party, taking into account its financial position, past experience and other factors.

The Group has no derivative financial instruments. The Board has not authorised management to engage in derivative financial instruments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note. All receivables at 30 June 2014 were received within two months.

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

##### *Maturities of financial liabilities*

As at 30 June 2014, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Current		Non-current	
	Within Six Months \$	Six - Twelve Months \$	One - Five Years \$	Later than Five Years \$
<b>30 June 2014</b>				
Loans and borrowings	24,667,153	-	-	-
Trade and other payables	743,971	-	-	-
<b>Total</b>	<b>25,411,124</b>	<b>-</b>	<b>-</b>	<b>-</b>

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

<b>30 June 2013</b>				
Loans and borrowings	18,088,356	-	-	-
Trade and other payables	597,423	-	-	-
<b>Total</b>	<b>18,685,779</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 2. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Capital management

The Group's capital management objective is to ensure adequate funding is obtained to enable it to progress its exploration and project development activities, while retaining sufficient cash reserves to ensure the Group continues as a going concern. As a development and exploration company, funds for activities are generally sourced from equity markets, joint venture agreements, asset sales, or from borrowing facilities. The Group has utilised convertible notes and equity raisings to maintain adequate funding. The Board monitors cash resources against expenditure forecasts associated with the Company's stated growth strategies and development plans to assess financial requirements.

#### (e) Fair value estimation

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. FINANCIAL RISK MANAGEMENT (continued)

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013:

<b>30 June 2014</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
Financial assets				
Cash and cash equivalents	537,332	-	-	537,332
Trade debtors and other receivables	88,178	-	-	88,178
Prepayments	100,340	-	-	100,340
Total assets	725,850	-	-	725,850
Financial liabilities				
Trade and other payables	(743,971)	-	-	(743,971)
Loans and borrowings	-	(24,667,153)	-	(24,667,153)
Total liabilities	(743,971)	(24,667,153)	-	(25,411,124)
Net fair value	(18,121)	(24,667,153)	-	(24,685,274)
<b>30 June 2013</b>	<b>Level 1 \$</b>	<b>Level 2 \$</b>	<b>Level 3 \$</b>	<b>Total \$</b>
Financial assets				
Cash and cash equivalents	1,905,728	-	-	1,905,728
Trade debtors and other receivables	69,774	-	-	69,774
Prepayments	273,566	-	-	273,566
Total assets	2,249,068	-	-	2,249,068
Financial liabilities				
Trade and other payables	(597,423)	-	-	(597,423)
Loans and borrowings	-	(18,088,356)	-	(18,088,356)
Total liabilities	(597,423)	(18,088,356)	-	(18,685,779)
Net fair value	1,651,645	(18,088,356)	-	(16,436,711)

There were no transfers between Level 1 and Level 2 in 2014 or 2013.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with the IFRSs 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

(i) Income taxes

The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Sufficient tax losses exist to offset any deferred tax liabilities. The Group's ability to access existing tax losses is dependent on it demonstrating achievement of either of two income tax defined tests, being the continuity of ownership test or the same business test.

(ii) Share-based payment transactions

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

(iii) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of material assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(iv) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The directors considered the impairment of the investments in subsidiaries and loans receivable from subsidiaries based on their estimate of the fair value less costs to sell off the underlying mineral tenements. The inter-company loans have no interest or repayment terms and are effectively investments in controlled entities and are reflected at cost. In accordance with the Group's accounting policies, inter-company loans are classified as part of the investment in controlled entities. Therefore, investments in subsidiaries fall under AASB 10 and are tested for impairment under AASB 136. AASB 136 prescribes the calculation of the recoverable amount of an asset at the higher of Value in Use or Fair Value less cost to sell. Due to a common control business combination in the previous year, assets acquired were recorded at their carrying values instead of fair value under the prescribed 'predecessor accounting method'. The Group's accounting policy is to expense all exploration expenditure in the year that it is incurred. Because of the matters above, the Board considers the fair value of the investments/loans receivable in subsidiaries to be directly associated with the value of the underlying minerals tenements. Based on these considerations, no impairment charge has been recognised by the Parent entity.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 4. SEGMENT INFORMATION

The Group operates one business segment: Exploration. The activities undertaken by the Exploration segment include the exploration on tenements in Western Australia and development study activities on the Mulga Rock Project. This activity does not generate any sales revenue.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

	Exploration	
	2014 \$	2013 \$
<b>Result</b>		
Segment contribution	(3,304,192)	(2,942,269)
Carrying amount of segment assets	198,633	303,619
<b>Reconciliation to Consolidated Loss</b>		
Segment contribution	(3,304,192)	(2,942,269)
Corporate expenses	(2,148,919)	(2,745,454)
Settlement of litigation	-	(3,000,000)
Depreciation	(11,083)	(13,781)
Employee share-based remuneration	-	(687,549)
Finance expense	(2,853,599)	(6,074,849)
Financial income	18,980	125,933
Loss from continuing operations	(8,298,813)	(15,337,969)
<b>Assets</b>		
Segment assets	198,633	303,619
<b>Reconciliation to Group Assets</b>		
Segment assets	198,633	303,619
Corporate assets	8,872	19,955
Group assets	207,505	323,574

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014 \$	2013 \$
<b>5. REVENUE</b>			
Interest received		18,980	66,974
Other income		9,700	1,500
		28,680	68,474
<b>6. LOSS FOR THE YEAR</b>			
The loss from ordinary activities before income tax has been determined after:			
<b>(a) Expenses</b>			
Depreciation		116,069	138,221
Operating leases		215,800	219,329
Auditor's fees and provisions for audit of the financial report		34,648	37,641
		366,517	395,191
<b>(b) Employee benefits expense</b>			
Wages, salaries and directors' fees		1,930,832	1,864,566
Employee share based expense		-	687,959
Other employee benefits expense		170,297	153,518
		2,101,129	2,706,043
<b>7. INCOME TAX BENEFIT</b>			
<b>(a) Income tax recognised</b>			
No income tax is payable by the Group as it recorded losses for income tax purposes for the year.			
<b>(b) Numerical reconciliation between income tax benefit and the loss before income tax</b>			
Loss before tax		(8,298,813)	(15,396,929)
Income tax benefit at 30% (2013: 30%)		(2,489,944)	(4,619,079)
Tax effect of:			
- non-deductible expenses		-	8,502
- DTA on temporary differences not brought to account		975,090	(58,959)
- equity based remuneration		-	206,265
DTA on tax losses not recognised		1,514,854	4,404,312
Income tax benefit attributable to loss from ordinary activities		-	(58,959)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>7. INCOME TAX BENEFIT (continued)</b>		
<b>(c) Unrecognised deferred tax balances</b>		
Tax losses carried forward	42,839,766	35,137,988
Potential tax (benefit) at 30%	12,851,930	10,541,396
<b>Deferred tax liability</b>		
- Property, plant and equipment	(56,312)	(88,216)
- Prepayments	-	(77,414)
- Accrued income	(269)	(1,032)
<b>Deferred tax asset</b>		
- Exploration expenditure	1,739,650	1,693,814
- Borrowing costs	-	193,040
- Employee provisions	53,125	21,983
- S40-880 costs	28,225	20,486
- Other costs	6,046	11,086
- Convertible notes	-	94,954
<b>Amounts recognised in equity</b>		
- S40-880 costs	66,277	41,343
- Convertible notes	-	(1,123,555)
Net unrecognised deferred tax asset at 30%	(14,688,672)	11,327,885

On 1 July 2007, Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	<b>Cents</b>	<b>Cents</b>
<b>8. EARNINGS PER SHARE</b>		
Basic and diluted loss per share (cents per share)	(1.96)	(3.89)
Loss after tax used in the calculation of basic EPS	(8,298,813)	(15,337,969)
Weighted average number of shares outstanding during the year used in calculations of loss per share	423,726,209	394,472,209

There are 264,556,610 potential ordinary shares that have not been included in the dilutive EPS calculation because they are anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 \$	2013 \$
<b>9. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	480,001	677,174
Short-term deposits	57,331	1,228,554
	<b>537,332</b>	<b>1,905,728</b>

- (a) The above figures are shown as cash and cash equivalents at the end of the financial period in the statement of cash flows.
- (b) Cash at bank and on hand includes interest-bearing amounts. The average rate applicable to the Group's balance at 30 June 2014 was 0.89% (2.74% at 30 June 2013).
- (c) Included in short-term deposits are deposits for \$57,331 (\$228,554 at 30 June 2013) which are secured against bank guarantees for similar amounts in respect of environmental bonds.

### 10. TRADE AND OTHER RECEIVABLES

#### Current

Receivables	2,741	7,241
Goods and services tax recoverable	85,437	62,533
	<b>88,178</b>	<b>69,774</b>

### 11. FINANCIAL ASSETS

#### Controlled entities

	Percentage owned	
Country of incorporation	2014 %	2013 %
<i>Parent entity:</i>		
Energy and Minerals Australia Limited	Australia	
<i>Subsidiaries of Energy and Minerals Australia Limited:</i>		
Narnoo Mining Pty Ltd	Australia	100
Camuco Pty Ltd	Australia	100
Gunbarrel Energy and Minerals Australia Pty Ltd	Australia	100

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 \$	2013 \$
<b>12. PLANT AND EQUIPMENT</b>		
Office equipment		
Cost	232,223	232,223
Accumulated depreciation	(223,350)	(212,267)
<b>Total office equipment</b>	<b>8,873</b>	<b>19,956</b>
Exploration equipment		
Cost	1,052,143	1,052,143
Accumulated depreciation	(853,511)	(748,525)
<b>Total exploration equipment</b>	<b>198,632</b>	<b>303,618</b>
<b>Total office and exploration equipment</b>	<b>207,505</b>	<b>323,574</b>
Movements in the carrying amounts of each class of office and exploration equipment at the beginning and end of the current financial period is as set out below:		
<b>Office equipment</b>		
Balance at the beginning of year	19,956	28,158
Additions	-	6,865
Sale of assets	-	(1,286)
Depreciation expense	(11,083)	(13,781)
Carrying amount at the end of the year	<b>8,873</b>	<b>19,956</b>
<b>Exploration equipment</b>		
Balance at the beginning of year	303,618	404,586
Additions	-	23,472
Depreciation expense	(104,986)	(124,440)
Carrying amount at the end of the year	<b>198,632</b>	<b>303,618</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 \$	2013 \$
<b>13. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payables and accruals	743,971	597,423
	<b>743,971</b>	<b>597,423</b>
<b>14. PROVISIONS</b>		
<b>Current</b>		
Employee entitlement: Annual Leave		
Opening balance	73,278	83,561
Employee entitlements provided for	103,338	110,127
Employee entitlements used	(76,223)	(120,410)
Closing balance	<b>100,393</b>	<b>73,278</b>
The current provision relates to annual leave for employees of the Group. Based on past experience, the provision is expected to be used over the forthcoming twelve months.		
<b>Non-Current</b>		
Employee entitlement: Long Service Leave		
Opening balance	-	-
Employee entitlements provided for	60,243	-
Employee entitlements used	-	-
Closing balance	<b>60,243</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014	2013
		\$	\$
<b>15. LOANS AND BORROWINGS</b>			
Convertible Notes	(a)	20,897,666	18,088,356
Promissory Notes	(b)	3,769,487	-
<b>Total Loans and Borrowings</b>		<b>24,667,153</b>	<b>18,088,356</b>

### (a) Convertible Notes:

- (i) The Company has issued two tranches of convertible notes. The 2011-Convertible Notes were drawn down on 14 October 2011 and the 2012-Convertible Notes were drawn down on 23 November 2012, collectively they are referred to as the Notes.
- (ii) Term of the Notes – Maturity on 16 December 2015.
- (iii) Issue Price – The Notes have been issued to the noteholders at a subscription price of \$0.95 for each convertible note. EMA issued a total of 10,684,211 2011-Convertible Notes to the noteholders, which equates to a total subscription price of \$10,150,000; and 4,336,842 2012-Convertible Notes to the noteholders, which equates to a total subscription price of \$4,120,000.
- (iv) Interest on the Notes will accrue at a rate of 10% per annum and is payable in arrears, 14 days after the conclusion of each interest period. Under certain circumstances the interest rate may increase to 20% per annum. Any interest which remains unpaid for 14 days will be capitalised unless the noteholders have previously advised the Company that interest cannot be capitalised for that period.
- (v) Conversion Price of the Notes – The noteholders may elect to convert all (but not some) of the Notes into EMA Shares. The Notes will convert into the number of EMA Shares equal to the outstanding amount payable by EMA under the Notes (sum of the face value (\$1) plus capitalised amendment, waiver and establishment fees and any capitalised or accrued but uncapitalised interest) to that noteholder divided by the Conversion Price (initially set at 18 cents but subsequently reset to 7 cents on drawdown of the 2012-Convertible Notes) multiplied by the number of notes held by that noteholder.
- (vi) Security for the Notes – The facility is secured by a fixed and floating charge over the assets of Energy and Minerals Australia Limited and its subsidiaries and a mining mortgage also secures the tenements that make up the Mulga Rock Project.
- (vii) The capitalised amendment, waiver and establishment fees which total \$1,200,000 will be waived on the earlier of the conversion of all the 2011 Convertible Notes and the 2012 Convertible Notes (2011 and 2012 Convertible Notes) or the repayment of the 2011 and 2012 Convertible Notes on the last business day before the maturity date for the notes.

On 17 July 2014, these Notes were converted into equity. Please refer Note 27 Events Occurring after Reporting Date for further details.

The Notes are considered a Compound Financial Instrument, that is, an instrument that has both a debt and equity component. A review of the convertible notes for accounting purposes has determined that the applicable market interest rate for these convertible notes is 30% pa. Consequently, the original drawn down amounts of \$10,150,000 and \$4,120,000 have been split between debt and equity using that rate as a basis for the split.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 15. LOANS and BORROWINGS (continued)

#### (b) Promissory Notes

- (i) The Company has issued four tranches of promissory notes. On each of 27 September 2013 and 27 November 2013 the Company issued promissory notes to the value of \$300,000, on 20 December 2013 the Company issued promissory notes to the value of \$350,000 and on 24 January 2014 the Company issued promissory notes to the value of \$2,649,960; collectively ("the Promissory Notes"). All of the Promissory Notes were issued to Acorn Capital Limited and its clients; and Macquarie Bank Limited ("Promissory Noteholders"). The total principal amount of the loans provided pursuant to the Promissory Notes was \$3,600,000.
- (ii) Interest on the Promissory Notes— will accrue at a rate of 10% per annum and is payable on maturity.
- (iii) Security for the Promissory Notes – The facility is secured by the same charge as the convertible notes referred to in Note 15 (a).

On 17 July 2014, these Promissory Notes were converted into equity. Please refer Note 27 Events Occurring After Reporting Date; for further details.

### 16. CONTRIBUTED EQUITY

423,726,209 (2013: 423,726,209) fully paid ordinary shares

	Consolidated	
	Number	\$
<b>Ordinary shares</b>		
<b>At 1 July 2013</b>	423,726,209	27,725,770
Share issue costs	-	(153,177)
<b>Balance at 30 June 2014</b>	423,726,209	27,572,593

The shares have no par value.

#### Fully paid ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014 \$	2013 \$
<b>17. EMPLOYEE OPTION RESERVE</b>		
Reserves	974,663	974,663
Reserves comprise the following:		
<b>Options reserve</b>		
Balance as at start of financial year	974,663	687,114
20,000,000 options granted <sup>(a)</sup>	-	287,549
Balance as at end of the financial year	974,663	974,663

- (a) On 14 June 2013, a total of 20,000,000 options were issued to Messrs Young and Tapp which vested immediately and have a five year exercise period. The Black Scholes valuation expense was allocated on grant.

The option reserve records items recognised as expenses on the valuation of employee share options.

Reserves	400,000	400,000
Reserves comprise the following:		
<b>Employee Share Plan Reserve</b>		
Balance as at start of financial year	400,000	-
20,000,000 shares issued <sup>(a)</sup>	-	400,000
Balance as at end of the financial year	400,000	400,000

- (a) On 14 June 2013, a total of 20,000,000 ordinary shares were issued to Messrs Young and Tapp and have been funded by a non-interest bearing, limited recourse loan from the Company. The Black Scholes valuation expense was allocated on issue.

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements and instead an amount is expensed as a share based payment.

The employee share plan reserve records items recognised as expenses on the valuation of employee share issues.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 18. SHARE BASED PAYMENTS

#### (a) Employee option plan

The Company has established an employee share option plan, which is also available to directors (the issue of securities to directors requires shareholder approval), known as the Energy and Minerals Australia Limited Employee Share Option Plan. This Plan was replaced by the EMA Employee Share Plan on 14 June 2013, however, some options remain outstanding under the old plan and they are summarised below.

Set out below is a summary of options granted to employees under the Energy and Minerals Australia Limited Employee Option Plan:

Grant date	Expiry date	Number Balance at start of year	Number Granted during year	Number Exercised during year	Number Cancelled during year	Number Balance at end of year	Number Exercisable at end of year
Various	Various	21,395,000	-	-	150,000	21,245,000	21,245,000
<b>Weighted average exercise price</b>			-	-	<b>0.53</b>	<b>0.06</b>	<b>0.06</b>

The Company issued 20,000,000 options to directors on 14 June 2013.

The input variables used in the Black Scholes option pricing model are as follows:

Grant date:	14 June 2013
Expiry date:	14 June 2018
Exercise price:	\$0.05
Expected volatility:	115%
Expected life:	5 years
Risk free interest rate (based on government bonds):	3.36%
Calculated share value at grant date:	\$0.014

#### (b) Employee share plan

On 14 June 2013, the Company established an employee share plan, which is also available to directors (the issue of securities to directors requires shareholder approval). The plan is called the EMA Employee Share Plan.

A summary of the main terms and conditions of the EMA Employee Share Plan can be found at Note 22.

Set out below is a summary of shares granted to employees under the Plan:

Issue date	Number Balance at start of year	Number Issued during year	Number Cancelled during year	Number Balance at end of year
14 June 2013	20,000,000	-	-	20,000,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 18. SHARE BASED PAYMENTS (continued)

On 14 June 2013, the Company issued 20,000,000 shares to directors under its employee share plan.

The input variables used in the Black Scholes option pricing model are as follows:

Issue date:	14 June 2013
Expected volatility:	115%
Latest loan repayment date:	5 years
Risk free interest rate (based on government bonds):	3.36%
Calculated share value at issue date:	\$0.02
Total amount recognised as share based payment	\$400,000

#### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2014 \$	2013 \$
Employee share based expense	-	687,549

### 19. ACCUMULATED LOSSES

Accumulated losses at the beginning of the financial year	(49,032,032)	(33,694,063)
Net loss attributable to members of the Company	(8,298,813)	(15,337,969)
Accumulated losses at the end of the financial year	(57,330,845)	(49,032,032)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
<b>20. EXPENDITURE COMMITMENTS</b>		
<b>(a) Operating lease commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	230,067	93,120
- between 12 months and 5 years	74,000	-
	<b>304,067</b>	<b>93,120</b>
<b>(b) Expenditure commitments contracted for:</b>		
<b>Exploration tenements</b>		
In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements. These obligations are not provided for in the financial statements and are payable:		
- not later than 12 months	2,256,408	2,409,179
- between 12 months and 5 years	6,405,914	6,514,799
	<b>8,662,322</b>	<b>8,923,978</b>

A cash backed guarantee bond has been established for \$57,000 in relation to these commitments.

## 21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Directors

The following persons were directors of the Company during the reporting period:

#### *Chairman*

C. Edwardes from 26 May 2014

M. Young from 17 April 2013 to 25 May 2014

#### *Executive directors*

M. Young from 13 Feb 2014

J. Tapp from 18 March 2013

S. McBride from 14 July 2012 to 17 April 2013

#### *Non-executive directors*

D. Cornell from 17 July 2012

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### (b) Key management personnel

The following additional persons had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year:

Name	Position	Employer
S. McBride	Chief Financial Officer and Company Secretary	Energy and Minerals Australia Limited

#### (c) Key management personnel compensation

	Consolidated	
	2014 \$	2013 \$
Short-term employee benefits	1,021,669	724,012
Post-employment benefits	58,114	36,825
Cash Bonus	-	100,000
Share-based payments	-	687,550
	1,079,783	1,548,387

In accordance with AASBI 24 remuneration disclosures related to key management personnel are included in the Remuneration Report in the Directors' Report.

#### (d) Equity instrument disclosures relating to directors and key management personnel

##### Shareholdings - Ordinary

The number of ordinary shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no shares granted during the reporting period as compensation:

	Balance at the start of the period	Disposed	Acquired	Balance at the end of the period
<b>30 June 2014</b>				
<b>Directors</b>				
M. Young	20,000,000	-	-	20,000,000
J. Tapp	20,000,000	-	-	20,000,000
D. Cornell	-	-	-	-
	40,000,000	-	-	40,000,000
<b>Key management personnel</b>				
M. Fewster	256,160,538	-	22,500	256,183,038
S. McBride	2,391,430	1,033,830	125,500	1,483,100
	258,551,968	1,033,830	148,000	257,666,138

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### (d) Equity instrument disclosures relating to directors and key management personnel (continued)

	Balance at the start of the period	Disposed	Acquired	Balance at the end of the period
<b>30 June 2013</b>				
<b>Directors</b>				
M. Young	-	-	20,000,000	20,000,000
J. Tapp	-	-	20,000,000	20,000,000
D. Cornell	-	-	-	-
	-		40,000,000	40,000,000
<b>Key management personnel</b>				
M. Fewster	287,160,508	(31,000,000)	30	256,160,538
S. McBride	-	-	2,391,430	2,391,430
	287,160,508	(31,000,000)	2,391,460	258,551,968

#### Shareholdings - Performance

The number of Performance Shares in the Company held during the year by each director and key management personnel, including their personally related entities or associates, are set out below. There were no performance shares granted during the reporting period as compensation.

	Balance at the start of the period	Converted	Balance at the end of the period
<b>30 June 2014</b>			
<b>Class C Performance Shares</b>			
M. Fewster	-	-	-
	-	-	-
<b>30 June 2013</b>			
<b>Class C Performance Shares</b>			
M. Fewster	29,499,998	(29,499,998)	-
	29,499,998	(29,499,998)	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 21. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

#### (d) Equity instrument disclosures relating to directors and key management personnel (continued)

##### Option holdings

Details of options provided as remuneration and shares issued on the exercise of such options can be found in Section D of the Remuneration Report.

The number of options over ordinary shares in the Company held during the reporting period by each director and key management personnel, including their personally related entities, are set out below.

	Balance at the start of the period	Issued	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2014
<b>30 June 2014</b>					
<b>Directors</b>					
M. Young	10,000,000	-	-	10,000,000	10,000,000
J. Tapp	10,000,000	-	-	10,000,000	10,000,000
D. Cornell	-	-	-	-	-
	20,000,000	-	-	20,000,000	20,000,000
<b>Key management personnel</b>					
M. Fewster	-	-	-	-	-
S. McBride	500,000	-	-	500,000	500,000
	500,000	-	-	500,000	500,000
	Balance at the start of the period	Issued	Expired	Balance at the end of the period	Vested and exercisable at 30 June 2013
<b>30 June 2013</b>					
<b>Directors</b>					
M. Young	-	10,000,000	-	10,000,000	10,000,000
J. Tapp	-	10,000,000	-	10,000,000	10,000,000
D. Cornell	-	-	-	-	-
	-	20,000,000	-	20,000,000	20,000,000
<b>Key management personnel</b>					
M. Fewster	-	-	-	-	-
S. McBride	500,000	-	-	500,000	500,000
	500,000	-	-	500,000	500,000

## 22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL

### (a) Loans to Director and Key Management Personnel

On 14 June 2013, shareholders approved a new employee share scheme for the Company. As a result the Company adopted the employee share plan to be known as the EMA Employee Share Plan ('Plan'), pursuant to which certain employees (including directors) of the Company can be invited to subscribe for shares using financial assistance provided by the Company.

The Plan provides a mechanism for the Company to invite employees (including the directors) to subscribe for shares in the Company and to apply for a loan from the Company to pay the subscription price for those shares ('Plan Shares'). The Company takes security over the Shares acquired under the Plan until the limited recourse loan provided for the subscription price for those shares is repaid in full ('Limited Recourse Loan').

Subsequent to shareholder approval of the Plan and separate shareholder approval to issue shares to Messrs Young and Tapp, on 14 June 2013 the Board of the Company resolved to issue shares under the Plan to Messrs Young and Tapp.

A summary of the terms of issue and the Limited Recourse Loan provided is shown below.

Loan provided to:	Mr Mike Young (or associate)	Mr Julian Tapp (or associate)
Number of shares acquired	10,000,000	10,000,000
Amount of the loan:	\$246,753	\$246,753
Term of the loan:	up to 5 years	up to 5 years

#### *Share based payment*

As non-interest bearing limited recourse loans were provided to purchase Plan shares in the Company and these loans are secured against the same Plan shares, AASB 2 (share based payments) applies. On this basis, the loan amount is not recognised in the financial statements.

#### *Loan terms*

The key terms of each Limited Recourse Loan provided under the Plan are as follows:

- (i) the Limited Recourse Loan may only be applied towards the subscription price for the shares issued under the Plan;
- (ii) the Limited Recourse Loan will be interest free, provided that if the Limited Recourse Loan is not repaid by the repayment date set by the Board, the Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning an application for a Limited Recourse Loan, the participants of the Plan (each a Participant):
  - acknowledges and agrees that the Plan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the Limited Recourse Loan is repaid in full to the Company; and
  - authorises the Company (at its election) either to take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares;
- (iv) the Limited Recourse Loan becomes repayable on the earliest of:
  - the date which is five years after the grant date of the Limited Recourse Loan ('Repayment Date');
  - one month after the Participant ceases for any reason to be employed by the Company; and
  - (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death;

### 22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

- (v) notwithstanding paragraph (iv) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and
- (vi) the Limited Recourse Loan will be limited recourse such that on the repayment date the repayment obligation under the Limited Recourse Loan will be limited to the lesser of:
  - the outstanding balance of the Limited Recourse Loan; and
  - the market value of the Plan Shares on that date.

In addition, where the Participant has elected for the Plan Shares to be provided to the Company in full satisfaction of the Limited Recourse Loan, the Company must accept the Plan Shares as full settlement of the repayment obligation under the Limited Recourse Loan.

#### *Rights attaching to Plan Shares*

The Plan Shares will rank equally with all other shares on issue in the capital of the Company. Holders of Plan Shares issued under the Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Constitution. In addition, holders of Plan Shares issued under the Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Constitution.

#### *Sale of Plan Shares*

Where the Participant has been granted a Limited Recourse Loan to purchase the Plan Shares; these Plan Shares may only be sold by a Participant when the Limited Recourse Loan has been repaid proportionately to the number of Plan Shares to be sold. Otherwise any dealing by the Participant in the Plan Shares is prohibited without the prior written consent of the Company.

If the Limited Recourse Loan becomes due and payable and the Participant has not repaid the amount of the Limited Recourse Loan in full within one month of the due date, then the Participant will forfeit their interest in the Plan Shares as full consideration for the repayment of the outstanding loan balance. The Company may either (at its election) take such action in the Participant's name or direct that Participant take such action in relation to the Plan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking buy-back of the Plan Shares or selling the Plan Shares.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 22. LOANS AND OTHER TRANSACTIONS TO DIRECTORS AND KEY MANAGEMENT PERSONNEL (continued)

#### (b) Other transactions with director and key management personnel related entities

	Consolidated	
	2014 \$	2013 \$
<hr/>		
Mr Fewster is a director of Eaglefield Holdings Pty Ltd. The Board has agreed to reimburse legal costs incurred by Eaglefield Holdings Pty Ltd in relation to defending legal claims that were alleged by Yarri Mining Pty Ltd over EL39/876 and EL39/877. These actions were settled on 16 July 2013. There was \$102,784 unpaid at 30 June 2014 (30 June 2013: \$nil).		
<b>Amounts recognised</b>		
Legal fees	152,785	177,390
<hr/>		
Mr Cornell is a director of Element Capital Pty Ltd. Element provides ongoing corporate finance advice and has facilitated capital raisings for the Company for which it was paid commercial rates. There was \$108,000 unpaid at 30 June 2014 (30 June 2013 : \$nil).		
<b>Amounts recognised</b>		
Corporate advisory and capital raising fees	137,136	405,531
<hr/>		

### 23. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

#### Assurance services

Audit services

Grant Thornton Audit Pty Ltd:

- audit and review of financial reports and other audit work under the *Corporations Act 2001*

Total remuneration for assurance services

	34,648	37,641
	34,648	37,641

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 24. RECONCILIATION OF LOSS AFTER TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2014 \$	2014 \$
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	537,332	1,905,728
Reconciliation of cash flow from operations with loss after income tax		
Loss after income tax	(8,298,813)	(15,337,969)
Loss on the sale of asset	-	650
Depreciation	116,069	138,221
Share based payments expense	-	687,549
Capitalisation of arrangement fees on convertible notes	-	120,000
Convertible note – net amortisation of legal costs	125,199	56,032
Finance cost	2,853,599	6,071,096
	(5,203,946)	(8,264,421)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(18,404)	66,242
(Increase)/decrease in prepayments	173,226	(61,153)
Increase/(decrease) in trade and other payables	146,547	(173,830)
Increase/(decrease) in employee benefits	87,358	(10,283)
Net cash outflow from operating activities	(4,815,219)	(8,443,445)

### (b) Non-cash financing and investing activities

The following transactions occurred which affected assets and liabilities but which are not reflected in the statement of cash flows:

Capitalisation of waiver, amendment and establishment fees as a result of renegotiation of the convertible notes	-	1,200,000
Capitalisation of arrangement fees on convertible notes	-	120,000
Capitalisation of finance costs	2,853,599	4,871,096
Employee share based expenses	-	687,549

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 25. CONTINGENT LIABILITIES

#### Royalty

Narnoo Mining Pty Ltd ('Narnoo'), one of the Company's wholly owned subsidiaries, has agreed to pay a royalty of 1.5% on all the gross proceeds actually received by Narnoo from selling mineral products, other than scandium, extracted and recovered from a number of the tenements held by Narnoo. The royalty will cease on the earlier of the conversion of all the 2011 Convertible Notes and the 2012 Convertible Notes (2011 and 2012 Convertible Notes), the repayment of 2011 and 2012 Convertible Notes on the last business day before the maturity date for the notes and the payment by Narnoo of the cash consideration detailed below.

If the Company repays the 2011 and 2012 Convertible Notes early or a Noteholder gives a redemption notice upon the occurrence of a redemption event under the 2011 and 2012 Convertible Notes, then a Noteholder must give a surrender notice (if instructed by the Relevant Noteholders being Noteholders who have subscribed for 66% or more by value in aggregate of the Convertible Notes) under which the Noteholder will surrender all of its rights under the royalty arrangements. Narnoo will be required to pay the Noteholders \$12 million upon receiving the surrender notice from the Noteholders.

On 17 July 2014, the 2011 and 2012 Convertible Notes were converted into equity. As part of those transactions the 1.5% Royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Please refer to Note 27 Events occurring after Reporting Date for further details.

### 26. PARENT ENTITY INFORMATION

	Parent Entity	
	2014	2013
	\$	\$
Information relating to Energy and Minerals Australia Limited:		
Current assets	667,477	1,997,953
Total assets	31,489,065	29,958,657
Current liabilities	25,372,384	18,722,027
Total liabilities	25,432,627	18,722,027
Total net assets	6,056,438	11,236,630
Issued capital	27,572,593	27,725,770
Accumulated losses	(26,636,002)	(21,608,987)
Compound financial instruments	3,745,184	3,745,184
Employee share plan reserve	400,000	400,000
Employee options plan reserve	974,663	974,663
Total shareholders' equity	6,056,438	11,236,630
Loss of the parent entity	(5,027,015)	(12,157,183)
Total comprehensive loss of the parent entity	(5,027,015)	(12,157,183)

#### Guarantees of the Parent:

On 1 July 2007, Energy and Minerals Australia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Each entity in the Group will continue to recognise its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the Parent entity. The current tax liability of each Group entity will then subsequently be assumed by the Parent entity. The tax consolidated group entered into a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to profit before tax of the tax consolidated group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 26. PARENT ENTITY INFORMATION (continued)

	Parent Entity	
	2014 \$	2013 \$
<b>Commitments and contingent liabilities of the Parent</b>		
<b>Expenditure commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the financial statements relating to office space		
Payable - minimum lease payments		
- not later than 12 months	26,567	93,120
- between 12 months and 5 years	-	-
	<u>26,567</u>	<u>93,120</u>

### 27. EVENTS OCCURRING AFTER REPORTING DATE

Since 30 June 2014 the following has occurred:

On 17 July 2014, the Company finalised a \$36.5 million balance sheet restructure. The restructure comprised the following:

- The issue of 400,000,000 fully paid ordinary shares to Forrest Family Investments Pty Ltd, an Andrew Forrest entity within the Minderoo Group, at an issue price of \$0.03, raising \$12 million. A free unlisted option was granted for each share issued, with the options having an exercise price of \$0.05 and an expiry date of 30 June 2016.
- The Company's previous convertible note holders comprising Australian resource investment groups Acorn Capital Limited and its clients, Macquarie Bank Ltd and the Element Resources Fund, have converted \$23.3 million of debt to equity by subscribing for 613,741,209 ordinary fully paid shares at an issue price of \$0.038 per share, in addition, the note holders have forgiven \$1.2 million in fees. These transactions resulted in the Company eliminating the convertible note facility.
- On conversion of these convertible notes a 1.5% Royalty agreement over the Narnoo Mining Pty Ltd tenements was terminated. Narnoo Mining Pty Ltd is a 100% owned subsidiary of the Company.

## DIRECTORS' DECLARATION

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1. In the opinion of the directors of Energy and Minerals Australia Limited:
  - (a) the consolidated financial statements and notes of Energy and Minerals Australia Limited are in accordance with the Corporations Act 2001, including
    - i. giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that Energy and Minerals Australia Limited will be able to pay its debts as and when they become due and payable; and
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2014.
3. The consolidated financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



**Michael Young**  
**Chief Executive Officer and Managing Director**

Dated: 23 September 2014

# INDEPENDENT AUDITOR'S REPORT



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W [www.granthornton.com.au](http://www.granthornton.com.au)

## **Independent Auditor's Report To the Members of Energy and Minerals Australia Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Energy and Minerals Australia 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, consolidated statement of changes in equity and 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 of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

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

### **Auditor's responsibility**

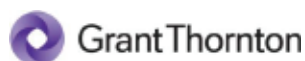
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain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

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# INDEPENDENT AUDITOR'S REPORT



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

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

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

## **Independence**

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

## **Auditor's opinion**

In our opinion:

- a the financial report of Energy and Minerals Australia 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 the notes to the financial statements.

## **Report on the remuneration report**

We have audited the remuneration report included in pages 24 to 31 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## INDEPENDENT AUDITOR'S REPORT



### **Auditor's opinion on the remuneration report**

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

A handwritten signature in dark ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in dark ink that reads "P. Warr.".

P W Warr  
Partner - Audit & Assurance

Perth, 23 September 2014

## ADDITIONAL INFORMATION AS AT 30 SEPTEMBER 2014

### Capital structure

The capital structure of the Company at the date of this report was:

Ordinary shares	Unlisted options
1,450,967,418	664,556,610

### Distribution of listed ordinary fully paid shares

Size of holding	Number of shareholders	Number of ordinary shares
1 - 1,000	193	21,818
1,001 - 5,000	303	993,762
5,001 - 10,000	195	1,641,196
10,001 - 100,000	617	21,428,652
100,001 - and over	213	1,426,881,990
	<b>1,521</b>	<b>1,450,967,418</b>

The number of shareholders holding less than a marketable parcel of ordinary shares was 552.

### Twenty largest shareholders of listed ordinary shares

Name	Ordinary shares held	% of total
1 Forrest Family Inv. Pty Ltd ATF Peepingee A/C	400,000,000	27.57%
2 Macquarie Bank Limited	302,092,184	20.82%
3 National Nominees Limited	246,449,833	16.99%
4 Sumico WA Pty Ltd	193,340,538	13.32%
5 Michael E. Fewster and S. T. Fewster ATF Sumic Family A/C	36,600,000	2.52%
6 J. P. Morgan Nominees Australia Limited	31,489,616	2.17%
7 HSBC Custody Nominees Australia Limited	29,056,610	2.00%
8 Eaglefield Holdings Pty Ltd (Fewster Super Fund Account)	26,220,000	1.81%
9 Citicorp Nominees Pty Ltd	23,327,730	1.61%
10 Michael C. Young and J. T. Young	20,000,000	1.38%
11 Julian R. Tapp	10,000,000	0.69%
12 Greensilk Nominees Pty Ltd (Dunbar - Tapp Family Account)	10,000,000	0.69%
13 H&M Petricevic Super Fund	5,984,124	0.41%
14 Christopher William Davis	5,277,952	0.36%
15 Element Funds Pty Ltd	5,266,366	0.36%
16 HSBC Custody Nominees Australia Limited	4,170,000	0.29%
17 HSBC Custody Nominees Australia Limited (NT C. Super)	3,702,412	0.26%
18 SJJZT Pty Ltd ATF SJJZT Family A/C	3,200,000	0.22%
19 Erika Moreau	2,200,000	0.15%
20 Victor and Joseph Miasi	1,941,600	0.13%
	<b>1,360,318,965</b>	<b>93.75%</b>

### Voting rights of ordinary shares (ASX Code: EMA)

At a general meeting, on a show of hands, every ordinary Shareholder present in person or by proxy has one vote. On the taking of a poll, every ordinary Shareholder present in person or by proxy, and whose shares are fully paid, has one vote for each of his or her shares.

## ADDITIONAL INFORMATION AS AT 30 SEPTEMBER 2014

### Distribution of all unlisted employee option plan holders:

Size of holding	Number of option holders	Number of options
10,001 - 100,000	9	395,000
100,001 and over	4	20,850,000
	<b>13</b>	<b>21,245,000</b>

### Distribution of unlisted option holders (expiring on 14 October 2014, exercisable at 22 cents per share):

Size of holding	Number of option holders	Number of options
100,001 and over	6	59,356,725
	<b>6</b>	<b>59,356,725</b>

#### Holders of 20% or more of the securities listed above:

National Nominees Limited	22,411,199 options
Macquarie Bank Limited	29,239,766 options

### Distribution of unlisted option holders (expiring on 14 October 2014, exercisable at 10 cents per share):

Size of holding	Number of option holders	Number of options
100,001 and over	6	61,954,885
	<b>6</b>	<b>61,954,885</b>

#### Holders of 20% or more of the securities listed above:

National Nominees Limited	23,051,515 options
Macquarie Bank Limited	30,075,188 options

### Distribution of unlisted option holders (expiring on 16 December 2018, exercisable at 22 cents per share):

Size of holding	Number of option holders	Number of options
100,001 and over	6	61,000,000
	<b>6</b>	<b>61,000,000</b>

#### Holders of 20% or more of the securities listed above:

National Nominees Limited	23,031,646 options
Macquarie Bank Limited	30,049,262 options

### Distribution of unlisted option holders (expiring on 16 December 2018, exercisable at 10 cents per share):

Size of holding	Number of option holders	Number of options
100,001 and over	6	61,000,000
	<b>6</b>	<b>61,000,000</b>

#### Holders of 20% or more of the securities listed above:

National Nominees Limited	22,696,231 options
Macquarie Bank Limited	29,611,652 options

## ADDITIONAL INFORMATION AS AT 30 SEPTEMBER 2014

### Distribution of unlisted option holders (expiring on 30 June 2016, exercisable at 5 cents per share):

Size of holding	Number of option holders	Number of options
100,001 - and over	1	400,000,000
	1	400,000,000

Holders of 20% or more of the securities listed above:

Forrest Family Inv. Pty Ltd ATF Peepingee A/C 400,000,000 options

### Unlisted options

Until exercised, unlisted options confer no voting rights and no rights to subscribe for new securities in the Company. They do not entitle the holder to a dividend, or to participate in a winding up of the Company. The unlisted options are a separate class of security that may be converted into the Company's shares on a one-for-one basis once they are exercised.

### Substantial shareholders (in accordance with notices provided to the Company)

	Name	Ordinary shares held	% of total
1	Forrest Family Inv. Pty Ltd ATF Peepingee A/C	400,000,000	27.83%
2	Acorn Capital Limited	332,481,751	23.13%
3	Macquarie Bank Limited	302,092,184	21.01%
4	Michael E. Fewster	256,183,038	17.82%

### On-market buy back

There is no current on-market buy back of the Company's shares in place.

## **ADDITIONAL INFORMATION** AS AT 30 SEPTEMBER 2014

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### **Investor Relations**

Shareholders and investors seeking information on the Company should reference the Australian Securities Exchange website **asx.com.au** and search announcements under the Company's ASX symbol EMA, reference the Company's website at **www.eama.com.au** or contact the Chief Executive Officer or Company Secretary at:

Energy and Minerals Australia Limited  
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West Perth WA 6005

Telephone: +61 8 9389 2700  
Facsimile: +61 8 9389 2722  
Email: [info@eama.com.au](mailto:info@eama.com.au)

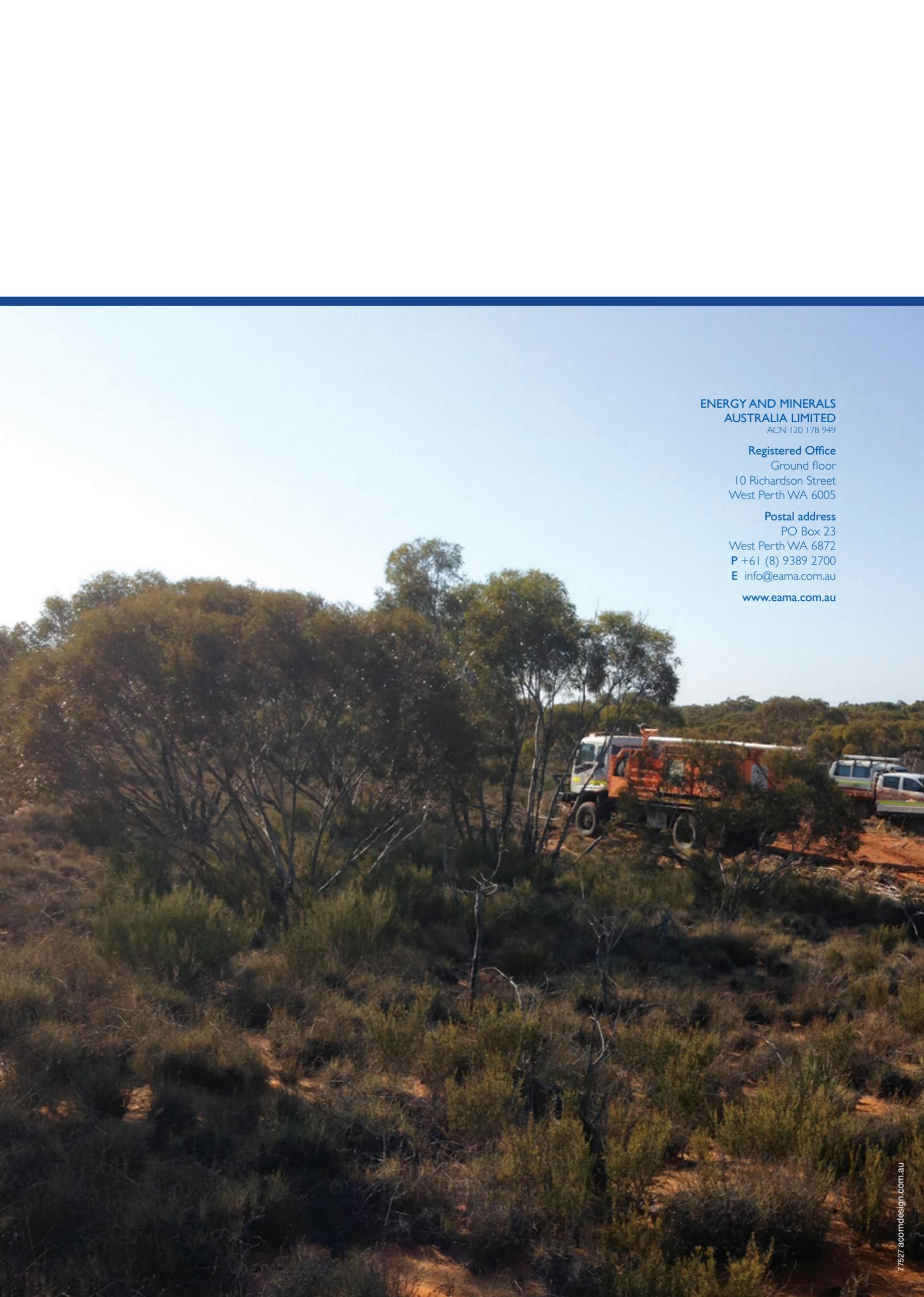
### **Shareholder enquiries**

Enquiries relating to shareholding, tax file number and notification of change of address should be directed to:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233





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