ANNUAL REPORT 2014

For South East Asia Resources Limited and Controlled Entities

ABN 66 009 144 503

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SOUTH EAST ASIA RESOURCES LIMITED
ABN 66 009 144 503
(Incorporated in Western Australia)

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Mr Jackob Tsaban - Executive Director
Mr Wayne Knight - Non-executive Director
Mr Luke Martino – Company Secretary

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STOCK EXCHANGE LISTING
ASX Limited
ASX Code – SXI

Letter to Shareholders

Dear Shareholders

On behalf of the Board of Directors I present the 2014 Annual Report for South East Asia Resources.

Your Company continues to transition into a coal development and producing company, with projects in the Republic of Indonesia and Tasmania, Australia.

The prospective Malala Molybdenum project in Sulawesi, Indonesia continues to be maintained by the company working with consultants and the provincial Government on all Indonesian licenses and approvals.

I would like to thank the Board and staff and consultants both in Australia and Overseas, in particular Indonesia, for their contribution during the year and for their ongoing commitment.

I draw your attention to the Operational Report included herewith which discusses our projects in detail and I also encourage you to regularly visit our website at www.southeastasiaresources.com.au for all of our ASX announcements, project updates and information.

We look forward to meeting our shareholders at the upcoming Annual General Meeting.

On behalf of the Board of Directors

Gary Williams

Executive Director

28 October 2014

Review of Operations

The Consolidated entity's activities are contained in releases to the ASX on a quarterly basis and can be obtained from our website www.southeastasiaresources.com.au.

Facility agreement for $10m

On 16 September 2013 the Company, South East Asia Resources Limited ("SXI") executed a Bond Subscription Agreement with PA Broad Opportunity IV Limited (Subscriber) for the provision of up to A$10 million by way of unsecured bonds, convertible into shares.

The key terms of the bonds are set our below:

The conversion price for the bonds is the lower of:

(a) 125%of the average of the closing price per share for the 25 trading days immediately prior to the date on which the bond is issued; or

(b) 90% of the average of the closing price per share in any 5 consecutive trading days during the 25 trading days immediately preceding the relevant conversion date of the bonds.

The conversion price, at all times, cannot be lower than A$0.015 and if the conversion price determined from either (a) or (b) above is below A$0.015, then the conversion price would be equal to A$0.015 for that particular conversion.

The Bonds are unsecured and have a maturity date of 5 years. The financing was approved by shareholders on 29 November 2013.

The Company issued on 16 September 2013 the Initial Tranche Bonds of A$500,000. The net proceeds from the issue of the Initial Tranche of Bonds, after deducting legal fees and the estimated expenses incurred in connection with the issue of the Initial Tranche of Bonds, used by the Company to retire existing debt/liabilities and working capital requirements for the growth of the business to a mining and resources ownership and trading business, focusing on activities in South East Asia and Australia. The Company has also issued on 16 September 2013 15 million shares in satisfaction of the A$300,000 fee for signing the Bond Subscription Agreement.

Funding agreement with Wide Bay Limited

On 19 June 2014 an agreement was reached with Wide Bay Limited (a BVI registered company) to provide the funding on an interest free basis over three tranches until 18 July 2014. In consideration Wide Bay Limited will be entitled to fifty per cent of the net profit of coal produced and sold from PT PAR-BBA. The funding amount will be repayable within 26 weeks from the first tranche drawdown or alternatively the funding amount or part thereof can be converted to new issued ordinary share in SXI at $0.017. Wide Bay Limited subsequently agreed not to call on the loan until South East Asia Resources Limited had sufficient funds to make payment, or to convert the loan to shares.

PT PAR COKING COAL PROJECT (INDONESIA)

In May of 2013, SXI entered into a formal joint venture agreement to acquire, operate and market 100% of the coking coal from the PT PAR project in East Kalimantan, Indonesia. PT PAR is a 191ha coking coal concession that is currently opened up in a 10ha area. A further agreement to explore and undertake due diligence on the adjoining IUP Exploration concession known as PT BBA.

The project has secured IUP Production Licensing and has all required infrastructure in place for immediate mine production, including camp, mining equipment, haul road and processing crush facilities. The hauling road distance from the boundary of the PT PAR concession is 32 kilometers to the jetty facility (which has a port weight bridge and belt loading conveyor capacity of 1000Mt per hour). Loading of coal onto export coal vessels is estimated to take 10 hours.

Production is being undertaken by PT UMES utilizing mining contractors equipment of Debbia Mining and supported by further rental of equipment of Trackindo (Caterpillar Indonesia) under the mine and project management of PT United Mining with Indonesian and Australian site management.

Independent testing of PT PAR coal by SEAER has indicated the presence of high quality coal, based on a Gross Calorific Value of 7,000 kcal/kg, low Volatile Matter (26%-28% range), a high Crucible Swell Number (CSN) of 8-9 and low ash (12-14%) and sulphur content (1.5%-1.7%).

The high energy content, together with the low ash and low sulphur content make coal from PT PAR suitable for a high quality export thermal coal, or a coking coal product.

PT UMES have commenced production in June 2014 and subsequent to year end have completed the first 8,000 tonne barge load which is being prepared for shipment. Coal has been mined and transported by road to Telen Port in preparation for Barge loading. Subsequent to year-end SEAR has been finalising negotiations with four parties (international and domestic) for the initial offtake and subsequent 20,000 tonnes of initial coal. The first shipment is scheduled for the first week of October. The Company chose a conservative approach and impaired the capitalised expenditures incurred up to 30 June 2014, of $3.6m during this year, on the basis of the expected recoverable amount of the coal sales.

MALALA MOLYBDENUM PROJECT, SULAWESI, INDONESIA

The Malala Molybdenum Project is located within the Toli Toli Regency on the northern arm of the island of Sulawesi, Indonesia. The township of Toli Toli can be accessed by air or sea transportation from Jakarta or by road from Palu, the provincial capital of Central Sulawesi. There are daily commercial flights from Jakarta to Palu and Twin Otter/Casa 212 flights from Palu to Toli Toli. From Toli Toli, the onsite camp is 56km by helicopter. Alternatively, a boat can be taken to the project's main staging area at Rio Beach (Sibaluton), which is 12km from the camp. From here it is either approximately one-day walk to the camp or a short helicopter flight. Rio Beach offers a deep-water harbor where charter vessels can offload directly onto a pontoon. Future shipping activities will need to be supported by the construction of a loading jetty.

Historical Work

Regional geochemical reconnaissance exploration was undertaken in the northern Sulawesi area by Rio Tinto in the early 1970's in the search for porphyry copper deposits. Eighteen areas anomalous in Mo and base metals were identified during this time. Subsequent follow up work recognised Anomalies A, B, C & S to offer the highest prospectivity for a major molybdenum discovery. Further work focused on Anomaly B where a large area of anomalous Mo-in-soil was recognised. Rio Tinto drilled a total of 21 diamond drill holes for 3,873m from 1977 to 1979. They recognised mineralisation at Malala to be porphyry-style, with molybdenite in fractures and stockworks and associated with shears and faults.

In 1980 an option over the property was acquired by Santos Ltd who completed an additional 3,991m of diamond drilling in 15 holes. The culmination of drilling by Rio Tinto and Santos was a defined resource reported in accordance with best practice at the time, however prior to the introduction of the JORC Code. Santos also determined that Rio Tinto under-reported assay results by an average 12% due to application of Atomic Absorption Spectrometry (AAS) instead of X-Ray Fluorescence (XRF) as the routine assaying method.

SXI had obtained copies of the historical reports and maps, which document work undertaken by Rio Tinto and Santos during their tenure from 1973 – 1983. However, much of the historic data, including laboratory assay documents, are not available and independent verification of the historic resource cannot be undertaken. Therefore, SXI consider the previous work has defined an Exploration Target in the range of 105-115Mt @ 660-900ppm Mo. This Exploration Target is not reported in accordance with the JORC Code and it is uncertain that further exploration and evaluation will result in the delineation of this estimate in accordance with the JORC Code. SXI have identified the majority of the old drill hole collars. A table documenting drilling highlights is included below.

Hole No	From (m)	To (m)	Interval (m)	Mo Grade (ppm)
Rio Tinto (analysed by AAS)				
M1	9	182	191	600
M11	39	126	87	1,740
M12	45	279	234	1,680
M14	102	141	39	1,140
and	183	270	87	780
M19	99	177	87	1,320
incl	111	129	18	4,100
Santos (analysed by XRF)				
M24	84	171	87	2,300
M26	60	102	42	1,260
M29	0	192	192	600
M30	0	363	363	600
M33	69	93	24	4,400

Table 1 – Highlights from Rio Tinto & Santos drilling programs.

<u>Work by SXI</u>

SXI is the beneficial owner and operator of 287.5km^2 of granted tenure in six claim blocks forming the Malala Molybdenum Project. Recent work included the re-establishment of Nancy Camp, regional reconnaissance exploration, as well as detailed work at Anomaly B including drilling. Through its subsidiaries, SXI has been able to establish and maintain a high degree of rapport with local government and regulatory officials who are very supportive of the work completed at Malala to date.

Diamond drilling totaling 2,126m in 11 holes was completed by SXI within the Anomaly B target area. This helicopter-supported drilling program was aimed at verifying the previously postulated “structurally-controlled” model of mineralisation as well as testing the repeatability of historic assay results. Drill holes in this program were broadly spaced and focused on historic intersections at the northwestern and southeastern ends of the deposit. This drilling produced mixed results, with the program largely impacted by poor drill rig performance and helicopter constraints impacting drill collar positioning. However, a number of very encouraging mineralised intersections were achieved which appears, at this stage, to partially validate the structurally controlled model. To date, the main body of mineralisation at Anomaly B appears to be up to 300m wide and have a strike length up to 1,700m, as mineralisation is unconstrained to the north and south. Deeper drilling has shown mineralisation extends beyond 300m below the valley floor. Molybdenite mineralisation is found in fault/shear zones, on fractures and in structurally-controlled veins within a broad contact zone between the Tinombo Formation and the Malala Porphyry. This contact is represented by a wide zone of structurally intercalated intrusive rocks and metasediments. Additional drilling is required to both infill and extends the areas drilled in this recent program with the aim of proving up a JORC-compliant resource at Anomaly B. A systematic diamond drilling program of around 10,000m would be considered adequate to test the immediate target area and calculate JORC-compliant resources. No drilling has been undertaken by SXI on areas outside of Anomaly B

Hole Number	From (m)	To (m)	Interval (m)	Mo grade (ppm)	Comment
M37	5	250	245	1,200	
M38	270	340	70	860	Deeper cut to M37
Incl	299	329	30	1,100	
M41	2	169	167	400	
M43	64	88	24	677	
M44	80	131	51	538	
M47	49	71	22	950	Hole terminated in mineralization

Table 2 – Highlights from recent VWM drilling program

Further to the drilling, SXI had undertaken regional exploration work on other tenements within the Malala Project. Recent stream sediment sampling in the PT Promistis concession, approximately 10km to the northwest of Anomaly B, has returned several significant results, including a maximum value of 97ppm Mo as well as several samples with Mo values greater than 20ppm. For comparison, the Anomaly B mineralisation was discovered by following up a stream sediment sample of 8ppm Mo. SXI has these preliminary results by undertaking a detailed exploration campaign including geological mapping, rock chip sampling and ridge-and-spur soil geochemistry. A 3km x 3km target area has been defined to date, with a detailed three-dimensional double-offset dipole-dipole Induced Polarisation (IP) survey the next likely step, followed by drilling.

An extensive trenching program was finalised at Anomaly B, which successfully identified the surface expression of Mo mineralization and further constrained the geological model. A large dataset of detailed geological and geochemical information was obtained.

A detail three-dimensional double-offset dipole-dipole Induced Polarisation (IP) survey was completed over the Anomaly B prospect in June 2010. This survey has been very effective at defining the highly prospective lithological contact between the Tinombo Formation and the Malala Porphyry. The IP interpretation has been combined with soil and bedrock (trenching) geochemistry and allowed the compilation of a revised geological model for Anomaly B. The revised model recognizes the geological contact as a broad zone up to 300m wide and over 4km in length. The coincident IP and geochemistry has defined a northern and southern limb at Anomaly B, with exploration only being focused on 800m of the northern limb to date. Further work will be conducted on the southern limb, including trenching and drilling. The model indicates the majority of drilling conducted at Anomaly B to date has been ineffective at testing this highly prospective zone, thus there remains significant potential to expand the Company's Exploration Target on the northern limb, with further upgrades likely upon preliminary testing of the southern limb.

SXI have also sent a composite 350kg sample of quartered HQ drill core for metallurgical test work. Results indicate a commercially acceptable molybdenum concentrate can be produced, with low impurities. Molybdenum recovery is reported at 89.1%.

In relation to the new mining legislation to the export of ore, given this resource is unique to Indonesia, there may be a possibility of a concession for this project.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of South East Asia Resources Limited (“SXI” or “the Company”) support the Corporate Governance Principles and Recommendations (“Principles and Recommendations”) as issued by the Australian Stock Exchange Corporate Governance Council (CGC).

The Board of directors of SXI is responsible for the corporate governance of the entity and endorses the need for high standards of corporate governance. The Board guides and monitors the business and affairs of SXI on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has formalised its corporate governance framework which it considers suitable given the size, history and strategy of the Company. The Board will keep its corporate governance practices under review and will ensure that the necessary policies are adopted as required by the Company.

Commensurate with the spirit of the ASX Corporate Governance Recommendations, the Company has followed each ASX Corporate Governance Recommendation where the Board has considered it to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, the resources available and the activities of the Company. Corporate governance policies and practice of the Company are reflective of the Company's current position. As the Company's activities develop in size, nature and scope, the Board will reconsider and review the Company's corporate governance structures.

In accordance with ASX Listing Rule 4.10.3, SXI is required to disclose the extent to which it has followed the Principles of Best Practice Recommendations during the financial year. Where, after due consideration, SXI’s corporate governance practices depart from a recommendation, this has been identified and an explanation for the departure has been given in compliance with the “if not, why not” regime.

Structure & Role of the Board

The Board operates pursuant to a formal Board charter, which sets out the functions and responsibilities of the Board and management of the Company.

The Board of the Company is responsible for:

(a) the overall operation and stewardship of the Company and its subsidiary;
(b) charting the direction, strategies and financial objectives for the Company; and
(c) monitoring the implementation of those policies, strategies and financial objectives,

and is committed to protecting and enhancing shareholder values and conducting the Company's business ethically and in accordance with the highest standards of corporate governance.

Each of the Directors, when representing the Company, must act in the best interest of the shareholders of the Company and in the best interests of the Company as a whole.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report, including their term of office, are detailed in the Directors' Report.

A Director is considered to be independent where they are a non-executive Director, are not a member of management and are free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. Directors are expected to bring independent views and judgement to the Board's deliberations. The Board Charter recommends that at least the majority of the Directors of SXI will be non-executive (preferably independent) Directors and that the Chair will be a non-executive Director. The existence of the following relationships may affect independent status if the Director:

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

In the context of Director independence; "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements.

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the 3 Directors in office at the date of this statement and considers that 1 of the Directors is independent as follows:

Name	Position
Gary Williams	Executive Director
Wayne Knight	Non-Executive Director
Jackob Tsaban	Executive Director

The Board will assess the independence of new Directors upon appointment, and the independence of other Directors, as appropriate. To facilitate independent judgment in decision-making, each Director has the right to seek independent professional advice at the expense of the Company, subject to the prior approval from the Chairman, which may not be unreasonably withheld.

The term in office held by each Director in office at the date of this statement is set out in the Directors' Report.

Dealing in Securities Policy

The Board has an established Dealing in Securities Policy. The policy sets out the rules and regulations that apply to the Directors, Key Management Personnel, their associates and employees of the Company in regards to trading in the securities of the Company. The policy aims to develop a culture of awareness of individual responsibilities in regards to trading in the Company's securities and having regard to the insider trading provisions.

Code of Conduct

The Company has established a code of conduct. The Code of Conduct applies to all employees, directors and officers, each of whom must discharge their duties with honesty and integrity, in the best interests of the Company and having regard to the position and the goals and objectives of the Company.

Shareholder Communication Policy

The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. In particular, the Board believes that communicating with shareholders by electronic means, particularly through its website and ASX platform, is an efficient way of distributing information in a timely and convenient manner.

The Company's website includes a reports section containing copies of annual, half yearly and quarterly reports and reports from stockbroking firms, a news section, containing copies of ASX announcements made by the Company, and details of the Company's projects and activities including presentation material provided to investors or stockbroking analysts, briefing material from any Company site visits and the Company profile and contact details. Copies of the Company's Corporate Governance Policies are currently not available on the Company's website. The Company aims to have all its Corporate Governance Policies available on its website shortly.

Diversity

Whilst SXI has not yet formally adopted a Diversity Policy, the Company recognises that a talented and diverse workforce is a key competitive advantage and that success is a reflection of the quality and skills of its people. Diversity assists the business in achieving its objectives and delivering for its stakeholders by enabling it to attract and retain the most qualified and experienced individuals to the workforce.

The Company's general policy when choosing employees is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company currently does not have any female board or senior executive members.

Risk Management Policy

The Company is focused on ensuring that there are adequate structures and procedures in place to identify, assess, monitor and manage risk and is taking steps to address the practical implementation of risk management policies.

In accordance with the Company's Risk Management Policy, the Board oversees the establishment, implementation and regular review of the Company's risk management policies. To assist the Board to conduct the regular review, management and key executives are required to report to the Board on any material risks identified, how those risks are being managed, the implementation of any risk management or internal control system, and whether any breaches of the risk management policies have occurred during the preceding 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.

This recommendation is satisfied.

The Company's Board Charter together with updated financial statements will be given to any new Director, all of which will set out details in respect of:

- The Company's financial, strategic and operational position;
- Each Director's rights, duties and responsibilities;
- The role of the Board and Management.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

This recommendation is satisfied.

Given the size of the Company, there are no executives employed by the Company at this time. The Chief Executive Officer and the Chief Financial Officer are contracted by the Company.

The performance target for each executive should be aligned to the business targets of the Company in accordance with the position of the relevant executive.

The Board recognizes the importance of ensuring that the performance of the Board is reviewed regularly against appropriate measures. The Board has previously established an informal procedure for review of the

Board and individual directors. A performance evaluation of the Board, individual directors and senior executives did not take place during the year.

The Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

To ensure that the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board. Upon management appointment, the responsibility for the operation and administration of the Company is delegated, by the Board, to the executive management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the executive management team.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1: A majority of the board should be independent directors.

This recommendation is not satisfied. Only 1 of the 3 directors is considered independent.

Recommendation 2.2: The chair should be an independent director.

This recommendation is not satisfied. Gary Williams is not independent.

Recommendation 2.3: The roles of chair and chief executive officer (CEO) should not be exercised by the same individual.

This recommendation is not satisfied. Gary Williams is both Chairman and CEO.

Recommendation 2.4: The board should establish a nomination committee.

This recommendation is not satisfied.

Given the size of the Company and its Board, the Directors consider that any efficiency achieved by the establishment of a nomination committee would be minimal, thereby not making establishment cost effective. For this reason the Board performs the role of the nomination committee.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

This recommendation is not satisfied.

The Directors of the Company otherwise consider that due to the size of the Company and its Board a formal review procedure is not appropriate at this point in time and has instead adopted a self-evaluation process to measure its own performance. A system to fairly review and actively encourage enhanced Board and management effectiveness is being considered.

The need for access to supporting equity and skills as required, and a flexible cost structure are greater imperatives for the Company as an exploration company, than the largely mutually exclusive concept of independence, which is much more relevant to larger corporations with substantial workforces.

However, as the Company moves to become a resources producer the concept of independence will become more relevant. Whilst the Company will progressively increase the independence of its Directors over time, compliance with the best practice in this area is not considered a current imperative, due to the additional direct cost of employing such Directors, the view that there would not be an increase in Board skills (only independence), and the risk that inefficiency will occur in the Board decision making process whilst the independent Directors become familiar with the Company's business.

All assessments as to whether a Director is independent are to be made by the Board.

The Chairman of the Board is responsible for the leadership of the Board, ensuring that Board activities are organised and efficiently conducted and for setting the agenda for Board meetings. Under the Company's constitution, the maximum term for a director before they must be re-elected by the members is three years.

The Board has not established separate committees for Audit and Risk Management, Remuneration and Nomination. The Company is not of a sufficient size, nor is the affairs of a complexity sufficient to warrant the existence of separate committees. All matters which could be delegated to such committees are dealt with by the full Board.

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
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

This recommendation is satisfied.

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.

This recommendation is not satisfied.

Diversity includes, but is not limited to gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

However, given the size of the Company and its Board, the Company's Corporate Governance Plan does not include a policy specifically addressing diversity. The Board does not consider it necessary to have a diversity policy but will consider implementing one in the future.

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.

This recommendation is not satisfied.

Refer to recommendation 3.2.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

This recommendation is not satisfied.

At present, given the size of the Company and its operations, it currently does not have any women in senior executive positions or on the board. The Company will continue to monitor this matter as the Company and its operations grow and expand.

Refer to recommendation 3.2.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: The board should establish an audit committee.

This recommendation is not satisfied.

Given the size of the Company and its Board, it is not of a size to require an audit committee and the duties normally performed by an audit committee are undertaken by the Board as whole. The Company's Auditors attend the Annual general Meeting, at which time they are available to answer shareholder questions in relation to their audit.

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.

This recommendation is not satisfied.

Refer to recommendation 4.1.

Recommendation 4.3: The audit committee should have a formal charter.

This recommendation is not satisfied.

Refer to recommendation 4.1.

The integrity of the Company's financial reporting is a critical aspect of SXI's corporate governance and structures have been implemented during the reporting period to verify and safeguard the integrity of the Company's financial reporting.

It is the policy of the Board that the Company's financial statements be reviewed or Audited, at a minimum, each half year. The Company does not have a formalised audit committee; instead all Directors are responsible for the financial statements.

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.

This recommendation is satisfied.

The Company has a comprehensive disclosure policy to comply with the ASX Listing Rules regarding the public disclosure of material information. The aim of this policy is to ensure that the Company release price-sensitive information in a timely manner.

The Company will immediately notify the market by announcement to the ASX of any information concerning the business of the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Information about the Company is regarded as material if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to buy or sell the Company's securities.

Officers and employees are encouraged not to rely on their judgment and to consult the Chairman, Board and Company Secretary on whether particular information is considered to be material.

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.

This recommendation is satisfied.

The Board respects the rights of all shareholders and, to facilitate the effective exercise of those rights, the Company is committed to effective communication with shareholders. This occurs by electronic ASX releases to the market and via a subscription facility on the Company's website together with the postage of the Company's Notice of Shareholder Meetings.

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.

This recommendation is satisfied.

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.

This recommendation is satisfied.

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

This recommendation is satisfied.

In all its activities the Company will adopt a structured and consistent approach to risk management.

Risks will be assessed and managed through an overriding policy of identification, assessment, mitigation, monitoring and communication of risks associated with its activities. The overriding policy will be reviewed regularly against the changing activities of the Company.

The level of risk management will be consistent with the Company's overall business objectives and risk appetite and tolerance.

Risk management and control will be incorporated into property protection, health, safety and environmental audits using either self-assessment or outside auditors as the Company deems appropriate.

The Board is responsible for the identification and management of business risks. The Board has obtained a written confirmation that the statement in relation to principle 4 above is founded on a sound system of risk management and internal compliance and control.

The Board has obtained a statement confirming that the systems are operating efficiently and effectively in all material respects.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The board should establish a remuneration committee.

This recommendation is not satisfied.

Given its size and stage in development, the Board has decided not to establish or to delegate specific authority to a remuneration committee. Responsibilities which would normally be delegated to such committees are performed by the Board as a whole. The remuneration report of the SXI which includes all directors is included within the Directors' Report. All Directors are remunerated by way of fees and the granting of options. However they do not receive bonus payments or retirement benefits. Upon retirement, there is no contractual right to further benefits other than statutory superannuation.

The Board fulfils its responsibilities to shareholders which include:

- Ensuring that remuneration policies are appropriate;
- Determining the basis for any incentive schemes for the Company;
- Reviewing as required, the compensation arrangements for directors.

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

This recommendation is not satisfied.

Refer to 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.

This recommendation is satisfied.

The Board, within the pre-approved shareholder limits, determines fees payable to individual non-executive directors.

The remuneration levels of Executive Directors are determined by the Chairman after taking into consideration those that apply to similar positions in comparable companies in Australia and Directors' possible participation in any equity based remuneration scheme. The Chairman uses industry-wide data gathered by independent remuneration experts annually as his point of reference.

Options or shares issued to Directors pursuant to any equity-based remuneration scheme require approval by shareholders prior to their issue.

The remuneration levels of senior executives and other employees are determined by the Board of Directors after taking into consideration those levels that apply to similar positions in comparable companies in Australia and employees' possible participation in any equity based remuneration scheme. If deemed necessary, the Directors will consult recruitment and remuneration experts and will, where such expenditure is not already in an approved Budget seek Board approval prior to finalising the appointment.

Options or shares issued to senior executives and other employees who are not Directors would be proposed by the Chairman and issued only after approval by the Board.

The policy will be implemented by reviewing, not less than annually, all aspects of the remuneration paid to all employees and executives to ensure that it motivates the pursuit of long-term success, a safe working environment and a culture consistent with the Company's Corporate Governance Policy and is clearly linked to individual and group performance.

Directors' Report

The Directors' present their report together with the financial report of South East Asia Resources Limited and its controlled entities ("the Company" or "consolidated entity") for the year ended 30 June 2014 and the independent audit report thereon.

The Directors of the Company at any time during or since the end of financial year were:

Mr. Gary Williams
Executive Director, Chief Executive Officer Appointed 29 November 2013

Mr. Williams is an experienced international mining executive with formal qualifications as a mining engineer, mine manager holding MBA. As Founder and Managing Director of the global mining materials handling company, Continental and mining services United Mining Group, as well as previous position as Executive with Cyprus Coal, Coal & Allied/CRA, Sheli and BP Coal, Mr Williams has more than 30 years' experience in the industry.

Mr Williams has significant expertise in the exploration and development of world class, highly efficient open-pit, underground and resource infrastructure projects in Australia, Thailand, Indonesia, New Zealand, North & South America and South Africa. He has held no Directorships in other listed companies in the last four years.

Mr. Wayne Knight
Non-Executive Director Appointed 3 December 2007

Mr Knight has worked in the financial services industry since 1989 and has a Diploma in Financial Planning 1, 2, 3, 4. He is an Authorised Representative of Tandem Financial Advice Limited and offers services in the areas of personal superannuation planning, managed investments, risk management, rollover and redundancy planning, wealth creation and insurances. He has held no Directorships in other listed companies in the last four years.

Mr. Jackob Tsaban
Executive Director, Chief Financial Officer Appointed 18 October 2013

Mr Tsaban is a qualified chartered accountant. He moved from Israel to Australia in 2007 and was appointed as the Chief Financial Officer for the South East Asia Resources group in January 2013.

Mr. Tsaban is also a Director of ORH Limited from 19 December 2013, a company listed on the ASX.

Mr. Steven Pynt LLB MBA
Chairman and Non-Executive Director Resigned 29 November 2013

After completing his law degree in 1980, Mr. Pynt worked with a law firm for two and a half years before joining a major accounting firm where he worked as a tax consultant. Subsequently, he established his own legal firm that later merged with a medium size Perth firm. Mr. Pynt is the Managing Director of Muzz Buzz Franchising Pty Ltd.

Currently Mr. Pynt is a Non-executive Chairman of Richfield International Limited for the last 7.5 years, a Non-executive Director of Gondwana Resources Ltd since the year 2000, a Non-executive Director of Global Health Ltd (formerly Working Systems Solutions Ltd) since the year 2000 and Non-executive Chairman for the past 6 years and since the year 2013 a Non-executive Director of WAG Limited. All of these companies are listed on the ASX.

Mr. Michael Scivolo

Non-Executive Director Resigned 29 November 2013

Mr. Scivolo completed a Bachelor of Commerce degree in 1971 and worked with various accounting firms as a tax consultant gaining CPA status in 1972. He became a partner in a medium size Perth practice in 1977 and has extensive experience in accounting and taxation work with corporate and non-corporate entities.

Mr. Scivolo is also a Director of Sabre Resources Ltd from 3 October 2006, Blaze International Limited from 21 October 2011, Prime Minerals Limited from 21 October 2011, Power Resources Limited from 21 October 2011 and Metals Australia Limited and Golden Deeps Limited from 23 July 2012.

COMPANY SECRETARY

Mr Luke Martino

Company secretary Appointed 30 November 2007

Mr Martino is a Fellow of the Institute of Chartered Accountants in Australia and a member of the Institute of Company Directors.

His area of expertise includes corporate finance and business growth consulting advice to the mining and resources sector and a wide range of other industries. Mr Martino is also a Director of Pan Asia Corporation Ltd, as well as Company Secretary of Blackgold International Holdings Ltd. He is also an Alternate Director of Central Asia Resources Limited.

PRINCIPAL ACTIVITIES

South East Asia Resources Limited is a diversified resource company seeking to create shareholder value by acquiring and operating highly valuable resource projects in Indonesia and Australia. The Company's current project is PAR Coking Coal project. In addition, the Company is maintaining its rights to exploration and exploitation of the Malala Molybdenum deposit in Sulawesi, Indonesia. Please see the Review of Operations for further details of these projects.

OPERATING RESULTS AND FINANCIAL REVIEW

The loss attributable to members of the parent entity after providing for income tax amounted to $12,007,266 (2013: $11,638,795).

REVIEW OF OPERATIONS

Please see "Review of Operations" section of this report.

FUTURE DEVELOPMENTS

The Company aims to commence production at the PT PAR project and will continue to explore and evaluate its Malala Molybdenum project and other projects, with the aim of becoming a resources producer in Indonesia. The Company will also continue to further progress with the evaluation of the Tasmanian Coal projects, and if acquired, explore and evaluate the same.

It is not possible to estimate the future results at this stage.

In addition the group will continue to assess and evaluate further resource opportunities.

DIVIDENDS

No dividends were paid or declared during the financial year ended 30 June 2014.

MATTERS SUBSEQUENT TO REPORTING DATE

During July 2014, the Group received an additional USD$650,000 from Wide Bay Limited, which was as part of the funding for the coal project, as announced on 2 July 2014. Refer to note 20(e) for details of this loan agreement.

On 8 July 2014, there was a conversion of bonds totaling $200,000, which was the second conversion of the first bonds tranche for $500,000 issued on 16 September 2013, 13,227,513 shares were issued at a deemed value of $0.01512 per share for the conversion. Refer to note 20(d) for further information on these bonds.

On 7 August 2014, there was a placement of 779,000 shares at $0.018 to raise working capital.

On 31 August 2014, 2,000,000 performance options expired.

DIRECTORS' INTERESTS

The relevant interest of each director in the shares, interests in registered schemes and rights or options over such instruments issued by the companies within the consolidated entity and other related bodies corporate, as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

Directors' Equity Holdings

As at the report date, the interests of the Directors in the equity of the Company are as follows:

Name	Closing Balance as at report date
W Knight	
Ordinary Shares	125,000
Options	333,334
G Williams	
Performance Shares	42,000,000
Options	3,000,000
J Tsaban	
Ordinary Shares	-
Options	-
Total Ordinary Shares	125,000
Total Performance Shares	42,000,000
Total Options	3,333,334

MEETINGS OF DIRECTORS

The number of directors' meetings and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	Number of meetings eligible to attend	Number of meetings attended during the year
Mr. S Pynt	4	4
Mr. M Scivolo	4	4
Mr W Knight	5	5
Mr. G Williams	2	2
Mr. J Tsaban	3	1

In addition there were three (3) Circular Resolutions signed by the directors who were eligible to vote.

SHARE OPTIONS

At the date of this report, there were 33,000,000 unlisted performance options over the unissued ordinary shares of the Company.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. There have also been no legal proceedings during the year and no application for leave has been made in respect of the Company for proceedings on behalf of the Company.

REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's directors and key management personnel for the financial year ended 30 June 2014. The key management personnel of the Company include the Directors and other officers of the Company. For the purposes of this report "key management personnel" are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company.

The Non-Executive Directors' fees are approved by the Board within the aggregate approved by the shareholders at a general meeting. The fee pool currently stands at $200,000 as approved at the Company's AGM in November 2000. During the year, the only Non-Executive Directors that used this fee pool were Steven Pynt, Wayne Knight and Michael Scivolo. The Company does not provide retirement benefits, however directors may salary sacrifice an element of their total remuneration to superannuation. In addition, the Board seeks shareholder approval for any options that may be issued to directors.

The amount of aggregate remuneration and the manner in which it is apportioned amongst directors is reviewed annually. Shareholder approval is sought where there is a proposed change in the total remuneration paid to non-executive directors.

The Board considers the Company's particular circumstances as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process and determining the nature and amount of key management remuneration. There is no relationship between board policy for key management remuneration and the entity's performance.

The Company received 99.5% of yes votes on its remuneration report for the financial year ending 30 June 2013. The Company received no specific feedback to its remuneration report at the AGM. The Company did not use any remuneration consultants during the year.

Details of the remuneration of each Director and other Key Management Personnel are set out below.

2014	Short-term employment benefits: Cash salary & fees $	Post-employment benefits: Superannuation benefits $	Post-employment benefits: Other $	Share-based: Options $	Total $	Value of options as % remuneration
Directors' Fees						
Steven Pynt[1] (Chairman)	15,000	-	-	-	**15,000**	0%
Michael Scivolo[1] (Non-Exec Director)	-	10,000	-	-	**10,000**	0%
Wayne Knight (Non-Exec Director)	-	24,000	-	-	**24,000**	0%
Gary Williams[2] (CEO/Exec Director)	202,000	-	-	-	**202,000**	0%
Jackob Tsaban[3] (CFO/Exec Director)	90,000	-	-	-	**90,000**	0%
Company Secretary Fees						
Luke Martino	-	-	-	-	**-**	0%
Total	**307,000**	**34,000**	**-**	**-**	**341,000**	

[1] Resigned on 29 November 2013.

[2] Appointed 29 November 2013. These fees were billed by a related entity of Mr G Williams in capacity as Chief Executive Officer and these are not directors' fees. These fees are still outstanding at the day of this report.

[3]These fees were billed by a related entity of Mr J Tsaban in capacity as Chief Financial Officer and these are not directors' fees. These fees are still outstanding at the day of this report.

There were no service agreements in place for the year ended 30 June 2014.

2013	Short-term employment benefits: Cash salary & fees $	Post-employment benefits: Superannuation benefits $	Post-employment benefits: Other $	Share- based: Options $	Total $	Value of options as % remuneration
Directors' Fees						
Steven Pynt (Chairman)	36,000	-	-	-	**36,000**	0%
Michael Scivolo (Non-Exec Director)	-	24,000	-	-	**24,000**	0%
Wayne Knight (Non-Exec Director)	-	24,000	-	-	**24,000**	0%
Company Secretary Fees						
Luke Martino	85,800[1]	-	-	-	**85,800**	0%
	Short-term employment benefits	**Post-employment benefits**		**Share- based**		
Chief Executive Officer Elect						
Gary Williams	198,000[2]	-	-	**-**	**198,000**	0%
Total	**319,800**	**48,000**	**-**	**-**	**367,800**	

[1] These fees were paid to a related entity of Mr L Martino for Company Secretary services and waived during 2014.
[2] These fees were billed by a related entity of Mr G Williams for management services and were waived during 2014.

Directors' Equity Holdings

As at 30 June 2014, the interests of the Directors in the equity of the Company are as follows:

Name	Opening Balance 1 July 2013	Acquired during the period	Disposed of during the period	Closing Balance 30 June 2014
S Pynt				
Ordinary Shares	107,150	-	-	107,150
Options	333,333	-	-	333,333
M Scivolo				
Ordinary Shares	-	-	-	-
Options	333,333	-	-	333,333
W Knight				
Ordinary Shares	225,000	-	(100,000)	125,000
Options	333,334	-	-	333,334
G Williams				
Performance Shares	42,000,000	-	-	42,000,000
Options	3,000,000	-	-	3,000,000
J Tsaban				
Ordinary Shares	-	-	-	-
Options	-	-	-	-
Total Ordinary Shares	332,150	-	(100,000)	232,150
Total Performance Shares	42,000,000	-	-	42,000,000
Total Options	4,000,000	-	-	4,000,000

Related Party Transactions

During the year interest expenses of USD$19,147 and AUD$23,125 were incurred in relation to loans provided to the Group in previous year, by Karen Williams, who is related to Mr Gary Williams. These loans were provided on normal commercial terms and conditions and at market rates. There were USD$133,649 and AUD$233,455 outstanding as at 30 June 2014.

During the year an amount of USD$219,128 was waived by Coalindo Pte Limited, an entity related to Mr Gary Williams, owed for provision of professional mining consulting services based on an agreement. There was $105,320 outstanding as at 30 June 2014.

During the year an amount of USD$1,100,000 was waived by United Asia Energy Pte Ltd an entity which Mr Gary Williams is a director of, for provision of professional mining consulting services. There was Nil outstanding as at 30 June 2014.

During the year transactions of AUD$202,000 were made with United Pastoral Pty Limited, a related entity which Mr Gary Williams is a director, for provision of professional services in capacity as Chief Executive Officer. These services were provided on normal commercial terms and conditions and at market rates. During the year amounts of USD$355,960 and AUD$207,200 were waived by United Pastoral Pty Limited for amounts owed for previous years. There were USD$107,817 and AUD$187,000 outstanding as at 30 June 2014.

During the year an amount of USD$220,187 was waived by United Energy and Resources Australia Pty Ltd, a related entity which Mr Gary Williams is a director, owed for provision of professional consulting services. There was Nil outstanding as at 30 June 2014.

During the year payments of USD$1,615,777 were made with PT United Mining Energy Services, a related entity which Mr Gary Williams is a commissioner, for financing development and production costs to PAR project and provision of professional consulting services. These services were provided on normal commercial terms and conditions and at market rates.

During the year, Indian Ocean Advisory Group Pty Ltd, an entity which Mr. Luke Martino is a director of, waived the amount owed to by the Company. There was Nil outstanding as at 30 June 2014.

Payments of $9,485 (2013: nil) were made to a related party of Mr Wayne Knight for corporate services provided during the period. A total of $10,340 was payable at 30 June 2014.

During the year transactions of $90,000 were made with Jackori Consulting, a related entity which Mr Jackob Tsaban is a director, for provision of professional services in capacity as Chief Financial Officer. These services were provided on normal commercial terms and conditions and at market rates. There were $140,250 outstanding as at 30 June 2014.

As at 30 June 2014 an amount of $88,753 was owing to United Mining Group, an entity which Mr Gary Williams has an interest in.

As at 30 June 2014 a total the following amounts were also owed to current or former Directors

- Steven Pynt $69,000
- Michael Scivolo $46,000
- Wayne Knight $60,000

END OF REMUNERATION REPORT (AUDITED)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulation under the Law of the Commonwealth or of a State or Territory of Australia. However, the group's operations in Indonesia are subject to environmental regulations under Indonesian laws. The group has a policy of complying with its environmental performance obligations and at the date of this report, it is not aware of any breach of such regulations.

NON-AUDIT SERVICES

During the year, Grant Thornton Audit Pty Ltd, the Company's auditor, has not provided any non-audit services to the Company.

A copy of the lead auditors' independence declaration for the year ended 30 June 2014 has been received and can be found on page 25 of the Annual Report.

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

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

Gary Williams

Executive Director

28 October 2014

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Auditor's Independence Declaration
To the Directors of South East Asia Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of South East Asia Resources 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 28 October 2014

Grant Thornton

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Independent Auditor's Report
To the Members of South East Asia Resources Limited

Report on the financial report

We have audited the accompanying financial report of South East Asia Resources 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. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for disclaimer of opinion

We have been unable to obtain sufficient appropriate audit evidence on the books and records and basis of accounting of the consolidated entity. Specifically we have been unable to satisfy ourselves on the following area:

i Going concern –as set out in note 1(s), the financial report has been prepared on a going concern basis. The consolidated entity has reported a loss for the year ended 30 June 2014 of $12,007,266 (2013: $11,969,802) and incurred net operating cash outflows of $2,592,687 (2013: $1,655,908). As at 30 June 2014, current liabilities exceeded current assets by $10,255,628 (2013: $9,486,002). As disclosed in Note 1(s) the ability of the consolidated entity to continue as a going concern is dependent upon the continued support of its convertible note holders, creditors associated with key management personnel and other lenders as well as further capital raising and profitable operations from the sale of coal.

  We have been unable to obtain sufficient appropriate audit evidence as to whether the consolidated entity will be able to achieve the items set out in Note 1(s), and hence remove significant doubt of its ability to continue as a going concern for a period of at least twelve months from the date of this auditor's report.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, and related notes and disclosures thereto.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 20 to 23 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of South East Asia Resources Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 28 October 2014

Directors' Declaration

In accordance with a resolution of the directors of South East Asia Resources Limited, I declare that:

1. In the opinion of the Directors:

   a. the financial statements and notes set out on pages 30 to 71 and the remuneration disclosures that are contained in pages 20 to 23 in the Remuneration Report contained in the Directors Report are 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 Accounting Standards and Corporation Regulations 2001; and

      iii. complying with International Financial Reporting Standards as disclosed in Note 1

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

   c. the remuneration disclosures that are contained in pages 20 to 23 of the Remuneration Report in the Directors Report comply with Accounting Standard AASB 124 Related Party Disclosures

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ending 30 June 2014.

On behalf of the Board

Gary Williams

Executive Director

28 October 2014

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

	Note	Consolidated Entity	
		2014 $	2013 $
Other Income	4	3,856,418	-
Depreciation and amortisation expense		(2,185)	(1,819)
Project evaluation & exploration costs not capitalised		(600,634)	(1,067,197)
Listing fees		(64,215)	(81,240)
Personnel, suppliers and consulting expenses	5	(570,224)	(668,459)
Insurance		(16,539)	(7,178)
Legal fees		(81,236)	(87,822)
Professional services fees		(171,897)	(208,493)
Travel costs & accommodation		(25,880)	(48,387)
Finance costs	6	(1,195,484)	(435,625)
Loss from change in fair value of derivative	21	(166,992)	-
Net foreign exchange losses (unrealised)		11,231	(221,763)
Impairment of financial assets		-	(400,111)
Impairment of exploration and evaluation expenditure	14	(12,958,269)	(7,129,116)
Other expenses		(21,360)	(46,673)
Recycling of foreign currency translation reserve	24 (b)	-	(1,565,919)
Loss before income tax expense		(12,007,266)	(11,969,802)
Income tax expense	7	-	-
Loss for the year		(12,007,266)	(11,969,802)
Loss attributable to:			
Non-controlling Interest		-	(331,007)
Members of the parent entity		(12,007,266)	(11,638,795)
		(12,007,266)	(11,969,802)
Other comprehensive income:			
Items which may be subsequently be reclassified to profit or loss:			
Exchange differences on translating controlled entities	24 (b)	(173,664)	191,441
Total other comprehensive income for the year		(173,664)	191,441
Total Comprehensive loss for the year		(12,180,930)	(11,778,361)
Total Comprehensive loss attributable to:			
Non-controlling Interest		-	(331,007)
Members of the parent entity		(12,180,930)	(11,447,354)
		(12,180,930)	(11,778,361)

Earnings per share for loss attributable to the ordinary equity holders of the Company:

	Note	Cents	Cents
Basic earnings per share (loss)	10	(4.68)	(5.88)
Diluted earnings per share (loss)	10	(4.68)	(5.88)

The accompanying notes form part of these financial statements.

	Note	Consolidated entity	
		2014 $	2013 $
Current Assets			
Cash & cash equivalents	11	30,616	4,817
Trade & other receivables	12	35,335	31,412
Prepayments		9,400	11,159
Total Current Assets		75,351	47,388
Non-Current Assets			
Receivables	13	-	8,247
Property, plant & equipment	15	-	2,185
Exploration & evaluation expenditure	14	-	11,165,299
Other financial assets	17	5,516	5,595
Total Non-Current Assets		5,516	11,181,326
Total Assets		80,867	11,228,714
Current Liabilities			
Trade & other payables	19	3,928,001	6,237,514
Borrowings	20	5,811,732	2,941,400
Derivative financial instruments	21	248,000	-
Other current liabilities	22	343,246	354,476
Total Current Liabilities		10,330,979	9,533,390
Non-Current Liabilities			
Borrowings	20	-	1,300,000
Total Non-Current Liabilities		-	1,300,000
Total Liabilities		10,330,979	10,833,390
Net Assets/ (liabilities)		(10,250,112)	395,324
Equity			
Issued capital	23	29,169,803	27,634,309
Reserves	24(a)(b)(c)	(2,854,741)	(2,681,077)
Accumulated losses	25	(36,201,610)	(24,194,344)
Parent entity interest		(9,886,548)	758,888
Non-controlling interest		(363,564)	(363,564)
Total Equity		(10,250,112)	395,324

The accompanying notes form part of these financial statements.

CONSOLIDATED ENTITY	Note	Issued Capital $	Foreign Currency Translation $	Option Reserve $	Non-controlling Interest $	Acquisition Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2012		21,502,323	(1,404,337)	23,850	(32,557)	(3,350,000)	(12,555,549)	4,183,730
Loss attributable to members of parent entity	25	-	-	-	-	-	(11,638,795)	(11,638,795)
Other comprehensive income		-	191,441	-	-	-	-	191,441
Sub-total		21,502,323	(1,212,896)	23,850	(32,557)	(3,350,000)	(24,194,344)	(7,263,624)
Performance shares and options issued for the acquisition of SEAE	16	4,950,000	-	292,050	-	-	-	5,242,050
Conversion of convertible loans		359,986	-	-	-	-	-	359,986
Contributions of equity, net of transaction costs		722,000	-	-	-	-	-	722,000
Shares issued for option fee		100,000	-	-	-	-	-	100,000
Foreign currency translation reserve recycled through profit or loss	24(b)	-	1,565,919	-	-	-	-	1,565,919
Recognition of outside equity interest		-	-	-	(331,007)	-	-	(331,007)
Balance at 30 June 2013		**27,634,309**	**353,023**	**315,900**	**(363,564)**	**(3,350,000)**	**(24,194,344)**	**395,324**
Balance at 1 July 2013		27,634,309	353,023	315,900	(363,564)	(3,350,000)	(24,194,344)	395,324
Loss attributable to members of parent entity	25	-	-	-	-	-	(12,007,266)	(12,007,266)
Other comprehensive loss		-	(173,664)	-	-	-	-	(173,664)
Sub-total		27,634,309	179,359	315,900	(363,564)	(3,350,000)	(36,201,610)	(11,785,606)
Conversion of convertible loans		410,494	-	-	-	-	-	410,494
Contributions of equity, net of transaction costs		750,000	-	-	-	-	-	750,000
Shares issued for convertible bonds fee		300,000	-	-	-	-	-	300,000
Shares issued for option fee		75,000	-	-	-	-	-	75,000
Balance at 30 June 2014		**29,169,803**	**179,359**	**315,900**	**(363,564)**	**(3,350,000)**	**(36,201,610)**	**(10,250,112)**

The accompanying notes form part of these financial statements.

	Note	Consolidated entity	
		2014 $	2013 $
Cash Flows from Operating Activities			
Receipts from customers		-	-
Payments to suppliers and employees		(2,592,687)	(1,655,908)
Interest received		-	-
Other		-	-
Net cash (used in) operating activities	28	(2,592,687)	(1,655,908)
Cash Flows from Investing Activities			
Loans to other entities		-	(685,000)
Proceeds from repayment of loans made to other entities		-	-
Loans repaid to other entities		-	-
Net cash (used in) investing activities		-	(685,000)
Cash Flows from Financing Activities			
Proceeds from issue of shares		750,000	750,000
Proceeds from borrowings		2,228,299	1,846,743
Interest paid		(246,544)	-
Repayment of borrowings		(113,269)	(705,968)
Share issue transaction costs		-	(28,000)
Net cash provided by financing activities		2,618,486	1,862,775
Net decrease in cash and cash equivalents		25,799	(478,133)
Cash and cash equivalents at the beginning of the financial year		4,817	481,060
Cash acquired through business combination	16	-	1,890
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash and cash equivalents at the end of the financial year	11	30,616	4,817

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2014

1. Statement of Significant Accounting Policies

The financial report covers the consolidated entity of South East Asia Resources Limited (the "Company") and controlled entities (the "Group"). South East Asia Resources Limited is a listed public company, incorporated and domiciled in Australia. The company is a for-profit entity for the purpose of preparing financial statements. The financial report was authorised for issue by a resolution of the Board of Directors on 28 October 2014.

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The reporting currency is Australian Dollars.

Adoption of New Accounting Standards and Interpretations

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

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 is applicable for annual periods beginning on or after 1 January 2013. The standard clarifies the definition of fair value and provides related guidance and enhanced disclosure about fair value measurements. The application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 2(h).

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124 Amendments)

AASB 2011-4 makes amendments to AASB 124 Related Party Disclosure to achieve consistency with the international equivalent (which includes requirements for disclose aggregate (rather than individual) amounts of key management personnel compensation). This has resulted in some disclosures relating to Directors now being included in the audited remuneration report.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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 (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. The Company has not yet assessed the full impact of AASB 9 as this standard does not apply until annual reporting periods beginning 1 January 2018.

AASB 2013-3 Amendments to Australian Accounting Standards Recoverable Amounts Disclosure for Non-Financial Assets (effective date for annual reporting periods beginning from 1 January 2014)

AASB 2013-3 amendments address disclosure of information about the recoverable amounts of impaired assets if that amount is based on fair value less costs of disposal. When these amendments are first adopted for the year ended 30 June 2015 they are unlikely to have any significant impact on the entity.

a. Principles 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.

b. Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to profit or loss.

c. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

d. Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant & Equipment

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future consolidated benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Furniture	6% - 40%
Office Equipment	12.5% - 40%

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 the carrying amount. These gains and losses are included in profit or loss.

e. Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

f. Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit and loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised as profit or loss.

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv. Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

v. Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss.

vi. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

g. Derivative financial instruments

Derivative financial instruments are accounted for at FVTPL.

All derivative financial instruments are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

If a forecast transaction is no longer expected to occur any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss.

h. Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i. Intangibles

Exploration and evaluation

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

i. the rights to tenure of the area of interest are current; and

ii. at least one of the following conditions is also met:

a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

During the year the Company impaired its exploration and evaluation assets by $12,958,269.

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

j. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

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

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

Group companies

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

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

Income and expenses are translated at average exchange rates for the period;

Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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

k. Employee Entitlements

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

l. Cash

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

m. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

n. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

o. Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p. Contributed Equity

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

q. Earnings Per Share

- Basic earnings per share: Basic earnings per share is determined by dividing the net loss attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.

- Diluted earnings per share: Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r. Goods and Services Tax (GST)

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

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

s. Going Concern

The financial statements for the year have been prepared on the basis of going concern, which contemplates continuity of planned business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the consolidated entity incurred a loss after tax of $12,007,266, net cash outflows from operating activities of $2,592,687, total cash inflows of $25,799 and at 30 June 2014 had a net current asset deficiency of $10,255,628.

The liabilities of the consolidated entity at 30 June 2014 are as follows:

	$
Trade and other payables	3,928,001
Borrowings	5,811,732
Derivative financial instruments	248,000
Other current liabilities	343,246
Total	**10,330,979**

Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate for the reasons set out below:

1. Borrowings

The consolidated entity has received letters of extensions for most of its borrowings. For those that it has not yet received extension letters from, the consolidated entity is confident that continued support will be forthcoming until such time that the consolidated entity has funds available to repay the borrowings, or alternatively will convert the borrowings into ordinary shares.

2. Other current liabilities

Included in trade and other payables are amounts due to related entities of $824,152 and accrued interest of $691,693 due on one of the above borrowings. As stated above the entity has obtained an extension from this lender as to the repayment date. The entity has also obtained written confirmation from the related entities that they will not seek payment until the consolidated entity is in a position to pay these debts. Other remaining payables relate to deferred consideration for asset acquisitions, the terms of which are outlined in Note 19. As to the remaining payables, the entity has either entered into payment arrangements or is confident of the continued support of its creditors.

3. Future capital raisings

On 18 September 2013, the Company announced that it has executed a Bond Subscription Agreement (BSA) with PA Broad Opportunity IV Limited (Subscriber) for the provision of up to $10 million by way of unsecured bonds, convertible into shares. The BSA was approved by shareholders and one tranche of $500,000 was drawn down during the 30 June 2014 year.

The consolidated entity also entered into a loan agreement with Wide Bay Limited for USD$1 million in exchange for 50% of the profits of the PT PAR and PT BBA projects. USD$350,000 had been received as at 30 June 2014 and a further USD$650,000 was received subsequent to 30 June 2014 (refer to note 29). This loan is due for repayment by 18 December 2014; however the lender has agreed to not seek repayment until either the company has sufficient funds, or to convert to equity.

The Directors are also developing a capital management program that will provide funding to maximise the potential of its existing asset portfolio and the recently announced coal portfolio (subject to completion), repay its current liabilities and provide a strong base for increasing shareholder value. Whilst continued growth and profitable operations are dependent on the consolidated entity concluding new funding and refinancing existing facilities, in what are challenging capital markets, the Directors are confident that the consolidated entity will be able to continue its planned operations into the foreseeable future and meet its debts as and when they fall due.

4. Proceeds from the PT PAR coal project

The consolidated entity expects to generate positive cash flows during the next twelve months from the PT PAR coal project.

5. Support of Minimum Risk Pty Ltd atf CDM Family Trust

The consolidated entity has also received a letter of support from Minimum Risk Pty Ltd atf CDM Family Trust which confirms that Minimum Risk Pty Ltd atf CDM Family Trust will provide funds to the consolidated entity if any of the creditors or borrowings for which the consolidated entity has not received letters of support from demand repayment.

Based on the extensions or support of the related party creditors and borrowings noted above, as well as the expected coal production revenues in PT PAR, the execution of the Bond Subscription Agreement and the support of Minimum Risk Pty Ltd atf CDM Family Trust, the directors consider the going concern basis to remain appropriate. The consolidated entity is also confident that all other trade and other payables and other liabilities not already referred to above, will continue to allow the company to defer repayment until sufficient cash is available for the consolidated entity to repay. In addition, given the consolidated entity's history of successful raising of capital, the Directors are confident of the consolidated entity's ability to raise additional funds as and when they are required.

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

t. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

u. Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical knowledge and experience, best available information and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Exploration and evaluation expenditure

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

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model.

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

Business combinations

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 16).

v. Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

2. Financial Risk Management Policies

The group's principal financial instruments comprise mainly of deposits with banks, receivables, payables and available for sale investments.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

a. Treasury Risk Management

Due to the size of the group, responsibility for identification and control of financial risks rests with the Board of Directors. This includes the use of hedging derivative instruments, credit risk policies and future cash flow requirements. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

b. Financial Risk Exposures and Management

The group's activities expose it to financial risks, market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Where relevant and appropriate, the Company will avail itself of appropriate hedging instruments in future financial years.

c. Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As a result of significant operations in Indonesia a large purchase of services in United States Dollars (a number of Indonesian contractors use United States Dollars), the Group's statement of financial position can be affected significantly by movements in the US$/A$ exchange rates. The Group also has transaction currency exposure. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

At 30 June 2014, the Group had the following exposure to US$ foreign currency:

	Consolidated entity	
	2014	2013
	$	$
Financial Assets		
Cash and cash equivalents	-	-
	-	-
Financial Liabilities		
Trade and other payables	(377,720)	(2,198,844)
Net exposure	(377,720)	(2,198,844)

The Parent has a loan with a controlled entity denominated in US currency. This loan is not expected to be repaid in the foreseeable future and as such effectively forms part of the parent entity investment in that controlled entity.

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date:

At 30 June 2014, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
Consolidated	2014 $	2013 $	2014 $	2013 $
AUD/USD +10%	(37,720)	(219,884)	-	-
AUD/USD - 5%	(18,860)	(109,942)	-	-

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments. The movements are reasonable with reference to the historical exchange rate fluctuations.

d. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group did not have any material credit risk exposure to any single debtor or group of debtors at balance date.

e. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to fund the group's activities. The directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic initiatives to ensure that adequate funding continues to be available.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of the day to day operations of the group. These assets are considered in the group's overall liquidity risk.

Year ended 30 June 2014	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated financial assets					
Cash and cash equivalents	30,616	-	-	-	30,616
Loans and receivables	30,736	-	-	-	30,736
Available for sale financial assets	5,516	-	-	-	5,516
	66,868	-	-	-	66,868

Year ended 30 June 2014	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated financial liabilities at FVTPL					
Derivative financial instruments	248,000	-	-	-	248,000
	248,000	-	-	-	248,000
Consolidated financial liabilities at amortised cost					
Trade and other payables	4,271,248	-	-	-	4,271,248
Borrowings	-	6,753,823	-	-	6,753,823
	4,271,248	6,753,823	-	-	11,025,071

Year ended 30 June 2013	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Consolidated financial assets					
Cash and cash equivalents	4,817	-	-	-	4,817
Loans and receivables	31,412	-	-	-	31,412
Available for sale financial assets	-	-	5,595	-	5,595
	36,229	-	5,595	-	41,824
Consolidated financial liabilities at amortised cost					
Trade and other payables	6,237,514	-	-	-	6,237,514
Borrowings	-	3,527,729	1,300,000	-	4,827,729
	6,237,514	3,527,729	1,300,000	-	11,065,243

f. Cash Flow and Fair Value Interest Rate Risk

Due to the Company's insignificant holding of cash and cash equivalents, the group's income and operating cash flows are not materially exposed to changes in market interest rates.

At balance date, the group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated entity	
	2014 $	2013 $
Financial Assets		
Cash and cash equivalents	30,616	4,817
Net exposure	30,616	4,817

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

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

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2014 $	2013 $	2014 $	2013 $
Consolidated				
AUD/USD + 1% (100 basis points)	306	48	-	-
AUD/USD - .5% (50 basis points)	(153)	(24)	-	-

The movements in profit are due to higher/lower interest costs from variable rate cash balances. The movements are reasonable with reference to the historical interest rate fluctuations.

g. Price Risk

The Group's exposure to commodity and equity securities price risk is minimal at present.

Equity securities price risk arises from investments in equity securities. The Company has one investment in a listed equity which is publicly traded.

The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss or total equity and as such a sensitivity analysis has not been completed.

h. Net Fair Values

The net fair values of:

- Term receivables, government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised

financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment

- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date.

Assets and liabilities where the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables, have not been adjusted to fair value.

	2014		2013	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Financial Assets				
Cash and cash equivalents	30,616	30,616	4,817	4,817
Trade and other receivables	30,736	30,736	31,412	31,412
Available-for-sale financial assets – listed investments	5,516	5,516	5,595	5,595
	66,868	66,868	41,824	41,824
Consolidated financial liabilities at FVTPL				
Derivative financial instruments	248,000	248,000	-	-
Financial Liabilities at Amortised Cost				
Other payables and amounts due	4,271,247	4,271,247	6,516,960	6,516,960
Borrowings	5,811,732	5,811,732	4,241,400	4,241,400
	10,330,979	10,330,979	10,758,360	10,758,360

2014	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Available-for-sale financial assets	5,516	-	-	5,516
	5,516	-	-	5,516

2013	Level 1 $	Level 2 $	Level 3 $	Total $
Available-for-sale financial assets	5,595	-	-	5,595
	5,595	-	-	5,595

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

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 2 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

3. Segment Information

a. Description of segments

The following table presents revenue and profit information and certain asset and liability information regarding the relevant segments for the year ended 30 June 2014 for the group.

The chief operating decision-maker has been identified as the Board of South East Asia Resources Limited.

The reportable segments have been re-designated during the year and identified as the two main projects that the group has, being coal and molybdenum, which are located in Indonesia.

Transactions between reportable segments are accounted for in the same manner as transactions with external parties.

b. Segment performance

Year ended 30 June 2014	Molybdenum	Coal	Total
Segment result	**$**	**$**	**$**
Other income	-	2,636,640	2,636,640
Total Segment revenue	-	2,636,640	2,636,640
Reconciliation of segment revenue to group revenue			
Interest revenue			254
Other income			1,219,524
Total Group revenue	-	2,636,640	3,856,418
Segment net (loss)/ gain before tax	-	(11,051,919)	(11,051,919)
Reconciliation of segment result to group net loss before tax			
Unallocated items			(955,347)
Net loss before tax from continuing operations			(12,007,266)

Year Ended 30 June 2014	Molybdenum	Coal	Total
Segment assets and liabilities	$	$	$
Segment assets	-	38,011	38,011
Unallocated assets			42,856
Total assets			80,867
Segment liabilities	(84,179)	(2,436,053)	(2,520,232)
Unallocated liabilities			(7,810,747)
Total Liabilities			(10,330,979)

	Molybdenum	Coal	Total
Other segment information	$	$	$
Depreciation and amortisation expense	-	-	(2,185)
Impairment of exploration and evaluation expenditure	-	(12,958,269)	(12,958,269)

Year ended 30 June 2013	Molybdenum	Coal	Total
Segment result	$	$	$
Interest revenue	-	-	-
Other revenue	-	-	-
Unallocated revenue	-	-	-
Total Segment Revenue	-	-	-
Reconciliation of segment revenue to group revenue			-
Inter-segment elimination	-	-	-
Total group revenue	-	-	-
Segment net (loss)/ gain before tax	(8,695,035)	(663,595)	(9,358,630)
Reconciliation of segment result to group net loss before tax			
Unallocated items			(2,611,172)
Net loss before tax from continuing operations			(11,969,802)

Year Ended 30 June 2013	Molybdenum	Coal	Total
Segment assets and liabilities	$	$	$
Segment assets	-	11,180,425	11,180,425
Unallocated assets			48,289
Total assets			11,228,714
Segment liabilities	-	(2,940,886)	(2,940,886)
Unallocated liabilities			(7,892,504)
Total Liabilities			(10,833,390)

Other segment information	Molybdenum $	Coal $	Total $
Depreciation and amortisation expense	-	-	(1,819)
Impairment of exploration and evaluation expenditure	(7,129,116)	-	(7,129,116)
Impairment of financial assets	-	-	(400,111)

The Group's non-current assets are divided into the following geographical areas:

	Consolidated entity	
	2014 $	2013 $
Australian (Domicile)	5,516	16,027
Indonesia	-	11,165,299
Total	5,516	11,181,326

4. Other Income

	Consolidated entity	
	2014 $	2013 $
Interest received	254	-
Sundry Income	3,856,164	-
Total other income	3,856,418	-

Sundry income relates to debts forgiven during the year by related entities in order to enable the consolidated entity to conserve cash – refer to details in Note 26.

5. Personnel, Suppliers and Consulting Expenses

	Consolidated entity	
	2014 $	2013 $
Consultancy fees	519,224	586,313
Directors' fees	51,000	82,146
Total personnel, suppliers and consulting expenses	570,224	668,459

6. Finance Costs

	Consolidated entity	
	2014 $	2013 $
Interest expense	895,484	435,625
Finance fee	300,000	-
Total finance costs	1,195,484	435,625

Interest expense includes interest payable on convertible notes.

Finance fee relates to PAG convertible bonds agreement (see note 20).

7. Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable

	Consolidated entity	
	2014 $	2013 $
Loss from ordinary activities before income tax expense	(12,007,266)	(11,969,802)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)	(3,602,180)	(3,590,941)
Tax effect of amounts which are taxable (deductible) in calculating taxable income:		
- deferred tax assets not recognised	3,602,180	3,590,941
Income tax expense	-	-
Unused tax losses for which no deferred tax asset has been recognised	14,303,370	12,454,959
Potential Tax Benefit at 30%	4,291,011	3,736,488

Income tax benefit due to timing differences not brought to account. Deferred tax liability is reduced to nil by benefits attributable to tax losses not brought to account.

The potential tax benefit will only be obtained if:

i. *The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;*
ii. *The consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and*
iii. *No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.*

8. Key Management Personnel Disclosures

	Consolidated entity	
Aggregate Compensation	2014 $	2013 $
Short term employee benefits	307,000	319,800
Post-Employment Benefits	34,000	48,000
	341,000	367,800

9. Auditor's Remuneration

	Consolidated entity	
Remuneration of Grant Thornton Audit Pty Ltd of the parent entity for:	2014 $	2013 $
- Auditing or reviewing of financial reports	60,330	69,365

10. Earnings per Share

	Consolidated entity	
	2014 $	2013 $
Loss attributable to ordinary equity holders	(12,007,266)	(11,638,795)
Earnings used to calculate basic and diluted EPS	(12,007,266)	(11,638,795)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	256,293,262	197,927,768
Weighted average number of options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	256,293,262	197,927,768

Anti-dilutive options and performance shares have not been used in the EPS calculation. As at 30 June 2014 there were 35,000,000 options outstanding and 340,000,000 performance shares.

11. Cash and Cash Equivalents

	Consolidated entity	
	2014 $	2013 $
Cash at bank and on hand	30,616	4,817

Cash at bank is comprised of “at-call” funds attracting a floating rate of interest of between 0.01% and 5.1%.

<u>Reconciliation of Cash</u>

Cash at the end of the financial year as per statements of cash flows is reconciled to items in the statement of financial position as follows:

Cash and at bank and in hand	30,616	4,817

12. Current Trade and other Receivables

	Consolidated entity	
	2014 $	2013 $
Other receivables	35,335	31,412
Total	35,335	31,412

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter party. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia, Singapore and Indonesia given the substantial operations in those regions. The Group's exposure to credit risk for receivables at reporting date in those regions is as follows:

	Consolidated entity	
	2014 $	2013 $
Australia	17,877	16,219
Singapore	17,458	15,193
	35,335	31,412

13. Non-Current Trade and Other Receivables

	Consolidated entity	
	2014 $	2013 $
Other receivables	-	8,247
	-	8,247

In previous year, other receivables include a security deposit for Victory West Metals (Singapore) Pte Ltd.

14. Deferred Exploration And Evaluation Expenditure

	Consolidated entity	
	2014 $	2013 $
Opening balance	11,165,299	7,238,387
Increase for expenditure incurred	1,792,970	1,535,100
Increase through acquisition of South East Asia Energy Resources Pte Ltd (note 16)	-	9,868,494
Impairment of exploration and evaluation expenditure	(12,958,269)	(7,129,116)
Adjustment for foreign exchange differences on expenditure	-	(347,566)
Balance at end of the year	-	11,165,299

The Directors' assessment of the carrying amount for the Group's exploration and development expenditure was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's independent geological reports. The recoverability of the carrying amount of the deferred exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

During the year, the Directors made an assessment of the carrying value of the exploration and evaluation expenditure with respect to the PAR Project in Indonesia and in light of the current commodity market and coal prices and as a matter of prudence, has decided to impair this asset with regards to the expenditure incurred in relation to the project. An amount of $13 million was recognised as an impairment expense in profit or loss in the current period. The impairment relates solely to the Singapore geographic segment.

15. Property Plant & Equipment

	Consolidated entity	
	2014 $	2013 $
Office Equipment at cost	14,237	14,237
Less accumulated depreciation	(14,237)	(12,853)
	-	1,384
Computing equipment and software	7,971	7,971
Less accumulated depreciation	(7,971)	(7,170)
	-	801
	-	2,185

	Office Equipment	Computing Equipment and Software	Total
	$	$	$
Balance at 1 July 2012	2,363	1,909	4,272
Depreciation expense	(711)	(1,108)	(1,819)
Adjustment for foreign exchange movements	(268)	-	(268)
Balance at 30 June 2013	1,384	801	2,185
Disposals	-	-	-
Depreciation expense	(1,384)	(801)	(2,185)
Balance at 30 June 2014	-	-	-

16. Acquisition of Controlled Entities

On 24 December 2012, the Company acquired 100% of the issued capital of South East Asia Energy Resources Pte Limited (SEAE), as announced by the Company. The acquisition was a result of the Group's strategy of increasing its presence in the energy resources industry. The acquisition resulted in South East Asia Resources Limited obtaining control of South East Asia Energy Resources Pte Limited.

	Fair Value $
Purchase consideration:	
Cash	750,000
Performance shares (i)	4,950,000
Options (ii)	292,050
	5,992,050
Allocated as follows (iii):	
Cash and cash equivalents	1,890
Other assets	23,164
Exploration and evaluation assets	9,868,494
Trade and other payables	(3,901,498)
	5,992,050

i The consideration paid to acquire SEAE includes 110,000,000 performance shares together with an additional 220,000,000 shares should certain milestones be achieved with 3 years of completion. The fair value of the shares has been determined based on the current market price of the shares at the date of acquisition, taking into consideration certain probability factors.

ii. The consideration paid to acquire SEAE includes 33,000,000 performance options issued to the vendors of SEAE. Refer to note 24 for the input used in the valuation of these options.

17. Other Financial Assets

(a) Available-for-sale financial assets comprise

	Consolidated entity	
	2014 $	2013 $
(i) Listed Investments, at fair value		
- Shares in Australian listed corporations	5,516	5,595
Total available-for-sale financial assets	5,516	5,595

The fair value of listed investments is determined in whole by reference to the quoted market bid price at balance date.

18. Controlled Entities

The Consolidated Entity incorporates the assets, liabilities and results of the following companies:

	Country of Incorporation	Principal Activity	Percentage Interest	
			2014 %	2013 %
South East Asia Resources Limited (Parent Entity)	Australia	Mining exploration		
South East Asia Energy Resources Pte Limited	Singapore	Mining exploration	100	100
South East Asia Energy Resources (Australia) Pty Ltd	Australia	Mining exploration	100	100
South East Asia Energy Resources (Tasmania) Pty Ltd	Australia	Dormant	100	100
Victory West Moly (Singapore) Pte Ltd [2]	Singapore	Dormant	-	100
Victory West Pty Ltd	Australia	Dormant	100	100
PT Sulawesi Molybdenum Management[#]	Indonesian	Dormant	95	95
PT Inti Cemerlang [1#]	Indonesian	N/A [1]	95	95
PT Era Moreco [1#]	Indonesian	N/A [1]	95	95
PT Indo Surya Moreco [1#]	Indonesian	N/A [1]	95	95
PT Sembilan Sumber Mas [1#]	Indonesian	N/A [1]	95	95
PT Satria Mas [1*]	Indonesian	N/A [1]	95	95
PT Promistis [1#]	Indonesian	N/A [1]	95	95

[1] Through the process of PMA conversions, Victory West Pty Ltd has a 95% interest in the operations and assets of these companies and has the power to govern the financial and operating policies of these companies.

[2] During the year, Victory West Moly (Singapore) Pte Ltd was deregistered.

These companies hold mining tenements in Indonesia.

19. Trade and Other Payables

	Consolidated Entity	
	2014 $	2013 $
Unsecured liabilities		
Trade payables	1,660,479	3,678,977
Sundry payables and accrued expenses	1,052,111	1,364,739
Deferred consideration owing to Victory West Pty Ltd Vendors (a)	250,000	250,000
Deferred consideration owing to SEAER Pte Limited Vendors (b)	750,000	750,000
Other payables	215,411	193,798
	3,928,001	6,237,514

All payables are unsecured, interest free and for an open period.

(a) This amount is not payable until the company has executed an agreement for the sale of the Malala Molybdenum Project. The Directors expect that funds from such a sale would be sufficient to settle this payable when it becomes due.
(b) This consideration has been deferred by the vendors until such time that the company has sufficient funds available to repay the borrowings.

For further information regarding the settlements of trade and other payables please refer to the going concern note.

20. Borrowings

	Consolidated Entity	
	2014 $	2013 $
Current borrowings		
Convertible note – secured (a)	1,900,000	1,900,000
Convertible loans – unsecured (b)	370,000	400,000
Convertible loans – unsecured (c)	1,310,000	-
Convertible bonds – unsecured (d)	8,498	-
Short-term borrowings (e)	2,223,234	641,400
	5,811,732	2,941,400
Non-Current borrowing		
Convertible loans – unsecured (c)	-	1,300,000
	-	1,300,000

(a) The convertible note bears interest at 12% per annum, and has matured. The note is convertible at the higher of 30 cents or the 5-day average market share price. The Company has the option to repay the note within 90 days upon receipt of a conversion notice. The convertible note is secured by a fixed and floating charge over all the assets of the Company and Victory West Pty Ltd. The Company and Dempsey Resources have subsequently extended the repayment date to 31 December 2015.

(b) The convertible loans bear interest at 10% per annum. The maturity date of $100,000 of these convertible loans was extended to 30 June 2015. The company is discussing the extension of the maturity date for the remaining convertible loans holders. The loan is convertible at the lower of 5 cents per share or a price equal to 80% of the five (5) day WVAP immediately prior to the Conversion Date. The convertible loans are unsecured. The Company is confident that the note holders will allow the company to defer the repayments for the next twelve months if sufficient funds are not available to repay this debt.

(c) The convertible loans raised during the year bear interest at 13% per annum, and have a maturity date of 30 March 2015. The loans are convertible at the lower of 4 cents per share. The convertible loans are unsecured. The Company is confident that the note holders will allow the company to defer the repayments for the next twelve months if sufficient funds are not available to repay this debt.

(d) The convertible bonds issued during the year bear interest at 6% per annum. The bonds conversion price is the lower of 125%of the average of the closing price per share for the 25 trading days immediately prior to the date on which the bond is issued; or 90% of the average of the closing price per share in any 5 consecutive trading days during the 25 trading days immediately preceding the relevant conversion date of the bonds.

(e) The other short-term borrowings are as follows.

- The loan from Domenal Enterprises which makes up $1,227,401 of the total amount is payable by 31 December 2015, however Domenal Enterprises has the right to convert the loan amount into shares prior to repayment due date. The loan from Domenal Enterprises bears interest of 16.46% per annum.

- The loan from Wide Bay Limited which makes up $370,790 (USD$350,000) of this amount is repayable by 18 December 2014. As shown in Note 29, the consolidated entity subsequently received a further USD$650,000, which is also repayable by 18 December 2014. The loan bears no interest, however it conveys the rights to Wide Bay to 50% of the profits from the PAR and BBA coal projects. Subsequent to 30 June 2014, Wide Bay Limited agreed to not call on the debt until the company has sufficient funds to make repayment or alternatively that they will convert the loan into ordinary shares in the company.

- The loan from Karen Williams, which makes up $375,043 of this amount bears interest at 12% pa. It has been agreed between both parties that the loan will not be called for repayment until at least 31 October 2015 unless the company has funds available to do so.

- The other unsecured loan of $250,000 bears no interest and has no set maturity date. The lender has agreed not to seek repayment of the loan unless the company is in a position to make payment for the debt.

21. Derivative Financial instruments

	2014 $	2013 $
Balance at the beginning of the reporting period	-	-
Measurement to fair value at issue date	301,502	-
Partial conversion	(220,494)	-
Re-measurement to fair value	166,992	-
Balance at the end of reporting period	248,000	-

The derivative financial instrument represents an embedded derivative related to the unsecured convertible bonds. Refer to note 20(d) for details.

22. Other current liabilities

	Consolidated Entity	
	2014 $	2013 $
Commitment fee from CGGC	132,026	136,345
Finance fee and interest charge from CGGC	211,220	218,131
	343,246	354,476

The Company in the prior year had entered into a Memorandum of Understanding ("MOU") with China Guangshou Group Corp ("CGGC") that, subject to due diligence, CGGC is to acquire a 65% interest in the Malala Molybdenum Project in consideration for committing to sole fund 100% of all funding required to take the Malala Molybdenum Project into large scale commercial production by 2016.

A commitment fee of US$500,000 was received during the year ended 30 June 2011 and is treated as a current liability. The outstanding balance at 30 June 2014 is $US324,000. The balance does not gear interest.

23. Contributed equity

		Consolidated entity	
		2014 $	2013 $
298,514,005 (2013: 222,202,277) fully paid ordinary shares	(a)	23,619,803	22,084,309
120,000,000 (2013: 120,000,000) performance shares	(b)	5,550,000	5,550,000
		29,169,803	27,634,309

a) Ordinary Shares

	Consolidated entity 2014 $	2013 $
At the beginning of the reporting period	22,084,309	20,902,323
Issue of shares (i)	490,000	-
Issue of shares (iii)	75,000	100,000
Share Placement (iv)	750,000	750,000
Transaction costs	-	(28,000)
Derivative recognised in share capital on conversion	220,494	-
Convertible loan conversions (ii)	-	359,986
At reporting date	23,619,803	22,084,309

	No. Shares	No. Shares
At the beginning of reporting period	222,202,277	173,577,677
Share issue (i)	26,728,395	-
Share issue (iii)	3,750,000	5,000,000
Share placement (iv)	45,833,333	30,000,000
Convertible loan conversions (ii)	-	13,624,600
At the end of reporting period	298,514,005	222,202,277

b) Performance Shares

		2014 $	2013 $
At the beginning of the reporting period		600,000	600,000
Issue of shares for acquisition of SEAE (v)	17	4,950,000	4,950,000
At the end of reporting period		5,550,000	5,550,000

		No. Shares	No. Shares
At the beginning of reporting period		10,000,000	10,000,000
Issue of shares for acquisition of SEAE (v)	17	110,000,000	110,000,000
At the end of reporting period		120,000,000	120,000,000

i. On 18 September 2013, the Company issued 15,000,000 ordinary shares at a deemed value of $0.02 per share as fee for the convertible bonds agreement signed with PAG. The first tranche of bonds of $500,000 was provided on the same date. On 1 November 2013, Bonds for $190,000 was converted to 11,728,395 shares at a deemed value of $0.162 per share.

ii. On 17 July 2012 & 25 January 2013, the Company issued 2,999,600 and 10,625,000 ordinary shares at a deemed value of $0.035 and $0.024 per share, respectively, in consideration for the conversion of convertible loans.

iii. On 31 July 2013 & 31 October 2013, the Company issued 1,250,000 and 2,500,000 ordinary shares at a deemed value of $0.02 per share as payment of the $25,000 and $50,000 option extension fee regarding the option granted to the Company to acquire Tiger Coal Pty Ltd and Energy Investments Pty Ltd.

iv. On 21 October 2013, the Company completed the placement of 12,500,000 ordinary shares at $0.02 per share to raise $250,000. On 27 May 2014, the Company completed the placement of 33,333,333 ordinary shares at $0.015 per share to raise $500,000.

v. On 24 December 2012, the Company issued 110,000,000 Performance Shares at a deemed value of $0.045 per performance share. The performance shares are convertible to ordinary shares based on milestones listed in note 23.

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Performance shares do not entitle the holder to any dividends and shall participate in the proceeds of surplus profits or assets on winding up of the parent entity only to the extent of $0.0001 per performance share. Performance shares do not entitle the holder to vote on any resolutions proposed at a general meeting of shareholders.

c) Capital management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

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

	Consolidated entity	
	2014 $	2013 $
Total borrowings	10,330,979	10,833,390
Less cash and cash equivalents	(30,616)	(4,187)
Net debt	10,300,363	10,829,203
Total equity	29,169,803	27,634,309
Total capital	39,470,166	38,463,512

The Company's Management is the process of securing finance and equity for the company's working capital requirements. For additional information on financing arrangements subsequent to year end refer to note 29.

24. Reserves

Option Reserve

This reserve is used to record the value of options issued over ordinary shares.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of foreign controlled entities.

Acquisition reserve

The acquisition reserve details the difference between the carrying value of the non-controlling interest in Victory West Pty Ltd as at the date of acquisition of $nil and the consideration paid is recognised in equity attributable to the parent. Accordingly, a debit to Acquisition Reserve of $3,350,000 is reflected in the statement of changes in equity.

a) Share Option Reserve

		Consolidated entity	
		2014 $	2013 $
At the beginning of the reporting period		315,900	23,850
Issue of options during the year	17	-	292,050
Expired options during the year (i)		-	-
Expired options during the year (iii)		-	-
At the end of reporting period		**315,900**	**315,900**

		No. Options	No. Options
At the beginning of reporting period		35,000,000	2,000,000
Issued during the year (i)	17	-	33,000,000
At the end of reporting period		**35,000,000**	**35,000,000**

(i) On 24 December 2012, the Company issued 33,000,000 unlisted performance options in consideration for the acquisition of SEAE.

At 30 June 2014, the Company had the following options on issue:

- 1,000,000 unlisted milestone A performance options with an exercise price of $0.25 and an expiry date of 31 August 2014. Please see below for a summary of these performance options milestones and terms. The options expired subsequent to year end.
- 1,000,000 unlisted milestone B performance options with an exercise price of $0.25 and an expiry date of 31 August 2014.Please see below for a summary of these performance options milestones and terms. The options expired subsequent to year end.
- 33,000,000 unlisted milestone 1 performance options with an exercise price of $0.30 and an expiry date of 24 December 2015. Please see below for a summary of these performance options milestones and terms.

Performance Options issued during prior years

The performance options will lapse if for any reason the Option holder ends its employment, relationship or engagement with the Company. Also, the conversion of each Performance Option is subject to the completion of the following milestones:

(i) The Company announcing to the ASX (or other recognised stock exchange) a JORC compliant resource of at least 120,000 tonnes (265 million pounds) of contained Molybdenum at a minimum grade of at least 600ppm either within one of the permits or total across all of the permits held at that time by the Company (Milestone A).

(ii) The Company having a market capitalisation of $80,000,000 Australian Dollars for 5 consecutive trading days (Milestone B).

In order for all Performance Options to be converted both Milestone A and Milestone B must be met by the Company. If only one Milestone is met prior to the expiry date then only those Performance options subject to the milestone which is being met are able to be converted.

The fair value of these performance options have been determined based on binomial and black-scholes valuation models at grant date is set out in the table below:

	Milestone A Performance Option	Milestone B Performance Option
Dividend yield (%)	-	-
Expected volatility (%)	82%	82%
Risk-free interest rate (%)	4.655%	4.655%
Expected life of option (years)	4 years	4 years
Option exercise price ($)	$0.25	$0.25
Share price at grant date ($)	$0.115	$0.115
Hurdle discount (%)	75%	75%

The fair value of the listed options at grant date issued to employees is based on the last quoted price of these options.

In order for all Performance Options to be converted all Milestone A and Milestone B must be met by the Company. If only one Milestone is met prior to the expiry date then only those Performance options subject to the milestone which is being met are able to be converted. Subsequent to report date, the above mentioned performance shares expired.

Performance Options issued during previous year

The conversion of each Performance Option is subject to the completion of the following milestones:

(iii) 1/3rd will vest within 10 business days of the commercial shipment of 100,000 tonnes of coal (in a single or a number of shipments) from any of SEAE current coal projects (Milestone 1) before 24 December 2015.

(iv) 1/3rd will vest within 10 business days of SEAE having one or more projects with mines that collectively have: i) total annualized production ≥ 1.2 Mt (satisfied by 2 consecutive months of production at an annualized rate of 100,000 tonnes per year); and ii) total aggregate JORC inferred resource ≥ 25 Mt (Milestone 2).

(v) 1/3rd will vest within 10 business days of SEAE having one or more projects with mines that collectively have: i) total annualized production ≥ 2.4 Mt (satisfied by 2 consecutive months of production at an annualized rate of 200,000 tonnes per year); and ii) total aggregate JORC inferred resource ≥ 50 Mt (Milestone 3).

	Milestone 1 Performance Option	Milestone 2 Performance Option	Milestone 3 Performance Option
Dividend yield (%)	-	-	-
Expected volatility (%)	161%	161%	161%
Risk-free interest rate (%)	2.720%	2.720%	2.720%
Expected life of option (years)	3 years	3 years	3 years
Option exercise price ($)	$0.30	$0.30	$0.30
Share price at grant date ($)	$0.03	$0.03	$0.03
Probability factor (%)	100%	35%	15%

In order for all Performance Options to be converted, Milestones 1, 2 and 3 must be met by the Company. If only one Milestone is met prior to the expiry date then only those Performance options subject to the milestone which is being met are able to be converted.

A summary of the movement of all company options issues is as follows:

	2014		2013	
	No. Options	Weighted Average Exercise Price	No. Options	Weighted Average Exercise Price
At the beginning of reporting period	35,000,000	0.30	2,000,000	0.25
Issued	-	-	33,000,000	0.30
Exercised	-	-	-	-
Expired	-	-	-	-
Lapsed	-	-	-	-
At the end of reporting period	**35,000,000**	**0.30**	**35,000,000**	**0.30**

b) Foreign Currency Translation Reserve

	Consolidated entity	
	2014 $	2013 $
	353,023	353,023
Balance at the beginning of the financial year	353,023	(1,404,337)
Adjustment arising from the translation of the financial statements of foreign controlled entities	(173,664)	191,441
Foreign translation reserve recycled through profit or loss arising from impairment of foreign operation	-	1,565,919
Balance at the end of the financial year	179,359	353,023

c) Acquisition Reserve

	Consolidated Entity	
	2014 $	2013 $
Balance at the beginning and end of the financial year	(3,350,000)	(3,350,000)

25. Accumulated Losses

	Consolidated Entity	
	2014 $	2013 $
Accumulated losses at the beginning of the financial year.	(24,194,344)	(12,555,549)
Loss attributable to members of the parent entity	(12,007,266)	(11,638,795)
Accumulated losses at the end of the financial year	(36,201,610)	(24,194,344)

26. Related Party Transactions

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in Directors' Report and in note 8.

Related Party Transactions

During the year interest expenses of USD$19,147 and AUD$23,125 were incurred in relation to loans provided to the Group in previous year, by Karen Williams, who is related to Mr Gary Williams. These loans were provided on normal commercial terms and conditions and at market rates. There were USD$133,649 and AUD$233,455 outstanding as at 30 June 2014.

During the year an amount of USD$219,128 was waived by Coalindo Pte Limited, an entity related to Mr Gary Williams, owed for provision of professional mining consulting services based on an agreement. There was $105,320 outstanding as at 30 June 2014.

During the year an amount of USD$1,100,000 was waived by United Asia Energy Pte Ltd an entity which Mr Gary Williams is a director of, for provision of professional mining consulting services. There was Nil outstanding as at 30 June 2014.

During the year transactions of AUD$202,000 were made with United Pastoral Pty Limited, a related entity which Mr Gary Williams is a director, for provision of professional services in capacity as Chief Executive Officer. These services were provided on normal commercial terms and conditions and at market rates. During the year amounts of USD$355,960 and AUD$207,200 were waived by United Pastoral Pty Limited for amounts owed for previous years. There were USD$107,817 and AUD$187,000 outstanding as at 30 June 2014.

During the year an amount of USD$220,187 was waived by United Energy and Resources Australia Pty Ltd, a related entity which Mr Gary Williams is a director, owed for provision of professional consulting services. There was Nil outstanding as at 30 June 2014.

During the year payments of USD$1,615,777 were made with PT United Mining Energy Services, a related entity which Mr Gary Williams is a commissioner, for financing development and production costs to PAR project and provision of professional consulting services. These services were provided on normal commercial terms and conditions and at market rates.

During the year, Indian Ocean Advisory Group Pty Ltd, an entity which Mr. Luke Martino is a director of, waived the amount owed to by the Company. There was Nil outstanding as at 30 June 2014.

Payments of $9,485 (2013: nil) were made to a related party of Mr Wayne Knight for corporate services provided during the period. A total of $10,340 was payable at 30 June 2014.

During the year transactions of $90,000 were made with Jackori Consulting, a related entity which Mr Jackob Tsaban is a director, for provision of professional services in capacity as Chief Financial Officer. These services were provided on normal commercial terms and conditions and at market rates. There were $140,250 outstanding as at 30 June 2014.

As at 30 June 2014 an amount of $88,753 was owing to United Mining Group, an entity which Mr Gary Williams has an interest in.

As at 30 June 2014 a total the following amounts were also owed to current or former Directors

- Steven Pynt $69,000
- Michael Scivolo $46,000
- Wayne Knight $60,000

27. Contingent Assets & Liabilities

At balance date the Company is not aware of any additional contingent assets or liabilities.

28. Cash Flow Information

Reconciliation of Loss after Income Tax to Net Cash Outflow from Operating Activities

	Consolidated entity	
	2014 **$**	**2013** **$**
Loss after income tax	(12,007,266)	(11,969,802)
Adjustment for non-cash items		
Forgiveness of debts	(3,856,418)	-
Unrealised foreign exchange gains	(11,231)	-
Depreciation	2,185	1,819
Fixed assets write off	-	268
Recycled foreign currency translation reserve	(173,664)	1,565,919
Share based payments	75,000	100,000
Impairment of financial assets	-	400,111
Impairment of exploration and evaluation expenditure	12,958,269	7,124,116
Finance fee and interest expense	1,162,201	435,625
Derivative financial instruments	166,992	-
Cash flows excluded from loss attributable to operating activities		
Payments for exploration and evaluation	(1,792,974)	-
Changes in operating assets and liabilities *(Increase)/decrease in:*		
Trade and other receivables	6,162	918,597
Increase/(decrease) in:		
Trade payables and accruals	878,057	(232,561)
Net cash outflow from operating activities	(2,592,687)	(1,655,908)

29. Post reporting date events

During July 2014, the Group received an additional USD$650,000 from Wide Bay Limited, which was as part of the funding for the coal project, as announced on 2 July 2014. Refer to note 20(e) for details of this loan agreement.

On 8 July 2014, there was a conversion of bonds totaling $200,000, which was the second conversion of the first bonds tranche for $500,000 issued on 16 September 2013, 13,227,513 shares were issued at a deemed value of $0.01512 per share for the conversion. Refer to note 20(d) for further information on these bonds.

On 7 August 2014, there was a placement of 779,000 shares at $0.018 to raise working capital.

On 31 August 2014, 2,000,000 performance options expired.

30. Parent Entity Disclosures

Parent Entity	2014 $	2013 $
Assets		
Current assets	33,264	-
Non-current assets	5,516	7,849,093
Total Assets	38,780	7,849,093
Liabilities		
Current liabilities	7,515,008	7,453,769
Non-current liabilities	-	-
Total Liabilities	7,515,008	7,453,764
Net Assets/(Liabilities)	(7,476,228)	395,324
Equity		
Issued capital	29,169,803	27,634,309
Options Reserve	315,900	315,900
Accumulated losses	(36,961,931)	(27,554,885)
Total Equity	(7,476,228)	395,324
Financial Performance		
Loss for the year	(9,407,046)	(10,212,443)
Other comprehensive income	-	-
Total comprehensive Loss	(9,407,046)	(10,212,443)

31. Contingent Liabilities

Refer to Note 27.

32. Contractual Commitments

As at 30 June 2014 and 30 June 2013 the Parent Company had no contractual commitments.

Additional Information for Listed Companies

Equity Holder Information

a. Distribution of Shareholders (as at 18 September 2014)

Category (size of holding)	No. of shareholders	No. of shares	%
1 – 1,000	541	221,578	0.07
1,001 – 5,000	269	792,166	0.25
5,001 – 10,000	134	1,060,223	0.34
10,001 – 100,000	361	14,494,016	4.64
100,001 – and over	254	295,952,535	94.70
TOTAL	**1,559**	**312,520,518**	**100.0**

The number of shareholders holding less than a marketable parcel of 22,728 shares ($0.018 on 23 September 2014) is 1,119 and they hold a total of 5,174,160 shares.

b. Twenty Largest Shareholders (as at 18 September 2014)

The names of shareholders that are recorded in the Register of Shareholders (as at 18 September 2014) are as follows:

Name	No. of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	13,227,513	4.23
CITICORP NOMINEES PTY LIMITED	13,126,036	4.20
JUNEDAY PTY LTD	11,750,000	3.76
ROGUE INVESTMENTS PTY LTD	10,000,000	3.20
TIMRIKI PTY LTD	9,600,000	3.07
RUBY HALL PTY LTD	8,342,801	2.67
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,158,837	2.29
JUNEDAY PTY LTD	7,000,000	2.24
MRS NADZLEY BTE NOORDIN + MR AHMAD FUAD DATO ALI	6,883,886	2.20
MRS KELLY MELISSA LAPPING	6,600,000	2.11
ALMARETTA PTY LTD	6,500,000	2.08
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,969,130	1.91
RUBY HALL PTY LTD	5,500,000	1.76
CARDY & COMPANY PTY LTD	5,018,750	1.61
SUNSHORE HOLDINGS PTY LTD	5,000,000	1.60
CINTRA HOLDINGS PTY LTD <ACCOUNT CINTRA FAMILY>	4,899,000	1.57
CINTRA HOLDINGS PTY LTD	4,650,000	1.49
ALLGREEN HOLDINGS PTY LTD	3,966,127	1.27
GLENEAGLE SECURITIES NOMINEES PTY LIMITED	3,500,000	1.12
JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	3,500,000	1.12
TOTAL	**142,192,080**	**45.50**

c. Details of Substantial Shareholders (as at 18 September 2014)

The Company has received the following substantial shareholder notices:

Name	No of Shares	% of Issued Share Capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	13,227,513	4.23
CITICORP NOMINEES PTY LIMITED	13,126,036	4.20

d. Distribution of Unlisted Performance Shares (as at 18 September 2014)

Category (size of holding)	No. of option holders	No. of Performance Shares	%
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	0	0	0.0
10,001 – 100,000	0	0	0.0
100,001 – and over	11	120,000,000	100.0
TOTAL	**11**	**120,000,000**	**100.0**

10,000,000 performance shares (Class A) are convertible to ordinary shares upon the completion of a 10,000m drilling program for the Malala Molybdenum Project before 24 February 2015. Each performance share is converted into one ordinary share on achievement of this milestone. If the milestone is not achieved before 24 February 2015, then all of the performance shares will be automatically redeemed for the sum of $0.000001 per performance share.

110,000,000 performance shares (Class B) are convertible to ordinary shares within 10 business days of the commercial shipment of 100,000 tonnes of coal from any of SEAE current coal projects (Milestone 1) before 24 December 2015. Each performance share is converted into one ordinary share on achievement of this milestone. If the milestone is not achieved before 24 December 2015, then all of Class B Performance Shares will be converted to ordinary shares on a basis of 1 ordinary share for every 1 million Class B performance shares.

e. Distribution of Unlisted Option holders (as at 18 September 2014)

The distribution schedule of the unlisted performance options (milestone A & B) with an exercise price of $0.25& $0.30 and expire on 31 August 2014 and 24 December 2015, respectively are detailed below (as at 18 September 2014)

Category (size of holding)	No. of option holders	No. of options	%
1 – 1,000	0	0	0.0
1,001 – 5,000	0	0	0.0
5,001 – 10,000	0	0	0.0
10,001 – 100,000	0	0	0.0
100,001 – and over	7	33,000,000	100.0
TOTAL	**7**	**33,000,000**	**100.0**

f. Voting Rights

Ordinary shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

Each shareholder entitled to vote, may vote in person or by proxy, attorney or representative.

On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote.

On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

Options

Options do not carry a right to vote.

Performance Shares

Performance Shares do not carry a right to vote.

g. Share Buy-Backs

There is no current on-market buy-back scheme.

h. Registered Office

The address of the registered office in Australia is:

311 – 313 Hay Street
SUBIACO WA 6008
Ph: +61 8 6489 0600

i. Securities Register

Registers of Securities are held at the following addresses:

Computershare Investor Services
Level 2, 45 St George's Terrace
PERTH WA 6000
Ph: 1300 557 010 (within Australia)
Ph: +61 8 9323 2033

j. Stock Exchange Listing

The Company's securities are quoted on the Australian Stock Exchange Limited (SXI) and the Frankfurt Stock Exchange.

k. Interest in Mining Tenements

Holder	Exploration IUP	Location	% interest
PT INTI CEMERLANG	188.45/2447/DISPESDAM	Indonesia	95%
PT ERA MORECO	188.45/2448/DISPESDAM	Indonesia	95%
PT INDO SURYA MORECO	188.45/2536/Bag. Ekon	Indonesia	95%
PT SEMBILAN SUMBER MAS	188.45/2446/DISPESDAM	Indonesia	95%
PT PROMISTIS	188.45/2444/DISPESDAM	Indonesia	95%