NARACOOTA Resources Ltd

ABN 77 143 142 410

ANNUAL REPORT

for the year ended 30 June 2015

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for the year ended 30 June 2015

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CORPORATE DIRECTORY

Board of Directors

Gavin Wates	Non-Executive Director
Tom Bahen	Non-Executive Director
Josh Puckridge	Non-Executive Director

Principal Office

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330 Churchill Avenue
Subiaco Western Australia 6008

Registered Office

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Subiaco Western Australia 6008

Postal Address

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ABN 77 143 142 410

Share Registry

Computershare
Level 11, 172 St George's Terrace
Perth, Western Australia, 6000
1300 787 272 (Telephone)
www.computershare.com.au

Auditors

Stantons International
Level 2, 1 Walker Avenue
West Perth, Western Australia 6005

Lawyers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia 6000

DIRECTORS' REPORT

The directors of Naracoota Resources Ltd ("Naracoota" or "the Company") submit their annual financial report of the Company for the year ended 30 June 2015.

Directors

The names and particulars of the directors of the Company in office during the year and until the end of the financial year are as follows. Directors were in office for this entire year unless otherwise stated.

Mr Gavin Wates, Non-Executive Director

Gavin is a corporate finance executive with a leading Australian stockbroking firm. He has been involved in the corporate finance industry for over 16 years and has extensive experience in mergers and acquisitions, equity capital markets and corporate restructures.

Gavin has worked as an investment banker in both Australia and London, is chartered accountant by training and has completed a graduate diploma of applied finance.

Other Listed Public Company Directorships in the last 3 years:

Nil

Mr Thomas Bahen, Non-Executive Director (Appointed 9 March 2015)

Tom is currently Director of Private Clients and Institutional Sales at Paterson Securities. He has significant experience in capital raisings & corporate advisory for ASX listed companies as well as previous experience in assurance and advisory with Deloitte.

Other Listed Public Company Directorships in the last 3 years:

Carbine Resources Limited - Non-Executive Director (appointed 20 May 2013)

Mr Josh Puckridge, Non-Executive Director (Appointed 9 March 2015; resigned as Company Secretary 19 February 2015)

Josh has a robust experience within funds management, mergers and acquisitions. He was a former founding director and secretary of Windward Resources Limited (ASX: WIN).

Other Listed Public Company Directorships in the last 3 years:

Discovery Resources Limited – Executive Director (appointed 11 November 2013, resigned August 2015);

Windward Resources Limited - Non-Executive Director (appointed 18 May 2012, resigned February 2014);

Krucible Metals Limited - Non-Executive Director (appointed 12 November 2014); and

Red Gum Resources Limited - Non-Executive Director (appointed 28 May 2015).

Mr George Cameron-Dow, Non-Executive Director (Resigned 9 March 2015)

George has held several executive and non-executive, listed and private company directorships across a variety of industries. From 2001 to 2005 he was a director of corporate advisory and investment firm Churchill Capital Services.

He is a founding director of investment advisory firm St George Capital Pty Ltd and investment fund manager Fleming SG Capital Pty Ltd. George has advised on and completed a number of corporate transactions, including ASX listings, reverse takeovers, capital raisings, underwritings, divestments and acquisitions.

Other Listed Public Company Directorships in the last 3 years:

Windward Resources Limited - Non-Executive Director (appointed 18 May 2012); and

Bioxyne Limited – Non-Executive Director (appointed 21 July 2014).

Mr Christian Cordier, Non-Executive Director (Resigned 9 March 2015)

Christian has had considerable involvement and investments in both public and private mining and exploration companies for over 15 years. His portfolio includes joint ventures with major international mining houses, investments in listed companies in the United Kingdom, Australia and Southern Africa and private mining operations.

He has extensive experience in sourcing natural resource projects and nurturing them through the value curve by packaging and arranging venture funding, managing the permitting and exploration process, negotiating off-take agreements and the formation of a strong management team.

Other Listed Public Company Directorships in the last 3 years:

Nil

Directors (cont'd)

Dr Eric Lilford, Non-Executive Director (Resigned 27 February 2015)

Eric is a highly credentialed, internationally experienced mining executive and mineral economist with extensive resources investment and operating knowledge. He was formerly National Head of Mining for Deloitte Touche Tohmatsu and was a Partner of Deloitte in the Corporate Finance Division. He has over 25 years of operational and investment experience across the global resources sector, including mine production experience at large underground gold, platinum, copper and coal mines.

Eric's experience includes the completion of prefeasibility and bankable feasibility studies in numerous jurisdictions, mine production experience as well as, while in the employ of investment banks, experience in corporate advisory, debt arranging and capital raisings for mining companies.

Other Listed Public Company Directorships in the last 3 years:

Atrum Coal Limited - Managing Director (appointed 1 July 2013, resigned 30 September 2014);

ZYL Limited – Managing Director (appointed 15 August 2010, resigned January 2012);

ZYL Limited – Non-Executive Director (appointed January 2012, resigned July 2012); and

Segue Resources Limited – Non-Executive Chairman (appointed October 2011, resigned 15 February 2012).

Mrs Annalette Wilbers, Company Secretary (Appointed 19 February 2015)

Annalette brings comprehensive financial expertise including financial analysis and reporting, tax and audit of private and public companies, including entities listed on the ASX and JSE. She is a Chartered Accountant with extensive international experience as a senior financial executive across a number of industries.

At the date of this report the following table sets out the current directors' relevant interests in shares and options of Naracoota Resources Ltd and the changes since the 2014 Annual Report.

	Ordinary Shares		Options over Ordinary Shares	
Director	Current holding	Net increase/ (decrease)	Current holding	Net increase/ (decrease)
Gavin Wates	6,700,000	4,558,491	2,022,566	–
Tom Bahen	6,700,000	6,700,000	–	–
Josh Puckridge	–	–	–	–

During and since the end of the financial year the following share options were granted to directors as part of their remuneration by Naracoota Resources Ltd.

Director	Number of Unlisted Options Granted	Number of Unlisted Options Held
Gavin Wates	–	–
Tom Bahen	–	–
Josh Puckridge	–	–

Remuneration Report (Audited)

The remuneration report is set out under the following main headings:

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

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

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

The whole Board form the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Company.

A. Principles used to determine the nature and amount of remuneration (cont'd)

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

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

- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

- The directors and executives receive a superannuation guarantee contribution required by the government, which for the year ended 30 June 2015 is 9.5% of base salary and do not receive any other retirement benefits.

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

- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews the remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company.

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executive performance. Currently, this is facilitated through the issue of options to the directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. The Company currently has no performance based remuneration component built into director and executive remuneration packages.

B. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in *AASB 124 Related Party Disclosures)* of Naracoota Resources Ltd are set out in the following table.

The key management personnel of Naracoota Resources Ltd are the directors as listed on pages 2 and 3.

Given the size and nature of operations of Naracoota Resources Ltd, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The table below shows the 2015 figures for remuneration received by the Company's directors.

	Short Term			Post-employment		Share-based payments– Equity settled			
	Salary & fees	Bonus	Other benefits	Superannua-tion	Pre-scribed benefits	Shares	Options (i)	Other benefits (D&O Insurance) (ii)	Total
2015	$	$	$	$	$	$	$	$	$
Directors									
Gavin Wates	36,697	–	–	3,487	–	–	–	1,856	42,040
Tom Bahen (iii)	11,443	–	–	1,087	–	–	–	584	13,114
Josh Puckridge (iii)	10,046	–	–	–	–	–	–	584	10,630
George Cameron-Dow (iv)	30,000	–	–	–	–	–	–	1,392	31,392
Christian Cordier (iv)	27,665	–	–	–	–	–	–	1,284	28,949
Dr Eric Lilford (v)	24,465	–	–	2,324	–	–	–	1,238	28,027
Executives									
Nil	–	–	–	–	–	–	–	–	–
Total	140,316	–	–	6,898	–	–	–	6,938	154,152

(i) These amounts are accounting valuations of options issued as remuneration and are not cash payments.

(ii) For accounting purposes Directors & Officers Indemnity Insurance is required to be recorded as remuneration. No director receives any cash benefits, simply the benefit of the insurance coverage.

(iii) Mr Bahen and Mr Puckridge were appointed as Non-Executive Directors on 9 March 2015.

(iv) Mr Cameron-Dow and Mr Cordier resigned as Non-Executive Directors on 9 March 2015.

(v) Dr Lilford resigned as Non-Executive Director on 27 February 2015.

B. Details of remuneration (cont'd)

The table below shows the 2014 figures for remuneration received by the Company's directors and executives.

	Short Term			Post-employment		Share-based payments– Equity settled			
	Salary & fees	Bonus	Other benefits	Superannuation	Pre-scribed benefits	Shares	Options (i)	Other benefits (D&O Insurance) (ii)	Total
2014	$	$	$	$	$	$	$	$	$
Directors									
Gavin Wates	36,697	–	–	3,395	–	–	–	1,734	41,826
George Cameron-Dow	40,000	–	–	–	–	–	–	1,734	41,734
Christian Cordier (vi)	49,167	–	–	–	–	–	–	1,734	50,901
Dr Eric Lilford	36,697	–	–	3,395	–	–	–	1,734	41,826
Executives									
Nil	–	–	–	–	–	–	–	–	–
Total	162,561	–	–	6,790	–	–	–	6,936	176,287

(vi) Mr Cordier was appointed as Executive Director – Business Development from 1 November 2012 to 31 July 2013 after which he returned to the position of Non-Executive Director of the Company.

C. Share-based Compensation

Options can be issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders.

There were no options granted or other share-based compensation issued to directors or executives during the year.

No options were exercised, lapsed or expired during or since the end of the financial year. All options granted in previous years vested at grant date.

D. Directors' equity holdings

(a) Fully paid ordinary shares of Naracoota Resources Ltd

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Net other change No.	At date of resignation No.	Balance at 30 June No.
2015					
Directors					
Gavin Wates	2,141,509	–	4,558,491	–	6,700,000
Tom Bahen (i)	–	–	6,700,000	–	6,700,000
Josh Puckridge (i)	–	–	–	–	–
George Cameron-Dow (ii)	1,500,000	–	–	(1,500,000)	–
Christian Cordier (ii)	8,410,714	–	(8,410,714)	–	–
Dr Eric Lilford (iii)	–	–	–	–	–
	12,052,223	–	2,847,777	(1,500,000)	13,400,000

(i) Mr Bahen and Mr Puckridge were appointed as Non-Executive Directors on 9 March 2015.

(ii) Mr Cameron-Dow and Mr Cordier resigned as Non-Executive Directors on 9 March 2015.

(iii) Dr Lilford resigned as Non-Executive Director on 27 February 2015.

D. Directors' equity holdings (cont'd)

(a) Fully paid ordinary shares of Naracoota Resources Ltd (cont'd)

Key management personnel	Balance at 1 July No.	Granted as remuneration No.	Net other change No.	At date of resignation No.	Balance at 30 June No.
2014					
Directors					
Gavin Wates	1,941,509	–	200,000	–	2,141,509
George Cameron-Dow	–	–	1,500,000	–	1,500,000
Christian Cordier	8,285,714	–	125,000	–	8,410,714
Dr Eric Lilford	–	–	–	–	–
	10,227,223	–	1,825,000	–	12,052,223

(b) Share options of Naracoota Resources Ltd

Directors	Bal at 1 Jul No.	Granted as remu-neration No.	Exercised No.	Net other change No.	Bal at 30 Jun No.	Bal vested at 30 Jun No.	Vested but not exerci-sable No.	Vested and exerci-sable No.	Options vested during year No.
2015									
Directors									
Gavin Wates	2,022,566	–	–	–	–	–	–	2,022,566	–
Tom Bahen	–	–	–	–	–	–	–	–	–
Josh Puckridge	–	–	–	–	–	–	–	–	–
	2,022,566	–	–	–	–	–	–	2,022,566	–
2014									
Directors									
Gavin Wates	1,822,566	–	–	200,000	2,022,566	–	–	2,022,566	–
George Cameron-Dow	–	–	–	–	–	–	–	–	–
Christian Cordier	–	–	–	–	–	–	–	–	–
Dr Eric Lilford	–	–	–	–	–	–	–	–	–
	1,822,566	–	–	200,000	2,022,566	–	–	2,022,566	–

E. Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to directors or executives during the year.

END OF REMUNERATION REPORT

Directors Meetings

The following table sets out information in relation to Board meetings held during the year:

Board Member	Board Meetings held while Director	Attended	Circular Resolutions Passed	Total
Gavin Wates	7	7	2	9
Tom Bahen	3	3	1	4
Josh Puckridge	3	3	1	4
George Cameron-Dow	4	4	1	5
Christian Cordier	4	4	1	5
Dr Eric Lilford	4	4	1	5

Dates of Board Meetings and Circulating Resolutions

Board Meetings	Board Meetings (cont'd)	Circulating Resolutions
24 October 2014	16 March 2015	28 August 2014
29 January 2015	11 May 2015	19 March 2015
3 February 2015	23 June 2015	
18 February 2015		

Projects

The Company's remaining project is constituted by the following tenement:

Project	Tenement Number	Interest %
Fraser Project	P52/1213	100

Capital

Naracoota Resources Ltd's issued capital is as follows:

Ordinary Fully Paid Shares

At the date of this report there are the following number of Ordinary fully paid shares

	Number of shares
Ordinary fully paid shares	138,263,829

Capital (cont'd)

Shares Under Option

At the date of this report there are 53,036,676 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	
Unlisted options	5,500,000
Listed options	47,536,676
	53,036,676
Movements of share options during the year and to the date of this report	-
Total number of options outstanding at the date of this report	**53,036,676**

The balance is comprised of the following:

Date options issued	Expiry date	Exercise price (cents)	Number of options	Listed/unlisted
3 August 2011	2 August 2016	30	1,000,000	Unlisted
20 October 2011	19 October 2016	30	4,000,000	Unlisted
23 August 2012	23 August 2017	7.5	500,000	Unlisted
5 October 2012	30 September 2015	9	47,536,676	Listed
Total number of options outstanding at the date of this report			**53,036,676**	

No person entitled to exercise any option referred to above has had, by virtue of the option, a right to participate in any share issue of any other body corporate.

Substantial Shareholders

Naracoota Resources Ltd has the following substantial shareholders as at 21 September 2015:

Name	Number of shares	Percentage of issued capital
Fleming SG Capital Special Opportunities Pty Ltd <Fleming SG Spec Opp Fund A/C>	27,500,000	19.89
Coreks Super Pty Ltd <Coreks Super Fund A/C>	8,285,714	5.99

Range of Shares as at 21 September 2015

Range	Total Holders	Units	% Issued Capital
1 - 1,000	5	422	0.00
1,001 - 5,000	11	46,431	0.03
5,001 - 10,000	94	908,566	0.66
10,001 - 100,000	235	12,499,820	9.04
100,001 - > 100,001	181	124,808,590	90.27
Total	**526**	**138,263,829**	**100.00**

Unmarketable Parcels as at 21 September 2015

	Minimum parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.057 per unit	8,772	28	136,418

Capital (cont'd)

Top 20 holders of Ordinary Shares as at 21 September 2015

Rank	Name	Units	% of Issued Capital
1	KONKERA PTY LTD <KONKERA FAMILY A/C>	7,800,000	5.64
2	KOBIA HOLDINGS PTY LTD	6,700,000	4.85
3	UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	6,700,000	4.85
4	BLU BONE PTY LTD	5,539,665	4.01
5	MR ANTONIUS JOSEPH SMIT	4,050,000	2.93
6	MR JOHN HENRY TOLL <TOLL FAMILY DISCRET A/C>	4,030,000	2.91
7	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	4,000,000	2.89
8	WILDGLADE PTY LTD <THE RALSTON FAMILY A/C>	3,225,000	2.33
9	POLARITY B PTY LTD	3,000,000	2.17
10	MR VINCE TRUDA <VINCE TRUDA S/F A/C>	2,250,000	1.63
11	IBT HOLDINGS PTY LTD <IBT HOLDINGS PTY LTD FAM A/C>	2,000,000	1.45
12	SOUTH BANC GROUP PTY LTD <DAVID HALES FAMILY A/C>	2,000,000	1.45
13	VFT INVESTMENTS PTY LTD	1,800,000	1.30
14	MGL CORP PTY LTD	1,600,000	1.16
15	SMAC NOMINEES PTY LTD <SMAC INVESTMENT A/C>	1,600,000	1.16
16	NEFCO NOMINEES PTY LTD	1,577,490	1.14
17	MR TERRENCE PETER WILLIAMSON & MS JONINE MAREE JANCEY <THE WILJAN SUPER FUND A/C>	1,524,776	1.10
18	DEAD KNICK PTY LTD	1,500,000	1.08
19	TT NICHOLLS PTY LTD <SUPERANNUATION FUND A/C>	1,485,931	1.07
20	MR MATTHEW JOEL NORTON & MRS ROSELYNN FAY NORTON <NORTON FAMILY SUPER A/C>	1,425,000	1.03
Total of Top 20 Holders of ORDINARY SHARES		63,807,862	46.15

Review of operations

The Company completed a review of its remaining project, Windy Day, concluding that it maintains a low probability of exploration success in its own right. It furthermore continued to review appropriate acquisition opportunities, not limited to mineral exploration projects, during the year.

The process of project assessments resulted in the Company announcing to the market, subsequent to year end, that it had entered into a binding term sheet to acquire Alcidion Corporation Pty Ltd (Alcidion). Alcidion is an established and rapidly growing healthcare informatics business, currently operating in 11 Australian hospitals. Alcidion's "Miya" platform extracts and computes individual patient data to provide real-time decision support to hospital clinicians wirelessly. It is expected that at completion and after anticipated costs of the acquisition, Naracoota will have approximately $7m in cash and will change its name to Alcidion Corporation.

Please refer to ASX announcements for further details on the Company's exploration and corporate activities during the course of the year.

Financial Review

The Company began the financial year with cash reserves of $4,021,943.

During the year total exploration expenditure incurred by the Company amounted to $15,860 (2014: $26,198). In line with the Company's accounting policies, all exploration expenditure is expensed as incurred, while tenement acquisition costs are capitalised. Net administration expenditure incurred amounted to $262,561 (2014: $252,113). The Company reflected an operating loss after income tax for the year ended 30 June 2015 of $278,421 (2014: $148,588 loss), with the increased loss due to the Company not qualifying for a Research and Development based tax rebate in the current year compared to a tax rebate of $129,723 received in the prior year.

The notable decrease in exploration expenditure is a direct result of a decrease in exploration activities due to the disposal of tenements during the 2013 financial year.

Naracoota is ever mindful of the current lack of equity market support for junior explorers and has continued its rigorous focus on cost management in the interest of preserving cash.

The Company's net asset position decreased from $4,026,748 to $3,748,327, primarily due to a decrease in cash and cash equivalents of $284,124 compared to the prior year. Cash and cash equivalents decreased in line with the Company's normal course of business.

As at 30 June 2015 cash and cash equivalents totalled $3,737,819.

Summary of Financial Information as at 30 June

	2015	2014	2013
Cash and cash equivalents ($)	3,737,819	4,021,943	3,868,047
Net assets/equity	3,748,327	4,026,748	4,175,336
Loss from ordinary activities after income tax credit ($)	(278,421)	(148,588)	(1,193,789)
No of issued shares	138,263,829	138,263,829	138,263,829
Share price ($)	0.041	0.022	0.019
Market capitalisation (Undiluted) ($)	5,668,817	3,041,804	2,627,013

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.

- Implementation of Board approved operating plans and Board monitoring of the progress against budgets.

Significant Changes in State of Affairs

Other than those disclosed in this annual report no significant changes in the state of affairs of the Company occurred during the financial year.

Significant Events after the Balance Date

No matters or circumstances other than the acquisition of Alcidion Corporation Pty Ltd as disclosed in note 21 have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or state of affairs of the Company in future financial years.

Likely Developments and Expected Results

The Company expects to maintain the present status and level of operations and hence there are no likely developments in the Company's operations.

Environmental Regulation and Performance

The Company is subject to significant environmental regulation in respect to its exploration activities.

The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it's aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

Insurance of Directors and Officers

During or since the financial year, the Company has paid premiums insuring all the directors of Naracoota Resources Ltd against costs incurred in defending conduct involving:

a) A breach of duty,
b) A contravention of sections 182 or 183 of the *Corporations Act 2001,*

as permitted by section 199B of the *Corporations Act 2001.*

Naracoota has agreed to indemnify all directors and executive officers of the Company against liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of Naracoota, except where the liability has arisen as a result of a wilful breach of duty in relation to the Company. The agreement stipulates that Naracoota will meet the full amount of any such liabilities, including costs and expenses. The Company has paid a total of $6,938 in insurance premiums, relating to Director and Officer insurance, during the financial year.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Non-Audit Services

During the year Stantons International or any of its associated entities did not provide any non-audit services to the Company.

ASX Announcements

Date	Announcements
09/09/2015	Change of Registered Office and Place of Business
02/09/2015	Alcidion Secures $1.75 Million Contract
31/08/2015	Expiry of Listed Options
19/08/2015	Investor Presentation and Webinar Registration details
18/08/2015	Acquisition of Advanced Healthcare Technology Company
14/08/2015	Trading Halt
31/07/2015	Quarterly Activities and Cash Flow Statement
12/06/2015	Change of registry address
30/04/2015	Quarterly Activities and Cash Flow Statement
18/03/2015	Top 20 security holders
10/03/2015	Appendix 3Xs
10/03/2015	Appendix 3Zs
09/03/2015	Board Changes
03/03/2015	Appendix 3Y
02/03/2015	Change in substantial holdings
02/03/2015	Appendix 3Y
25/02/2015	Response to Price Query
20/02/2015	Final Director's Interest Notice
19/02/2015	Board and Company Secretary Changes
18/02/2015	Half Year Accounts
29/01/2015	Quarterly Activities and Cash Flow Statement
30/10/2014	Quarterly Activities and Cash Flow Statement
24/10/2014	Results of Annual General Meeting
22/09/2014	Dispatch of Notice of Annual General Meeting and Proxy Form
29/08/2014	Annual Report to shareholders
25/07/2014	Quarterly Activities and Cash Flow Statement

Compliance

Corporate Governance Statement

The Board of Directors is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance policies and practices of the Company are reviewed annually in accordance with the standards required of the Company by the Directors, the ASX, ASIC and other relevant stakeholders, to ensure that the highest appropriate governance standards are maintained, commensurate with the size and operations of the Company.

Corporate Governance Statement (cont'd)

The ASX Corporate Governance Council released the third edition of its Corporate Governance Principles and Recommendations on 27 March 2014 to take effect for the first full financial year commencing on or after 1 July 2014. The Company's Corporate Governance Statement, and associated policy documents complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as appropriate, having regard to the size of the Company and the nature of its enterprise. The Corporate Governance Statement can be found on the Company's web site www.naracoota.com.au.

Independent Professional Advice

Directors of the Company are expected to exercise considered and independent judgement on matters before them and may need to seek independent professional advice. A director with prior written approval from the Chairman may, at the Company's expense obtain independent professional advice to properly discharge his responsibilities.

Board Composition

The Board consists of three Non-Executive Directors. Details of their skills, experience and expertise and the year of office held by each director have been included in the Directors' Report. The number of Board meetings and the attendance of the directors are set out in the Directors' Report.

The Board will decide on the choice of any new director upon the creation of any new Board position and if any casual vacancy arises. Decisions to appoint new directors will be minuted. The Board considers that due to the size and complexity of the Company's affairs it does not merit the establishment of a separate nomination committee. Until the situation changes the Board of Naracoota will carry out any necessary nomination committee functions.

Share Trading Policy

Directors, officers and employees are prohibited from dealing in Naracoota shares when they possess inside information. The Board is to be notified promptly of any trading of shares in the Company by any director or officer of the Company.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 14.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the directors

Josh Puckridge
Non-Executive Director
Perth, Western Australia this 23rd day of September 2015

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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23 September 2015

Board of Directors
Naracoota Resources Limited
Suite 9, 330 Churchill Avenue,
SUBIACO WA, 6008

Dear Directors

RE: NARACOOTA RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Naracoota Resources Limited.

As Audit Director for the audit of the financial statements of Naracoota Resources Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

John P Van Dieren
Director

West Perth, Western Australia

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with Australian Accounting Standards and International Financial Reporting Standards as disclosed in note 2 and giving a true and fair view of the financial position and performance of the Company for the year ended on that date;

(c) the audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Act and Regulations 2001; and

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 30 June 2015.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

J Puckridge

Josh Puckridge
Non-Executive Director
23 September 2015

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NARACOOTA RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Naracoota Resources Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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

Independence

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

Opinion

In our opinion:

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

  (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report of the Company also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 3 to 6 of the directors' report for the year ended 30 June 2015. 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

Opinion
In our opinion the remuneration report of Naracoota Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
23 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2015

	Note	2015 $	2014 $
Interest revenue - bank		113,744	127,711
Other income – gain on disposal of shares		–	136,267
Revenue		**113,744**	**263,978**
Employee and contractors expenses		(147,214)	(169,346)
Depreciation expense	11	(267)	(2,204)
Consultants expenses		(158,532)	(159,744)
Exploration and evaluation expenses		(15,860)	(26,198)
Finance costs	4	–	(4,003)
Impairment expense		–	(13,750)
Other expenses		(70,292)	(167,044)
Loss from continuing operations before income tax benefit/(expense)	5	**(278,421)**	**(278,311)**
Income tax credit (Research and Development rebate)	6	–	129,723
Loss from continuing operations attributable to members of the parent entity		**(278,421)**	**(148,588)**
Other comprehensive income			
Items that will not be reclassified to profit or loss		–	–
Items that may be subsequently reclassified to profit or loss		–	–
Total comprehensive loss for the year		**(278,421)**	**(148,588)**
Loss attributable to owners of the Company		**(278,421)**	**(148,588)**
Total comprehensive loss attributable to owners of the Company		**(278,421)**	**(148,588)**
Loss per share:			
Basic (cents per share)	16	(0.20)	(0.11)
Diluted (cents per share)	16	(0.20)	(0.11)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	22 (a)	3,737,819	4,021,943
Trade and other receivables	10	12,195	5,692
Total current assets		**3,750,014**	**4,027,635**
Non-current assets			
Property, plant and equipment	11	–	267
Mining Properties	12	13,172	13,172
Total non-current assets		**13,172**	**13,439**
TOTAL ASSETS		**3,763,186**	**4,041,074**
Current liabilities			
Trade and other payables	13	14,859	14,326
Total current liabilities		**14,859**	**14,326**
TOTAL LIABILITIES		**14,859**	**14,326**
NET ASSETS		**3,748,327**	**4,026,748**
Equity			
Issued capital	14 (a)	8,689,184	8,689,184
Reserves	14 (b)	509,619	509,619
Accumulated losses	15	(5,450,476)	(5,172,055)
TOTAL EQUITY		**3,748,327**	**4,026,748**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Attributable to equity holders			
For the year ended 30 June 2015	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
Balance at beginning of year	8,689,184	509,619	(5,172,055)	4,026,748
Total comprehensive income				
Loss for the year	–	–	(278,421)	(278,421)
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	–	(278,421)	(278,421)
Transactions with owners recorded direct to equity				
Issue of shares	–	–	–	–
Issue of options	–	–	–	–
Shares issue expenses	–	–	–	–
Total transactions with owners	–	–	–	–
Balance as at 30 June 2015	**8,689,184**	**509,619**	**(5,450,476)**	**3,748,327**

	Attributable to equity holders			
For the year ended 30 June 2014	Ordinary Shares $	Option Reserve $	Accumulated Losses $	Total Equity $
Balance at beginning of year	8,689,184	509,619	(5,023,467)	4,175,336
Total comprehensive income				
Loss for the year	–	–	(148,588)	(148,588)
Other comprehensive income for the year	–	–	–	–
Total comprehensive loss for the year	–	–	(148,588)	(148,588)
Transactions with owners recorded direct to equity				
Issue of shares	–	–	–	–
Issue of options	–	–	–	–
Shares issue expenses	–	–	–	–
Total transactions with owners	–	–	–	–
Balance as at 30 June 2014	**8,689,184**	**509,619**	**(5,172,055)**	**4,026,748**

The accompanying notes form part of the financial statements

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Payments for exploration and evaluation		(15,792)	(26,003)
Payments to suppliers and employees		(373,498)	(446,626)
Interest received		105,166	127,711
Research and Development rebate received		–	129,723
Net cash (used in) operating activities	22 (b)	**(284,124)**	**(215,195)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	9,909
Proceeds from sale of investment securities		–	359,182
Net cash provided by investing activities		–	**369,091**
Cash flows from financing activities			
Proceeds from issues of equity securities		–	–
Payment for share issue costs		–	–
Net cash provided by financing activities		–	–
Net (decrease)/increase in cash and cash equivalents		**(284,124)**	**153,896**
Cash and cash equivalents at the beginning of the financial year		**4,021,943**	**3,868,047**
Cash and cash equivalents at the end of the financial year	22 (a)	**3,737,819**	**4,021,943**

The accompanying notes form part of the financial statements

1. General Information

Naracoota Resources Limited (the Company) is a listed public Company, incorporated in Australia.

The Company's registered office and its principal place of business are as follows:

Registered office	Principal place of business
Suite 9 330 Churchill Avenue Subiaco Western Australia 6008	Suite 9 330 Churchill Avenue Subiaco Western Australia 6008

2. Statement of significant accounting policies

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

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the Company financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 23 September 2015.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The principal accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, as modified by the measurement at fair value of certain assets, where appropriate. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

<u>Going concern basis of preparation</u>

Based upon the Company's existing cash resources, the ability to modify expenditure outlays if required, and the directors' confidence of sourcing additional funds, the directors consider 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 therefore the going concern basis of preparation is considered to be appropriate for the Company's 2015 financial report.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits with a maturity of less than 3 months, net of outstanding bank overdrafts.

(c) Employee benefits

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

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

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

2. Statement of significant accounting policies (cont'd)

(d) *Financial assets*

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

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

<u>Financial assets at fair value through profit or loss</u>

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated at fair value through profit of loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss and other comprehensive income.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

<u>Loans and receivables</u>

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

(e) *Financial instruments issued by the Company*

<u>Debt and equity instruments</u>

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

<u>Transaction costs on the issue of equity instruments</u>

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

(f) *Earnings per share*

<u>Basic earnings per share</u>

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other that ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

<u>Diluted earnings per share</u>

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.

2. Statement of significant accounting policies (cont'd)

(g) Goods and services tax

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

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

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

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

(h) Impairment of assets

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

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

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

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

(i) Tax

<u>Current tax</u>

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

<u>Deferred tax</u>

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

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

2. Statement of significant accounting policies (cont'd)

(i) Tax (cont'd)

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

<u>Current and deferred tax for the year</u>

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

(j) Intangible assets

<u>Exploration, evaluation and development expenditure</u>

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition may be expensed but will be assessed on a case by case basis and will be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(k) Interests in joint arrangements

<u>Jointly controlled assets and operations</u>

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Company's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Company makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(l) Operating cycle

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

(m) Payables

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

(n) Presentation currency

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

2. Statement of significant accounting policies (cont'd)

(o) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line or diminishing value basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting year.

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

Class of fixed asset	Depreciation rate (%)
Buildings (Transportables)	20
Computer equipment	25 – 66.67
Furniture and fittings	5
Motor vehicles	25
Plant and equipment	40

(p) Provisions

Provisions are recognised when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Revenue recognition

Dividend and interest revenue

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

(r) Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model or binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(s) Segment reporting policy

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Company's chief operating decision maker which, for the Company, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

2. Statement of significant accounting policies (cont'd)

(t) Fair value of assets and liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

<u>Valuation techniques</u>

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

<u>Fair value hierarchy</u>

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3
Measurements based on unobservable inputs for the asset or liability.

2. Statement of significant accounting policies (cont'd)

(t) Fair value of assets and liabilities (cont'd)

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(u) New accounting standards and interpretations

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)
The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

Other standards not yet applicable
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Key estimates — impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The company has capitalised tenement acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

3. Critical accounting estimates and judgements (cont'd)

The future recoverability of capitalised tenement acquisition expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related tenement acquisition costs through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

No impairment has been recognised for the year ended 30 June 2015.

Key estimates — share-based payments

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Key estimates — deferred taxation

As it is uncertain whether the accumulated tax losses will be recovered, no deferred tax asset is recognised in relation to tax losses.

	2015 $	2014 $
4. Finance costs		
Net change in fair value of financial assets at fair value through profit or loss	–	(4,003)
Net finance costs recognised in profit or loss	(4,003)	(4,003)
5. Loss from operations		
Loss before income tax has been arrived at after charging the following gains and (losses) from continuing operations		
Depreciation of non-current assets	(267)	(2,204)
Employee benefit expense includes:		
Post employment benefits:		
Defined contribution plans	(6,898)	(6,790)
6. Income taxes		
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense	–	–
Research and Development rebate received	–	129,723
Deferred tax expense relating to the origination and reversal of temporary differences	–	–
Total tax benefit	–	129,723
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
(Loss) from operations	(278,421)	(278,311)
Income tax benefit calculated at 30%	(83,526)	(83,493)
Research and Development rebate received	–	129,723
Effect of expenses that are not deductible in determining taxable profit	1,417	15,330
Net effect of unused tax losses and temporary differences not recognised as deferred tax assets	82,109	68,163
Income tax benefit	–	129,723

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

6. Income taxes (cont'd)

Unrecognised deferred tax balances

	2015 $	2014 $
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax losses – revenue	1,325,221	1,154,978
Tax losses – capital	–	–
Net temporary differences	40,907	91,663
	1,366,128	1,246,641

7. Key management personnel disclosures

(a) Details of key management personnel

The directors and executives of Naracoota Resources Ltd during the year were:

Directors

Gavin Wates (Appointed 23 October 2012)

Tom Bahen (Appointed 9 March 2015)

Josh Puckridge (Appointed 9 March 2015)

George Cameron-Dow (Resigned 9 March 2015)

Christian Cordier (Resigned 9 March 2015)

Dr Eric Lilford (Resigned 27 February 2015)

Executives

NIL

(b) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company is set out below

	2015 $	2014 $
Short-term employee benefits	140,316	162,561
Post-employment benefits	6,898	6,790
Other benefits	6,938	6,936
Share-based payments	–	–
	154,152	176,287

The compensation of each member of the key management personnel of the Company is set out in the Directors' Remuneration report on pages 3 to 6.

8. Share-based payments

Share options and shares

The Company has an ownership-based compensation arrangement for its employees.

Each option issued under the arrangement converts into one ordinary share of Naracoota Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. Options neither carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Vesting dates and conditions are dependent on each arrangement as agreed to by the directors.

The number of options granted is at the sole discretion of the directors.

Incentive options issued to directors (executive and non-executive) are subject to approval by shareholders and attach vesting conditions as appropriate.

8. Share-based payments (cont'd)

No share-based payments were made during the current and comparative reporting period:

There were no options over ordinary shares in the Company provided as remuneration to directors or key management persons during the year.

The following reconciles the outstanding share options granted at the beginning and end of the financial year:

	2015		2014	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of financial year	5,500,000	0.28	5,500,000	0.28
Granted during the financial year	–	–	–	–
Expired during the financial year	–	–	–	–
Exercised during the financial year	–	–	–	–
Balance at end of the financial year (i)	5,500,000	0.28	5,500,000	0.28
Exercisable at end of financial year	5,500,000	0.28	5,500,000	0.28

(i) Balance at end of the financial year:

The share options outstanding at the end of the financial year had a weighted average remaining contractual life of 1.34 years (2014: 2.34 years).

No options were issued, exercised, expired or lapsed during the year.

9. Remuneration of auditors

	2015 $	2014 $
Audit and review of the financial report	19,074	19,074
	19,074	19,074

The auditor of Naracoota Resources Ltd is Stantons International.

10. Current trade and other receivables

	2015 $	2014 $
Net goods and services tax (GST) receivable	3,617	4,792
Sundry accounts receivable	8,578	900
	12,195	5,692

11. Property, plant and equipment

	Buildings (Transportables) at cost $	Computer equipment at cost $	Furniture & fittings at cost $	Motor vehicles at cost $	Plant & equipment at cost $	Total $
Gross carrying amount						
Balance at 1 July 2013	44,780	24,527	–	54,545	4,080	127,932
Disposals/write-offs	(44,780)	(9,639)	–	(54,545)	(4,080)	(113,044)
Balance at 1 July 2014	–	14,888	–	–	–	14,888
Disposals/write-offs	–	–	–	–	–	–
Balance at 30 June 2015	–	14,888	–	–	–	14,888

11. Property, plant and equipment (cont'd)

	Buildings (Transportables) at cost $	Computer equipment at cost $	Furniture & fittings at cost $	Motor vehicles at cost $	Plant & equipment at cost $	Total $
Accumulated depreciation and impairment						
Balance at 1 July 2013	(15,593)	(22,102)	–	(25,322)	(2,548)	(65,565)
Depreciation expense	–	(1,190)	–	(1,014)	–	(2,204)
Disposals/write-offs	15,593	8,671	–	26,336	2,548	53,148
Balance at 1 July 2014	–	(14,621)	–	–	–	(14,621)
Depreciation expense	–	(267)	–	–	–	(267)
Disposals/write-offs	–	–	–	–	–	–
Balance at 30 June 2015	–	(14,888)	–	–	–	(14,888)
Net book value						
At 30 June 2014	–	267	–	–	–	267
At 30 June 2015	–	–	–	–	–	–

	2015 $	2014 $
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
Buildings (Transportables)	–	–
Computer equipment	267	1,190
Furniture & fittings	–	–
Motor vehicles	–	1,014
Plant & equipment	–	–
	267	2,204

12. Mining properties

	2015 $	2014 $
Balance at beginning of financial year	13,172	13,172
Capitalised tenement acquisition costs	–	–
Tenements sold	–	–
Balance at end of financial year	13,172	13,172

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

13. Current trade and other payables

	2015 $	2014 $
Trade payables (i)	1,697	2,326
Other	13,162	12,000
	14,859	14,326

(i) The average credit period on purchases of goods and services is 30 days. No interest is charged on the trade payables for the first 30 to 60 days from the date of the invoice. Thereafter, interest is charged at various penalty rates. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. Issued capital and reserves

	2015 $	2014 $
(a) Issued capital		
138,263,829 fully paid ordinary shares (2014: 138,263,829)	8,689,184	8,689,184
	8,689,184	8,689,184

	2015		2014	
	No.	$	No.	$
Balance at beginning of financial year	138,263,829	8,689,184	138,263,829	8,689,184
Shares issued	–	–	–	–
Share issue costs	–	–	–	–
Balance at end of the financial year	138,263,829	8,689,184	138,263,829	8,689,184

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	2015 $	2014 $
(b) Reserves		
Balance at beginning of financial year	509,619	509,619
Share-based payment expense	–	–
Balance at end of financial year	509,619	509,619

	2015 No. of options	2014 No. of options
(c) Movements in options on issue		
Beginning of the financial year	53,036,676	53,036,676
Options issued	–	–
End of the financial year	53,036,676	53,036,676

15. Accumulated losses

	2015 $	2014 $
Balance at beginning of financial year	(5,172,055)	(5,023,467)
Income/(Loss) attributable to members of the entity	(278,421)	(148,588)
Balance at end of financial year	(5,450,476)	(5,172,055)

16. Loss per share

	2015 Cents per share	2014 Cents per share
Basic income/(loss) per share (cents):		
From continuing operations	(0.20)	(0.11)
Total basic loss per share	(0.20)	(0.11)

16. Loss per share (cont'd)

	2015 $	2014 $
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Loss	(278,421)	(148,588)

	2015 No.	2014 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	138,263,829	138,263,829

The rights of options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights of options are non-dilutive as the exercise prices are higher than the Company's share price at 30 June 2015 and the Company has also incurred a loss for the year.

17. Commitments

	2015 $	2014 $
Exploration, evaluation & development (expenditure commitments)		
Not longer than 1 year	6,776	6,776
Longer than 1 year and not longer than 5 years	4,326	9,245
Longer than 5 years	–	–
	11,102	16,021

18. Contingent liabilities and contingent assets

In the opinion of the directors, there are no contingent liabilities or contingent assets as at 30 June 2015 and none were incurred in the interval between the year end and the date of this financial report. Refer note 21 for the proposed acquisition of Alcidion Corporation Pty Ltd.

19. Segment reporting

The Company operates predominantly in the mineral exploration industry in Australia. For management purposes, the Company is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

20. Related party disclosures

(a) **Key management personnel remuneration**

Details of key management personnel remuneration are disclosed in note 7 to the financial statements.

(b) **Loans to key management personnel and their related parties**

There have been no loans to key management personnel during the year.

(c) **Other transactions with key management personnel**

SG Corporate Pty Ltd, which is wholly owned by Fleming Asset Management (Australia) Pty Ltd, of which Mr George Cameron-Dow is a director, provided management, administrative, financial and company secretarial services amounting to $117,000 to Naracoota to the date of Mr Cameron-Dow's resignation on 9 March 2015. The amounts paid were as per a service agreement with SG Corporate Pty Ltd. At 30 June 2015 there are no outstanding amounts owing to SG Corporate Pty Ltd.

There were no other disclosable transactions with key management personnel during the year.

21. Subsequent events

On 18 August 2015, the Company announced to the ASX that it had entered into a binding term sheet (Term Sheet) to acquire Alcidion Corporation Pty Ltd (Alcidion) (Acquisition).

The terms of the Acquisition and proposed capital structure are as follows:

Consideration for the acquisition of Alcidion

Naracoota will issue shareholders of Alcidion the following:

- 400,000,000 fully paid ordinary shares ($12.4 million at 3.1 cents per share);
- 133,333,333 Class A Contingent Share Rights that convert to ordinary shares on Naracoota achieving $10,000,000 in revenue (audited) over 12 consecutive months, within 24 months from re-admission of Naracoota as Alcidion on ASX (**Class A Contingent Share Rights**); and
- 133,333,333 Class B Contingent Share Rights that convert to ordinary shares on Naracoota achieving $15,000,000 in revenue (audited) over 12 consecutive months, within 36 months from re-admission of Naracoota as Alcidion on the ASX (**Class B Contingent Share Rights**).

Consideration Issued to Advisors

Naracoota will issue the following to advisors to the Acquisition:

- 11,827,957 Class A Contingent Share Rights; and
- 15,053,763 Class B Contingent Share Rights.

Capital Raise

Naracoota has engaged Patersons Securities Limited (**PSL**) as Lead Manager to raise $2,000,000 at 3.1 cents per share pursuant to a full form prospectus (**Capital Raise**). PSL has received firm commitments for 100% of the Capital Raise.

At Completion, after anticipated costs of the Acquisition, Naracoota will have approximately $7 million in cash.

Outside of the terms and conditions that are customary for an acquisition of this nature, the Acquisition is conditional on, among other things:

- Naracoota receiving all regulatory and shareholder approvals.
- Naracoota completing due diligence to in its sole discretion.
- An Independent Expert finding the Acquisition fair to Naracoota shareholders unrelated to the vendors of Alcidion who acquire a relevant interest of 20% or more of Naracoota.
- Alcidion will be acquired with $1.75 million in net cash and no debt.
- The incoming directors, Prof. Pradhan, Mr Blight and Mr Buzza, will each receive salaries of $235,000 per annum.
- At completion of the transaction, current Naracoota directors Mr Gavin Wates and Mr Tom Bahen will stand down from the board. Mr Josh Puckridge will remain on the Board of the Company with Prof. Pradhan, Mr Blight, Mr Buzza and Mr Alex McNab (a current Non-Executive Director of Alcidion).
- Naracoota and Alcidion to enter into a Formal Share Purchase Agreement by no later than 31 December 2015.

No other matters or circumstances have arisen since 30 June 2015 that may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

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

	2015 $	2014 $
Cash and cash at bank	621	44,180
Term deposit	3,737,198	3,977,763
	3,737,819	4,021,943

	2015 $	2014 $

22. Notes to the statement of cash flows (cont'd)

(b) Reconciliation of loss for the year to net cash flows from operating activities

	2015 $	2014 $
(Loss) for the year	(278,421)	(148,588)
Depreciation of non-current assets	267	2,204
Net change in fair value of financial assets at fair value through profit or loss	–	4,003
Profit on sale of financial assets	–	(136,267)
Brokerage on sale of financial assets	–	3,638
Loss on sale of property, plant and equipment	–	49,986
Impairment of unlisted investment	–	13,750
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Trade and other receivables	(6,503)	8,151
Increase/(decrease) in liabilities:		
Trade and other payables and provisions	533	(12,072)
Net cash used in operating activities	(284,124)	(215,195)

23. Financial instruments

(a) Financial risk management objectives

The Company does not enter into or trade financial instruments, including derivative financial instruments. The use of financial derivatives is governed by the Company's Board of Directors.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Foreign currency risk management

The Company does not transact in foreign currencies, hence no exposure to exchange rate fluctuations arise.

(d) Interest rate risk management

The Company is exposed to interest rate risk as it places funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate products which also facilitate access to money.

Maturity profile of financial instruments

The following table details the Company's exposure to interest rate risk.

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	5+ years		
	%	$		$	$	$	$
2015							
Financial assets:							
Cash and cash equivalents	2.6%	–	3,737,198	–	–	621	3,737,819
Trade and other receivables/ other financial assets	–	–	–	–	–	12,195	12,195
		–	3,737,198	–	–	12,816	3,750,014
Financial liabilities:		–	–	–	–	–	–
Trade and other payables		–	–	–	–	14,859	14,859
		–	–	–	–	14,859	14,859

23. Financial instruments (cont'd)

Maturity profile of financial instruments (cont'd)

	Weighted average effective interest rate	Variable interest rate	Fixed maturity dates			Non interest bearing	Total
			Less than 1 year	1-5 years	5+ years		
	%	$		$	$	$	$
2014							
Financial assets:							
Cash and cash equivalents	3.2%	–	3,977,763	–	–	44,180	4,021,943
Trade and other receivables/ other financial assets	–	–	–	–	–	5,692	5,692
		–	3,977,763	–	–	49,872	4,027,635
Financial liabilities:		–	–	–	–	–	–
Trade and other payables		–	–	–	–	14,326	14,326
		–	–	–	–	14,326	14,326

(e) **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

It is a policy of the Company that creditors are paid within 30 days.

(f) **Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company does not perform any sensitivity analysis and none is disclosed in the financial statements as the impact would not be material.

(g) **Market price risk**

Given the current level of operations and financial assets held the Company is not exposed to material price risk.