

Mindax Limited

ABN 28 106 866 442

Annual Financial Report

for the year ended 30 June 2015

Corporate Information

ABN 28 106 866 442

Directors

Benjamin Chow (Executive Chairman)
Andrew Tsang (Non-Executive Director)
Kgai Mun Loh (Non-Executive Director)
Yonggang Li (Non-Executive Director)

Company Secretary

Dennis Wilkins

Registered Office

Ground Floor, 20 Kings Park Road
WEST PERTH WA 6005
Telephone: (08) 9485 2600
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Postal Address

PO Box 92
WEST PERTH WA 6872

Bankers

Commonwealth Bank
1254 Hay Street
WEST PERTH WA 6005

Westpac Banking Corporation
465 Scarborough Beach Road
OSBORNE PARK WA 6017

Share Register

Advanced Share Registry Services
110 Stirling Highway
NEDLANDS WA 6009
Telephone: (08) 9389 8033
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Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

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Stock Exchange Listing

Mindax Limited shares are listed on the Australian Securities Exchange (ASX code MDX).

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Directors' Report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Mindax Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Benjamin Chow, AO, BE (Executive Chairman, chairman of remuneration committee, member of audit committee)

Benjamin, aged 69 years, is a distinguished Australian citizen who was born and educated in China, emigrating to Australia in 1962. He has a business background in engineering, property development and leadership in the Chinese and Australian financial sectors.

He chaired the Council for Multicultural Australia which assists the Australian Government implement its multicultural policies. He has previously served as President of Australian Chinese Community Association of NSW, President of Chinese Australian Forum of NSW and Vice-president of the Ethnic Communities Council of NSW. He is a past member of the Council of National Museum of Australia, a member of the Bond University Council, President of Sydney University Nerve Research Foundation, a Trustee and immediate past Chairman of Australian Chinese Charity Foundation and a Director of Chain Reaction Foundation Ltd.

Mr Chow is a former director of Invocare Limited (22 February 2007 to 16 August 2013) within the last 3 years.

Andrew Tsang, (Non-Executive Director, member of remuneration committee)

Andrew, aged 59 years, is a naturalised Australian citizen who was born and educated in China and who has successfully established and run construction, engineering and property development businesses both in China and Australia as well as establishing successful import agencies for Australian manufactured goods into China.

Mr Tsang is also non-executive director of Diatrema Resources Limited since 23 January 2009. Mr Tsang has not held any other public company directorships in the last 3 years.

Kgai Mun Loh, (Non-Executive Director, chairman of audit committee, member of remuneration committee)

Kgai (known as Eric) is the Executive Director of Lion Asiapac Limited, a company listed on the Singapore Exchange, since August 2008. Lion Asiapac is a substantial shareholder of the Company.

He has a wealth of management experience including listed companies with multi-national operations. He has also been involved in strategic planning and has spearheaded numerous merger and acquisition projects.

Prior to 2008, he was the Group General Manager of Lion Asiapac Limited and oversaw operational, financial and management matters of the Lion Asiapac Group.

In 1998, Eric joined the Lion Group as the Financial Controller of the Group's telecommunications business unit. Concurrently, he also headed their internal audit and group information systems divisions in Singapore.

Eric holds a Master's Degree in Business Administration from the Edinburgh University Management School and is an Associate Member of the Institute of Chartered Accountant's in England and Wales.

Mr Loh has not held any other public company directorships in the last 3 years.

Yonggang Li, (Non-Executive Director, member of audit committee)

Yonggang, aged 38 years, graduated in Electronic Accounting from Hebei Economic and Trade University in 1999.

From 1999 to 2001 he was the accountant and auditor for Zheng Xiang Accounting Firm Hebei province.

In 2001 he jointly established the Hebei Zhuxin Construction Company and was previously the Chairman.

In 2003 he jointly established the Shijiazhuang Zhengqian Construction Installation Engineering Company Ltd and the Hebei Jiangtai Construction Installation Engineering Company Ltd. He was previously the Chairman of both boards of directors.

In 2005 he joined with others to acquire Luanping Jinhui Feng Mining Company Ltd and was previously the Chairman.

In 2010 Yonggang jointly established Huifeng Huimei Investment (Beijing) Company Ltd and is the current Chairman.

In 2011 he acquired a private mining company for dolomite iron ore in Xiaoying Village Luanping County. The company currently extracts 500,000 tonnes of 63% vanadium and titanium ore concentrate.

Mr Li has not held any other public company directorships in the last 3 years.

Directors' Report continued

COMPANY SECRETARY

Dennis Wilkins, B.Bus, MAICD, ACIS

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been a running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006, Shaw River Manganese Ltd since 30 June 2015, TSX listed Mawson West Ltd since 3 August 2015, and an alternate director of Middle Island Resources Ltd since 1 May 2010. Within the last three years, Mr Wilkins has been a former director of ASX listed companies Minemakers Ltd (resigned 4 December 2012), Duketon Mining Ltd (resigned 18 November 2014) and A1 Consolidated Gold Ltd (resigned 11 May 2015).

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Mindax Limited were:

	Ordinary Shares	Options over Ordinary Shares
Benjamin Chow	196,000	500,000
Andrew Tsang	53,329,543	500,000
Eric Loh	-	500,000
Yonggang Li	-	-

PRINCIPAL ACTIVITIES

During the year, the Group's principal activity was mineral exploration, which included project development studies.

There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

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

REVIEW OF OPERATIONS

The Group is continuing to review funding and development options for its flagship Mt Forrest Project (Iron Ore). No definitive funding options were identified during the financial year.

Mines department approval has been obtained for a proposed exploration and drilling program. Once the Group has secured adequate funding, these programs can commence.

In relation to the Group's Meekatharra North Project (Gold) preparation and planning to undertake a new Sub Audio Magnetics (SAM) survey is complete, and will commence once the Group has secured adequate funding. The most northern tenement has previously had a SAM survey completed in 2012 and this new survey will be an infill program based on a tighter pattern to improve on the geological definition and further increase the exploration potential.

During the year, and subsequent to the end of the reporting period, the Group has relinquished the tenement holdings comprising the following projects:

- Yilgarn-Avon Joint Venture (Uranium);
- Mortlock (Copper, Gold); and
- Fred's Bore (Iron Ore, Gold).

Finance Review

The Group began the financial year with a cash reserve of \$243,420. During the year, a placement of 10,000,000 ordinary shares was completed raising \$800,000. Funds were used to actively advance the Group's projects.

During the year total exploration expenditure incurred by the Group amounted to \$368,368 (2014: \$2,093,475). In line with the Company's accounting policies, exploration expenditure is capitalised. Impairment of capitalised exploration expenditure recognised during the year was \$20,285,995 (2014: \$1,868,904). Net administration expenditure incurred amounted to \$1,420,412 (2014: \$2,767,437). This has resulted in an operating loss after income tax for the year ended 30 June 2015 of \$21,706,407 (2014: \$4,636,341).

At 30 June 2015 surplus funds available totalled \$88,472.

Directors' Report continued

Operating Results for the Year

Summarised operating results are as follows:

	2015	
	Revenues	Results
	\$	\$
Consolidated entity revenues and loss before income tax expense	4,766	(21,706,407)

Shareholder Returns

	2015	2014
Basic and diluted loss per share (cents)	(8.1)	(1.8)

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 a 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 that management's objectives and activities are aligned with the risks identified 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 budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year was as follows:

- An increase in contributed equity of \$800,000 as a result of the issue of 10,000,000 ordinary shares on completion of a placement in July and August 2014.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 31 August 2015 the Company completed a capital raising to sophisticated investors of \$60,000 from the issue of 6,000,000 fully paid ordinary shares.

On 15 September 2015 the Company completed a capital raising to sophisticated investors of \$50,000 from the issue of 10,000,000 fully paid ordinary shares.

No other matter or circumstance has arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Directors' Report continued

REMUNERATION REPORT (AUDITED)

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Remuneration Committee is comprised of the executive chairman and two non-executive directors. The remuneration policy of Mindax Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. All short term incentives are decided at Board level. The board of Mindax Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Group 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 by reference to the Group's performance, 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.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2015 financial year, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using either the Black-Scholes or Binomial methodologies.

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 their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$400,000 approved at the 2010 AGM). Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Directors are also entitled to Committee Fees, payable to members of the Audit and Remuneration Committees. The Board has agreed to fees of \$5,000 per annum for each member of a committee, and \$10,000 per annum for the Chairman of each committee. Such fees are paid to applicable members on a quarterly basis.

Performance based remuneration

At this stage, the Group's remuneration of key management personnel (excluding directors) does not include any performance conditions. The Board believes that at this stage of the Group's development, linking remuneration to financial performance indicators such as share price, revenue or profit for these personnel is inappropriate. This may change once the Group commences production.

In relation to non-executive directors, the Board believes that a portion of the remuneration package for the non-executive directors should be linked to some form of financial performance indicator, such as share price, from time to time, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for non-executive directors to motivate and reward their performance. No options were granted during the 2015 or 2014 financial years.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives, including the occasional issue of options to directors and executives which is to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

The table below shows the gross revenue, losses and earnings per share for the last five years for the listed entity.

	2015	2014	2013	2012	2011
	\$	\$	\$	\$	\$
Revenue	4,766	75,352	398,429	900,679	461,673
Net loss	(21,706,407)	(4,636,341)	(2,992,131)	(2,299,213)	(2,412,051)
Loss per share (cents)	(8.1)	(1.8)	(1.3)	(1.3)	(1.6)
Share price at year end (cents)	0.5	6.1	12.0	7.3	27.5

No dividends have been paid.

Directors' Report continued

Performance conditions linked to remuneration

In relation to non-executive directors (including the Chairman), the Board believes that a portion of the remuneration package for the non-executive directors should be linked to some form of financial performance indicator, such as share price, from time to time, as determined by the Board. In this regard, options over unissued shares provide a performance linked incentive component in the remuneration package for non-executive directors to motivate and reward their performance. No options were issued to directors during the 2015 financial year.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2015.

Voting and comments made at the Company's 2014 Annual General Meeting

The Company received approximately 99.9% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

The key management personnel of the Group include the directors as per page 3 above.

No remuneration paid to key management personnel of the Group was linked to performance in the 2015 and 2014 financial years.

Key management personnel of the Group

	Short-Term			Post Employ- ment	Term- ination	Share-Based Payments	Total	Percentage Relevant to Share-Based Payments
	Salary & Fees	Non-Cash benefits	Other	Super- annuation	Term- ination benefits	Options		
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Benjamin Chow								
2015	247,000	-	-	10,925	-	-	257,925	-
2014	67,917	-	-	6,282	-	7,726	81,925	9.4
Andrew Tsang								
2015	55,000	-	-	5,225	-	-	60,225	-
2014	55,000	-	-	5,088	-	7,726	67,814	11.4
Kgai Mun Loh								
2015	65,000	-	-	6,175	-	-	71,175	-
2014	60,000	-	-	5,550	-	7,726	73,276	10.5
Yonggang Li								
2015	55,000	-	-	5,225	-	-	60,225	-
2014	50,000	-	-	4,625	-	-	54,625	-
Gilbert George (resigned 31 May 2014)								
2014	94,124	-	-	7,849	-	15,452	117,425	13.2
Stephen Ward (resigned 31 May 2014) ⁽¹⁾								
2014	450,000	-	25,000	43,938	206,500	50,052	775,490	6.4
Chris Pougnauld (resigned 30 May 2014)								
2014	277,937	-	-	23,284	137,300	-	438,521	-
John Vinar (resigned 30 May 2014) ⁽²⁾								
2014	223,826	29,333	-	20,636	32,518	-	306,313	-
Total key management personnel compensation								
2015	422,000	-	-	27,550	-	-	449,550	
2014	1,278,804	29,333	25,000	117,252	376,318	88,682	1,915,389	

(1) Dr Ward received a motor vehicle allowance as part of his cash remuneration valued at \$37,000 per annum. Dr Ward also received \$25,000 in a short-term incentive on the signing of the Mt Forrest Joint Venture.

(2) Mr Vinar received a motor vehicle as part of his remuneration package, with a deemed value of \$32,000 per annum.

Directors' Report continued

Service agreements

The details of service agreements of the key management personnel of Mindax Limited and the Group are as follows:

Benjamin Chow, Executive Chairman:

- ☐ Term of agreement – 2 years commenced 1 June 2014.
- ☐ Monthly consultancy fees of \$10,000 are paid to Jabroo Investments Pty Ltd t/a Benjamin M T Chow & Associates, a company controlled by Mr Chow, plus \$1,000 per month to cover use of Mr Chow's equipment including computers, printers, communication equipment and consumables. This fee is in addition to his non-executive director fees which do not cover executive duties.

None of the other directors or key management personnel have service agreements in place.

Share-based compensation

Options

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Mindax Limited to increase goal congruence between executives, directors and shareholders. The Company does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key personnel management from obtaining mortgages in securities held in the Company. There were no options granted to or vesting with key management personnel during the year.

Ordinary Shares

No ordinary shares in the Company have been provided as a result of the exercise of remuneration options to each director of Mindax Limited and other key management personnel of the Group during the year.

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Mindax Limited and other key management personnel of the Group, including their personally related parties, and any nominally held, are set out below. There were no shares granted during the reporting period as compensation.

2015

	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year ⁽¹⁾
Directors of Mindax Limited				
Ordinary shares				
Benjamin Chow	196,000	-	-	196,000
Andrew Tsang	53,329,543	-	-	53,329,543
Kgai Mun Loh	-	-	-	-
Yonggang Li	-	-	-	-

(1) At year end there are no nominally held shares.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Mindax Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2015

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Mindax Limited							
Benjamin Chow	500,000	-	-	-	500,000	500,000	-
Andrew Tsang	500,000	-	-	-	500,000	500,000	-
Kgai Mun Loh	500,000	-	-	-	500,000	500,000	-
Yonggang Li	-	-	-	-	-	-	-

All vested options are exercisable at the end of the year.

Loans to key management personnel

There were no loans to key management personnel during the year.

Directors' Report continued

Other transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Issue of Convertible Note

On 31 December 2013 the Company issued a Convertible Note for \$300,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The key terms and conditions of the Note are as follows:

- The Note is unsecured.
 - The Note will not convert and it will be a condition precedent to its conversion into Shares that shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2015 Annual General Meeting.
 - The Note shall convert into ordinary fully paid shares at an issue price of \$0.10 per share.
 - No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2015 Annual General Meeting.
 - Interest applicable (in the event of non-approval by shareholders) will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid.
 - If not converted the face value of the Note is to be repaid on 31 March 2016.
- A commission of 5% is payable to Mr Andrew Tsang following conversion of the Note.

Unsecured Non-Recourse Loan

On 7 February 2014 the Company secured short term funding by way of an unsecured non-recourse loan for \$250,000 from Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang.

On 18 March 2014 the Company secured additional short term funding by way of a second unsecured non-recourse loan for another \$250,000 from Ms Lai You.

The key terms and conditions of the Loans are as follows:

- The Loans are unsecured.
- The Loans are to be repaid in cash on or before 31 March 2016.
- The Company may elect to repay the Loans through conversion of the Loans into shares.
- No interest is payable unless the Company elects to convert the Loans into shares and shareholder approval is not obtained. Interest will then accrue at 9.0% per annum.
- When the Company elects to convert the Loans into shares the issue price will be:
 - (a) Subject to (b) below, equal to the issue price of Shares issued under the first capital raising undertaken by the Company after the date of execution of the Unsecured Non-Recourse Loan Agreements; or
 - (b) In the event that the Company does not conduct a capital raising prior to the date of the Company's 2015 Annual General Meeting, will be the lower of:
 - the ninety (90) day Volume Weighted Average Price (VWAP) of the Company's Shares; or
 - the last traded share price for the Company's Shares quoted by the ASX, on the trading day immediately prior to the date the Election Notice is given.

The Company conducted a capital raising on 27 June 2014 via a share placement. As a result term (a) above applies when the company elects to convert the loans to shares. The issue price of the shares will be at \$0.08 per share (the same issue price as the share placement).

- (c) All fractional entitlements to Shares will be rounded to nearest whole dollar.

A commission of 5% is payable to Mr Andrew Tsang if the loans are converted.

End of audited Remuneration Report

DIRECTORS' MEETINGS

During the year the Company held four meetings of directors. The attendance of directors at meetings of the board were:

	Directors Meetings		Committee Meetings			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
Benjamin Chow	4	4	2	2	-	-
Andrew Tsang	4	4	*	*	-	-
Kgai Mun Loh	4	4	2	2	-	-
Yonggang Li	-	4	1	2	*	*

Notes

A - Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

* - Not a member of the relevant Committee.

Directors' Report continued

SHARES UNDER OPTION

Unissued ordinary shares of Mindax Limited under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
November 2012	9 November 2015	10.8	4,000,000
December 2012	10 December 2015	11.0	2,500,000
June, July & August 2014	31 July 2016	12.0	12,500,000
Total number of options outstanding at the date of this report			19,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

INSURANCE OF DIRECTORS AND OFFICERS

The Group has paid premiums to insure directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

NON-AUDIT SERVICES

There were no non-audit services provided by the entity's auditor, BDO Audit (WA) Pty Ltd, or associated entities.

PROCEEDINGS ON BEHALF OF THE COMPANY

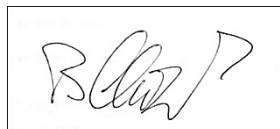
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors.



Benjamin Chow
Executive Chairman
Perth, 25 September 2015

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MINDAX LIMITED

As lead auditor of Mindax Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mindax Limited and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED 30 JUNE 2015	Notes	2015 \$	2014 \$
REVENUE	4	4,766	75,352
EXPENDITURE			
Administration expenses		(473,502)	(294,722)
Corporate expenses		(591,384)	(569,314)
Depreciation expense		(24,983)	(13,885)
Exploration expenditure written off	11	(20,285,995)	(1,868,904)
Salaries and employee benefits expense		(335,309)	(1,888,986)
Share-based payments expense	25	-	(75,882)
LOSS BEFORE INCOME TAX		(21,706,407)	(4,636,341)
INCOME TAX BENEFIT	6	-	-
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		(21,706,407)	(4,636,341)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF MINDAX LIMITED		(21,706,407)	(4,636,341)
Basic and diluted loss per share for loss attributable to the members of Mindax Limited (cents per share)	24	(8.1)	(1.8)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	7	88,472	243,420
Trade and other receivables	8	36,663	147,720
Prepayments	9	6,557	40,094
TOTAL CURRENT ASSETS		131,692	431,234
NON-CURRENT ASSETS			
Prepayments	9	60,000	60,000
Plant and equipment	10	95,639	145,545
Other assets		2,885	2,885
Exploration and evaluation assets	11	1,460,489	22,136,011
TOTAL NON-CURRENT ASSETS		1,619,013	22,344,441
TOTAL ASSETS		1,750,705	22,775,675
CURRENT LIABILITIES			
Trade and other payables	12	141,294	234,713
Borrowings	13	800,000	800,000
Provisions		-	6,963
TOTAL CURRENT LIABILITIES		941,294	1,041,676
TOTAL LIABILITIES		941,294	1,041,676
NET ASSETS		809,411	21,733,999
EQUITY			
Contributed equity	14	40,945,749	40,163,930
Reserves	15(a)	871,452	871,452
Accumulated losses	15(b)	(41,007,790)	(19,301,383)
TOTAL EQUITY		809,411	21,733,999

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

YEAR ENDED 30 JUNE 2015

	Notes	Contributed Equity \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total \$
BALANCE AT 1 JULY 2013		39,353,930	795,570	(14,665,042)	25,484,458
Loss for the year		-	-	(4,636,341)	(4,636,341)
TOTAL COMPREHENSIVE INCOME		-	-	(4,636,341)	(4,636,341)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	14	800,000	-	-	800,000
Options vesting with employees and contractors during the year	25	-	88,682	-	88,682
Employees and contractors options expired during the year	25	-	(12,800)	-	(12,800)
Transaction costs		(15,000)	-	-	(15,000)
Transaction costs reversed		25,000	-	-	25,000
BALANCE AT 30 JUNE 2014		40,163,930	871,452	(19,301,383)	21,733,999
Loss for the year		-	-	(21,706,407)	(21,706,407)
TOTAL COMPREHENSIVE INCOME		-	-	(21,706,407)	(21,706,407)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	14	800,000	-	-	800,000
Transaction costs		(18,181)	-	-	(18,181)
BALANCE AT 30 JUNE 2015		40,945,749	871,452	(41,007,790)	809,411

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,341,670)	(4,522,152)
Interest received		8,125	45,543
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	23	(1,333,545)	(4,476,609)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		-	(4,885)
Proceeds from sale of plant and equipment		8,278	51,173
Meekatharra North Joint Venture Funding		-	300,000
Research and development grant received		757,895	1,112,073
Payments for exploration expenditure		(369,395)	(1,797,966)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		396,778	(339,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		800,000	200,000
Proceeds from issue of convertible notes		-	900,000
Proceeds from non-recourse loans		-	500,000
Payments of share issue transaction costs		(18,181)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		781,819	1,600,000
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(154,948)	(3,216,214)
Cash and cash equivalents at the beginning of the financial year		243,420	3,459,634
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	88,472	243,420

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

30 JUNE 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Mindax Limited and its subsidiaries. The financial statements are presented in the Australian currency. Mindax Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 25 September 2015. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Mindax Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Mindax Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 July 2014 that are relevant to the Group include:

- AASB 2013-3 *Amendment to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*; and
- AASB 2014-1 *Amendments to Australian Accounting Standards*.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified, where required, by the measurement at fair value of selected financial assets and financial liabilities.

(v) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year the Group incurred a net loss of \$21,706,407 (2014: \$4,636,341) and incurred net cash outflows from operating activities of \$1,333,545 (2014: \$4,476,609). The Group had a net working capital deficiency of \$809,602 (2014: \$610,442) at the reporting date.

The ability of the Group to continue as a going concern is dependent on the Group being able to raise additional funds to meet ongoing exploration commitments and for working capital, successful exploration and subsequent exploitation of the Group's tenements, and/or sale of non-current assets. The Directors believe that they will be able to raise additional capital as required and are in the process of evaluating the Group's cash requirements. The Directors believe that the Group will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Group be unsuccessful in obtaining funds as discussed above, there is a material uncertainty which may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of assets and liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Mindax Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Revenue recognition

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

(e) Government grants (Research and Development)

Grants from the government are offset against the area where the costs were initially incurred at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

For research and development relating to exploration and evaluation expenditure, any claim will be offset against this balance.

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

(i) *Investment allowances and similar tax incentives*

The Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense or creates an income tax receivable and current tax benefit.

(g) **Leases**

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 19). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) **Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) **Cash and cash equivalents**

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) **Trade and other receivables**

Receivables are recognised initially at fair value and subsequently at amortised cost. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(k) **Financial instruments**

Classification of financial assets

The Group currently only has one class of financial asset: loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

Recognition and derecognition

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

Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of profit or loss and other comprehensive income.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 6% and 50% per annum.

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 (note 1(h)).

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

(m) Exploration and evaluation costs

Exploration and evaluation expenditures are accumulated in respect of each separate area of interest.

Exploration and evaluation costs are 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.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated expenditures in respect of that area are written off in the financial period the decision is made.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are paid on normal commercial terms.

(o) Borrowings

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount as the impact of discounting is not significant. Borrowing costs are expensed in the period in which they are incurred.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

(p) Employee benefits

(i) Wages and salaries and annual leave

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

(ii) Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 25.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for services and the acquisition of interests in tenements. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

(q) Contributed equity

Ordinary shares are classified as equity.

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

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than 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.

(ii) 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.

(s) Goods and Services Tax (GST)

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

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

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

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

AASB 9: Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments, AASB 2014-1 Amendments to Australian Accounting Standard: Part E Financial Instruments, 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (effective from 1 January 2018)

AASB 9 replaces the multiple classification and measurement models in AASB 139 *Financial instruments: Recognition and measurement* with a single model that has only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A 'simple' debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other financial assets, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the income statement, except for equity investments that are not traded, which may be recorded in the income statement or in reserves.

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules that were released in December 2013 align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, AASB 9 is now complete. The changes introduce:

- a third measurement category (FVOCI) for certain financial assets that are debt instruments; and
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for lease and trade receivables. On initial recognition, entities will record a day-1 loss equal to the twelve month ECL (or lifetime ECL for trade receivables), unless the assets are considered impaired.

For financial years commencing before 1 February 2015, entities can elect to apply AASB 9 early for any of the following:

- the own credit risk requirements for financial liabilities;
- classification and measurement (C&M) requirements for financial assets;
- C&M requirements for financial assets and financial liabilities; or
- The full current version of AASB 9 (C&M requirements for financial assets and liabilities and hedge accounting).

After 1 February 2015, the new rules must be adopted in their entirety.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] (effective from 1 January 2016)

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments required:

- a) The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- b) The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11. Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard.

AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (effective from 1 January 2016)

AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.

AASB 2014-9 also makes editorial corrections to AASB 127. Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)

The subjects of the principal amendments to the Standards are set out below:

AASB 5 Non-current Assets Held for Sale and Discontinued Operations:

- Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27-29 to account for this change.

AASB 7 Financial Instruments: Disclosures:

- Servicing contracts – clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is ‘continuing involvement’ for the purposes of applying the disclosure requirements in paragraphs 42E-42H of AASB 7.
- Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure-Offsetting Financial Assets and Financial Liabilities* is not specifically require for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:

- Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further, it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:

- Disclosure of information ‘elsewhere in the interim financial report’ – amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard.

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016)

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. However, there may be changes to the disclosures in the notes to the financial statements.

AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015)

The Standard completes the AASB’s project to remove Australian guidance on materiality from Australian Accounting Standards. Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. However, there may be changes to the disclosures in the notes to the financial statements.

None of the other amendments or Interpretations are expected to affect the accounting policies of the Group.

(u) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model or quoted active market price, using the assumptions detailed in note 25. If any of these assumptions, including the probability of achieving the performance hurdle were to change, there may be an impact on the amounts reported.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

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

Exploration expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset 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.

Details of impairment recognised during the year, and the calculation of the carrying value at 30 June 2015 are contained in note 11.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The executive chairman, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Company is not exposed to any material foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations the Company is not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

Sensitivity analysis

At 30 June 2015, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$1,721 lower/higher (2014: less than \$10,000 lower/higher) as a result of lower/higher interest income from cash and cash equivalents. The directors believe that in the current economic environment a 1% increase in interest rates is reasonable given comments made by the Reserve Bank of Australia. Weighted average interest rate for the year was 2.8% (2014: 3.5%).

(b) Credit risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements. The only significant concentration of credit risk for the Group is the cash and cash equivalents held with financial institutions. All material deposits are held with the major Australian banks for which the Board evaluate credit risk to be minimal (credit rating –AA).

As the Group does not presently have any significant trade receivables, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash is available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position, and borrowings for which further details are contained in note 13. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that borrowing facilities may be rolled forward.

	Within 1 Year		1 to 5 Years		Total Contractual Cashflow	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	141,294	234,713	-	-	141,294	234,713
Non-recourse loans	500,000	500,000	-	-	500,000	500,000
Convertible note	300,000	300,000	-	-	300,000	300,000
Total contractual outflows	941,294	1,034,713	-	-	941,294	1,034,713

(d) Fair value estimation

There were no financial assets or liabilities at 30 June 2015 requiring fair value estimation and disclosure as they are either not carried at fair value or, in the case of short-term financial assets and financial liabilities, their carrying values approximate fair value.

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

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents	88,472	243,420
Trade and other receivables	36,663	147,720
Total Financial Assets	125,135	391,140
Financial Liabilities		
Trade and other payables	141,294	234,713
Non-recourse loans	500,000	500,000
Convertible note	300,000	300,000
Total Financial Liabilities	941,294	1,034,713

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/Payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and/or disclosure purposes.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2. FINANCIAL RISK MANAGEMENT (cont'd)

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. SEGMENT INFORMATION

For management purposes, the Group has identified four reportable segments based on the minerals present in the Projects detailed in the Quarterly Activities Report released to the Australian Securities Exchange each quarter. Based on the contents of this report, the four reportable segments identified are:

1. Uranium (comprising the Yilgarn Avon Joint Venture (JV) – Palaeochannel Project and other non JV projects);
2. Gold (comprising the Meekatharra North Project);
3. Copper and Gold (comprising the Yilgarn Avon Joint venture – Mortlock Project); and
4. Iron Ore (comprising the Mt Forrest and Fred's Bore Project).

Segment information provided to the directors for the year ended 30 June 2015 is as follows:

	Uranium \$	Gold \$	Copper and Gold \$	Iron Ore \$	Total \$
Year ended 30 June 2015					
Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	(4,112,684)	(914,015)	(899,278)	(14,360,018)	(20,285,995)

Year ended 30 June 2014

Total segment revenue	-	-	-	-	-
Intersegment revenue	-	-	-	-	-
Revenue from external customers	-	-	-	-	-
Reportable segment loss	(1,758,899)	-	-	(110,005)	(1,868,904)

Reportable segment losses are the result of impairment of exploration and evaluation assets, refer to note 11 for further details.

Total segment assets

30 June 2015	-	-	-	1,460,489	1,460,489
30 June 2014	4,066,775	902,165	895,756	16,271,315	22,136,011

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

3. SEGMENT INFORMATION (cont'd)

Reportable segment assets and liabilities are reconciled to total assets and total liabilities as follows:

Segment assets	1,460,489	22,136,011
Intersegment eliminations	-	-
Unallocated		
Cash and cash equivalents	88,472	243,420
Trade and other receivables	36,663	147,720
Prepayments – current	6,557	40,094
Prepayments – non-current	60,000	60,000
Plant and equipment	95,639	145,545
Other non-current assets	2,885	2,885
Total assets	1,619,013	22,775,675
Segment liabilities	-	-
Intersegment eliminations	-	-
Unallocated		
Trade and other payables	141,294	234,713
Borrowings	800,000	800,000
Provisions	-	6,963
Total liabilities	941,294	1,041,676

Reconciliation of reportable segment loss to loss before income tax is as follows:

Total loss for reportable segments	(20,285,995)	(1,868,904)
Intersegment eliminations	-	-
Unallocated		
Interest revenue	4,766	39,411
Other revenue	-	35,941
Depreciation expense	(24,983)	(13,885)
Share-based payments expense	-	(75,882)
Other expenses	(1,400,195)	(2,753,022)
Loss before income tax	(21,706,407)	(4,636,341)

4. REVENUE AND OTHER INCOME

Revenue from continuing operations

Interest revenue	4,766	39,411
Other revenue	-	35,941
	4,766	75,352

5. EXPENSES

Specific expenses requiring disclosure:

Defined contribution superannuation expense	3,569	136,724
Minimum lease payments relating to operating leases	140,830	308,221

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

6. INCOME TAX**(a) Income tax benefit**

Current tax

Deferred tax

-

-

-

-

-

-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense

(21,706,407)

(4,636,341)

Prima facie tax benefit at the Australian tax rate of 30% (2014: 30%)

(6,511,922)

(1,390,902)

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Share-based payments

-

22,765

Sundry items

123

(13,751)

(6,511,799)

(1,381,888)

Movements in unrecognised temporary differences

5,910,918

(181,470)

Tax effect of current year tax losses for which no deferred tax asset has been recognised

600,881

1,563,358

Income tax benefit

-

-

(c) Tax losses

Unused tax losses for which no deferred tax asset has been recognised

37,143,198

36,818,657

Potential tax benefit at 30%

11,142,959

11,045,597

(d) Unrecognised temporary differences**Deferred Tax Assets (at 30%)**

Capital raising costs

65,141

115,699

Blackhole expenditure

22,944

33,770

Other temporary differences

6,566

5,105

Carry forward tax losses

11,142,959

11,045,597

Deferred Tax Liabilities (at 30%)

Capitalised exploration and evaluation expenditure

(438,147)

(6,640,803)

Other temporary differences

(99)

776

Net deferred tax assets**10,799,364**

4,560,144

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The recoupment of available tax losses as at 30 June 2015 is contingent upon the following:

- (i) The Group deriving future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- (iii) There being no changes in tax legislation which adversely affect the Group from realising the benefit.

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and in hand

88,472

243,420

Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows

88,472

243,420

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

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates, refer to note 2(a)(iii).

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Sundry debtors
Term deposits

12,621

23,678

24,042

124,042

36,663

147,720

Sundry debtors are not past due nor impaired, and based on history are expected to be fully recoverable. Information about the Group's exposure to credit risk is provided in note 2.

Details on the Group's term deposits, provided as security for bank guarantees, are set out in note 18.

9. ASSETS – PREPAYMENTS

CURRENT

Prepayments

6,557

40,094

NON-CURRENT

Prepayments

60,000

60,000

10. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

Plant and Equipment
\$Campsite
\$Total
\$

At 1 July 2013

Cost
Accumulated depreciation
Net book amount

582,378

(393,473)

188,905

82,931

(27,766)

55,165

665,309

(421,239)

244,070

Year ended 30 June 2014

Opening net book amount
Additions
Disposals
Depreciation expensed to profit or loss
Depreciation capitalised to exploration and evaluation assets
Closing net book amount

188,905

6,072

(52,181)

(2,478)

(41,258)

99,060

55,165

-

-

(8,680)

-

46,485

244,070

6,072

(52,181)

(11,158)

(41,258)

145,545

At 30 June 2014

Cost
Accumulated depreciation
Net book amount

411,513

(312,453)

99,060

82,931

(36,446)

46,485

494,444

(348,899)

145,545

Year ended 30 June 2015

Opening net book amount
Disposals
Depreciation expensed to profit or loss
Closing net book amount

99,060

(20,406)

(18,178)

60,476

46,485

(4,517)

(6,805)

35,163

145,545

(24,923)

(24,983)

95,639

At 30 June 2015

Cost
Accumulated depreciation
Net book amount

323,935

(263,459)

60,476

70,794

(35,631)

35,163

394,729

(299,090)

95,639

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

11. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets		1,460,489	22,136,011
Balance at the beginning of the year		22,136,011	22,982,255
Expenditure incurred		368,368	2,093,475
Depreciation capitalised		-	41,258
Impairment (write-off)	11(a)	(20,285,995)	(1,868,904)
Research and development grant received		(757,895)	(1,112,073)
Balance at the end of the year	11(b)	1,460,489	22,136,011

- (a) The carrying value of the Group's projects was reviewed, and impairment recognised, where the facts and circumstances identified the carrying amount to be greater than the recoverable amount.

A number of tenements were withdrawn during the financial year and subsequent to the end of the reporting period. The carrying value of projects for which tenure is no longer current, or is expected to be relinquished, have been written off.

Tenements comprising the Uranium and Copper and Gold segments have been relinquished and carrying amounts written off in full. Tenure relating to the Gold and Iron Ore segments remains current however, some Iron Ore segment tenements have been relinquished during the year. Given the current status of the global financial markets, further exploration on the Gold segment is not planned or budgeted, and all amounts have been impaired.

Minimal exploration is planned for the Iron Ore segment, which the Directors believe comprises the majority of the enterprise value of the Group. The fair value of the exploration and evaluation assets have been determined for the purpose of impairment testing by reference to the market capitalisation (number of shares on issue multiplied by the quoted market price per share) of the Group on ASX, adjusted for the net assets at reporting date of the Group (\$809,411) excluding exploration and evaluation assets. For details relating to the fair value, refer to note 2(d). The fair value of exploration and evaluation assets is included in level 3 of the fair value hierarchy.

In the current economic climate, the Directors believe it is prudent to align the carrying value of the Group's exploration and evaluation assets to the market value of the Group as it is perceived by the financial markets (ASX). The Directors consider the carrying value as noted is a fair indication of the potential disposal value of the Group's projects in the current market.

Given access to new equity funding has been negatively impacted by the current economic climate, the capital markets and the recent significant reduction in the price of iron ore, the Group's ability to advance its projects through further exploration or exploitation has been significantly reduced. As a result the Director's believe market value to be a reliable measurement methodology.

There is no reasonable change expected in the unobservable input, being the net asset position of the Group.

- (b) The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of production.

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	18,375	54,178
Other payables and accruals	122,919	180,535
	141,294	234,713

In relation to 'other payables and accruals', an amount of \$3,983 (2014: \$7,210) is held for the Meekatharra North Gold Project (deferred farm-in/farm-out arrangement), which is being drawn down over a period of time as exploration activities are undertaken. Payment was received in accordance with the terms of the arrangement and is being drawn down pursuant to a budget approved by the joint arrangement parties.

13. CURRENT LIABILITIES - BORROWINGS

Non-recourse loans – at cost	500,000	500,000
Convertible note – at cost	300,000	300,000
	800,000	800,000

Details on the above borrowings are contained in note 20(d).

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

14. CONTRIBUTED EQUITY

		2015		2014	
	Notes	Number of shares	\$	Number of shares	\$
(a) Share capital					
Ordinary shares fully paid	14(b), 14(d)	269,803,570	40,963,930	259,803,570	40,163,930
Total contributed equity		269,803,570	40,963,930	259,803,570	40,163,930
(b) Movements in ordinary share capital					
Beginning of the financial year		259,803,570	40,163,930	252,303,570	39,353,930
Issued during the year:					
– Issued for cash at 8 cents per share		10,000,000	800,000	2,500,000	200,000
– Issued on conversion of convertible note	20(d)	-	-	5,000,000	600,000
Less: Transaction costs incurred/(reversed)		-	(18,181)	-	10,000
End of the financial year		269,803,570	40,945,749	259,803,570	40,163,930

(c) Movements in options on issue

	Number of options	
	2015	2014
Beginning of the financial year	10,102,321	8,702,321
Issued, exercisable at \$0.12 on or before 31 July 2016	10,000,000	2,500,000
Expired on 31 May 2015, exercisable at \$0.35	(2,321)	-
Expired on 30 September 2014, exercisable at \$0.60	(1,100,000)	-
Expired on 30 September 2013, exercisable at \$0.45	-	(1,100,000)
End of the financial year	19,000,000	10,102,321

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the 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.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2015 and 30 June 2014 are as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	88,472	243,420
Trade and other receivables	36,663	147,720
Prepayments	6,557	40,094
Trade and other payables	(141,294)	(234,713)
Borrowings	(800,000)	(800,000)
Provisions	-	(6,963)
Working capital position	(809,602)	(610,442)

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

15. RESERVES AND ACCUMULATED LOSSES

(a) Share-based payments reserve

Balance at the beginning of the financial year	871,452	795,570
Share-based payments expense	-	88,682
Share-based payments reversed on cancellation of employee options	-	(12,800)
Balance at the end of the financial year	871,452	871,452

The share-based payments reserve is used to recognise the fair value of options and performance rights granted.

(b) Accumulated losses

Balance at the beginning of the financial year	(19,301,383)	(14,665,042)
Net loss for the year	(21,706,407)	(4,636,341)
Balance at the end of the financial year	(41,007,790)	(19,301,383)

16. DIVIDENDS

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

17. REMUNERATION OF AUDITORS

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

Audit services

BDO Audit (WA) Pty Ltd - audit and review of financial reports	26,320	34,336
Total remuneration for audit services	26,320	34,336

18. CONTINGENCIES

A term deposit of \$24,042 (2014: \$124,042) has been secured by the Company's bankers to provide a bank guarantee in support of the lease agreement for the Company's former business premises. \$100,000 was released to the Company when the premises were vacated during the reporting period, with the balance held whilst make-good provisions of the lease were negotiated.

Since the last annual reporting date, there has been no other material change of any contingent liabilities or contingent assets.

19. COMMITMENTS

Lease commitments: Group as lessee

Operating leases (non-cancellable):

Minimum lease payments		
within one year	11,916	96,078
later than one year but not later than five years	-	12,303
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	11,916	108,381

20. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Mindax Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 21.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

20. RELATED PARTY TRANSACTIONS (cont'd)

(c) Key management personnel compensation

Short-term benefits	422,000	1,333,137
Post-employment benefits	27,550	117,252
Other long-term benefits	-	-
Termination benefits	-	376,318
Share-based payments	-	88,682
	449,550	1,915,389

Detailed remuneration disclosures are provided in the remuneration report on pages 6 to 9.

(d) Transactions and balances with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Issue of Convertible Note

On 22 August 2013 the Company issued a Convertible Note for \$600,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The key terms and conditions of the Note are as follows:

- The Note is unsecured.
- The Note will not convert and it will be a condition precedent to its conversion into Shares that shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2013 Annual General Meeting.
- The Note shall convert into ordinary fully paid shares at an issue price of \$0.12 per share, immediately following the meeting at which shareholders approve the conversion.
- No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2013 Annual General Meeting.
- Interest applicable (in the event of non-approval by shareholders) will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid.
- If not converted the face value of the Note is to be repaid on 31 January 2014.

A commission of 5% is payable to Mr Andrew Tsang.

Conversion of Convertible Note

Following shareholder approval received at the Company's 2013 AGM, the Company converted the Note into 5,000,000 fully paid ordinary shares at \$0.12 per share.

Issue of Convertible Note

On 31 December 2013 the Company issued a Convertible Note for \$300,000 to Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang. The key terms and conditions of the Note are as follows:

- The Note is unsecured.
- The Note will not convert and it will be a condition precedent to its conversion into Shares that shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2015 Annual General Meeting.
- The Note shall convert into ordinary fully paid shares at an issue price of \$0.10 per share.
- No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2015 Annual General Meeting.
- Interest applicable (in the event of non-approval by shareholders) will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid.
- If not converted the face value of the Note is to be repaid on 31 March 2016.

A commission of 5% is payable to Mr Andrew Tsang following conversion of the Note.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

20. RELATED PARTY TRANSACTIONS (cont'd)

Unsecured Non-Recourse Loan

On 7 February 2014 the Company secured short term funding by way of an unsecured non-recourse loan for \$250,000 from Ms Lai You, an existing shareholder and related party to non-executive director, Mr Andrew Tsang.

On 18 March 2014 the Company secured additional short term funding by way of a second unsecured non-recourse loan for another \$250,000 from Ms Lai You.

The key terms and conditions of the Loans are as follows:

- The Loans are unsecured.
- The Loans are to be repaid in cash on or before 31 March 2016.
- The Company may elect to repay the Loans through conversion of the Loans into shares.
- No interest is payable unless the Company elects to convert the Loans into shares and shareholder approval is not obtained. Interest will then accrue at 9.0% per annum.
- When the Company elects to convert the Loans into shares the issue price will be:
 - (d) Subject to (b) below, equal to the issue price of Shares issued under the first capital raising undertaken by the Company after the date of execution of the Unsecured Non-Recourse Loan Agreements; or
 - (e) In the event that the Company does not conduct a capital raising prior to the date of the Company's 2015 Annual General Meeting, will be the lower of:
 - the ninety (90) day Volume Weighted Average Price (VWAP) of the Company's Shares; or
 - the last traded share price for the Company's Shares quoted by the ASX, on the trading day immediately prior to the date the Election Notice is given.

The Company conducted a capital raising on 27 June 2014 via a share placement. As a result term (a) above applies when the company elects to convert the loans to shares. The issue price of the shares will be at \$0.08 per share (the same issue price as the share placement).

- (f) All fractional entitlements to Shares will be rounded to nearest whole dollar.

A commission of 5% is payable to Mr Andrew Tsang if the loans are converted.

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of incorporation	Class of shares	Equity Holding*	
			2015 %	2014 %
Mindax Energy Pty Ltd	Australia	Ordinary	100	100
Yilgiron Pty Ltd	Australia	Ordinary	100	100
Yilgiron Infrastructure Pty Ltd	Australia	Ordinary	100	100

*The proportion of ownership interest is equal to the proportion of voting power held.

22. EVENTS OCCURRING AFTER THE REPORTING DATE

On 31 August 2015 the Company completed a capital raising to sophisticated investors of \$60,000 from the issue of 6,000,000 fully paid ordinary shares.

On 15 September 2015 the Company completed a capital raising to sophisticated investors of \$50,000 from the issue of 10,000,000 fully paid ordinary shares.

No other matter or circumstance has arisen since 30 June 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

2015

2014

\$

\$

23. CASH FLOW INFORMATION

Reconciliation of net loss after income tax to net cash outflow from operating activities

Net loss for the year	(21,706,407)	(4,636,341)
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Non-Cash Items

Depreciation of non-current assets	24,983	13,885
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Impairment of exploration and evaluation assets	20,285,995	1,868,904
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Share based payment expense	-	75,882
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Loss/(gain) on sale of plant and equipment	15,990	(1,983)
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Change in operating assets and liabilities

Decrease in trade and other receivables	94,002	86,755
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Decrease in prepayments	33,537	18,799
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(Decrease) in trade and other payables	(74,682)	(1,783,034)
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(Decrease) in provisions	(6,963)	(119,476)
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Net cash outflow from operating activities	(1,333,545)	(4,476,609)
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As at 30 June 2015 the Group had no non-cash investing and financing activities.

24. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share

(21,706,407)	(4,636,341)
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Number of shares	Number of shares
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(b) Weighted average number of shares used as the denominator

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share

269,036,447	255,433,707
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(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2015, all options on issue are considered anti-dilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

25. SHARE-BASED PAYMENTS

(a) Employees and Contractors Options

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for options to acquire ordinary shares. The exercise prices of the options granted under the plan still outstanding at 30 June 2015 range from 10.8 to 11 cents per option, with expiry dates ranging from 9 November 2015 to 10 December 2015.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in the capital of the Company with full dividend and voting rights.

Notes to the Consolidated Financial Statements continued

30 JUNE 2015

25. SHARE-BASED PAYMENTS (cont'd)

Set out below are summaries of granted options:

	2015		2014	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	7,600,000	18.0	8,700,000	21.4
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(1,100,000)	60.0	(1,100,000)	45.0
Outstanding at year-end	6,500,000	10.9	7,600,000	18.0
Exercisable at year-end	6,500,000	10.9	7,600,000	18.0

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.4 years (2014: 1.2 years), and the exercise prices range from 10.8 to 11 cents. Option expiry dates range from 9 November 2015 to 10 December 2015.

There were no options granted during the 2015 or 2014 financial years.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2015	2014
	\$	\$
Employee options cancelled	-	(12,800)
Options issued to Directors	-	88,682
	-	75,882

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Mindax Limited, at 30 June 2015. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

Current assets	53,972	353,305
Non-current assets	1,696,944	24,064,800
Total assets	1,750,916	24,418,105
Current liabilities	941,294	1,041,676
Total liabilities	941,294	1,041,676
Contributed equity	40,945,749	40,163,930
Share-based payments reserve	871,452	871,452
Accumulated losses	(41,007,579)	(17,658,954)
Total equity	809,622	23,376,429
Loss for the year	(22,237,547)	(2,761,202)
Total comprehensive loss for the year	(22,237,547)	(2,761,202)

As detailed in note 18, there are contingent liabilities in respect to bank guarantees that the parent entity has entered into.

Directors' Declaration

In the directors' opinion:

- (a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 12 to 35 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable;
- (c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with Section 300A of the *Corporations Act 2001*; and
- (d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Benjamin Chow

Executive Chairman

Perth, 25 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Mindax Limited

Report on the Financial Report

We have audited the accompanying financial report of Mindax Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration 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* 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 1, the directors also state, in accordance with 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 about 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.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mindax Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion:

- (a) the financial report of Mindax Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 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 also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 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 Mindax Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Director

Perth, 25 September 2015