BLACKHAM
Resources Limited

(ABN 18 119 887 606)

Annual Report

For the Year Ended
30 June 2015

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CORPORATE DIRECTORY

DIRECTORS

Paul Murphy (Non-Executive Chairman)
Bryan Dixon (Managing Director)
Alan Thom (Executive Director)
Greg Miles (Non-Executive Director)
Peter Rozenauers (Non-Executive Director)

COMPANY SECRETARY

Mike Robbins

AUDITORS

RSM Bird Cameron Partners
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STOCK EXCHANGE LISTING

The Company is listed on Australian Securities
Exchange Limited
Home Exchange – Perth
ASX Code - BLK

CHAIRMAN'S REPORT

Dear Shareholder

It is now 15 months since I took on the role of Chairman of Blackham Resources Limited (the Company), and since writing my first annual report contribution there have been many key objectives and achievements met by the Company through the 2014/2015 financial year. They will prove their worth as we move through the 2015/2016 financial year.

Perhaps the highlight achievement of the year was securing the involvement of Orion Mine Finance (Orion), not only as a major shareholder but importantly, providing the financing that sees the Company well funded as it moves towards production. The participation of Orion goes beyond funding, as they contribute significantly in the strategic direction of the Company through their very active and professional involvement at the Board level. As Chairman of the Company and the experience of the interactions to date, I value highly their input and expertise and the Company continues to look forward to working closely with them for the long term.

Yet again, the last financial year has been another transforming year for the Company, as the Board, executive management team and employees of the Company continue to work towards the creation and realisation of the significant value of our assets. This will ultimately be reflected in the share price and market capitalisation of the Company.

With funding in place, we are on schedule to release the PFS in mid-October 2015 and the DFS in December 2015. Consistent with the long term planning and implementation schedule, we anticipate the first pour of gold in the second quarter of 2016. I am confident of this outcome given the key achievements of the last year. These include:

- Gold resources have been grown to 44Mt @ 3.3g/t for 4.7Moz (JORC 2012) with Measured & Indicated resource - 20Mt @ 3.5g/t for 2.2Moz Au.
- All resources remain within less than 20km radius of the our 100% owned Wiluna gold plant
- In December 2014, the Company published its initial Mineral Inventory of 5.0Mt @ 2.8g/t for 454,000oz Au.
- The mining and processing studies have been ongoing, further de-risking the project whist at the same time aiming to grow the mine life beyond the initial 4 years
- In November 2014 we announced the maiden high grade resource for Golden Age of 0.6Mt @ 6.7g/t for 125,000oz Au.
- In February 2015 we announced the maiden open pit resource for Bulletin South of 2.6Mt @ 3.4g/t for 280,000oz Au
- We announced New Iceberg 2, Scorchers and Sixers lode discoveries at the Matilda Mining Centre
- We successfully re-entered the Golden Age area of the Wiluna underground to complete the maiden drill campaign in the high grade Golden Age Reef
- We commissioned an engineering firm to complete the plant refurbishment plan
- We transferred the Wiluna environmental and water licenses and the Wiluna Rehabilitation Bonds were refunded by DMP
- As mentioned above, the Matilda project is on track for first gold pour in Q2 2016.

As Chairman, one of my responsibilities is to ensure that the Company is growing its corporate structure in an appropriate, timely and funded manner. In this regard, we have began the process of hiring key staff for important roles within the management structure consistent with the current and future needs of the Company as we continue to move forward towards production. This ongoing review not only includes key hires, but also the make-up and structure of the Board itself. As Chairman, it is my responsibility to ensure that ALL levels of the Company are appropriately skilled and experienced in order to ensure success and to remain on the planned timeline. To that end the executive management team and the Board receive weekly reports on progress and status of all elements of the implementation plan. The intent of these reports is not simply for information value, but more importantly that unforeseen obstacles, problems and issues that may arise are dealt with in a timely fashion, consistent with doing the best to ensure timelines are met.

At the corporate activity level, the Company achieved numerous objectives throughout the last financial year, all of which contributed in their own right to where we are today. Highlights of these include:

- A $2.65 million funding package which was executed in October 2014
- A $3 million placement in January 2015 which closed oversubscribed
- The $38.5 million from the Orion Mine Finance deal signed in May 2015
  - We received $8.5 million in equity & debt during the June quarter as part of the aforementioned transaction with Orion.
  - The $30 million undrawn project facility is in place and can be drawn down following successful completion of the DFS, which as mentioned earlier is on schedule for completion in December 2015.
- As at June 2015, the Company held $9.9 million in cash and investments.

Rest assured, as Non-Executive Chairman of the Company, I will continue to actively participate in the strategy, development and growth of the Company in the most appropriate manner given any circumstances that may present themselves at any given point in time. I will continue to do my best to represent the best interests of the Company and our shareholders.

Unfortunately, it is all too easy for movements in the USD/Gold price to influence the shorter term speculators on all gold stocks, and as such the Company is "just another gold company" is the view of many. Short term speculators and others, completely overlook the fact that we are, and will always be, an Australian gold producer with an Australian dollar cost base! As such, it is more important to focus on the AUD/Gold price, its historical performance, highs and lows and the ranges that the AUD/Gold price is comfortable. In that regard, here are some facts:

- The three, four and five year average AUD/Gold price is 1,466, 1,503 and 1,507 Australian Dollars per ounce.
- The minimum AUD/Gold price over the last 5 years is 1,297 Australian Dollars per ounce.
- The maximum AUD/Gold price over the last 5 years is 1,807 Australian Dollars per ounce.
- Clearly, the minimum and maximum prices of the last 5 years are at the extremes, but they do prove to demonstrate the longer term performance of AUD/Gold price and put that into context.
- The average AUD/Gold price through the 2014/2015 financial year was 1,468 Australian Dollars per ounce.
- The low of 1,311 Australian Dollars per ounce was on 5 Nov 2014 and the high of 1,673 Australian Dollars per ounce was on 3 Feb 2015.

The above facts serve to highlight a couple of points. Not only year on year over the last two financial years has the average daily price for AUD/Gold increased but more importantly, the facts quantitatively support the argument that investors and speculators need to be focused on the AUD/Gold price, given that Blackham will soon be a producer with an Australian Dollar cost base and an Australian Dollar revenue stream. Enough said on this subject.

The achievements of the last year are not the result of one person, and to that end we recognise the contribution our management team, employees and consultants have made to the Company. Throughout the year, they have worked vigorously and diligently, despite the backdrop of the continued difficult market and financing environment. They have done this with full support of the Board, and with the belief, knowledge and experience that they are working on, and participating in the most exciting, promising and advanced new gold producer in Australia. We are now in a different growth phase where we will see many changes in rapid succession over the coming year, including but not limited to the addition of key staff to the Company, consistent with our needs as we grow.

I take the opportunity to thank not only the Board and executive management team but also our staff, consultants and contractors for all of their efforts.

As your Board, we will continue to operate to the highest levels of Corporate Governance, often exceeding the baseline requirements.

Our strategic goal is simple: To become a premium long term profitable and sustainable Australian based gold producer.

Thank you.

Paul Murphy
Non-Executive Chairman
Blackham Resources Limited
29 September 2015

DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of Blackham Resources Limited ('the Company' or 'Blackham') and its controlled entities ('the Group') for the financial year ended 30 June 2015.

1. DIRECTORS & COMPANY SECRETARY

Directors

The names of directors in office at any time during or since the end of the financial year are:

Paul Murphy	Non-Executive Chairman - appointed 21 July 2014
Bryan Dixon	Managing Director
Alan Thom	Executive Director
Greg Miles	Non-Executive Director
Peter Rozenauers	Non-Executive Director – appointed 17 June 2015
Joseph Gutnick	Non-Executive Director - resigned 26 August 2014
Craig Michael	Alternate Director - resigned 26 August 2014

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mike Robbins

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and development.

3. OPERATING AND FINANCIAL REVIEW

The loss after tax for the year was $4,569,894 (2014 - $1,653,796). The Group's net assets at the end of the year are $17,752,202 (2014 - $13,684,139).

Cash and cash equivalents as at year end were $8,313,105 (2014 - $610,885).

Net capitalised exploration expenditure for the year was $3,695,859 (2014 - $18,547,881). The majority of this expenditure was the capitalisation of exploration and development work on the Matilda Gold Project plus an increase in the mine closure provision. Exploration expenditure written off for the year was $284,228 compared to $278,771 in the previous financial year.

Net administration expenses and employee benefits for the year totalled $1,068,847 (2014 - $1,337,270).

Blackham is focused on the development of the Matilda Gold Project.

Over the past year the Company has advanced considerably with the following achievements:

Operations

Matilda Gold Project, Western Australia

Blackham Resources Ltd (Blackham) is a near term gold producer with 4.7 million ounces of gold resource combined with a 780km^2 exploration package and 55km of prospective strike which has produced over 4 million ounces. Its 100% owned Wiluna Gold Plant (WGP) is located in the centre of the Matilda Gold Project which can process 1.3Mtpa or ~100,000ozpa. The expanded Matilda Gold Project now includes combined resources of **44Mt @ 3.3g/t for 4.7Moz Au** (see Ore Reserves and Mineral Resources Comparison section). Blackham is focused on the free-milling resources which it intends to process through the established low risk circuit at the Wiluna plant of crushing, grinding, gravity and carbon in leach. The Wiluna plant operated up until June 2013. Planning is underway for a capital efficient re-commissioning. The free-milling open pit Matilda deposits are planned to provide a base load feed stock for the Wiluna plant which will be supplemented by the high grade quartz reef deposits. Blackham has advanced its mining and processing studies further during the quarter with a view to converting a critical mass of resources from the 4.7Moz Au.

Mining Inventory

In December 2014, the Company published its initial mining inventory over the Matilda Gold Project. The open pit and underground mining studies at the time delineated an initial Mining Inventory containing **4.9Mt @ 2.8g/t for 454,000oz** Au contained ounces to be processed over the first 4 years of the project at an average annual production of 1.3Mt and 119,000oz contained gold

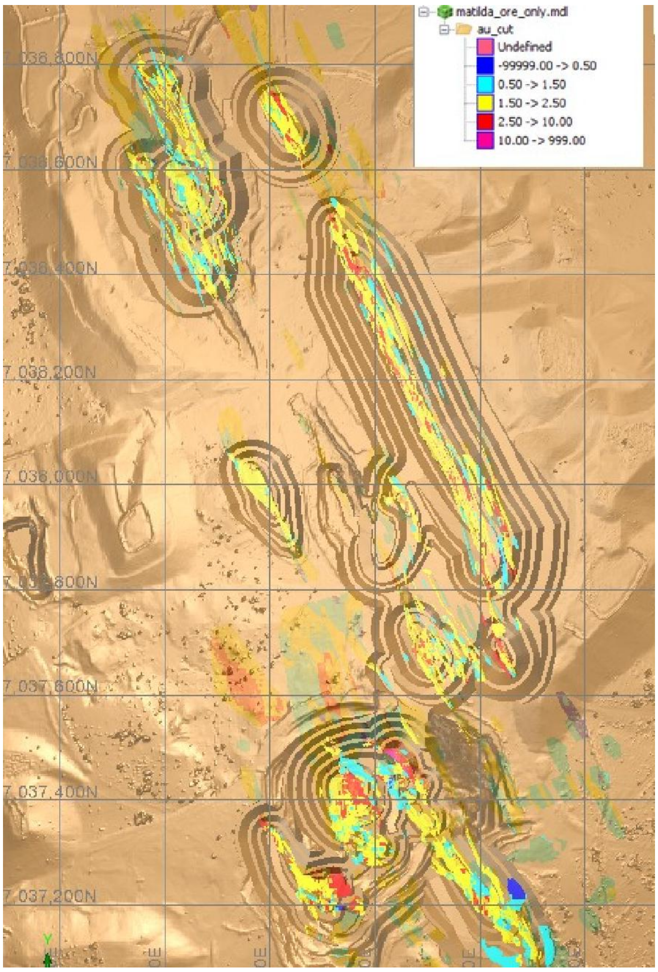


Fig 1. Matilda Open Pit Designs, showing resource block model

Table 1: Matilda Mining Inventory

		Production	
		Average Annual	**Yrs 1 to 4**
Tonnes Milled	t	**1,300,000**	**4,987,000**
Processed Grade	g/t	**2.8**	**2.8**
Processed Ounces	oz	**119,000**	**454,000**
Recovery	%	**90%**	**90%**
Recovered Ounces	**oz**	**106,000**	**407,000**

The mining studies have been ongoing and have focused on the Galaxy, Golden Age, Matilda, Williamson, Calvert, East Lode and West Lode deposits. The last four of these deposits have been mined previously and processed through the Wiluna Plant. The Matilda Mine resources were updated in June with 90% of the in pit resources now to a measured and indicated resource category. Blackham notes that over 97% of the Inferred Resources in the Mineral Inventory are coming from deposits that have a previous mining history, giving further confidence to the grade of these Inferred Resources. Generally there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Blackham is aiming to complete its Preliminary Feasibility Study by October 2015.

Mining Engineering and Associated Studies

Studies are in progress on costing and engineering work associated with the open pit mining areas. Initial PFS mine designs have been prepared for the Matilda, Galaxy and Williamson open pits which will be refined once the metallurgy studies are completed. The geotechnical work for these areas have now been completed to a PFS level of certainty.

Underground mining studies are progressing at Golden Age, East Lode, West Lode and Calvert. Geotech studies and mine designs have been completed for these areas. Re-costing of the mine plans are currently in progress. During June a project management plan was prepared and submitted to the Department of Mines and Petroleum (DMP) for re-entry to the Wiluna underground focusing on the Golden Age area. Access was sought to enable cost effective drilling of the Golden Age plus enable access to drill the footwall and hanging wall reefs of Brothers and Republic.

Wiluna underground re-entry work included:

- Recommission two diesel gensets and confirmed power source to the underground;
- Install substation underground;
- Classified plant inspection and installation of compressor underground;
- Replace refuge chamber batteries and service;
- Re-establish underground water supply;
- Install electrical distribution boxes, fans starters, jumbos boxes etc.;
- Re-establish underground communications;
- Completing decline roadworks and re-establish drains; and
- Installation of secondary ventilation.

PFS Mining study is expected to be completed in October.

Plant and Metallurgy

A review was conducted on the plant and metallurgy test work during the quarter to ensure the areas of focus for the PFS have been identified.

The Galaxy metallurgical test work has been expanded with 4 diamond drilling holes completed for PFS level test work. At Matilda 21 diamond core holes have been completed to provide further samples to aid in the optimisation of the plant and incorporating any test work required on extensions to the current pit designs due to the successful discovery of the Iceberg 2 and Scorchers zones immediately north and south of the M4 planned pits, respectively. Currently PFS metallurgical test work for Matilda will be completed by the end of September.

The PFS plant refurbishment study has now been completed by an independent engineering firm. The scope and costs have come back substantially confirming the original due diligence work completed prior to acquiring the Wiluna Gold Plant. The Company and its engineers have now begun planning the next phase of investigative work to narrow down the scope and timing of the refurbishment work.

During the quarter high resolution photogrammetric aerial surveys were flown with a drone over the existing Wiluna tailings facility to assist with design of the tailings dam extensions. The PFS tailings disposal study has now been completed and the tailings engineers have begun working on the DFS tailings disposal study with a view to further extending production and the tailings capacity.

Gas supply consultant has completed a review the cost of supplying gas to Blackham's 12MW power station via the existing spur line from the Goldfields Gas Pipeline. The Company has also received tenders to replace the gas gensets and operate the power house. Two diesel gensets with a combined power of 2.8MW have been serviced to provide power to the underground as well as pre development activities. These diesel generators will also provide back-up capacity during production.

PFS metallurgical and refurbishment studies on track for completion in September.

Environmental

Biological surveys have now been completed. Information provided on hydrology was supplied to consultants and the subterranean fauna review has been completed. Delivery of clearing permit applications, mining proposal and mine closure plans are expected to be completed by late October.

Geology

During the year, Blackham revised the Matilda Gold Project's **44Mt @ 3.3g/t for 4.7Moz** gold resources to JORC 2012 standard to include the revised resource estimate for the Matilda Mine (see ASX announcement dated 10 June 2015). The revised resource has **20Mt @ 3.5g/t for 2.2Moz** in the Measured and Indicated Resource categories (see ASX announcement dated 10 June 2015). Final resources across the deposits in the mine plan are now at a PFS level of confidence.

During July and August, Blackham had up to 3 drill rigs at the Matilda Gold Project to fast track the drilling required to complete the DFS. Since 1 July 2014, Blackham has completed 12,091m of RC and 2,259m of diamond drilling at the Project.

Golden Age

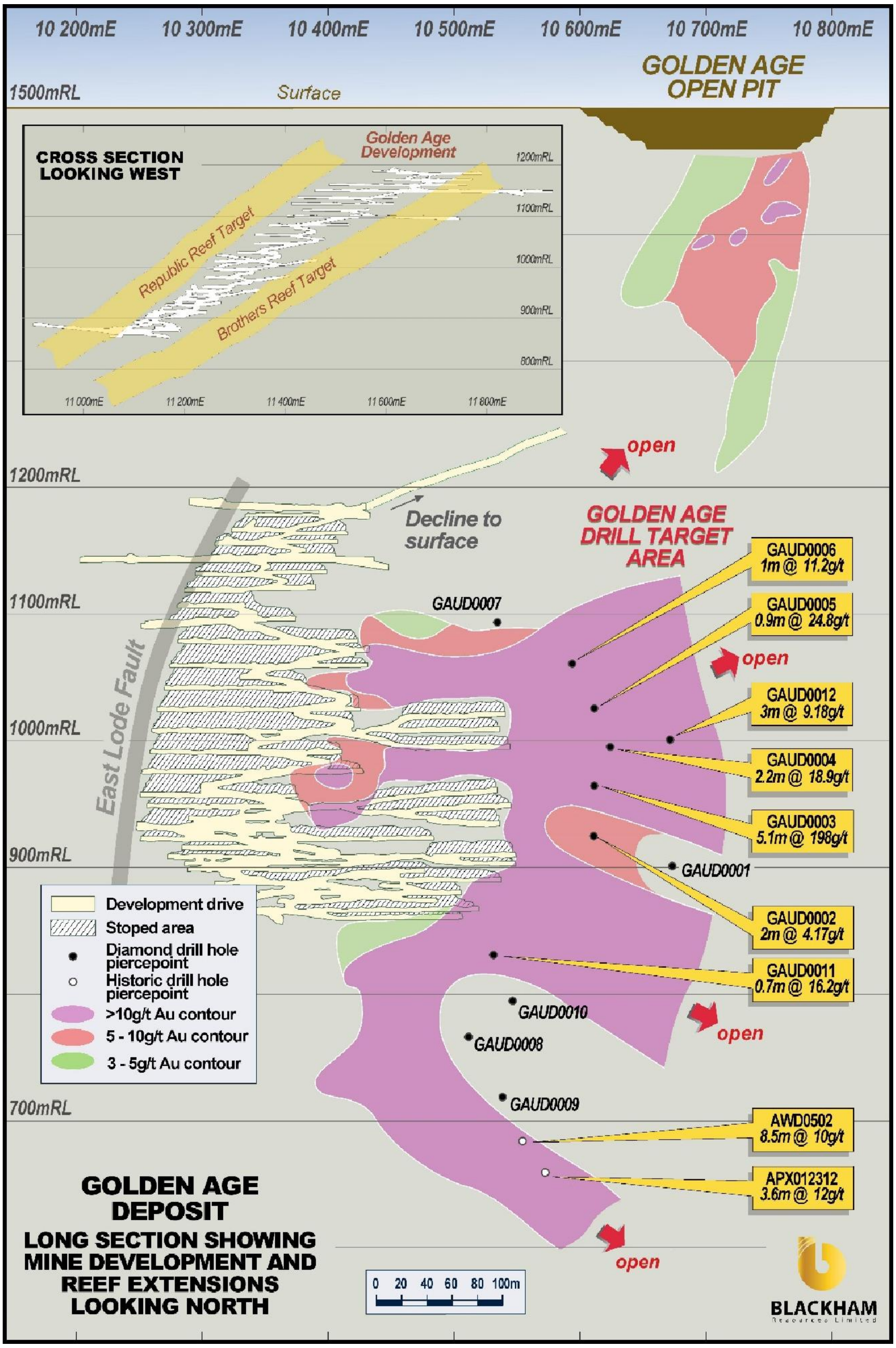
In November 2014, Blackham published its maiden resource estimate for the high grade Golden Age reef of **0.6 Mt @ 6.7g/t for 125,000oz.** Golden Age is a free milling reef which has historically produced 160,000oz @ 9g/t Au**.** In June Blackham employees successfully re-entered the Golden Age portion of the Wiluna Mine via the existing Bulletin decline. After confirming ground conditions, existing services and safety procedures an underground rig commenced drilling this reef within 3 weeks of the initial re-entry.

In August and September the assays from Blackham's maiden Golden Age drill programme showed high to bonanza grades. GAUD0003 intersected visual gold in the early drilling of the Golden Age Reef at its Matilda Gold Project. The assay results from GAUD0003 returned **5.1m @ 198g/t Au** from 173.1m which includes **0.8m @ 1,148g/t Au** from 177m. The gold mineralisation is hosted within sheared dolerite with visible gold present in sulphide stringers in the last 1.5m of the quartz vein (see Photo 1). This intersection is 55m east of the previous underground mine workings.

Photo 1. Visible gold in latest Golden Age drilling results

Golden Age assay results in August and September confirm high grade nature of the deposit:

- 5.1m @ 198g/t Au including 0.8m @ 1,148g/t Au GAUD0003
- 2.2m @ 18.9g/t Au including 0.8m @ 42.1/t Au GAUD0004
- 0.9m @ 24.8g/t Au GAUD0005
- 3m @ 9.18g/t Au GAUD0012
- 0.7m @ 16.2g/t Au GAUD0011



The initial drill programme confirmed the high grade nature of the Golden Age Reef. The drill results from the central portion of the **Golden Age deposit average 2.2m (true width) @ 83g/t Au** between the 900 to 1100m RL's. This drilling has also demonstrated the system is still open and that the previous modelling appears to be conservative. The Golden Age resource is currently being re-estimated for the recent drilling. The deposit is a high-grade free-milling gold deposit which is a priority feedstock for re-commissioning the Wiluna Plant

These drilling programmes were in line with Blackham's focus on oxide and free milling gold targets and resources within open pit or shallow underground depths, in close proximity to the Wiluna plant and infrastructure and capable of being bought into the early years of the mine plan. Blackham is focused on finishing its Definitive Feasibility Study (DFS) by December 2015.

Zanthus Project, Western Australia

In April 2015, Rumble Resources Ltd (ASX: "RTR") completed a high powered ground electromagnetic survey on the ZC5 target which defines a large conductor extending into the Zanthus eye feature. Rumble completed a high impact drilling program into 5 shallow bedrock conductors across the Zanthus eye feature during May this year which sits 20km's east of the Nova Bollinger nickel copper massive sulphide discoveries. 5 RC holes for 1,081 metres were completed into 5 bedrock conductors. Four holes intercepted graphic schists which are interpreted as being the target conductors.

Ore Reserves and Mineral Resources Comparison

Mineral resource reporting is grouped by commodity type and project area.

The Matilda gold deposits are located within the Wiluna Goldfield, close to the town of Wiluna at latitude 26º38'S, longitude 120º15'E on the Wiluna (SG 51-9)1:250 000 scale map. Perth, the nearest capital city, lies 750km to the southeast. The closest regional centres are Kalgoorlie, 540km to the south and Meekatharra, 183km to the west. The gold deposits are categorised as orogenic gold deposits, with similarities to many other gold deposits in the Yilgarn region.

The Wiluna project is located on the north eastern edge of the Archaean Yilgarn Block, in the Wiluna Greenstone Belt. The Wiluna Greenstone Belt can be divided into two metamorphic domains, the Wiluna domain in the east and the Matilda domain in the west. The major northwest trending Erawalla Fault separates the domains. Rocks in the Wiluna Domain have experienced greenschist-facies regional metamorphism and brittle deformation.

The Wiluna Domain is comprised of a fairly monotonous sequence of foliated basalts and high-magnesian basalts, with intercalated felsic intrusions, lamprophyre dykes, metasediments, and dolerites. Gold mineralisation is related to quartz vein emplacement, typically along stratigraphic boundaries, and the lodes have also been disrupted by later cross-faults.

The Matilda domain is a greenschist to lower amphibolite facies metamorphic terrain with predominantly ductile deformation. It comprises a volcano-sedimentary sequence in an interpreted major north-west trending synclinal structure, with the axis close to the Perseverance Fault. The sequence comprises basal banded iron formation in the west, overlain by komatiitic volcanics with limited basal peridotite members, grading upwards into high-magnesium basalt and basalt with interflow chert and graphitic sediments. Metabasalt predominates in the project area. Felsic volcanic rocks and sediments are interpreted to form the core of the syncline.

The resource estimation processes are aligned with industry best practice and subject to peer review. Blackham has employed a full time resource geologist to complete all the estimates.

	Matilda Gold Project Resource Summary (JORC 2012) at 30th June 2015											
Mining Centre	Measured			Indicated			Inferred			Total		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda Mine	0.2	2.2	14	7.0	1.8	410	5.3	1.7	290	12.5	1.8	**712**
Williamson Mine				2.7	1.7	150	3.6	1.7	200	6.3	1.7	**350**
Regent				0.7	2.7	61	3.1	2.1	210	3.9	2.2	**270**
Galaxy				0.2	3.3	25	0.3	2.6	26	0.6	2.9	**51**
Golden Age				0.2	8.0	45	0.4	6.1	80	0.6	6.7	**125**
Bulletin South OP				0.9	3.2	90	1.7	3.5	190	2.6	3.4	**280**
East Lode				1.0	5.2	170	2.3	4.7	340	3.3	4.8	**510**
West Lode Calvert				1.4	5.5	240	2.8	5.2	460	4.2	5.3	**700**
Henry 5 - Woodley - Bulletin Deeps				2.1	5.9	400	0.8	4.6	120	2.9	5.6	**520**
Burgundy - Calais				1.3	6.0	250	0.3	5.7	60	1.6	6.0	**310**
Happy Jack - Creek Shear				1.5	5.9	290	1.3	4.8	200	2.9	5.4	**490**
Other Wiluna Deposits				1.0	3.5	110	1.8	4.0	230	2.8	4.1	**340**
Total	**0.2**	**2.2**	**14**	**20**	**3.5**	**2,241**	**24**	**3.2**	**2,406**	**44**	**3.3**	**4,658**

	Matilda Gold Project Resource Summary at 30th June 2014 Matilda GP (JORC 2012) Wiluna GP (JORC 2004)											
Mining Centre	Measured			Indicated			Inferred			Total		
	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au	Mt	g/t Au	Koz Au
Matilda Mine	0.1	2.4	9	4.7	2.0	300	8.2	1.7	450	13	1.8	**760**
Williamson Mine				2.7	1.7	150	3.6	1.7	200	6.3	1.7	**350**
Regent				0.7	2.7	61	3.1	2.1	210	3.9	2.2	**270**
Galaxy							0.6	2.9	52	0.6	2.9	**52**
Golden Age												
Bulletin South OP												
East Lode				1.2	5.4	213	2.6	5.5	453	3.8	5.4	**667**
West Lode Calvert				1.2	5.3	198	2.3	5.3	383	3.4	5.3	**581**
Henry 5 - Woodley - Bulletin Deeps				2.1	5.9	404	0.8	4.6	112	2.9	5.6	**516**
Burgundy - Calais				1.3	6.0	250	0.3	5.7	58	1.6	6.0	**309**
Happy Jack - Creek Shear				1.5	5.9	289	1.3	4.8	205	2.9	5.4	**494**
Other Wiluna Deposits				0.8	4.0	109	1.3	4.1	172	2.1	4.1	**281**
Total	**0.1**	**2.4**	**9**	**16.2**	**3.8**	**1,974**	**24.1**	**2.9**	**2,295**	**40.4**	**3.2**	**4,280**

Blackham's total gold Resource Inventory at the expanded Matilda Gold Project is 44Mt @ 3.3g/t for 4.7Moz Au. This Resource was last announced to the market, subsequent to the Matilda Resource update via the ASX announcement dated 10th June 2015.

An update of the Mineral Resource estimate for the Wiluna Gold Deposit was completed by Blackham in November 2014.

Blackham also completed a resource estimate targeting remnant mineralisation surrounding the Bulletin pit and continuing along the Happy Jack – Bulletin Fault Zone. Only resources below 400m had been reported previously. The new resource was based on remnant pillars and un-mined parallel lodes evident in the existing near-surface drill coverage.

Additional drilling by Blackham at the Matilda and Galaxy mining centres enabled an update to the resources. This resulted in the addition of new lodes and increasing confidence in the resource.

All resources compiled by Blackham conforms with disclosure and reporting requirements set forth in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' 2012 (the JORC Code) as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia (JORC).

Independent technical reviews are undertaken on as as-required basis as an outcome of risk assessment. Tonnage and quality information has been rounded and as a result the figures may not add up to the totals quoted. Tonnages are estimated on a dry basis.

The information in these resource tables should be read in conjunction with the explanatory information contained in Blackham ASX releases.

Corporate

Equity Placements

On 5 November and 10 November 2014, the Company issued 23,006,304 shares at 11.5 cents per ordinary share. A further 956,522 ordinary shares were also issued as a one off fee as part of the capital raising.

Lanstead Capital L.P. ('Lanstead') where Lanstead provided $2,200,000 for the issue of 20,086,957 shares (see ASX Announcement 30 October 2014).

On 5 February 2014, the Company issued 33,494,435 shares to gross $3,014,499 by way of a placement as announced to the ASX on 29 January 2015.

On 22 May 2015, the Company issued 19,230,769 Shares to Orion Fund JV Limited ('Orion') for gross proceeds of $2,500,000 as part of a binding funding facility (Funding Facility) announced to the ASX on 19 May 2015.

Funding Facility

On 19 May 2015 the Company announced that it had entered into Funding Facility with Orion Mine Finance Group (Orion) whereby Orion would provide a structured two tiered finance package. The Funding Facility was subsequently amended in regards to the number of Subscription Options to be issued as announced on 16 June 2015.

The Orion Mine Finance Group is a mining-focused investment business with approximately USD1.86 billion under management (as of March 31, 2015) specialising in providing flexible capital investment solutions to junior mining companies in the base and precious metals sector. Orion has demonstrated capability in debt and equity investments in the resource sector.

The terms of the Funding Facility are as follows:

Initial Investment

1. An equity investment of AUD$2,500,000 by way of an agreement to subscribe for 19,230,769 Shares at a price of $0.13 per share which was completed in May 2015;
2. A non-amortizing term loan (NATL) of AUD$6,000,000 received in June 2015 and having a maturity date of 31 December 2017, secured against the Group's assets;
3. The issue of 16,666,667 Options exercisable at $0.18 on or before 31 December 2017; and

Subsequent Investment

4. The provision of a secured finance facility in the amount of AUD$30,000,000 for the development of the Matilda Gold Project.

On 17 June 2015, Mr Peter Rozenauers (an officer of Orion) was elected to the Board as part of the Orion Funding Facility arrangements.

4. DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend for the 2015 financial year and no amount has been paid or declared by way of a dividend to the date of this report.

The Board plans to pay a dividend at the earliest possible time it is in a position to responsibly do so following the commissioning of the Matilda Gold Project.

5. RISKS

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

All mining ventures are exposed to risks and the Board continues to monitor risks associated with current projects whilst also analysing the risks associated with any new mining opportunities. These risks may cover such areas as:

- Title Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply. Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

- Exploration Risk

The Board realises that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Group's tenements, or of any other tenements that may be acquired by the Group in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited. Any future exploration activities of the Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Group.

- Resources Estimates

The Company's main projects contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's Listed Shares.

- Access Risks – Cultural Heritage and Native Title

The Group must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations. It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Group may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Group.

- JV and Contractual Risk

The Group has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Group's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

- Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

  - general economic outlook;
  - introduction of tax reform or other new legislation;
  - interest rates and inflation rates;
  - changes in investor sentiment toward particular market sectors;
  - the demand for, and supply of, capital; and
  - terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

- Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Listed Options and Shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

- Commodity Price Volatility and Exchange Rates Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of gold or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities and metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

- Environmental Risks

The operations and proposed activities of the Group are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Group. The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Group from being able to develop potential economically viable mineral deposits. The Group may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Group may prevent the Group from undertaking its desired activities. The Group is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Group cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Group's business, financial condition and results of operations.

The above risks are not exhaustive but are the minimum exposure areas observed by the Group. Outside of the above, the Group is continually assessing Industry type risk (covering resources, commercial, commodity prices & volatility, insurance and environmental) and general type risk (economic, share markets, government & legal and global volatility).

6. SIGNFICANT CHANGES IN STATE OF AFFAIRS

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

7. EVENTS SUBSEQUENT TO REPORTING DATE

At a General Meeting of shareholders held on 27 July 2015, the shareholders approved a variety of resolutions including:

- Issue of 16,666,667 unlisted options at an exercise price of $0.18 (exercisable on or before 31 December 2017) to Orion Fund JV Limited as part of their Funding Facility ;
- Issue of 4,500,000 performance rights vesting on or before 31 December 2017 to the Managing Director, Mr Bryan Dixon; and
- Issue of 4,500,000 performance rights vesting on or before 31 December 2017 to the COO/Executive Director, Mr Alan Thom

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. INFORMATION ON DIRECTORS

Paul Murphy	**Non-Executive Chairman**
Qualifications	BSc
Experience	Mr Murphy is a former banker with extensive experience in finance, strong relationships within the banking, finance and broking community as well as an impeccable reputation in the industry. He has extensive experience in running a large business in a consultative manner, whilst keeping strategy and direction in focus. In his banking career he was responsible for running a business with over 200 people and has strong experience across Australia, Asia and Nth America.
Equity holdings	7,361,809 ordinary shares 2,000,000 unlisted options @ $0.50 expiring 14 December 2017
Other directorships	Nil
Bryan Dixon	**Managing Director**
Qualifications	BComm, CA, ACIS
Experience	Mr Dixon has substantial experience in the mining sector and in the management of public and listed companies. Previously, Mr Dixon has been employed by KPMG, Resolute Limited Société Générale and Archipelago Resources Plc. Mr Dixon is a Chartered Accountant and brings additional project development, project acquisition, financing and corporate skills to the Group.

Equity holdings	1,300,000 ordinary shares 500,000 unlisted options @ $0.228 expiring 29 November 2015 1,000,000 unlisted options @ $0.213 expiring 5 June 2016 900,000 unlisted options @ $0.298 expiring 29 May 2017 4,500,000 performance rights vesting on or before 31 December 2017
Other Directorships	Hodges Resources Limited – From September 2005 Lithium Australia NL – From December 2010
Alan Thom	**Executive Director and COO**
Qualifications	BEng(Hons), GDipAppFin, GradDipBus, FFin, MAusIMM.
Experience	Mr Thom is mining engineer with extensive experience as a senior manager and executive working in Australia, United Kingdom, Africa, New Zealand and Bangladesh. His experience covers a range of commodities including gold, nickel, uranium and all types of coal. Alan has managed a number of definitive and bankable feasibility studies for significant resource projects. Alan holds a Western Australian First Class Mine Mangers Certificate and previously held statutory mine management positions for Newmont in both underground and open pit operations.
Equity holdings	500,000 unlisted options @ $0.228 expiring 29 November 2015 1,000,000 unlisted options @ $0.213 expiring 5 June 2016 900,000 unlisted options @ $0.298 expiring 29 May 2017 4,500,000 performance rights vesting on or before 31 December 2017
Other Directorships	Attila Resources Ltd – from October 2012 to 6 April 2015
Greg Miles	**Non-Executive Director**
Qualifications	BSc, GDip Geology
Experience	Mr Miles graduated from the Australian National University in Canberra as a geologist and has since worked in a number of different commodities and mineral provinces across a broad portfolio of grass-roots to development projects. More recently Mr Miles has been involved as a director of a number of junior mining companies providing technical expertise in exploration, project management and acquisitions. Mr Miles professional highlights include involvement in the discovery of the 2.3Moz Centenary Deposit at the Darlot Gold Mine in the Eastern Goldfields, WA and the 40Mt Mount Caudan Iron Ore Deposit in the southern Yilgarn, WA.
Equity Holdings	304,500 ordinary shares 500,000 unlisted options @ $0.228 expiring 29 November 2015 1,000,000 unlisted options @ $0.213 expiring 5 June 2016 350,000 unlisted options @ $0.298 expiring 29 May 2017
Other Directorships	Cove Resources Ltd – from January 2011 to July 2015 Cassini Resources Ltd – from October 2011

Peter Rozenauers	**Non-Executive Director**
Qualifications	BME (Hons I), MAppFin, MAusIMM
Experience	Mr Peter Rozenauers is a Portfolio Manager with Orion Mine Finance and has over 25 years of experience in the natural resources and finance industry. He holds a Bachelor of Mining Engineering (Hons I) from the UNSW, a Master of Applied Finance from the University of Technology Sydney and is a Member of the Australasian Institute of Mining and Metallurgy. Prior to Orion, Mr Rozenauers was a Senior Investment Manager for Red Kite Group's Mine Finance business. Before joining Red Kite in 2012, Mr Rozenauers was Managing Director and Head of Asian Commodities Distribution for Barclays Capital in Singapore, a leading commodity global investment bank. Mr Rozenauers has spent over 13 years working in a variety of senior banking roles in Singapore, New York and London.
Equity Holdings	127,583 ordinary shares

Mike Robbins
Company Secretary

Mr Robbins has over 20 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office management positions and is currently CFO and Company Secretary for three other listed entities.

9. MEETINGS OF DIRECTORS

The number of Directors' Meetings and/or circular resolutions held and/or conducted during the financial year, each Director held office during the financial year and the number of meetings and/or circular resolutions attended and/or signed off by each Director is:

Director	**Number Eligible**	**Attended/ Signed Off**
Bryan Dixon	26	26
Joseph Gutnick	4	1
Alan Thom	26	26
Greg Miles	26	24
Craig Michael	4	2
Paul Murphy	22	21
Peter Rozenauers	1	1

The Group does not have a formally constituted audit, nomination or remuneration committee as the board considers that for the Group's size and type of operation these functions are most efficiently and effectively handled directly by the Board.

10. ENVIRONMENTAL ISSUES

The Group's exploration activities are subject to the 1978 (WA) Mining Act. The Group has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements. 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 financial year under review.

11. REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Blackham Resources Limited.

Remuneration Policy

The remuneration policy of the Group has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Blackham Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high calibre directors to run and manage the company, as well as create goal congruence between directors and shareholders.

The Group's policy for determining the nature and amount of remuneration for board members is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed and approved by the Board.

In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

All executives receive a base salary (which is based on factors such as length of service and experience) and some fringe benefits.

The Group is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The majority of the Board have acquired shares in the Company and have retained these securities which assist in aligning their objectives with overall shareholder value.

Shares and options may also be issued to Directors to provide a mechanism to participate in the future development of the Group and an incentive for their future involvement with and commitment to the Group. Options and performance incentives will be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can be used as measurements for assessing Board performance.

11. REMUNERATION REPORT (AUDITED)(Cont'd)

All remuneration paid to directors is valued at the cost to the Group and expensed. Any shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

After year end, a new form of long term incentive, in the form of performance rights, were allocated to the Managing director and the Chief Operations Officer. A total of 9,000,000 performance rights were issued which have various vesting conditions revolving around the viability and sustainability of the Matilda Gold Project and Company EBITDA thresholds. The performance rights were approved by shareholders at the general meeting held on 27 July 2015. Whether the allocated performance rights generate value for these members of the Board will depend on the achievement of the various vesting conditions associated with the performance rights. The performance rights have a final vesting date of 31 December 2017 (or such other date as the Board may agree).

The Group's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Group Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Directors and executives are encouraged to buy shares in Blackham. In addition Directors and executives may be issued shares and/or options to encourage the alignment of personal and shareholder interest.

Remuneration Structure for Directors

<u>Executives</u>

The employment conditions of the Managing Director, Bryan Dixon and Executive Director, Alan Thom are by way of service contracts of employment.

The service contracts contain three to six month resignation periods. The Company may terminate an employment contract without cause by providing three to twelve months written notice or making payment in lieu of notice, based on the individual's annual salary component.

New contracts for Mr Dixon and Mr Thom were approved by the Board and announced to the ASX on 30 July 2015. Details are as follows:

Annual fees of $300,000 per annum have been agreed with Mr Dixon and annual fees of $275,000 have been agreed with Mr Thom. The annual fees will be reviewed by the Board on 30 June each year during the term of the contract with the next review occurring on 30 June 2016.

A total bonus package of $120,000 each, will be payable to Mr Dixon and Mr Thom on the satisfaction of agreed performance hurdles (in line with the granting of performance rights).

11. REMUNERATION REPORT (AUDITED)(Cont'd)

Mr Dixon (or his nominee) was granted 4,500,000 performance rights and Mr Thom (or his nominee) was also granted 4,500,000 performance rights. The performance rights will vest upon the satisfaction of particular conditions on or before 31 December 2017 (or such other date as the Board may agree). Full details of the rights are contained in the Notice of Meeting dated 19 June 2015. Shareholders subsequently approved the issue of the performance rights at the general meeting held on 27 July 2015.

Non-Executives

Mr Joseph Gutnick (resigned as Non-executive Director on 26 August 2014) had a letter of engagement with the Company and was paid an annual fee of $50,000 per year.

Mr Greg Miles (Non-executive Director) has a letter of engagement with the Company and is paid an annual fee of $40,000 per year. Up until 31 May 2014, Mr Miles was engaged on a contract of employment when he was an Executive Director.

The current Non-executive Chairman, Mr Paul Murphy, has a letter of engagement with the Company and is paid an annual fee of $60,000 per year.

Remuneration of non-executive directors is based on fees approved by the Board of Directors (from within the remuneration pool approved by Shareholders from time to time at a general meeting) and is set at levels to reflect market conditions and encourage the continued services of the directors.

The Company is part of an exploration and development Group and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior management personnel are paid market rates associated with individuals in similar positions within the same industry.

The Company does not offer any variable remuneration incentive plans or bonus schemes to non-executive directors or any retirement benefits and, as such, there are no performance related links to the existing remuneration policies.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

11. REMUNERATION REPORT (AUDITED)(Cont'd)

Details of Remuneration for Year Ended 30 June 2015

The remuneration for key management personnel of the Company during the year was as follows:

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SECURITIES ISSUED		TOTAL	Total Remuneration Represented by Equity
	Salary, & Fees	Other	Non-Monetary	Superannuation	Retirement Benefits	Equity	Options		
	$	$	$	$	$	$	$	$	%
Paul Murphy – Non Executive Chairman (appointed 21 July 2014)									
2015	57,424	-	-	-	-	-	16,533	73,957	22%
2014	-	-	-	-	-	-	-	-	0%
Bryan Dixon – Managing Director (i)									
2015	222,150	-	-	-	-	-	-	222,150	0%
2014	196,200	-	-	-	-	-	98,665	294,865	33%
Alan Thom – Executive Director (ii)									
2015	233,750	-	-	-	-	-	-	233,750	0%
2014	220,000	-	-	-	-	-	98,665	318,665	31%
Greg Miles – Non-executive Director (iii)									
2015	43,333	-	-	-	-	-	-	43,333	0%
2014	155,070	-	-	-	-	-	38,370	193,440	20%
Craig Michael – Alternate Non-executive Director (v) (resigned 26 August 2014)									
2015	-	-	-	-	-	-	-	-	0%
2014	-	-	-	-	-	-	38,370	38,370	100%
Joseph Gutnick – Non-executive Chairman (vi) (resigned 26 August 2014)									
2015	-	-	-	-	-	-	-	-	0%
2014	50,000	-	-	-	-	-	-	50,000	0%
Total Directors and Key Management Personnel									
2015	**556,657**	**-**	**-**	**-**	**-**	**-**	**16,533**	**573,190**	3%
2014	**621,270**	**-**	**-**	**-**	**-**	**-**	**274,070**	**895,340**	31%

i) An aggregate amount of $222,150 (2014: $196,200) was paid, or was due and payable to Warrior Strategic Pty Ltd, a company controlled by Mr Bryan Dixon, for the provision of corporate and management services to the Company. A new contract for Mr Dixon commenced on 1 April 2015.

ii) An aggregate amount of $233,750 (2014: $220,000) was paid, or was due and payable to Aston Corporation Pty Ltd, a company controlled by Mr Alan Thom, for the provision of corporate and management services to the Group. A new contract for Mr Thom commenced on 1 April 2015.

iii) An aggregate amount of $43,333 (2014: $155,070) was paid, or was due and payable to Hidden Asset Pty Ltd, a company controlled by Mr Greg Miles, for the provision of corporate and management services to the Group. Mr Miles became a Non-executive Director on 1 June 2014.

iv) Mr Joseph Gutnick was appointed as Non-Executive Chairman on 18 February 2013. He was replaced as Non-executive Chairman on 17 July 2014 but remained a Non-executive Director until his resignation on 26 August 2014.

v) Mr Craig Michael was appointed an alternate director for Mr Joseph Gutnick on 26 February 2013. He resigned on 26 August 2014.

11. REMUNERATION REPORT (AUDITED)(Cont'd)

Share holdings of key management personnel

30 June 2015 Name	Balance at the start of the year	Received as Remuneration	Options Exercised	Net Change/Other	Balance at the end of the year
Bryan Dixon	1,300,000	-	-	-	1,300,000
Alan Thom	-	-	-	-	-
Greg Miles	304,500	-	-	-	304,500
Paul Murphy	-	-	-	7,361,809	7,361,809
Craig Michael (i)	-	-	-	-	-
Peter Rozenauers	-	-	-	127,583	127,583
Joseph Gutnick (i)	-	-	-	-	-
Brett Smith (iv)	-	-	-	-	-
Total	**1,604,500**	**-**	**-**	**7,489,392**	**9,093,892**

30 June 2014 Name	Balance at the start of the year	Received as Remuneration	Options Exercised	Net Change/Other	Balance at the end of the year
Bryan Dixon	1,287,500	-	-	12,500	1,300,000
Alan Thom	-	-	-	-	-
Greg Miles	304,500	-	-	-	304,500
Paul Murphy (ii)	-	-	-	-	-
Craig Michael	-	-	-	-	-
Peter Rozenauers (iii)	-	-	-	-	-
Joseph Gutnick	10,982,000	-	-	20,808,000	31,790,000
Brett Smith	200,000	-	-	-	200,000
Total	**12,774,000**	**-**	**-**	**20,820,500**	**33,594,500**

(i) Mr Gutnick and Mr Michael resigned on 26 August 2014 so holding removed for 2015 financial year
(ii) Mr Murphy was appointed on 21 July 2014 so no movement disclosed for 2014 financial year
(iii) Mr Rozenauers was appointed on 17 June 2015 so no movement disclosed for 2014 financial year
(iv) Mr Smith resigned on 7 June 2013 so no movement disclosed for 2015 financial year

Option holdings of key management personnel

30 June 2015 Name	Balance at the start of the year	Granted as Remuneration	Options Exercised	Other	Balance at the end of the year
Bryan Dixon	2,800,000	-	-	(400,000)	2,400,000
Alan Thom	2,500,000	-	-	(100,000)	2,400,000
Greg Miles	2,350,000	-	-	(500,000)	1,850,000
Paul Murphy (i)	-	2,000,000	-	-	2,000,000
Craig Michael	1,850,000	-	-	-	1,850,000
Peter Rozenauers	-	-	-	-	-
Joseph Gutnick	2,000,000	-	-	(2,000,000)	-
Brett Smith (iv)	-	-	-	-	-
Total	**11,500,000**	**2,000,000**	**-**	**(3,000,000)**	**10,500,000**

11. REMUNERATION REPORT (AUDITED)(Cont'd)

30 June 2014 Name	Balance at the start of the year	Granted as Remuneration	Options Exercised	Other	Balance at the end of the year
Bryan Dixon	2,800,000	900,000	-	(900,000)	2,800,000
Alan Thom	2,200,000	900,000	-	(600,000)	2,500,000
Greg Miles	2,500,000	350,000	-	(500,000)	2,350,000
Paul Murphy (ii)	-	-	-	-	-
Craig Michael	1,500,000	350,000	-	-	1,850,000
Peter Rozenauers (iii)	-	-	-	-	-
Joseph Gutnick	2,000,000	-	-	-	2,000,000
Brett Smith	550,000	-	-	-	550,000
Total	**11,550,000**	**2,500,000**	**-**	**2,000,000**	**12,050,000**

(i) 2,000,000 options granted to Mr Murphy were approved by shareholders at the AGM on 27 November 2014.
(ii) Mr Murphy was appointed on 21 July 2014 so no movement disclosed for 2014 financial year.
(iii) Mr Rozenauers was appointed on 17 June 2015 so no movement disclosed for 2014 financial year
(iv) Mr Smith resigned on 7 June 2013 so no movement disclosed for 2015 financial year

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

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Group. The contracts for service between the Group and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement specified directors and executives are paid employee benefit entitlements accrued to date of retirement. The Group may terminate the contracts without cause by providing one to three months written notice or making payment in lieu of notice based on the individual's annual salary component at industry award redundancy rates.

Voting and Comments at the Company's 2014 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2014 was put to the shareholders of the Company at the Annual General Meeting held on 27 November 2014. The Company received 99% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2014 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration policies.

Related Party Transactions

Orion

As announced to the ASX on 19 May 2015, the Company entered into a binding funding facility with Orion whereby Orion would provide a structured two tiered finance package.

As per the funding facility, Orion was paid the following fees:

- Originating fee of $150,000 (due under the Share Subscription Agreement); and
- Original discount fee of $180,000 (due on the non-amortising loan of $6m)

11. REMUNERATION REPORT (AUDITED)(Cont'd)

Under the funding facility, Orion was entitled to appoint a nominee to the Board for the period commencing immediately after the settlement date of the Placement funds and ending on the later of:

(i) the date on which Orion's relevant interest in the Company falls below 10%; and
(ii) 31 December 2017.

Mr Peter Rozenauers is an officer of Orion and was accepted onto the Board in the role of Non-Executive Director on 17 June 2015.

Great Central Gold

At 30 June 2014, Blackham treated funds received from Great Central Gold Pty Ltd ($200,000) as an interest-bearing loan to the Company. The loan was forgiven as part of the settlement between Mr Gutnick and his associated entities and Blackham, as announced on 26 August 2014.

End of audited remuneration report.

12. OPTIONS & PERFORMANCE RIGHTS

Options on Issue

At the date of this report, there are 34,711,667 options over unissued shares in Blackham Resources Limited as set out below:

Number	Exercise price	Expiry date
750,000	$0.350	I October 2015
1,600,000	$0.228	29 November 2015
750,000	$0.270	1 June 2016
4,500,000	$0.213	5 June 2016
150,000	$0.214	31 July 2016
1,000,000	$0.230	1 September 2016
800,000	$0.122	9 November 2016
1,000,000 (i)	$0.200	3 February 2017
2,500,000	$0.298	29 May 2017
600,000	$0.298	1 June 2017
295,000	$0.250	24 June 2017
100,000	$0.300	24 June 2017
1,000,000	$0.300	1 September 2017
2,000,000 (ii)	$0.500	14 December 2017
16,666,667 (iii)	$0.180	31 December 2017
1,000,000 (i)	$0.300	3 February 2018

(i) Issued to BW Equities Pty Ltd. Approved by shareholders at a general meeting held on 27 July 2015.
(ii) Issued to Mr Paul Murphy (Non-executive Chairman). Approved by shareholders at the AGM on 27 November 2014.
(iii) Issued to Orion Fund JV Ltd. Approved by shareholders at a general meeting held on 27 July 2015.

Performance Rights

At the date of this report, there are 9,000,000 performance rights, on issue, with various vesting conditions and a closing date of 31 December 2017. The performance rights were issued to the Managing Director, Mr Bryan Dixon (4,500,000) and the COO, Mr Alan Thom (4,500,000). These were approved by shareholders at the General Meeting held on 27 July 2015.

<u>Options issued</u>

During the financial year 6,800,000 options were issued.

<u>Options forfeited or cancelled</u>

During the financial year, there were no options that were forfeited or cancelled.

<u>Options expired or lapsed</u>

During the financial year, there were 4,700,000 options that expired.

13. PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings. The Group was not a party to any such proceedings during the year.

14. AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, for the year ended 30 June 2015 has been received and is included within this annual report.

15. NON-AUDIT SERVICES

The auditors have not provided any non-audit services to the consolidated entity in the current or prior financial years.

16. INDEMNIFYING OFFICERS AND AUDITOR

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Groups auditor.

The Group has insurance policies in place for Directors and Officers insurance.

17. AUDITORS

RSM Bird Cameron Partners continues in office in accordance with section 327 of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Board of Directors.

Bryan Dixon
Managing Director

Perth, 29 September 2015

Competent Persons Statement

The information contained in the report that relates to Exploration Targets and Exploration Results at the Matilda Gold Project is based on information compiled or reviewed by Mr Cain Fogarty, who is a full-time employee of the Company. Mr Fogarty is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Fogarty has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information contained in the report that relates to Mineral Resources is based on information compiled or reviewed by Mr Marcus Osiejak, who is a full-time employee of the Company. Mr Osiejak, is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Osiejak has given consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

With regard to the Matilda Gold Project Mineral Resources, the Company is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and parameters underpinning Mineral Resource Estimates as reported in the market announcement dated 10 June 2015 continue to apply and have not materially changed.

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Blackham Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2015

	Notes	Consolidated 2015 $	2014 $
Revenue	2	444,829	537,163
Less Expenditure			
Administration		376,790	462,281
Compliance and regulatory expenses		624,730	350,891
Depreciation expense		13,123	16,718
Employee and consultant costs		692,057	289,641
Equity based payments	3	321,053	574,828
Loss on financial assets		7,225	3,748
Interest expense		44,302	10,520
Financing costs		586,508	-
Diminution in fair value of derivative assets	10	626,657	-
Unwinding of discount in rehabilitation provision		1,438,050	203,561
Exploration expenditure written off	12	284,228	278,771
Loss before income tax benefit		**(4,569,894)**	**(1,653,796)**
Income tax expense	7	-	-
Loss for the year		**(4,569,894)**	**(1,653,796)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(4,569,894)**	**(1,653,796)**
Loss per share			
Basic and diluted loss per share (cents)	19	3.04	1.79

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	Consolidated 2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	8	8,313,105	610,885
Trade and other receivables	9	127,925	456,842
Financial assets	10	1,708,982	956,644
TOTAL CURRENT ASSETS		10,150,012	2,024,371
NON CURRENT ASSETS			
Plant and equipment	11	2,353,004	2,260,728
Financial assets	10	-	528,889
Exploration and evaluation assets	12	31,832,607	28,136,748
TOTAL NON CURRENT ASSETS		34,185,611	30,296,365
TOTAL ASSETS		**44,335,623**	**32,950,736**
CURRENT LIABILITIES			
Trade and other payables	13	1,227,292	1,354,267
Provisions	14	73,023	67,274
TOTAL CURRENT LIABILITIES		1,300,315	1,421,541
NON CURRENT LIABILITIES			
Loans	15	6,000,000	-
Provisions	14	19,283,106	17,845,056
TOTAL NON CURRENT LIABILITIES		25,283,106	17,845,056
TOTAL LIABILITIES		**26,583,421**	**19,266,597**
NET ASSETS		**17,752,202**	**13,684,139**
EQUITY			
Issued capital	16	31,564,097	23,247,193
Reserves	17	1,451,403	1,674,950
Accumulated losses		(15,263,298)	(11,238,004)
TOTAL EQUITY		**17,752,202**	**13,684,139**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2015

	Notes	Consolidated 2015 $	2014 $
Cash Flows from Operating Activities			
- Payments to suppliers and employees		(2,248,439)	(1,046,732)
- Payments for exploration and evaluation		(3,829,524)	(3,723,894)
- Interest received		12,604	12,278
- Interest paid		(18,658)	-
- Research & development tax concession		559,930	-
Net cash used in operating activities	21	(5,524,087)	(4,758,348)
Cash Flows from Investing Activities			
- Proceeds from sale of investments		100,002	2,907
- Purchase of plant and equipment		(263,412)	(2,080,000)
Net cash used in investing activities		(163,410)	(2,077,093)
Cash Flows from Financing Activities			
- Proceeds from issue of securities		7,972,850	7,435,276
- Proceeds from loans		6,000,000	200,000
- Convertible note interest		-	(10,520)
- Payment for costs of issue of securities		(583,133)	(264,827)
Net cash provided by financing activities		13,389,717	7,359,929
Net increase in cash held		**7,702,220**	**524,488**
Cash at beginning of financial year		610,885	86,397
Cash at end of financial year	8	**8,313,105**	**610,885**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2015

CONSOLIDATED	Issued Capital $	Option Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2013	**14,687,264**	**2,448,104**	**(10,932,190)**	**6,203,178**
Total comprehensive loss for the year	-	-	(1,653,796)	(1,653,796)
Issue of shares	8,903,729	-	-	8,903,729
Shares to be issued	24,990	-	-	24,990
Share issue costs	(368,790)	-	-	(368,790)
Issue of options	-	574,828	-	574,828
Options Expiry	-	(1,347,982)	1,347,982	-
Balance at 30 June 2014	**23,247,193**	**1,674,950**	**(11,238,004)**	**13,684,139**
Balance at 1 July 2014	**23,247,193**	**1,674,950**	**(11,238,004)**	**13,684,139**
Total comprehensive loss for the year	-	-	(4,569,894)	(4,569,894)
Issue of shares	8,947,384	-	-	8,947,384
Shares to be issued	-	-	-	-
Share issue costs	(630,480)	-	-	(630,480)
Issue of options	-	321,053	-	321,053
Options Expiry	-	(544,600)	544,600	-
Balance at 30 June 2015	**31,564,097**	**1,451,403**	**(15,263,298)**	**17,752,202**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Blackham Resources Limited ('the Company' or 'Blackham') and its controlled entities (the 'Group').

The financial statements were authorised for issue on 29 September 2015 by the directors of the company.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the 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 disclosed in note 1 (t).

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Blackham Resources Limited at the end of the reporting period. A controlled entity is any entity over which Blackham Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

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

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

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

(c) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(d) Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

<u>Depreciation</u>

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance over the estimated asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Plant and equipment - 40%
Office furniture and equipment - 18%
Motor vehicles – $33^{1/3}$%

The purchase in March 2014 of the Wiluna Gold Plant has been capitalised to plant & equipment. In future, the asset will be amortised over the life of the mine based on ounces produced versus ounces contained in resource.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(g) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit and loss*
Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ii) *Loan and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) *Held to maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) *Available for sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) *Financial liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

<u>Impairment</u>

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition

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

(h) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

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

(i) Interests in Joint Operation

A joint operation is a joint agreement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements.

(j) Intangibles Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(l) Equity Based Payments

Equity-settled share-based compensation benefits are provided to employees and consultants. Equity-settled transactions are awards of shares, or options over shares that are provided to employees and consultants in exchange for the rendering of services under an employee share plan.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

(m) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Revenue and Other Income

Revenue and other income are recognized when it is probable that the economic benefit will flow to the Group and the revenue and other income can be reliably measured. Revenue and other income is measured at the fair value consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

(q) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognized at amortised cost less any provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on the nature of the derivative.

Derivatives are classified as current or non-current depending on the expected period of realisation.

(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Equity-based payments
Equity-based compensation benefits can be provided to directors, executives and contractors.

The fair value of options granted to directors, executives and contractors is recognised as an expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the directors, executives and contractors becomes unconditionally entitled to the options.

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

Fair value measurement hierarchy is disclosed in note 1(v).

Key judgments

Exploration and evaluation 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

(u) Borrowing and borrowing costs

Loans and borrowings are initially recognised at the fair value of the consideration received.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

(v) Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets held for trading
- Derivative financial instrument – receivable in relation to equity swap

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(i) Fair value hierarchy

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

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

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

(ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

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

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

	30 June 2015				
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares		8,308	-	-	8,308
Derivative financial instrument					
- Receivable relation to equity swap agreement		1,700,674	-	-	1,700,674

	30 June 2014				
	Note	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Financial assets at fair value through profit or loss:					
- held-for-trading Australian listed shares		85,533	-	-	85,333
Derivative financial instrument					
- Receivable relation to equity swap agreement		1,400,000	-	-	1,400,000

(w) New accounting standards for application in future periods

New standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2018
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2018

(x) Issued Capital

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.

(y) Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the 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 financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

z) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that the Group will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated 2015 $	2014 $
2. REVENUE		
Operating activities		
- interest received	12,604	12,156
- R&D rebate	155,563	392,837
- other revenue	46,660	43,397
- gain on disposal of tenements	-	60,000
- loan forgiven	200,000	-
- profit on sale of financial assets	30,002	-
- fuel rebate	-	28,773
Total revenue	444,829	537,163

3. LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

Equity based payments

	2015 $	2014 $
Employees/Consultants	304,520	300,758
Directors	16,533	274,070
	321,053	574,828

4. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Name	Position
Paul Murphy	Non-Executive Chairman (from 21 July 2014)
Bryan Dixon	Managing Director
Alan Thom	COO and Executive Director
Greg Miles	Executive Director (until 31 May 2014) Non-Executive Director (from 1 June 2014)
Craig Michael	Alternate Director (until 26 August 2014)
Peter Rozenauers	Non-Executive Director (from 17 June 2015)
Joseph Gutnick	Non-Executive Director (until 26 August 2014)

Detailed key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. KEY MANAGEMENT PERSONNEL COMPENSATION (Cont'd)

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	2015	2014
Short-term employee benefits	556,657	621,270
Post-employment benefits	-	-
Share-based payments	16,533	274,070
	573,190	895,340

5. EQUITY BASED PAYMENTS

Shares are issued to directors and employees as part of their remuneration as disclosed in the remuneration report.

Options are issued to vendors as part of purchase consideration and also to directors, employees and consultants as part of their remuneration as disclosed in the Directors Report. The options issued may be subject to performance criteria, and are issued to directors and employees of the Company to increase goal congruence between executives, directors and shareholders. Options granted carry no dividend or voting rights.

The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in share options issued under the Share Based Payment Scheme during the year:

	2015		2014	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
At beginning of reporting period	16,095,000	0.253	13,790,000	0.249
Granted during the period:				
- Consultant and employees	4,800,000	0.235	2,795,000	0.290
- Directors	2,000,000	0.500	2,500,000	0.298
Exercised during the period	-	-	-	
Expired during the period	(4,700,000)	0.247	(2,990,000)	0.314
Balance the end of reporting period	**18,195,000**	**0.275**	**16,095,000**	**0.253**
Exercisable at end of reporting period	18,195,000	0.275	16,095,000	0.253

(i) The compensation options outstanding at 30 June 2015 had a weighted average remaining life of 1.44 years (2014 – 1.86 years).

(ii) The weighted average fair value of the employee and consultant options granted during 2015 was $0.064 (2014 - $0.110) whilst the weighted average fair value of the directors options granted during 2015 was $0.01 (2014 - $0.11).

The fair value of the options granted is determined by using the Black-Scholes methodology.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

5. EQUITY BASED PAYMENTS (Cont'd)

The following table lists the inputs to the models used for the year ended 30 June 2015:

Allottee	Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Consultants	1,000,000	$0.0925	100%	2.0	$0.230	$0.190	2.50%
Consultants	1,000,000	$0.1022	100%	3.0	$0.300	$0.190	2.50%
Employees	800,000	$0.0485	100%	2.0	$0.122	$0.100	2.50%
Consultants	1,000,000	$0.0366	100%	2.0	$0.200	$0.095	2.50%
Consultants	1,000,000	$0.0375	100%	3.0	$0.300	$0.095	2.25%
Directors	2,000,000	$0.0083	100%	3.0	$0.500	$0.046	2.25%

The expected volatility is based on the historical volatility (based on remaining life of the options), adjusted for any expected changes to future volatility based on publicly available information. Options granted during the year vested immediately.

	Consolidated 2015 $	Consolidated 2014 $
6. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	34,000	37,400
- Other services	-	-
	34,000	37,400

7. INCOME TAX EXPENSE

The components of the tax expense/(income) comprise:

	2015 $	2014 $
Current tax	-	-
Deferred tax	-	-
	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

7. INCOME TAX EXPENSE (Cont'd)

	Consolidated 2015 $	2014 $
(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Net profit/(loss) before tax	(4,569,894)	(1,653,796)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2014: 30%)	(1,370,968)	(496,139)
Add:		
Tax effect of:		
Non-deductible expenses	730,337	225,400
Non-assessable income	(46,669)	(118,260)
Effect of current year temporary differences not recognised	(200,229)	(1,090,320)
Effect of current year tax losses not recognised	887,529	1,479,319
Income tax expense	-	-

(b) Deferred tax

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

	2015	2014
Deferred tax assets (at 30%)		
Carry forward tax losses	6,815,041	6,332,153
Equity raising costs	378,373	163,077
Borrowing costs	173,680	-
Provision for employee entitlements	21,907	20,182
Accrued expenses	6,000	6,975
Exploration and development expenditure	(4,104,571)	(3,931,022)
Potential tax benefit @ 30%	3,290,430	2,591,365

The Directors have considered it prudent not to bring to account the deferred tax asset of income tax losses until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.

(c) Tax Losses

The Group has estimated revenue losses for which no deferred tax asset is recognised in the statement of financial position of $22,716,805 (2014 - $21,107,177) which are available indefinitely for offset against future taxable income subject to meeting relevant statutory tests.

The Group has estimated capital losses for which no deferred tax asset is recognised in the statement of financial position of $16,359 (2014 - $16,359) which are available indefinitely for offset against future capital gains subject to meeting the relevant statutory tests.

8. CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank	8,312,905	610,685
Petty cash	200	200
	8,313,105	610,885

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated 2015 $	Consolidated 2014 $
9. TRADE AND OTHER RECEIVABLES		
Current		
Research & development tax concession	-	442,441
GST receivable	95,236	2,401
Trade debtors	29,333	12,000
Other debtors	3,356	-
	127,925	456,842

10. FINANCIAL ASSETS

	2015 $	2014 $
Current		
Derivative financial asset (i)	1,700,674	871,111
Designated at fair value through profit and loss (ii)	8,308	85,533
	1,708,982	956,644
Non-Current		
Derivative financial asset (i)	-	528,889

(i) The fair value of the derivative financial assets as at 30 June 2015 has been estimated as follows:

	Share price $	Notional number of shares outstanding	Fair value $
Value recognised on inception (deal 1)	0.1785	7,843,137	1,400,000
Value recognised on inception (deal 2)	0.1150	19,130,435	2,200,000
		26,973,572	3,600,000
Consideration received up to 30 June 2015		(14,140,390)	(1,252,469)
Interest and fee adjustments			(20,200)
Gain/Loss on revaluation of derivative financial asset at 30 June 2015			(626,657)
Value of derivative financial asset at 30 June 2015	0.1600	12,833,182	1,700,674

<u>Deal 1</u>

As announced to the market on 26 June 2014, the Company issued 8,235,294 Shares to Lanstead Capital L.P. ('Lanstead'). Lanstead, subscribed for 7,843,137 Shares (the "Subscription Shares"), for an aggregate consideration of $1,400,000. Lanstead also received 392,157 as a value payment in consideration for the Equity Swap Agreements.

In addition, the Company entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

10. FINANCIAL ASSETS (Cont'd)

The aggregate consideration of $1,400,000 is repaid with an initial $210,000 (received 11 July 2014) followed by 18 expected monthly instalments of $66,111.

Deal 2

As announced to the market on 10 October 2014, the Company issued 20,086,957 shares to Lanstead Capital L.P. ('Lanstead'). Lanstead, subscribed for 19,130,435 Shares (the "Subscription Shares"), for an aggregate consideration of $2,200,000. Lanstead also received 956,522 shares as a value payment in consideration for the Equity Swap Agreements.

In addition, the Company entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow. The expected aggregate consideration of $2,200,000 is repaid with an initial $330,000 (received 20 November 2014) followed by 18 expected monthly instalments of $103,889.

	Consolidated 2015 $	Consolidated 2014 $
(ii) Reconciliation		
Reconciliation of the fair values at the end of the current financial year are set out below:		
Opening fair value	85,533	24,822
Additions	-	66,000
Revaluation adjustments	(17,225)	(3,018)
Disposals	(60,000)	(2,271)
Closing fair value	8,308	85,533

11. PLANT AND EQUIPMENT

	2015 $	2014 $
Plant and equipment		
At cost	2,393,212	2,316,138
Accumulated depreciation	(66,541)	(55,410)
	2,326,671	2,260,728
Motor vehicles		
At cost	28,000	-
Accumulated depreciation	(1,667)	-
	26,333	-
	2,353,004	2,260,728

	Motor Vehicles	Plant & Equipment	Total
At 1 July 2014	-	2,260,728	2,260,728
Additions	28,000	77,399	105,399
Depreciation	(1,667)	(11,456)	(13,123)
At 30 June 2015	26,333	2,326,671	2,353,004

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

11. PLANT AND EQUIPMENT (Cont'd)

	Motor Vehicles	Plant & Equipment	Total
At 1 July 2013	-	38,652	38,652
Additions	-	2,238,794	2,238,794
Depreciation	-	(16,718)	(16,718)
At 30 June 2014	-	2,260,728	2,260,728

12. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2015	**2014**
	$	**$**
Costs carried forward in respect of areas of interest in:		
Exploration and evaluation phases – at cost	**31,832,607**	**28,136,748**
Movement:		
Brought forward	28,136,748	9,588,867
Acquisition costs	-	-
Exploration expenditure capitalised during the year	2,542,037	3,748,964
Cost of tenements sold	-	(60,000)
Other cost of tenements acquired	1,438,050	15,137,688
Exploration expenditure written off	(284,228)	(278,771)
Closing Value	31,832,607	28,136,748

The value of the Groups interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Groups exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

13. TRADE AND OTHER PAYABLES

Current – Unsecured

Trade creditors	720,650	477,854
Other creditors and accrued expenses	506,642	676,413
Interest bearing loan (i)	-	200,000
	1,227,292	1,354,267

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

13. TRADE AND OTHER PAYABLES (Cont'd)

(i) Funds received 22 February 2014 but were designated by Great Central Gold Pty Ltd to not be converted under the Note Deed. The funds were treated as an interest-bearing loan by the Company and were forgiven as part of the settlement announced to the ASX on 26 August 2014.

14. PROVISIONS

	Consolidated	
	2015	2014
	$	$
Current		
Provision for annual leave	73,023	67,274
Non-Current		
Provision for mine rehabilitation and closure	19,283,106	17,845,056

The provision for mine rehabilitation and closure on acquired tenements has been recognised at 30 June 2015. The provision is based on the NPV of the current life of mine model.

Movements in this class of provision during the financial year are set out below:

Carrying amount at start of the year	17,845,056	2,608,132
Additional provision recognised on acquired tenements	-	15,033,363
Unwinding of discount	1,438,050	203,561
Carrying amount at end of the year	19,283,106	17,845,056

15. LOANS

Non-Current Loan – Secured	6,000,000	-

On 19 May 2015 the Company announced that it had entered into a binding Funding Facility with the Orion Mine Finance Group whereby Orion would provide a structured two tiered finance package. The Funding Facility was subsequently amended as announced on 16 June 2015.

The Orion Mine Finance Group is a mining-focused investment business with approximately USD1.86 billion under management (as of March 31, 2015) specialising in providing flexible capital investment solutions to junior mining companies in the base and precious metals sector. Orion has demonstrated capability in debt and equity investments in the resources sector.

Part of the Funding Facility included the provision of a non-amortizing term loan of $6 million having a maturity date of 31 December 2017, secured against the Blackham Group's assets. Other key elements of the loan are an interest rate of base rate plus 9.5% and a one-off discount fee paid to Orion of $180,000. Net proceeds from the loan were received on 17 June 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

15. LOANS (Cont'd)

The Group has entered into a general security deed and the Matilda mortgages to secure the Blackham Group's obligations under the relevant documents encompassing the Orion Funding Facility. The securities granted to Orion will rank first and have priority over all other indebtedness of the Blackham Group. Obligations under the Purchase and Sale Agreement will also be fully secured under the general security deed and the Matilda mortgages up until the repayment of all amounts owing under the Relevant Documents (excluding the Purchase and Sale Agreement).

The Group has entered into various tripartite agreements and priority and consent deeds with third parties who are counterparties to agreements with the Group members and whose rights under those agreements may be affected by the entry into the various financing and security agreements between the Group and Orion.

16. SHARE CAPITAL

	Consolidated 30 June 2015 Number	**Consolidated** 30 June 2014 Number
(a) Issued and paid up capital		
Ordinary fully paid shares	198,383,857	116,905,599

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

16. SHARE CAPITAL (Cont'd)

(b) Movements in ordinary shares on issue

		30 June 2015 Number	30 June 2015 $	30 June 2014 Number	30 June 2014 $
Balance at beginning of the year		116,905,599	23,222,203	76,355,789	14,687,264
Share issue under agreement	(i)	-	-	4,808,000	1,009,680
Conversion of convertible notes	(ii)	-	-	8,000,000	2,000,000
Conversion of convertible notes	(iii)	-	-	8,000,000	2,000,000
Placement	(iv)	-	-	8,759,516	1,839,498
Share equity agreement	(v)	-	-	7,843,137	1,400,000
Placement fee	(vi)	-	-	392,157	78,431
Consultants and suppliers	(vii)	-	-	75,000	15,000
Placement	(viii)	-	-	2,672,000	561,120
Placement	(viii)	1,593,717	334,681	-	-
Consultants and suppliers	(ix)	113,636	25,000	-	-
Consultants and suppliers	(x)	326,580	64,147	-	-
Placement	(xi)	1	-	-	-
Placement	(xii)	3,875,869	445,725	-	-
Share equity agreement	(xiii)	19,130,435	2,200,000	-	-
Placement fee	(xiv)	956,522	110,000	-	-
Consultants and suppliers	(xv)	389,582	31,167	-	-
Placement	(xvi)	323,000	37,145	-	-
Consultants and suppliers	(xvii)	755,058	47,500	-	-
Private placement	(xviii)	33,494,435	3,014,500	-	-
Consultants and suppliers	(xix)	298,246	25,000	-	-
Consultants and suppliers	(xx)	702,825	66,759	-	-
Consultants and suppliers	(xxi)	87,581	13,750	-	-
Placement	(xxii)	1	-	-	-
Placement	(xxiii)	19,230,769	2,500,000	-	-
Consultants and suppliers	(xxiv)	200,000	30,000	-	-
Placement	(xxv)	1	-	-	-
Less: transaction costs		-	(603,480)	-	(368,790)
		198,383,857	31,564,097	116,905,599	23,222,203
Shares to be issued		-	-	-	24,990
Balance at end of year		198,383,857	31,564,097	116,905,599	23,247,193

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16. SHARE CAPITAL (Cont'd)

(i) On 8 July 2013, the Company issued 4,808,000 shares to Great Central Mines Pty Ltd. The issue was ratified by shareholders on 6 June 2013.

(ii) On 17 September 2013, the Company issued 8,000,000 shares to Great Central Mines Pty Ltd for consideration received of $2,000,000. The issue was ratified by shareholders on 6 June 2013 and was for the full conversion of 8,000,000 Tranche 1 convertible notes at $0.25 each.

(iii) On 3 January 2014, the Company received $500,000 in funding and issued 2,000,000 Tranche 2 Convertible Notes to Great Central Gold Pty Ltd. On 7 March 2014, the Company announced that it had received another $1.5 million under its Note Deed with Great Central Gold Pty Ltd. On the same date, Great Central Gold Pty Ltd converted all of its $2.0 million Tranche 2 Convertible Notes into 8 million ordinary shares at a conversion price of 25 cents each.

(iv) The Company issued a total of 8,759,516 shares to sophisticated and professional investors for a total consideration of $1,839,498. Shares were issued on 26 March 2014 (8,479,516) and 2 April 2014 (280,000).

(v) As announced to the market on 26 June 2014, the Company issued 8,235,294 Shares to Lanstead Capital L.P. ('Lanstead'). Lanstead, subscribed for 7,843,137 Shares (the "Subscription Shares"), for an aggregate consideration of $1,400,000. In addition, the Company has entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow.

(vi) The Company also agreed to make a value payment to Lanstead of 392,157 Ordinary Shares in consideration for the Equity Swap Agreements.

(vii) On 25 June 2014, the Company issued 75,000 shares to a consultant, in lieu of services provided, at a deemed issue price of $0.20 per share.

(viii) On 26 June 2014, the Company issued 2,672,000 Shares at $0.21 each as part of a private placement to sophisticated and professional investors. This was followed by an issue of 770,857 Shares on 17 July 2014 and a final issue of 822,860 Shares on 25 July 2014.

(ix) On 17 July 2014, the Company issued 113,636 shares to a consultant, in lieu of services provided, at a deemed issue price of $0.22 per share. Ratified by shareholders at a general meeting held on 2 September 2014.

(x) On 16 September 2014, the Company issued 326,580 shares to a consultant and a supplier, in lieu of services provided. 80,641 had a deemed issue price of $0.155 per share and 245,939 shares had a deemed issue price of $0.21 per share. Ratified by shareholders at the AGM held on 27 November 2014.

(xi) On 16 September 2014 the Company issued 1 share, at a price of $0.21, under the prospectus dated 26 June 2014.

(xii) The Company issued a total of 3,875,869 shares to sophisticated and professional investors for a total consideration of $445,725. Shares were issued on 5 November 2014 (3,700,869) and 10 November 2014 (175,000).

(xiii) As announced to the market on 5 November 2014, the Company issued 20,086,957 Shares to Lanstead Capital L.P. ('Lanstead'). Lanstead, subscribed for 19,130,435 Shares (the "Subscription Shares"), for an aggregate consideration of $2,200,000. In addition, the Company has entered into Equity Swap Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Swap Agreements enable the Company to secure much of the potential upside arising from anticipated near term news flow. The Lanstead shares were issued on 5 November 2014.

(xiv) As part of the above Lanstead deal, the Company also agreed to make a value payment to Lanstead of 956,522 Ordinary Shares in consideration for the Equity Swap Agreements.

(xv) On 24 November 2014, the Company issued 389,582 shares to consultants and suppliers, in lieu of services provided, at a deemed issue price of $0.08 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xvi) On 24 November 2014, the Company issued a total of 323,000 shares, at an issue price of $0.115 per share, under the prospectus dated 31 October 2014.

(xvii) On 3 February 2015, the Company issued a total of 755,058 shares to consultants and suppliers, in lieu of services provided, at an average issue price of $0.0629 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xviii) On 5 February 2015, the Company issued a total of 33,494,435 shares to sophisticated and professional investors, at an issue price of $0.09 per share. A total issue of up to 30,000,000 shares was approved by shareholders at the AGM held on 27 November 2014 and the issue of 3,494,435 shares was ratified by shareholders at a general meeting held on 27 July 2015.

(xix) On 27 February 2015, the Company issued a total of 298,246 shares to consultants and suppliers, in lieu of services provided, at an average issue price of $0.0838 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xx) On 10 April 2015, the Company issued a total of 702,825 shares to consultants and suppliers, in lieu of services provided, at an average issue price of $0.095 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xxi) On 4 May 2015, the Company issued a total of 87,581 shares to consultants and suppliers, in lieu of services provided, at an average issue price of $0.157 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xxii) On 4 May 2015 the Company issued 1 share, at a price of $0.09, under the prospectus dated 5 February 2015.

(xxiii) On 22 May 2015, the Company issued a total of 19,230,769 shares to Orion Fund JV Ltd as part of the funding facility announced to the market on 19 May 2015. The issue of the shares was ratified by shareholders at a general meeting held on 27 July 2015.

(xxiv) On 28 May 2015, the Company issued a total of 200,000 shares to a consultant, in lieu of services provided, at a deemed issue price of $0.15 per share. Ratified by shareholders at a general meeting held on 27 July 2015.

(xxv) On 29 May 2015, the Company issued 1 share, at a price of $0.15, under a prospectus dated 25 May 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

16. SHARE CAPITAL (Cont'd)

Ordinary shares have the right to receive dividends as declared and, in the event of a winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holders to one vote, either in person or by proxy, at a general meeting of the Company.

(c) Movements in Options over ordinary shares

Exercise Period	Exercise Price	Number on issue at 30 June 2014	Issued during the year	Exercised/ Expired/ Cancelled	Number on issue at 30 June 2015
On or before 29 November 2014	$0.285	500,000	-	(500,000)	-
On or before 24 April 2015	$0.291	200,000	-	(200,000)	-
On or before 27 April 2015	$0.275	1,300,000	-	(1,300,000)	-
On or before 29 June 2015	$0.255	600,000	-	(600,000)	-
On or before 2 October 2014	$0.242	100,000	-	(100,000)	-
On or before 29 November 2015	$0.228	1,600,000	-	-	1,600,000
On or before 5 June 2016	$0.213	6,500,000	-	(2,000,000)	4,500,000
On or before 31 July 2015	$0.200	150,000	-	-	150,000
On or before 1 October 2015	$0.350	750,000	-	-	750,000
On or before 1 June 2016	$0.270	750,000	-	-	750,000
On or before 31 July 2016	$0.214	150,000	-	-	150,000
On or before 29 May 2017	$0.298	2,500,000	-	-	2,500,000
On or before 1 June 2017	$0.298	600,000	-	-	600,000
On or before 24 June 2017	$0.250	295,000	-	-	295,000
On or before 24 June 2017	$0.300	100,000	-	-	100,000
On or before 1 September 2016	$0.230	-	1,000,000	-	1,000,000
On or before 9 November 2016	$0.122	-	800,000	-	800,000
On or before 3 February 2017	$0.200	-	1,000,000	-	1,000,000
On or before 1 September 2017	$0.300	-	1,000,000	-	1,000,000
On or before 14 December 2017	$0.500	-	2,000,000	-	2,000,000
On or before 3 February 2018	$0.300	-	1,000,000	-	1,000,000
		16,095,000	6,800,000	(4,700,000)	18,195,000

d) Capital Management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's capital includes ordinary share capital. There are no externally imposed capital requirements.

	Consolidated	
	2015	**2014**
	$	**$**
Cash and cash equivalents	8,313,105	610,885
Trade and other receivables	127,925	456,842
Financial assets	1,708,982	956,644
Financial liabilities	-	-
Trade and other payables	(1,227,292)	(1,354,267)
Working capital position	**8,922,720**	**670,104**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

17. RESERVES

Option Reserve

The option reserve is used to record funds received for options issued and items recognised as expenses on valuation of share options issued.

	Consolidated		Consolidated	
	2015 Number	2014 Number	2015 $	2014 $
Balance at 1 July	16,095,000	13,790,000	1,674,950	2,448,104
Options exercised	-	-	-	-
Options expired	(4,700,000)	(2,990,000)	(544,600)	(1,347,982)
Options issued	6,800,000	5,295,000	321,053	574,828
Balance at 30 June	**18,195,000**	**16,095,000**	**1,451,403**	**1,674,950**

18. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise receivables, payables, held-for-trading investments, derivative financial instruments, cash and short-term deposits.

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including fair value interest rate risk, credit risk, liquidity risk and cash flow interest rate 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.

Interest rate risks
The Group's exposure to market interest rates relates to cash deposits held at variable rates. The Board constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

Credit risk
The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements. The consolidated group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least A+. All of the Group's surplus funds are invested with AA and A+ Rated financial institutions, the amount is $8,313,105 (2014: $610,685).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

18. FINANCIAL RISK MANAGEMENT (Cont'd)

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Consolidated group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Maturity profile of financial instruments

The following tables detail the Group's exposure to interest rate risk as at 30 June 2015 and 30 June 2014:

30 June 2015	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	2015 Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	1,312,905	7,000,000	200	8,313,105
Trade and other receivables	-	-	127,925	127,925
Financial assets – held for trading	-	-	8,308	8,308
Financial derivative assets	1,700,674	-	-	1,700,674
	3,013,579	7,000,000	136,433	10,150,012
Financial Liabilities				
Trade and other payables	-	-	1,227,292	1,227,292
Interest bearing loan from related party	6,000,000	-	-	6,000,000
	6,000,000	-	1,227,292	7,227,292

30 June 2014	Floating Interest Rate	Fixed Interest maturing in 1 year or less	Non-interest bearing	2014 Total
	$	$	$	$
Financial assets				
Cash and cash equivalents	610,685	-	200	610,885
Trade and other receivables	-	-	456,842	456,842
Financial assets – held for trading	-	-	85,533	85,533
Financial derivative assets	1,400,000	-	-	1,400,000
	2,010,685	-	542,575	2,553,260
Financial Liabilities				
Trade and other payables	-	-	1,154,267	1,154,267
Interest bearing loan from related party	-	200,000	-	200,000
	-	200,000	1,154,267	1,354,267

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

18. FINANCIAL RISK MANAGEMENT (Cont'd)

Net Fair Values

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2015		2014	
	Carrying Amount $	Net fair Value $	Carrying Amount $	Net fair Value $
Financial assets				
Cash and deposits	8,313,105	8,313,105	610,885	610,885
Receivables	127,925	127,925	456,842	456,842
Investment held for trading	8,308	8,308	85,533	85,533
Derivative asset	1,700,674	1,700,674	1,400,000	1,400,000
	10,150,012	10,150,012	2,553,260	2,553,260
Financial liabilities				
Payables	1,227,292	1,227,292	1,154,267	1,154,267
Short term interest bearing loan	-	-	200,000	200,000
Long term interest bearing loan	6,000,000	6,000,000	-	-
	7,227,292	7,227,292	1,354,267	1,354,267

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

Sensitivity Analysis
Interest Rate Risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis
At 30 June 2015, the effect on loss as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2015 $	2014 $
Change in loss/equity		
·Increase in interest rate by 100 basis points	83,131	6,109
·Decrease in interest rate by 100 basis points	(83,131)	(6,109)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. EARNINGS PER SHARE

	Consolidation 2015 $	Consolidation 2014 $
(a) Reconciliation of earnings to profit or loss		
Loss	(4,569,894)	(1,653,796)
	Number of Shares	
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS:	150,549,878	92,328,592

20. OPERATING SEGMENT

The Group operates in one geographical area being Australia and one industry, being exploration and development for the year to 30 June 2015. The chief operating decision makers are the Board of Directors. There is only one operating segment identified being exploration and development activities in Australia based on internal reports reviewed by the chief operating decision makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

21. CASH FLOW INFORMATION

	Consolidated 2015 $	Consolidated 2014 $
Reconciliation from the net loss after tax to the net cash flow from operations		
Loss after income tax	(4,569,894)	(1,653,796)
Non-cash flows in operating loss		
Depreciation	13,123	16,718
Equity based payments	321,053	574,828
Fair value (gain/loss) on other financial assets at fair value through profit and loss	7,225	1,366
Profit on sale of financial assets	(30,002)	-
Interest	25,644	-
Exploration expenditure written off	284,228	278,771
Loan forgiven	(200,000)	-
Diminution in value of Lanstead shares	626,657	-
Sale of tenements	-	(60,000)
Unwinding of discount in rehabilitation provision	1,438,050	203,561
Changes in assets and liabilities net of acquisition of subsidiary		
Receivables and prepayments	328,749	(278,752)
Provisions	5,749	15,202,788
Exploration and evaluation expenditure	(3,980,063)	(18,930,742)
Trade and other creditors and accruals	205,394	(113,090)
Net cash outflows from Operating Activities	(5,524,087)	(4,758,348)

22. CONTROLLED ENTITIES

	Country of Incorporation	Consolidated Entity Interest 2015	Consolidated Entity Interest 2014
Parent Entity			
Blackham Resources Limited	Australia		
Controlled Entities			
Scaddan Energy Pty Ltd	Australia	100%	100%
Zanthus Energy Pty Ltd	Australia	100%	100%
Lignite Pty Ltd	Australia	100%	100%
Matilda Resources Pty Ltd	Australia	100%	100%
Kimba Resources Pty Ltd	Australia	100%	100%
Matilda Operations Pty Ltd	Australia	100%	100%

A controlled entity, Scaddan Energy Pty Ltd, has a 70% interest in the Scaddan Joint Venture whose prime activity is mineral exploration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23. EVENTS SUBSEQUENT TO REPORTING DATE

At a General Meeting of shareholders held on 27 July 2015, the shareholders approved a variety of resolutions including:

- Issue of 16,666,667 unlisted options at an exercise price of $0.18 (exercisable on or before 31 December 2017) to Orion Fund JV Limited as part of their financing package;
- Issue of 4,500,000 performance rights vesting on or before 31 December 2017 to the Managing Director, Mr Bryan Dixon; and
- Issue of 4,500,000 performance rights vesting on or before 31 December 2017 to the COO/Executive Director, Mr Alan Thom

Apart from the above, there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

24. RELATED PARTY TRANSACTIONS

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

Transactions with related entities:

Orion

On 19 May 2015 the Company announced that it had entered into a binding funding facility ('Funding Facility') with the Orion Mine Finance Group whereby Orion would provide a structured two tiered finance package. The Funding Facility was subsequently amended in regards to the number of Subscription Options to be issued. The terms of the Funding Facility are as follows:

Initial Investment

1. An equity investment of AUD$2,500,000 by way of an agreement to subscribe for 19,230,769 Shares at a price of $0.13 per Share pursuant to the Share Subscription Agreement;
2. The provision to the Company of a non-amortizing term loan of AUD$6,000,000 having a maturity date of 31 December 2017, secured against the Group's assets and subject to conditions precedent;
3. An agreement to subscribe for 16,666,667 Options exercisable at $0.18 on or before 31 December 2017 pursuant to the Option Subscription Deed; and

Subsequent Investment

4. The provision of a secured finance facility in the amount of AUD$30,000,000 for the development of the Matilda Gold Project.

As per the funding facility, Orion was paid the following fees:

- Originating fee of $150,000 (due under the Share Subscription Agreement); and
- Original discount fee of $180,000 (due on the non-amortising loan of $6m)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

24. RELATED PARTY TRANSACTIONS (Cont'd)

Under the funding facility, Orion was entitled to appoint a nominee to the Board for the period commencing immediately after the settlement date of the Placement funds and ending on the later of:

(iii) the date on which Orion's relevant interest in the Company falls below 10%; and
(iv) 31 December 2017.

Mr Peter Rozenauers is an officer of Orion and was accepted onto the Board in the role of Non-Executive Director on 17 June 2015.

Great Central Gold

At 30 June 2014, Blackham treated funds received from Great Central Gold Pty Ltd ($200,000) as an interest-bearing loan to the Company. The loan was forgiven as part of the settlement between Mr Gutnick and his associated entities and Blackham, as announced on 26 August 2014.

25. COMMITMENTS

Leases

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2015 $	2014 $
Not longer than one year	3,228,502	4,668,192
Longer than one year, but not longer than five years	11,054,318	17,079,494
Longer than five years	-	-
	14,282,820	21,747,686

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Capital

The Group had no capital commitments for property, plant and equipment as at 30 June 2015.

26. CONTINGENT LIABILITIES

The Company has no known contingent liabilities as at 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

27. PARENT ENTITY INFORMATION

	2015 $	2014 $
Information for Blackham Resources Ltd		
Current assets	10,052,567	1,967,359
Total assets	19,709,404	8,237,861
Current liabilities	(530,007)	(845,589)
Total liabilities	(6,530,007)	(845,589)
Issued capital	31,564,097	23,247,193
Reserves	1,451,403	3,022,932
Accumulated losses	(19,836,103)	(18,877,853)
Total shareholders' equity	13,179,397	7,392,272
Total comprehensive loss of the parent	2,850,831	1,447,459

There are no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

There are no contingent liabilities of the parent entity as at the reporting date.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment at reporting date.

The accounting policies of the parent entity are consistent with those of the Group as disclosed in note 1.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Blackham Resources Limited, the directors of the company declare that:

1. the financial statements and notes, as set out, are in accordance with the *Corporations Act 2001* and:
    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act.

On behalf of the Directors:

Bryan Dixon
Managing Director

Dated at Perth this 29th day of September 2015.

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

Report on the Financial Report

We have audited the accompanying financial report of Blackham Resources Limited, which comprises the statement of financial position as at 30 June 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 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. These Auditing 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 Blackham Resources 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 Blackham Resources 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.

Report on the Remuneration Report

We have audited the Remuneration Report included within 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 Blackham Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 29 September 2015

ADDITIONAL SHAREHOLDER INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company is:

Number Held as at 18 September 2015	Fully Paid Ordinary Shares
1-1,000	21,166
1,001 - 5,000	727,107
5,001 – 10,000	1,861,541
10,001 - 100,000	25,251,640
100,001 and over	170,522,403
TOTALS	**198,383,857**

The number of holders of less than a marketable parcel of fully paid ordinary shares is 165.

Substantial Shareholders

At the date of this report, the following shareholders are recorded in the Register of Substantial Shareholders:

Orion Fund JV Ltd	24,786,325
Lanstead Capital L.P.	22,381,911
Perfectus Management Ltd	15,888,495

Restricted Securities

The Company has no restricted securities.

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders at 18 September 2015:

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
Citicorp Nominees Pty Ltd	49,776,795	25.09%
Perfectus Management Ltd	15,888,495	8.01%
HSBC Custody Nominees (Australia) Ltd	8,258,405	4.16%
Kingsreef Pty Ltd (NB & DL Family A/C)	6,533,211	3.29%
UBS Nominees Pty Ltd	6,000,000	3.02%
BNP Paribas Nominees Pty Ltd (Global Prime Omni)	5,870,478	2.96%
Reejo Enterprises Pty Ltd (Lederman Retirement A/C)	3,347,000	1.69%
Widerange Corporation Pty Ltd	2,253,393	1.14%
Mr DS Bae & Mrs IS Bae <Bae Family A/C>	2,246,502	1.13%
Stephen Paul Firth	2,005,165	1.01%
Sisu International Pty Ltd	1,950,000	0.98%
Infeon Ltd	1,639,789	0.83%
Benison Holdings Pty Ltd	1,562,216	0.79%
Mr T McGowen & Mrs D McGowen (Truro Super Fund)	1,500,875	0.76%
Richard Armstrong Caldow (Loose Goose Family A/c)	1,500,000	0.75%
National Nominees Ltd	1,500,000	0.75%
Bernard Pristel	1,420,000	0.72%
Jason Corporation Pty Ltd (Jason Super Fund)	1,300,000	0.66%
Dr G Whisson & Mrs T Whisson (Aqua Research & Market)	1,175,000	0.59%
Tecnica Pty Ltd	1,050,000	0.53%
TOTAL	**116,777,324**	**58.86%**

SCHEDULE OF MINERAL TENEMENTS & RIGHTS
AS AT 18 SEPTEMBER 2015

Project	Tenement		Interest held by Blackham
Scaddan	M63/0192 to M63/194		70%
Scaddan	E63/521		70%
Scaddan	E63/1145 to E63/1146		70%
Scaddan	E63/1202 to E63/1203		70%
Scaddan	E63/1734		100%
Scaddan	E74/0561		100%
Zanthus	E69/2506		20% of basement rights. 100% above basement.
Matilda	E53/1290		100%
Matilda	E53/1297		100%
Matilda	E53/1806		100%
Matilda	L53/0030		100%
Matilda	L53/0051		100%
Matilda	L53/0053		100%
Matilda	L53/0140		100%
Matilda	M53/0024 to M53/0025		100%
Matilda	M53/0034		100%
Matilda	M53/0041		100%
Matilda	M53/0052 to M53/0054		100%
Matilda	M53/0092		100%
Matilda	M53/0129		100%
Matilda	M53/0130 to M53/0131		100%
Matilda	M53/0139		100%
Matilda	M53/0188		100%
Matilda	M53/0415		100%
Matilda	M53/0797 to M53/0798		100%
Matilda	M53/0955		100%
Matilda	R53/0001		100%
Matilda	E53/1644		100%
Matilda	P53/1559 to P53/1560		100%
Matilda	P53/1562		100%
Wiluna	L53/0020 to L53/0024		100%
Wiluna	L53/0032 to L53/0045		100%
Wiluna	L53/0048		100%
Wiluna	L53/0050		100%
Wiluna	L53/0062		100%
Wiluna	L53/0077		100%
Wiluna	L53/0094		100%
Wiluna	L53/0097 to L53/0098		100%
Wiluna	L53/0103		100%
Wiluna	L53/0144		100%
Wiluna	M53/0006		100%
Wiluna	M53/0026 to M53/0027		100%
Wiluna	M53/0030		97.9%
Wiluna	M53/0032		100%
Wiluna	M53/0040		100%
Wiluna	M53/0043 to M53/0044		100%
Wiluna	M53/0050		100%
Wiluna	M53/0064		100%
Wiluna	M53/0069		100%
Wiluna	M53/0071		100%
Wiluna	M53/0095 to M53/0096		100%
Wiluna	M53/0173		100%
Wiluna	M53/0200		100%
Wiluna	M53/0205		100%
Wiluna	M53/0468		100%
Matilda	E53/1287 to E53/1288		100% gold and base metals
Matilda	E53/1296		100% gold and base metals
Matilda	M53/0045		100% gold and base metals
Matilda	M53/0049		100% gold and base metals
Matilda	M53/0113		100% gold and base metals
Matilda	M53/0121 to M53/0123		100% gold and base metals
Matilda	M53/0147		100% gold and base metals

Matilda	M53/0224		100% gold and base metals
Matilda	M53/0253		100% gold and base metals
Matilda	M53/0796		100% gold and base metals
Matilda	M53/0910		100% gold and base metals
Matilda	P53/1350 to P53/1352		100% gold and base metals
Matilda	P53/1359 to P53/1360		100% gold and base metals
Matilda	P53/1369 to P53/1374		100% gold and base metals
Matilda	P53/1396 to P53/1397		100% gold and base metals

P - Prospecting Licence, R – Retention Licence, L – Miscellaneous, E - Exploration Licence & M - Mining Licence

All tenements are located in Western Australia.