



**CALLABONNA
RESOURCES**

A.B.N. 71 099 247 408

and its controlled entities

ANNUAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2015**



CALLABONNA RESOURCES LIMITED
and its controlled entities

CONTENTS	Page
Review of Operations	2
Directors' Report	3
Lead Auditor's Independence Declaration	9
Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Financial Position	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	30
Independent Auditor's Report	31
Additional Stock Exchange Information	33
Corporate Directory	Back Cover

Front and Back Cover: view of the eastern edge of the Callabonna sub-basin faulted against the Barrier Ranges north-west of Broken Hill.
Photo by Boris Hlavica - Images of Australia, copyright Callabonna Resources Limited 2008.

Mali Manganese Project

On 6 May 2014 the Group, through an agreement, acquired rights to acquire a 10% equity interest in Ansongo Limited by spending AUD \$3.5 m on the Ansongo Manganese Project in Mali. The expenditure is envisaged to be incurred over 3 years. The agreement also provided the Group with an initial equity investment of 2.1% in Ansongo Limited. On 21 October 2014 the original agreement was varied which allows the Company to earn up to a 51% equity interest in Ansongo Limited by spending \$11.95m.

The Group has spent \$663,357 on the Ansongo Manganese Project during the period, however, as announced to ASX on 24 February 2015, the Company received verbal advice that the Mali Government is considering a recent Supreme Court decision regarding the technicalities involving the transfer of ownership of the Ansongo mine lease in south-eastern Mali to Mali Manganese. The drilling program and all expenditure were put on hold whilst formal advice and documentation from the Mali Government was received.

The Group was subsequently informed that Mali Manganese has succeeded in a review against an earlier decision from the Administrative Supreme Court affecting the transfer of the Mining Permit 2011/15 in south-eastern Mali. The court decision has affirmed the transfer of the Permit to Mali Manganese by Decree 718 of 20 December 2012 was valid and declares the application against that Decree inadmissible.

Given the lapsed period, following the Administrative Supreme Court ruling of 5 February 2015 cancelling the transfer of the mining lease to Mali Manganese, during which all contractual arrangements between the Callabonna and Tassiga have been subject of force majeure, Callabonna will seek clarity on the present and future status of matters affecting its agreements with Tassiga and the assets and liabilities of Mali Manganese. Callabonna is commencing a process of engaging with its counterparts in the Ansongo Manganese Project to determine what (if any) involvement the Company may wish to pursue in the future.

Alice Queen Holding Pty Ltd Acquisition (QLD)

On 12 March 2015 the company announced it had entered into a binding term sheet ("**Terms Sheet**") to acquire 100% of the issued share capital of Alice Queen Holding Pty Ltd ("**AQH**"). AQH is a private unlisted company which owns the majority interests (84.5% and 90% respectively) of two exploration projects namely the Horn Island Gold Project ("**Horn Island Project**") located in the Torres Strait and the Looking Glass Project ("**Looking Glass Project**") a copper/gold porphyry target which sits within the Lachlan Fold Belt in northern New South Wales.

On 27 April 2015 the Company announced the ASX compliance requirements in order to complete the acquisition.

On 15 September 2015, a shareholders meeting was convened which approved the acquisition.

Events Subsequent to Balance Date

In a general meeting on 15 September 2015 the shareholders approved the acquisition of AQH, subject to the Company conducting and securing subscriptions from investors of not less than \$3,500,000 (before costs) in a Capital Raising. The Capital Raising will issue up 63,636,364 ordinary fully paid shares (on a post-consolidation basis) at an issue price of \$0.055 per share to raise \$3,500,000 to fund future exploration costs. Pursuant to the acquisition the shareholders also approved:

- The Company make a significant change in the scale of its activities as a consequence of the acquisition of AQH;
- The issued capital of the Company be consolidated on the basis that every ten (10) ordinary shares be consolidated into one (1) ordinary share;
- The issue of 110,700,298 fully paid ordinary shares in the Company (issued on a post-consolidation basis) to the Alice Queen Vendors and the acquisition by the Alice Queen Vendors of a relevant interest in up to 57.42% of the Company's ordinary shares on completion of the acquisition;
- On successful completion of the acquisition Mr Andrew Buxton, Mr Bruce Fulton, Mr Mark Kerr and Mr John Holliday will be elected as directors of the Company;
- The participation by Phillip Harman, Michael Raetz and Jeffrey Williams (existing Directors of the Company), in the Capital Raising for up to \$50,000 (909,091 ordinary shares) each;
- The name of the Company is to be changed to 'Alice Queen Limited'; and
- The Company will adopt an employee share option scheme to provide a mechanism for the future grant of employee option incentives to key staff and consultants. No options will be issued to any Directors of the Company without separate shareholder approval.

The Company shares were suspended from the ASX on 15 September 2015 until completion of the Capital Raising. The Prospectus has been issued to raise up to \$3,500,000 and the offer will close on 2 October 2015.

Subsequent to the year ended 30 June 2015, the Directors advanced \$100,000 to the Group to assist with working capital requirements. The advance was made by way of an interest free unsecured loan from certain Directors to the Group repayable at the earlier of, 31 March, 2016 or the completion of the Group's acquisition of AQH.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Likely Developments

The Company intends to complete the Alice Queen acquisition and explore the projects as described in the prospectus dated 28 August 2015.

The Directors present their report together with the financial report of the Callabonna Resources Limited Group ('Group'), being Callabonna Resources Limited ('Callabonna' or 'the Company') and its controlled entities, for the year ended 30 June 2015 and the auditor's report thereon:

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the financial year are:

Phillip Harman – Independent Chairman

Director since 9 February 2009. Chairman until 24 September 2009. Re-elected Chairman 16 March 2012.

Mr Harman is a professional geophysicist who spent more than 30 years working for BHP Billiton in minerals exploration in a broad number of roles including Chief Geophysicist, Manager Discovery of Technology, and Exploration Manager in both South America and Western Australia.

His experience in BHP spanned both technical and managerial roles here in Australia and overseas. He is broadly networked throughout the international mining business development and exploration community, has experience in creating and managing junior exploration companies and understands capital markets, having raised risk capital for exploration through the ASX and on AIM in London.

Mr Harman is currently a Director of ASX listed Stellar Resources Limited.

Michael Raetz – Executive Director

Director since 24 September 2009.

Mr Raetz is an exploration geologist with over 35 years' experience in exploration for base and precious metals and uranium. He worked for BHP Minerals Discovery from 1970 to 1999, discovering several important base-metal, tin and gold prospects in Australia and Indonesia during this time. He gained mining experience as Senior Mine Geologist of Cadjibut Zinc and contributed to the discovery of the Kapok ore body. Mr Raetz was Program Leader and Principal Geologist for the BHP World Minerals Discovery Australian Reconnaissance Group from 1996 – 1999. Under Mr Raetz's leadership, BHP's exploration in Australia was revitalised with new projects resulting in several valuable exploration properties.

Between 1999 and 2006, he was a Senior Research Fellow in Economic Geology at Monash University, researching global Proterozoic base metals as part of the BHPB/Australian Research Council joint research project.

Mr Raetz is a director of PGN geosciences Pty Ltd, a successful international geological consultancy. He is a Member of the Geological Society of Australia and a Member of the Australian Institute of Geoscientists.

Jeffrey Williams – Non-Executive Director

Director since 16 March 2012.

Mr Jeffrey (Jeff) Williams has 40 years' experience as a professional mining engineer in Australia including seven years in the stockbroking industry and 14 years as a Managing Director. He is a Fellow of the Australasian Institute of Mining and Metallurgy. Jeff's mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of a Masters of Business Administration ('MBA') program in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry finishing up as Head of Resources Research at James Capel Australia.

In 1997 Jeff established Nimbus Resources which acquired Mineral Deposits Limited ('MDL') from BHP Billiton in 1998. This included mineral sands assets near Hawks Nest on the north coast of New South Wales. Jeff remained Managing Director for 14 years until 30 June 2011. During this time the company acquired the Grand Cote Mineral Sands project in Senegal in West Africa which is now under development into a world class mineral sands mine. MDL also acquired and developed the Sabodala gold deposit in Senegal which is now a significant gold producer in West Africa and was demerged from MDL into the standalone gold producer Teranga Gold Corporation. Jeff brings a wealth of project experience to Callabonna.

Mr Williams is currently a Director of ASX listed World Titanium Resources Limited.

Hyunsoo Kim – Non-executive Director

Resigned 4 December 2014

Company Secretary

Ian Hobson

CFO and Company Secretary since 27 July 2012

Mr Ian Hobson holds a bachelor of business degree and is a Chartered Accountant and Chartered Secretary. Mr Hobson provides company secretarial and corporate, management and accounting advice to a number of listed public companies involved in the resource, mining services and oil and gas industries. Mr Hobson was appointed on 27 July 2012.

Directors' Meetings

No director meetings were held during the year. All the board business was conducted by circular resolutions and regular discussions.

	Total meetings held whilst a Director	Number of meetings attended
Phillip Harman	-	-
Hyunsoo Kim	-	-
Michael Raetz	-	-
Jeffrey Williams	-	-

Principal Activities

The Company and the Group is involved in minerals exploration and acquisitions. No significant change in the nature of those activities occurred during the year.

Financial Result and Operating and Financial Review

The operating loss of the Group for the financial year ended 30 June 2015 after income tax was \$(1,349,197) (2014 - \$682,023).

A review of the Group's operations for the year is set out in the Review of Operations.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015. No dividends have been paid or declared during the financial year.

Employees

The Group has 1 employee (2014 - 1 employee).

Corporate Governance

Under ASX Listing Rule 4.10.3 The Company's Corporate Governance Statement can be located at <http://www.callabonna.com.au/corporate-governance.html>.

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Environmental Regulations

The Group's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to its activities.

The Board of Directors monitors compliance with environmental regulations and the Directors are not aware of any significant breaches of these regulations during the period covered by this report.

Likely Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years is included in the review of operations.

Directors' Interests

At the date of this report, the beneficial interests of each Director of the Company in the issued share capital of the Company are:

Specified Directors	Held at 1 July 2014	Purchased	Options Exercised	Received as remuneration	Net Change	Held at the date of this report
Phillip Harman	6,111,111	3,307,692	-	1,000,000	-	10,418,803
Hyunsoo Kim	-	-	-	1,000,000	(1,000,000)	-
Michael Raetz	3,722,613	1,769,231	-	1,000,000	-	6,491,844
Jeffrey Williams	6,307,603	1,000,000	-	1,000,000	-	8,307,603

Net change includes balances at time of resignation and transactions that do not involve the Company.

Share options

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
13,282,350	3.0 cents	30 June 2017
20,307,692	3.0 cents	31 December 2017

Details of options issued by the Company are set out in the capital and reserves note to the financial report. The names of persons who currently hold options are entered in the register of options kept by the Company pursuant to the *Corporations Act 2001*. This register may be inspected free of charge. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of any other body corporate.

Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

Indemnification of Officers and Auditors

During or since the end of the financial year, the Group has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. Since the end of the previous financial year the Company has paid insurance premiums of \$11,741 in respect of directors' and officers' liability and legal expenses, for current and former directors and officers of the Group.

Remuneration Report - Audited

The policy of remuneration of Directors and other key management personnel is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Key management personnel consist of the Directors and the Company Secretary.

Other than Michael Raetz, the Directors and Executives are not employed directly by the Group. The remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

The salary component of Executive Director's remuneration is made up of fixed remuneration and equity based remuneration when invited to participate by the Board in the executive share option plan of the Group.

Remuneration Report - Audited (Con't)

The fee component of Non-executive Directors is made up of fixed remuneration and equity based remuneration when invited to participate by the Board in the executive share option plan of the Group.

Fixed compensation consists of base compensation, as well as employer contributions to superannuation funds. Performance linked compensation consists of options over ordinary shares of the Company under the rules of the executive share option plan.

No bonuses were paid in the current or prior year.

The remuneration report reflects the scaled down operations of the Group.

Details of the nature and amount of each major element of the remuneration of each key management person of the Company and Group are:

	Year	Primary Fees \$	Super-annuation \$	Shares \$	Total \$	Options as % of remuneration
Executive Directors						
Michael Raetz	2015	73,059	6,941	13,000	93,000	0.00%
	2014	73,227	6,774	-	80,001	0.00%
Non-executive Directors						
Phillip Harman	2015	-	-	13,000	13,000	0.00%
	2014	-	-	-	-	0.00%
Hyunsoo Kim	2015	-	-	13,000	13,000	0.00%
	2014	-	-	-	-	0.00%
Jeffrey Williams	2015	-	-	13,000	13,000	0.00%
	2014	-	-	-	-	0.00%
Executives						
Ian Hobson – Company Secretary and CFO	2015	63,839	-	-	63,839	0.00%
	2014	41,000	-	-	41,000	0.00%

Option Holdings

Options granted as compensation - Audited

No options were granted as compensation to key management personnel during the reporting period.

	Number of options granted	Grant date	Fair value at grant date	Exercise price	Expiry date	Options vested during the year	Options exercised during the year	Options forfeited/lapsed during the year
Phillip Harman	400,000	15 Feb 2010	\$0.195	\$0.34	15 Feb 2015	-	-	400,000
Michael Raetz	300,000	15 Feb 2010	\$0.195	\$0.34	15 Feb 2015	-	-	300,000

No options have been granted subsequent to year end.

Modification of terms of equity settled share based payment transactions - Audited

No terms of equity settled share based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or prior period.

Remuneration Report - Audited (Con't)

Options granted to Key Management Personnel - Audited

At the date of this report, the beneficial interests of each key management person of the Company in options granted as remuneration over the unissued share capital of the Company are:

Specified Key Management Personnel	Held at 1 July 2014	Granted as remuneration	Forfeited/lapsed	Held at date of report	Vested and exercisable at date of report
Phillip Harman	400,000	-	(400,000)	-	-
Hyunsoo Kim	-	-	-	-	-
Michael Raetz	300,000	-	(300,000)	-	-
Jeffrey Williams	-	-	-	-	-
Ian Hobson	-	-	-	-	-

No options have been granted to key management personnel subsequent to year end.

Movement in shares - Audited

Key management personnel	Held at 1 July 2014	Purchased	Received as remuneration	Net Change	Held at 30 June 2015
Jeffrey Williams	6,307,603	1,000,000	1,000,000	-	8,307,603
Phillip Harman	6,111,111	3,307,692	1,000,000	-	10,418,803
Hyunsoo Kim	-	-	1,000,000	(1,000,000)	-
Michael Raetz	3,722,613	1,769,231	1,000,000	-	6,491,844
Ian Hobson	1,000,000	1,000,000	-	-	2,000,000

Net change includes balances at time of resignation and transactions that do not involve the Company.

Key management personnel	Held at 1 July 2013	Purchased	Received as remuneration	Net Change	Held at 30 June 2014
Jeffrey Williams	3,657,603	2,650,000	-	-	6,307,603
Phillip Harman	3,611,111	2,500,000	-	-	6,111,111
Hyunsoo Kim	-	-	-	-	-
Michael Raetz	3,222,613	500,000	-	-	3,722,613
Ian Hobson	500,000	500,000	-	-	1,000,000

Movement in options - Audited

Key management personnel	Held at 1 July 2014	Purchased in capital raising	Granted	Exercised	Expired during the year	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Jeffrey Williams	-	-	-	-	-	-	-
Phillip Harman	400,000	1,153,846	-	-	(400,000)	1,153,846	1,153,846
Hyunsoo Kim	-	-	-	-	-	-	-
Michael Raetz	300,000	384,615	-	-	(300,000)	384,615	384,615
Ian Hobson	-	-	-	-	-	-	-

Key management personnel	Held at 1 July 2013	Purchased in capital raising	Granted	Exercised	Expired during the year	Held at 30 June 2014	Vested and exercisable at 30 June 2014
Jeffrey Williams	2,500,000	-	-	(2,500,000)	-	-	-
Phillip Harman	2,900,000	-	-	(2,500,000)	-	-	400,000
Hyunsoo Kim	-	-	-	-	-	-	-
Michael Raetz	800,000	-	-	(500,000)	-	-	300,000
Ian Hobson	500,000	-	-	(500,000)	-	-	-

Remuneration Report - Audited (Con't)

Consequences of performance on shareholders wealth - Audited

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial periods.

	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Net loss attributable to equity holders of the parent	1,349,197	682,023	595,701	10,291,197	1,421,789
Dividends paid	-	-	-	-	-
Change in share price	(0.9) cents	(0.7) cents	Nil cents	(3.7) cents	(12.0) cents

The overall level of key management personnel's compensation has been determined based on market conditions and status of the Group's projects.

Non-audit Services

During the year KPMG, the Group's auditor, did not perform any other services in addition to their statutory duties. Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below

	2015 \$	2014 \$
Statutory audit		
Auditors of the Group		
- audit and review of financial reports – KPMG	45,612	42,500
	<u>45,612</u>	<u>42,500</u>

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the year ended 30 June 2015.

Signed at Melbourne the 30th day of September 2015 in accordance with a resolution of the Board of Directors:



Phillip G Harman
Chairman



Michael Raetz
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Callabonna Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Adam Twemlow', with a stylized flourish at the end.

Adam Twemlow
Partner
Brisbane

30 September 2015

	Notes	2015 \$	2014 \$
Other income		-	2,852
Administration and consultants expenses		(414,426)	(364,547)
Impairment loss – mining tenements	5	(40,723)	(9,968)
Impairment reversal / (loss) – deposit	5, 11	9,737	(300,000)
Depreciation	12	(10,778)	(12,126)
Directors remuneration		(132,000)	-
Impairment loss – intangible assets	4	(751,260)	-
Impairment loss – Investments	7	(12,000)	-
Results from operating activities		(1,351,450)	(683,789)
Finance income	6	2,253	1,766
Finance expense	6	-	-
Net finance income		2,253	1,766
Loss before income tax		(1,349,197)	(682,023)
Income tax expense	8	-	-
Loss for the year		(1,349,197)	(682,023)
Other comprehensive income			
Total items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available for sale financial assets	7	(1,600)	1,600
Total items that may be reclassified subsequently to profit or loss		(1,600)	1,600
Other comprehensive income for the year		(1,600)	1,600
Total comprehensive loss for the year attributable to equity holders of the Company		(1,350,797)	(680,423)
Basic loss per share attributable to ordinary equity holders	9	(0.89) cents	(0.65) cents
Diluted loss per share attributable to ordinary equity holders	9	(0.89) cents	(0.65) cents

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Share capital	Option premium reserve	Share based payments reserve	Available for sale reserve	Accumulated losses	Total equity
	\$	\$	\$		\$	\$
Balance at 1 July 2014	43,649,118	128,839	127,203	1,600	(43,520,441)	386,319
Total comprehensive income for the period						
Loss for period	-	-	-	-	(1,349,197)	(1,349,197)
Other comprehensive income	-	-	-	(1,600)	-	(1,600)
Total comprehensive income for the year	-	-	-	(1,600)	(1,349,197)	(1,350,797)
Transactions with owners, recorded directly in equity						
<i>Contribution by and distributions to owners</i>						
Shares and options issued	1,020,071	-	-	-	-	1,020,071
Capital raising costs	(6,257)	-	-	-	-	(6,257)
Expiry of options	-	-	(127,203)	-	127,203	-
		-	-	-	-	
Balance at 30 June 2015	44,662,932	128,839	-	-	(44,742,435)	49,336

	Share capital	Option premium reserve	Share based payments reserve	Available for sale reserve	Accumulated losses	Total equity
	\$	\$	\$		\$	\$
Balance at 1 July 2013	43,359,993	187,039	127,203	-	(42,838,418)	835,817
Total comprehensive income for the period						
Loss for period	-	-	-	-	(682,023)	(682,023)
Other comprehensive income	-	-	-	1,600	-	1,600
Total comprehensive income for the year	-	-	-	1,600	(682,023)	(680,423)
Transactions with owners, recorded directly in equity						
<i>Contribution by and distributions to owners</i>						
Shares and options issued	232,500	-	-	-	-	232,500
Capital raising costs	(1,575)	-	-	-	-	(1,575)
Exercise of options	58,200	(58,200)	-	-	-	-
Balance at 30 June 2014	43,649,118	128,839	127,203	1,600	(43,520,441)	386,319

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	17	146,542	216,861
Trade and other receivables	10	62,895	8,857
Other	11	9,667	9,666
Total current assets		<u>219,104</u>	<u>235,384</u>
Non-current assets			
Property, plant and equipment	12	-	10,778
Intangible assets	4	-	87,903
Available for sale investments	7	15,999	29,600
Exploration and evaluation expenditure	5	-	40,668
Other	11	30,000	40,000
Total non-current assets		<u>45,999</u>	<u>208,948</u>
Total assets		<u>265,103</u>	<u>444,332</u>
Current liabilities			
Trade and other payables	13	215,767	58,013
Total current liabilities		<u>215,767</u>	<u>58,013</u>
Total liabilities		<u>215,767</u>	<u>58,013</u>
Net assets		<u>49,336</u>	<u>386,319</u>
Equity			
Share capital	14	44,662,932	43,649,118
Reserves		128,839	257,642
Accumulated losses		(44,742,435)	(43,520,441)
Total equity		<u>49,336</u>	<u>386,319</u>

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Other revenue		-	2,637
Cash payments in the course of operations		(336,673)	(484,121)
Cash used in operations		(336,673)	(481,484)
Interest received		2,253	1,766
Net cash used in operating activities	17	(334,420)	(479,718)
Cash flows from investing activities			
Payments for exploration and evaluation		(55)	(127,612)
Proceeds from sale of tenements		-	70,000
Payments for contract rights		(654,825)	-
Refund of security deposits		10,000	15,000
Refundable deposit received		9,737	-
Net cash used in investing activities		(635,143)	(42,612)
Cash flows from financing activities			
Proceeds from issue of shares and options		905,501	232,500
Cost of issuing shares and options		(6,257)	(1,575)
Net cash from financing activities		899,244	230,925
Net increase/(decrease) in cash and cash equivalents		(70,319)	(291,405)
Cash and cash equivalents at the beginning of the financial year		216,861	508,266
Cash and cash equivalents at the end of the financial year	17	146,542	216,861

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 - REPORTING ENTITY

Callabonna Resources Limited (the 'Company') and its controlled entities is a Group domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2015 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity primarily involved in mining exploration.

NOTE 2 - BASIS OF PREPARATION

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards 'IFRS' and interpretations adopted by the International Accounting Standards Board 'IASB'.

The financial report was authorised for issue by the Directors on 30 September 2015.

Going concern

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

The Group recorded a loss of \$1,349,197 for the year ended 30 June 2015, including impairment losses of \$791,983 relating to exploration projects and has accumulated losses of \$44,742,435 as at 30 June 2015. The Group has cash on hand of \$146,542 at 30 June 2015 and used \$1,051,869 of cash in operations, including expenditure on exploration projects, for the year ended 30 June 2015.

Subsequent to year end, certain directors have advanced funds to the Group totalling \$100,000 in the form of short-term loans. Additional funding will be required to meet the Group's ongoing expenditure commitments.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is critically dependent upon:

- The Company raising the minimum required equity from investors of \$3,500,000 to allow the successful completion of the Alice Queen Holdings Pty Ltd acquisition (refer note 25); or
- Raising additional funding from shareholders or other parties.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group completes the Alice Queen Holding Pty Ltd acquisition and successfully raises the minimum required equity from investors of \$3,500,000.

In the event that the Group does not successfully complete the Alice Queen Holding Pty Ltd acquisition or obtain sufficient additional funding from shareholders or other parties, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial report.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for available for sale financial assets which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Company and each entity in the Group.

Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Note 2 – Going concern;
- Note 4 – Impairment of intangible assets- contract rights;
- Note 5 – Impairment of exploration and evaluation expenditure;
- Note 7 – Impairment of available for sale assets; and
- Note 8 – Income tax expense.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Business combinations

All business combinations are accounted for by applying the acquisition method.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated and consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Where a controlled entity issues shares to non-controlling interests which does not result in loss of control by the Company, any gain or loss arising on the Company's interest in the controlled entity is recognised directly in equity.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see Impairment accounting policy below).

Depreciation

Depreciation is charged to the profit or loss using the reducing balance method from the date of acquisition.

Office equipment is depreciated at rates between 25% and 33% and motor vehicles are depreciated at a rate of 25%.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and at call deposits.

Available for sale financial assets

The Group's investments in equity securities are classified as available for sale financial assets and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised directly as a separate component of equity. When an investment is derecognised the cumulative gain or loss in equity is reclassified to profit or loss.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

Share capital

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

Share based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

Finance income and finance expense

Finance income and finance expense comprises interest payable on borrowings calculated using the effective interest method, interest earned, dividend income, unwind of discount on provisions and the net change in the fair value of derivative financial instruments recognised in profit or loss.

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- the term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group's primary format for segment reporting is on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Income tax

Income tax expense for the year comprises current and deferred tax. Income tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 24 September 2009 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Callabonna Resources Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'group allocation method' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

The Group recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

Nature of tax funding arrangements and tax sharing agreements

The members of the tax consolidated group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivables (payables) in the separate financial statements of the members of the tax consolidated groups equal in amount to the tax liability (asset) assumed. The inter-entity receivables (payables) are at call.

The head entity recognises the assumed current tax amounts as current tax liabilities (assets), adding to its own current tax amounts, since they are also due to or from the same taxation authority. The current tax liabilities (assets) are equivalent to the tax balances generated by external transactions entered into by the tax consolidated group. Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The members of the tax consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

Intangible asset – contractual rights

Contractual rights that are acquired by the Group are measured at cost.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the right to which it relates. All other expenditure, is recognised in profit or loss as incurred.

The Group does not amortise acquired rights that do not have a finite life, instead the intangible asset is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the right might be impaired.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES (Con't)

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Share based payment transactions

The fair value of the options granted is measured using a Black-Scholes formula taking into account the terms and conditions upon which the options were granted. Measurement inputs include share price at grant date, exercise price of the instrument, expected volatility (based on historic share performance), risk-free interest rate (based on government bonds), and dividend yield.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial liabilities are loans and borrowing and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 published in July 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company does not plan to adopt this standard early and the standard is not expected to have a significant effect on the financial statements.

2015	2014
\$	\$

NOTE 4 – INTANGIBLE ASSET - CONTRACT RIGHTS

Opening balance	87,903	-
Additions	663,357	87,903
Disposals	-	-
Impairment loss	(751,260)	-
	<u>-</u>	<u>87,903</u>

On 6 May 2014 the Group, through an agreement, acquired rights to acquire a 10% equity interest in Ansongo Limited by spending AUD \$3.5 million on the Ansongo Manganese Project in Mali. The expenditure was envisaged to be incurred over 3 years. The agreement also provided the Group with an initial equity investment of 2.1% in Ansongo Limited. On 21 October 2014 the original agreement was varied which allows the Company to earn up to a 51% equity interest in Ansongo Limited by spending \$11.95m.

The Group has spent \$663,357 on the Ansongo Manganese Project during the year, however, as announced to ASX on 24 February 2015, the Company received verbal advice that the Mali Government was considering a recent Supreme Court decision regarding the technicalities involving the transfer of ownership of the Ansongo mine lease in south-eastern Mali to Mali Manganese. The drilling program and all non-essential expenditure was put on hold pending formal advice and documentation from the Mali Government.

The Group was subsequently informed that Mali Manganese has succeeded in a review against an earlier decision from the Administrative Supreme Court affecting the transfer of the Mining Permit 2011/15 in south-eastern Mali. The court decision has affirmed the transfer of the Permit to Mali Manganese by Decree 718 of 20 December 2012 was valid and declares the application against that Decree inadmissible.

NOTE 4 - INTANGIBLE ASSET - CONTRACT RIGHTS (Con't)

Given the lapsed period, following the Administrative Supreme Court ruling of 5 February 2015 cancelling the transfer of the mining lease to Mali Manganese, during which all contractual arrangements between the Callabonna and Tassiga have been subject of force majeure, Callabonna will seek clarity on the present and future status of matters affecting its agreements with Tassiga and the assets and liabilities of Mali Manganese.

Callabonna is commencing a process of engaging with its counterparts in the Ansongo Manganese Project to determine what (if any) involvement the Company may wish to pursue in the future. The Directors have therefore taken a view to fully impair the asset until such time as there is more certainty with the project going forward.

	2015 \$	2014 \$
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NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE

Opening balance	40,668	95,926
Additions	55	39,708
Disposals	-	-
Impairment loss	(40,723)	(94,966)
	<u>-</u>	<u>40,668</u>

During the period the Directors impaired the remaining carrying value of exploration and evaluation assets given substantive expenditure on further exploration was no longer budgeted nor planned and it was not considered probable that the Company could realise the remaining value from a sale of these permits.

During the year ended 30 June 2015, the Directors impaired the carrying value of exploration and evaluation in the following Group entities:

Entity	Impairment amount	Reason for impairment/(reversal)
Callabonna Resources Limited	40,723	Substantive expenditure on further exploration is neither budgeted nor planned
Queensland Uranium Pty Ltd	(4,178)	Recovery of environmental bonds previously impaired
Western Cape Resources Pty Ltd	(5,559)	Recovery of environmental bonds previously impaired
	<u>30,986</u>	Net impairment loss recorded in Profit or Loss

NOTE 6 - FINANCIAL INCOME AND FINANCE EXPENSE

Interest income	2,253	1,766
Interest paid	-	-
	<u>2,253</u>	<u>1,766</u>

NOTE 7 - AVAILABLE FOR SALE INVESTMENTS

Investments – available for sale at fair value	15,999	29,600
	<u>15,999</u>	<u>29,600</u>

The Company has 800,000 shares in Renascor Resources Ltd (formerly Renaissance Uranium Limited). At 30 June 2015 the Directors compared the carrying value of the investment to market value and recorded decrease in fair value of \$13,600 this was taken to the other comprehensive income following the sale of the shares. This was based on a closing price of 1.999 cents at 30 June 2015.

	2015 \$	2014 \$
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NOTE 8 - INCOME TAX EXPENSE

Numerical reconciliation of income tax expense to prima facie tax payable

Loss before tax – continuing operations	(1,349,197)	(682,023)
Prima facie income tax expense at the Australian tax rate of 30% (2014 – 30%)	(404,759)	(204,607)
Increase/(decrease) in income tax expense due to:		
- Non-deductible expenses	140,619	70
- Effect of deferred tax assets for tax losses not brought to account	325,500	127,765
- Effect of net deferred tax assets not brought to account	(61,360)	76,772
Income tax expense – current and deferred	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Taxable temporary differences (net)	26,793	85,796
Tax losses	4,794,880	4,470,421
Net	4,821,673	4,556,217

The deductible temporary differences and tax losses do not have expiry dates under current tax legislation, however the future utilisation of tax losses is subject to loss utilisation tests. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTE 9 - LOSS PER SHARE

Basic and diluted loss per share have been calculated using:

Loss for the year attributable to equity holders of the Company	(1,349,197)	(682,023)
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares at beginning of year	110,547,108	103,047,108
- Effect of shares issued on 9 July 2013	-	1,463,014
- Effect of shares issued on 18 June 2014	-	197,260
- Effect of shares issued on 4 December 2014	15,147,436	-
- Effect of shares issued on 4 December 2014	1,307,692	-
- Effect of shares issued on 8 December 2014	2,241,758	-
- Effect of shares issued on 18 December 2014	17,283,292	-
- Effect of shares issued on 5 February 2015	3,261,279	-
- Effect of shares issued on 5 February 2015	1,661,663	-
Weighted average ordinary shares at the end of the year	151,450,228	104,707,382
<i>Weighted average number of ordinary shares (diluted)</i>		
- Weighted average ordinary shares at the end of the year	151,450,228	104,707,382
- Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at the end of the year	151,450,228	104,707,382

NOTE 10 - TRADE AND OTHER RECEIVABLES

Current

GST receivable	3,538	8,642
Other receivable	59,357	215
	62,895	8,857

	2015 \$	2014 \$
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NOTE 11 - OTHER

Current

Prepayments

9,667	9,666
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Non-current

Security Deposit

30,000	40,000
30,000	40,000

Security deposits

The security deposits is a \$30,000 Westpac company credit card security deposit earning interest of 3.3%.

Refundable deposits

During the period ended 30 June 2014, the Directors impaired a refundable deposit of \$300,000 represented part payment for the proposed acquisition of 100% of the shares in Hong Kong Company, Element Morocco Limited. The Directors impaired this deposit on the basis that the vendor had not complied with the terms of the agreement and were unable to have the amount returned to the Company. An agreement was subsequently executed which settled the debt in exchange for 1,500 shares in Ansongo.

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

Furniture and fittings – cost

Accumulated depreciation

Net book value

2,374	2,374
(2,374)	(2,374)
-	-

Office equipment – cost

Accumulated depreciation

Net book value

89,569	89,569
(89,569)	(80,543)
-	9,026

Motor vehicles – cost

Accumulated depreciation

Net book value

40,103	40,103
(40,103)	(38,351)
-	1,752

Total property, plant and equipment

-	10,778
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Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below.

Furniture and fittings

Carrying amount at beginning of year

Depreciation

Net book value

-	-
-	-
-	-

Office equipment

Carrying amount at beginning of year

Depreciation

Net book value

9,026	18,047
(9,026)	(9,021)
-	9,026

Motor vehicles

Carrying amount at beginning of year

Depreciation

Net book value

1,752	4,857
(1,752)	(3,105)
-	1,752

NOTE 13 - TRADE AND OTHER PAYABLES

Current

Trade payables

Accrued expenses

148,159	25,039
67,608	32,974
215,767	58,013

NOTE 14 - CAPITAL AND RESERVES

Dividends

There were no dividends paid or declared during the year ended 30 June 2015 or 30 June 2014.

Option premium reserve and share based payment reserve

The issue of Company options for cash results in a credit to the option premium reserve representing the fair value of the options granted. The exercise of Company options results in a debit to the option premium reserve.

The issue of Company options for services results in a credit to the share based payment reserve representing the fair value of the options granted. The exercise of Company options results in a debit to the share based payment reserve. The issue of Company shares for services results in a credit to the issued capital representing the fair value of the shares granted.

There were no options exercised during the year ended 30 June 2015. 6,000,000 were exercised in the year ended 30 June 2014.

	30 June 2015		30 June 2014	
	Number of shares	\$	Number of shares	\$
Share capital				
Ordinary shares on issue at 1 July – fully paid	110,547,108	43,649,118	103,047,108	43,359,993
Issue of shares (a)	65,782,053	905,501	1,500,000	52,500
Issue of share - exercise of options	-	-	6,000,000	180,000
Issue of shares – remuneration (b)	4,000,000	52,000	-	-
Issue of shares – payment obligations (c)	4,171,337	62,570	-	-
Capital raising costs	-	(6,257)	-	(1,575)
Transfer (to)/from option premium reserve	-	-	-	58,200
Ordinary shares on issue at 30 June – fully paid	<u>184,500,498</u>	<u>44,662,932</u>	<u>110,547,108</u>	<u>43,649,118</u>

(a) During the year the Company raised equity of \$905,501 by the issue of 65,782,053 shares. The shares issued during the year were accompanied by an attaching option. No value has been ascribed to the options.

(b) During the year the 4,000,000 ordinary shares were issued at 1.3 cents to Directors as part of remuneration approved in the annual general meeting.

(c) During the year 4,171,337 shares were issued at 1.5 cents in lieu of payment obligations arising from the shareholders agreement executed between Tassiga Ltd and the Group. The shares were issued as settlement of outstanding payments owing to M-Consulting.

Options

The following options were on issue at 30 June 2015, each exercisable to acquire one fully paid ordinary share:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited/ lapsed during the year	Balance at end of the year	Exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number	Number
15 Feb 2010	15 Feb 2015	\$0.34	700,000	-	-	(700,000)	-	-	-
14 Aug 2012	30 Jun 2017	\$0.03	4,782,350	-	-	-	-	4,782,350	4,782,350
28 Sep 2012	30 Jun 2017	\$0.03	8,500,000	-	-	-	-	8,500,000	8,500,000
8 Dec 2014	31 Dec 2017	\$0.03	-	16,214,222	-	-	-	16,214,222	16,214,222
17 Dec 2014	31 Dec 2017	\$0.03	-	4,093,470	-	-	-	4,093,470	4,093,470
			<u>13,982,350</u>	<u>20,307,692</u>	<u>-</u>	<u>(700,000)</u>	<u>-</u>	<u>33,590,042</u>	<u>33,590,042</u>

The following options were on issue at 30 June 2014, each exercisable to acquire one fully paid ordinary share:

Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited/ lapsed during the year	Balance at end of the year	Exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number	Number
15 Feb 2010	15 Feb 2015	\$0.34	700,000	-	-	-	-	700,000	700,000
14 Aug 2012	30 Jun 2017	\$0.03	4,782,350	-	-	-	-	4,782,350	4,782,350
28 Sep 2012	30 Jun 2017	\$0.03	9,500,000	-	(1,000,000)	-	-	8,500,000	8,500,000
26 Nov 2012	30 Jun 2017	\$0.03	5,000,000	-	(5,000,000)	-	-	-	-
			<u>19,982,350</u>	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>	<u>13,982,350</u>	<u>13,982,350</u>

NOTE 15 - CONTROLLED ENTITIES

Particulars in relation to controlled entities:

	Company interest in ordinary shares	
	2015	2014
	%	%
<i>Parent Entity</i>		
Callabonna Resources Limited		
<i>Controlled entities</i>		
Curnamona Uranium Pty Ltd	100	100
Arunta Uranium Pty Ltd	100	100
Beetaloo Uranium Pty Ltd	100	100
Callabonna Energy Pty Ltd	100	100
Frome Uranium Pty Ltd	100	100
West Cape Resources Pty Ltd	100	100
Queensland Uranium Pty Ltd	100	100
Consolidated Exploration NQ Pty Ltd	100	100

All entities are incorporated in Australia

- Curnamona Uranium Pty Ltd, West Cape Resources Pty Ltd and Queensland Uranium Pty Ltd are wholly owned controlled entities.
- Arunta Uranium Pty Ltd, Beetaloo Uranium Pty Ltd, Callabonna Energy Pty Ltd and Frome Uranium Pty Ltd are wholly owned controlled entities of Curnamona Uranium Pty Ltd.
- Consolidated Exploration NQ Pty Ltd is the wholly owned controlled entity of Queensland Uranium Pty Ltd.

NOTE 16 - SHARE BASED REMUNERATION

The Group has a share option program that entitles key management personnel, senior employees and consultants to be granted options in the Company.

There were no options issued as remuneration during the year ended 30 June 2015 or 30 June 2014.

In the event that the employment or office of the option holder is terminated, any options which have not reached their vesting date will lapse and any options which have reached their vesting date may be exercised within two months from the date of termination of employment.

The number and weighted average exercise prices of share options issued under the share option program are as follows:

	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	2015	2015	2014	2014
Outstanding at 1 July	\$0.34	700,000	\$0.34	700,000
Expired during the period		(700,000)	-	-
Forfeited/lapsed during the period		-	-	-
Outstanding at 30 June		-	\$0.34	700,000
Exercisable at 30 June	-	-	\$0.34	700,000

The options outstanding at 30 June 2014 had a weighted average remaining life of 0.625 years.

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the key management and senior employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

Expenses arising from share-based payment transactions

During the year shares were issued to Directors in lieu of fees.

Total expenses arising from share based payment transactions recognised during the year ended 30 June 2015 as part of share based remuneration expense was \$52,000 (2014 – Nil).

	2015 \$	2014 \$
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NOTE 17 - STATEMENTS OF CASH FLOWS

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the year as shown in the Consolidated Statements of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

Bank balances	146,542	216,861
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Reconciliation of net loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after tax	(1,349,197)	(682,023)
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Depreciation	10,778	12,126
Impairment losses – mining tenements	40,723	9,968
Impairment losses – intangible assets	751,260	-
Impairment losses – assets held for sale	12,000	-
Impairment losses / (reversals) – deposits	(9,737)	300,000
Share based payment	52,000	-

Changes in assets and liabilities

Trade and other receivables	-	(6,426)
Other current assets	(1)	(28)
Trade and other payables	157,754	(113,335)

Net cash used in operating activities	(334,420)	(479,718)
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NOTE 18 - KEY MANAGEMENT PERSONNEL DISCLOSURES

The key management personnel compensation comprised:

	2015 \$	2014 \$
Short-term employee benefits	136,898	114,227
Post employment benefits	6,941	6,774
Share based payments	52,000	-
	<u>195,839</u>	<u>121,001</u>

NOTE 19 - RELATED PARTIES

There were no related party transactions during the year ended 30 June 2015 or 30 June 2014.

NOTE 20 - FINANCIAL INSTRUMENTS

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are informally reviewed from time to time to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and market risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

NOTE 20 - FINANCIAL INSTRUMENTS (Con't)

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements. The carrying amounts of the following assets represent the Group's maximum exposure to credit risk in relation to financial assets:

	Notes	2015 \$	2014 \$
Cash and cash equivalents	17	146,542	216,861
Trade and other receivables	10	62,895	8,857
Security deposits	11	30,000	40,000
		<u>239,437</u>	<u>265,718</u>

The Group's maximum exposure to credit risk at the reporting date by geographic region was:

Australia	<u>239,437</u>	<u>265,718</u>
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The Group mitigates credit risk on cash and cash equivalents and security deposits held in Australia by dealing with regulated banks in Australia.

Impairment losses

None of the Group's trade and other receivables are past due (2014 – nil).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount \$	Contractual cash flows \$	Less than one year \$	Between one and five years \$	More than five years \$
30 June 2015					
Trade and other payables	<u>215,767</u>	<u>(215,767)</u>	<u>(215,767)</u>	-	-
30 June 2014					
Trade and other payables	<u>58,013</u>	<u>(58,013)</u>	<u>(58,013)</u>	-	-

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

Currency risk

The Group has no exposure to currency risk arising from financial instruments.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. Equity price risk arises from available-for-sale equity securities held by the Group.

NOTE 20 - FINANCIAL INSTRUMENTS (Con't)

Interest rate risk

The Group's statement of profit or loss and other comprehensive income is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents.

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

	Notes	2015 \$	2014 \$
Financial assets			
Cash and cash equivalents	17	146,542	216,861
Security deposits		30,000	30,000
		<u>176,542</u>	<u>246,861</u>

Sensitivity analysis

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and loss for the period by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

Impact on loss for the period	<u>1,765</u>	<u>2,469</u>
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Capital management

The Board's policy is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Group's operation. There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Company and the Group, for the year ended 30 June 2015 and 30 June 2014, approximate their net fair values, given the short time frames to maturity and/or variable interest rates.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2015				
Investments - available-for-sale	<u>15,999</u>	-	-	<u>15,999</u>
30 June 2014				
Investments - available-for-sale	<u>29,600</u>	-	-	<u>29,600</u>

NOTE 21 – CAPITAL COMMITMENTS

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by tenement licences and acquisition agreements. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report and are payable:

	Carrying amount	
	2015	2014
	\$	\$
Not later than one year	-	80,000
Later than one year but not later than five years	-	40,000
Later than five years	-	-
	<u>-</u>	<u>120,000</u>

In addition, as set out in Note 4, the Group has entered into an agreement to expend up to \$3.5 million. The Group may, at its discretion expend a lower amount and terminate the agreement.

NOTE 22 - SEGMENT REPORTING

The Group's single material operating segment up until the end of the current financial year is mining exploration in Africa.

The results and financial position of the Company are prepared for the Managing Director on a basis consistent with Australian Accounting Standard AASB 8 operating segments, and therefore no additional disclosure in relation to the revenues, profit or loss, assets and liabilities have been made.

NOTE 23 - PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2015, the parent entity of the Group was Callabonna Resources Limited.

	Company	
	2015	2014
	\$	\$
Result of the parent entity		
Net loss	(1,353,731)	(668,618)
Other comprehensive income	-	-
Total comprehensive loss	<u>(1,311,783)</u>	<u>(668,618)</u>
Financial position of the parent entity at year end		
Current assets	218,187	234,416
Non-current assets	30,000	195,935
Total assets	<u>248,187</u>	<u>430,351</u>
Current liabilities	215,767	58,013
Total liabilities	<u>215,767</u>	<u>58,013</u>
Net assets	<u>32,420</u>	<u>372,338</u>
Equity		
Share capital	44,662,931	43,649,118
Reserves	128,839	256,042
Accumulated losses	(44,759,350)	(43,532,822)
Total equity	<u>32,420</u>	<u>372,338</u>

NOTE 24 – AUDITOR'S REMUNERATION

Auditors' remuneration		
- audit and review of financial reports	45,612	42,500
	<u>45,612</u>	<u>42,500</u>

NOTE 25 - SUBSEQUENT EVENTS

In a general meeting on 15 September 2015 the shareholders approved the acquisition of AQH, subject to the Company conducting and securing subscriptions from investors of not less than \$3,500,000 (before costs) in a Capital Raising. The Capital Raising will issue up 63,636,364 ordinary fully paid shares (on a post-consolidation basis) at an issue price of \$0.055 per share to raise \$3,500,000 to fund future exploration costs. Pursuant to the acquisition the shareholders also approved:

- The Company make a significant change in the scale of its activities as a consequence of the acquisition of AQH;
- The issued capital of the Company be consolidated on the basis that every ten (10) ordinary shares be consolidated into one (1) ordinary share;
- The issue of 110,700,298 fully paid ordinary shares in the Company (issued on a post-consolidation basis) to the Alice Queen Vendors and the acquisition by the Alice Queen Vendors of a relevant interest in up to 57.42% of the Company's ordinary shares on completion of the acquisition;
- On successful completion of the acquisition Mr Andrew Buxton, Mr Bruce Fulton, Mr Mark Kerr and Mr John Holliday will be elected as directors of the Company;
- The participation by Phillip Harman, Michael Raetz and Jeffrey Williams (existing Directors of the Company), in the Capital Raising for up to \$50,000 (909,091 ordinary shares) each;
- The name of the Company is to be changed to 'Alice Queen Limited; and
- The Company will adopt an employee share option scheme to provide a mechanism for the future grant of employee option incentives to key staff and consultants. No options will be issued to any Directors of the Company without separate shareholder approval.

The Company shares were suspended from the ASX on 15 September 2015 until completion of the Capital Raising. The Prospectus has been issued to raise up to \$3,500,000 and the offer will close on 2 October 2015.

Subsequent to the year ended 30 June 2015, the Directors advanced \$100,000 to the Group to assist with working capital requirements. The advance was made by way of an interest free unsecured loan from certain Directors to the Group repayable at the earlier of, 31 March, 2016 or the completion of the Group's acquisition of AQH.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

In the opinion of the Directors of Callabonna Uranium Limited ('the Company'):

1. (a) the financial statements and notes set out on pages 10 to 29, and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report, set out on pages 5 to 8, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

Signed this 30th day of September 2015 in accordance with a resolution of the Board of Directors:



Phil Harman
Chairman



Independent auditor's report to the members of Callabonna Resources Limited

Report on the financial report

We have audited the accompanying financial report of Callabonna Resources Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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



Auditor's opinion

In our opinion:

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

- (i) giving a true and fair view of the Group'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.

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

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2, "Going Concern" in the financial report. The conditions disclosed in Note 2, including the Group's need to raise additional funding indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

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

KPMG

KPMG

Adam Twemlow
Partner
Brisbane

30 September 2015

Additional information as at 11 September 2015 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

Audit Committee and Remuneration Committee

As at the date of the Directors' Report, the Company does not have an Audit Committee or a Remuneration Committee.

Substantial Shareholdings

At 22 September 2014 the Register of Substantial Shareholders showed the following:

	Name	Number	%
1	Wealford Investments Limited	22,867,544	12.39
2	Mitchell Limb	15,250,000	8.27
3	Pajal Pty Ltd <The P & A Harman S/F A/C>	10,418,803	5.65
4	SK Networks Resources Australia Pty Ltd	10,000,000	5.42

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

Shares Subject to Escrow Restrictions

The Company had no shares subject to escrow restrictions.

On Market Buy Back

There is no on market buy-back.

Distribution of Shareholders

The distribution of each class of equity was as follows:

Fully Paid Ordinary Shares

Range	Number of holders	Number of shares	Issued capital %
1 – 1,000	517	185,835	0.10
1,001 – 5,000	632	1,911,701	1.04
5,001 – 10,000	200	1,658,992	0.90
10,001 – 100,000	370	12,681,219	6.87
100,001 and over	120	168,062,751	91.09
Total	1,839	184,500,498	100.00

Shareholders with less than marketable parcels of 83,334 (representing a total of 13,279,044 shares).

Twenty Largest Shareholders

The twenty largest quoted shareholders held 70.76% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Wealford Investments Limited	22,867,544	12.39
2	Mitchell Limb	15,250,000	8.27
3	Pajal Pty Ltd <The P & A Harman S/F A/C	10,418,803	5.65
4	SK Networks Resources Australia Pty Ltd	10,000,000	5.42
5	Mr Mitch Limb	7,617,545	4.13
6	Toad Facilities Pty Ltd <JP Nettleton/ Toad/ Super Fund A/C>	7,492,065	4.06
7	M& M Raetz Pty Ltd <Raetz Family Super Fund A/C>	6,491,844	3.52
8	Fountain Oaks Pty Ltd <Limbs Family Super Fund A/C>	6,192,602	3.36
9	Dypso Pty Ltd	5,567,308	3.02
10	WXH Holdings Pty Ltd	5,404,911	2.93
11	Peter Bull Superannuation Management PTY Ltd <Peter Bull SF A/C>	4,736,778	2.57
12	Mr Jeffrey Wayne Williams + Mrs Rosalyn Heather Williams <Park View super fund A/C>	4,657,603	2.52
13	Toad Facilities Pty Ltd <Toad Facilities Super A/C>	4,295,100	2.33
14	TT Capital Nominees Pty Ltd	4,171,347	2.26
15	Mr Jeffrey Williams + Mrs Rosalyn Williams <Park View super fund A/C>	3,650,000	1.98
16	Mr Vassilios Michaelidis + Mrs Matti Michaelidis + Mr Anastasios Michaelidis <Fifteenth Thor S/F A/C>	2,905,788	1.57
17	Ryley Enterprises Pty Ltd	2,574,266	1.40
18	Inkesse Pty Ltd	2,565,000	1.39
19	Churchill Services Pty Ltd <Churchill Services A/C>	2,000,000	1.08
20	Mr Mark Sharkey + Mrs Jeneece Sharkey	1,700,000	0.92
	Total	130,558,504	70.76

Options

Number of holders	Number of options	Grant Date	Vesting date	Exercise price	Expiry date
3	13,282,350	14 August 2012 – 26 November 2012	Grant Date	\$0.03	30 June 2017

Tenements held			
Title number	Location	Percentage	Comment
EPM18181	QLD	100%	To be surrendered
EPM18699	QLD	100%	To be surrendered

Directors:

Phillip Harman (Chairman)
Michael Raetz
Jeffrey Williams

Company Secretary:

Ian Hobson

Principal Place of Business and Registered Office:

Level 17, 530 Collins Street
Melbourne VIC 3000
AUSTRALIA

Phone: 61-3 9618 2590
Fax: 61-3 9620 5200
Email: info@callabonna.com.au
Web: www.callabonna.com.au

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Solicitors:

Baker & McKenzie,
Level 19, 181 William Street
MELBOURNE VIC 3000

Share Registrars:

Computershare Investor Services Pty Limited
PO Box 523
BRISBANE QLD 4001

Phone: 61-7 3237 2100
Fax: 61-7 3229 9860

