-

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES

ACN 140 575 604

FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2014

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES
ACN 140 575 604

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2014.

Directors

The following persons were Directors of Alligator Energy Limited ("the Company" or "Alligator") (together with its Controlled Entities referred to as "the Group") during the whole of the financial year and up to the date of this report, unless otherwise stated:

John Main (appointed 30 October 2013)
Denis Gately (resigned 29 November 2013)
Paul Dickson
Andrew Vigar
Robert Sowerby
Peter McIntyre (appointed 30 October 2013)

Principal activities and significant changes in nature of activities

The principal activity of the Group is mineral exploration. There were no significant changes in the nature of the Group's activities during the year.

Dividends

There were no dividends paid to members during the financial year.

Operating and Financial Review

a) *Operating Performance*

Alligator is pleased with its sound operating performance over the financial year as reflected in the following key indicators:

- The Group operated its exploration site without any lost time injuries
- There were no reportable environmental issues
- Continued operating compliance was maintained with the obligations under the Exploration Agreement with the Northern Land Council and Traditional Owners.

b) *Operations for the year*

Tin Camp Creek Project

Alligator completed a total of 5,584 metres of diamond and RC drilling during 2013/2014 on the Tin Camp Creek Project. Drilling was undertaken to the immediate north and east of the Caramal deposit, at the historic Gorrunghar Prospect, the Caramal East area and the Orion North Prospect.

Drilling to the immediate north and northwest of the Caramal deposit intersected strong chlorite alteration and variable uranium anomalism and mineralization. Significant intersections included:

- *6m @ 966ppm U_3O_8 from 114m in OBR13-075*
- *9m @ 652 ppm U_3O_8 from 110m in OBD13-074*

Drilling was also undertaken to test for eastern extensions of the Caramal deposit. Anomalous uranium and alteration was intersected to the northeast of the deposit with a best intersection of:

- *10 metres at 672ppm U_3O_8 from 128 metres in OBD13-085*

In summary, drilling in the Caramal area during 2013 identified a broader halo of alteration and uranium anomalism that now extends over a strike length of approximately 500 metres. This exhibits many of the key characteristics of the large unconformity deposits in the Alligator Rivers Uranium Province, in the Northern Territory. However the Company is of the view that the potential to host large uranium deposits (>100Mlb U_3O_8) in the immediate Caramal area is limited.

Three drill holes for a total of 247.1 metres were also completed at the historic Gorrunghar prospect. This work has been the first drilling undertaken at Gorrunghar since 1972. A high grade intersection of *7m @ 2886ppm U_3O_8* from 13m was returned from OBR13-082. Mineralisation is associated with chlorite schist. Structural analysis of drilling data, indicates an ENE trend and steep dip to mineralisation. The tenor of mineralisation compares well with historic intersections of:

- *15.8m at 1215ppm U_3O_8 from 25m in TCGOR-5; and*
- *14.5m at 2644ppmU_3O_8 from 1.3m in TCGOR-6.*

However the structural information obtained from this drilling downgrades the potential for a large uranium deposit (>100Mlb U_3O_8).

A total of 13 drill holes were completed on structural targets in the broader Caramal and Caramal East area. At Caramal East, wide spaced drill holes were completed as an initial test of broad structural targets. Anomalous uranium and alteration was reported in drill hole OBR13-091 at Caramal East, with the following intersection:

- *4 metres at 259ppm U_3O_8 from 82 metres*

This occurrence is located approximately 250 metres west of uranium mineralisation intersected in the 2012 exploration season and may indicate the presence of a broader uranium geochemical zone, or trend in this area. Drilling to date has indicated that the Caramal East area is structurally and geologically complex, and further assessment is required to fully determine the potential for significant high grade uranium mineralisation in this area.

Three Diamond Drill holes have also been completed at the Orion North Prospect to provide an initial test of structural targets and determine basement geology in the area. The Orion North Prospect is located 7km north of the Caramal area and is considered to be a high priority target. The prospect is centred on the intersection of prominent north trending and east trending faults (evident in outcrop and geophysics). The area is considered particularly prospective due to the presence of strong radiometric anomalies associated with groundwater outflow from beneath the Kombolgie sandstone and from a major east trending fault.

Drilling in 2013 intersected strongly fractured and altered Kombolgie Sandstone and Cahill Formation rock types. Significant uranium assays (>1000ppm U_3O_8) have not been intersected in these drill holes, however anomalous Radium 226 (maximum 147mBq/l Ra226 in OBD13-100) was encountered in groundwater samples collected from these drill holes. Radium 226 is a decay product of uranium and is a possible indicator of an anomalous uranium source in the area.

Since 2011, Alligator has completed in excess of 20,000metres of RC and Diamond Drilling , defined a maiden high grade, JORC compliant resource at Caramal (6.5Mlb U_3O_8 at 3100ppm U_3O_8) and discovered new mineralization at Mintaka and Orion East. In 2014 the company has re-focused its exploration strategy to defining and testing multiple high quality targets on Alligator's tenements both at Tin Camp Creek and regionally with a clear target of 100Mlb+ U_3O_8 deposits.

Consistent with the Company's strategy, Alligator plans to drill test five high quality targets in 2014, each of which has favorable geological, geochemical, geophysical and spatial characteristics for hosting large uranium deposits. Priority targets for the 2014 field season are the Mintaka, Orion East, Orion North, North East Myra and Orion South targets.

In July, subsequent to the end of the quarter, (ASX announcements, 9 and 25 July 2014), the Company conducted an air-borne SAM/MMR Geophysical Survey over the Tin Camp Creek project area. The survey covered a significant part of the sandstone covered areas of the project, including the primary target areas of Mintaka, Orion North, Northeast Myra and South Orion. It was designed to identify conductive rock units (low resistivity) in the target basement rocks that may be associated with unconformity uranium style mineralisation.

Preliminary results received to date have indicated that the survey technique has been successful in identifying basement conductive units underlying the Kombolgie Sandstone. The ability to target through the sandstone has previously presented a significant challenge for explorers in the Alligator Rivers Uranium Province, and exploration has historically been limited in the area as a result.

Mamadawerre Joint Venture Project
Alligator and Cameco Australia Pty Ltd agreed in 2013 to extend the terms of the Mamadawerre Joint Venture on EL24992. Drilling at the project has been deferred to 2014 so that work can be undertaken in conjunction with work on the adjacent EL27251 in anticipation of its grant to maximize operational and cost efficiencies. Under the revised terms, the period for Alligator to complete its initial expenditure and drilling obligations has been extended by 12 months to December 2014. EL27251 was granted on 1 August 2014 and field work has recommenced on EL24992.

Regional Tenure
Exploration Licence 27250 was granted on 9 December 2013. EL27250 is located 20km south of the Tin Camp Creek Project and is located within a major structural corridor known as the Bulman Fault Zone. Initial ground reconnaissance is expected to commence during the 2014 field season. ELA27251 was progressed through the application progress during 2013/2014. The tenement was granted by the Northern Territory Department of Mines and Energy on 1 August 2014.

Further descriptions of exploration activities and full tabulated drilling results are available in ASX Releases from 2013 and 2014 on the Company's website and ASX website.

Community
In Arnhem Land, access to land is administered under the Federal Aboriginal Land Rights Act (ALRA) which was legislated in 1976. Under this system the interests of Aboriginal Traditional Owners are represented by the Northern Land Council (NLC). Negotiation for access to land with the Traditional Owners is facilitated by the NLC. Access agreements under this system are *conjunctive*, that is they are agreements that cover not only the initial exploration licence and exploration activities, but subsequent development and mining phases. Alligator considers the agreements provide an established process or pathway to building our social licence through the exploration, development, mining and rehabilitation phases of a project while providing Traditional Owners with security for the protection of cultural sites, environmental protection and participation in employment, financial and

development benefits of future operations. The company maintains a total commitment to meeting its obligations under these agreements.

Alligator continues to assist in local community and environmental programs with an emphasis on practical participation. Since 2011, the company has supported initiatives of the local Gunbalunya School with the Role Models Program which provides mentoring support for young women and girls in the local community and assisted Warddeken Land Management with weed control in the region.

Research and Development
Work has continued on the ongoing Collaborative R&D project with CSIRO which is focusing on characterizing alteration and geochemical halos surrounding uranium mineralization. The objective of this work is to derive and refine exploration techniques that more efficiently evaluate target areas. Interim results indicate specific geochemical markers which may characterize broader halos that can be recognized under the sandstone cover rocks in the region. Alligator is applying these techniques by resampling historic core samples and undertaking surface sandstone sampling, to prioritise targeting for the 2014 field season.

b) *Operating Loss*

The operating loss before tax decreased by 38% for the financial year, principally as a result of (i) a significant drop in expenditure related to investor relations and travel as the company focused on conserving cash (ii) a lower level of share-based payments (options) as the company refocused its incentive plan for senior management and was unable to issue the contracted options to the CEO until approved by members in general meeting ; and (iii) an impairment charge recognised in 2013 of $236,857, arising from the expiration of its gold and copper interests in New South Wales and Queensland which were non-core residual assets. It should be noted that the drop in consultant fees in 2014 was largely offset by an increase in the employee benefit expense with the company moving the CEO onto an employment contract.

The Group continued the focus on reducing operating costs during the financial year and in May 2014 relocated to smaller premises which will result in an annual saving for forthcoming years of approximately $40,000.

The decrease in interest income during the 2014 year was principally as a result of a lower interest rate environment coupled with lower average cash balances than in the prior period.

c) *Financial Position*

Net assets increased by 4% during the financial year. This is principally as a result of the capital raisings conducted in September and October 2013 and the additional net exploration and evaluation expenditure that was capitalised.

During the year the Group incurred and capitalised exploration and evaluation costs of $2,589,541. In addition, R&D Tax Offsets relating to the 2012 and 2013 tax years were received. These receipts totalled $635,215 and $558,333 and under the Group's accounting policy for government grants, incentives and R&D offsets this amount was recorded against Capitalised Exploration & Evaluation Expenditure in the Statement of Financial Position, reducing this balance.

In October 2013, the Company completed the final components of a $1.846 million capital raising, pursuant to an Investment Agreement with private investment company, the Macallum Group Ltd (MGL). Under the Investment Agreement with MGL, a strategic 15% share placement of 23,337,750 shares made to MGL at a price of $0.04 per share, which raised a total of $933,510, was completed.

The Investment Agreement also included a non-renounceable partially underwritten Rights Issue to eligible shareholders, on the basis of 1.5 new shares for every 10 shares held at the record date, at a price of $0.034 per share, to raise up to approximately $912,506 (before costs). A total of 26,838,412 ordinary shares were issued under this Offer which raised a further $912,506 (before costs of $57,437).

The reduction in reserves during the year arose from the lapse of 7,250,000 options with a valuation at issue of $412,684.

d) *Business strategies and prospects for future financial years*

Strategy and Business Plan

The Company remains focused on the discovery of world class high grade uranium deposits in the Alligator Rivers Uranium Province in western Arnhem Land. The Company has a pipeline of priority drill targets to assess on the Tin Camp Creek Project area as well as the Mamadawerre JV project area. The Company also intends to actively progress its exploration applications to grant and begin initial assessment of these areas in the next two to three year period. The company will continue to assess further quality opportunities within the province.

The company has a clear minimum resource target of 100Mlbs U_3O_8. The company believes that exploration success can be maximized by ensuring multiple high quality target areas are tested as quickly and efficiently as possible with a strong technical focus supported by a targeted Research and Development Program.

Alligator continues to strive for operational excellence with particular regard to safety and minimising environmental impact. The 2013 operational audit by the Northern Territory Department of Mines, the Northern Land Council and the Federal Government's Supervising Scientist Division confirmed the company's ongoing compliance with its environmental and safety commitments.

Risk Factors

The Company is subject to the inherent risks which apply to some degree to all participants in the mining industry. These risks which could impact on the execution of the Company's strategy include the following:

Lack of discovery success

Mineral Exploration involves a high degree of risk in relation to the probability of the discovery of a significant resource which can be commercially developed. Regardless of the application of experience, technical knowledge and careful evaluation, the discovery of commercial deposits of uranium cannot be assured. Alligator strives to reduce exploration risk by ensuring a high level of experience and technical skill is applied to planning and execution of exploration programs.

There is also no assurance that if deposits of uranium are discovered, commercial development of these resources will occur. The commercial viability of a particular resource is dependent on a number of factors including the quality and nature of the resource and future commodity and exchange rate fluctuations, factors which are beyond the control of the Company.

Capital requirements

Alligator relies on the issue of its equity shares or through joint venturing or optioning of Alligator's mineral properties to fund its business strategy. There can be no assurance that anticipated expansion or drilling program, which could adversely affect its business, financial condition and results of operation. The ability to raise capital on favourable terms is dependent on a range of external factors including the strength of equity and capital markets in Australia and throughout the world, changes in government policies and commodity prices.

Land Access Issues

Aboriginal land issues and Aboriginal heritage issues may affect the ability of Alligator to pursue exploration, development and mining on Alligator's properties. The resolution of Aboriginal land and Aboriginal heritage issues is an integral part of exploration and mining operations and Alligator is committed to managing the issues effectively.

Environmental and Compliance Issues

The current or future operations of Alligator, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, environmental protection, mine safety, land access and other matters. Such laws and regulations may vary in future. There can be no assurance, however, that all permits which Alligator may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which Alligator might undertake.

In relation to current activities, the Group is in compliance with governing laws and regulations and manages these risks through its existing operating procedures, Environmental Plans, internal audits and liaison with regulators and stakeholders.

Significant changes in the state of affairs

Other than the items discussed in the review of operations above, there were no significant changes in the state of affairs of the Group during the year.

Environmental Issues

The Group's operations are subject to environmental regulations in regards to its exploration activities. The Group is compliant with all aspects of these requirements. The directors are not aware of any environmental law that is not being complied with.

Matters subsequent to the end of the year

On 29 July 2014 the Company announced that it had entered into a Share Subscription Agreement with sophisticated investors, as part of an approximately $4 million capital raising. The Lead Manager on behalf of the sophisticated investors accepted an approximate 15% placement of 30,750,000 shares at $0.04 per share to raise a total of $1,230,000 before a placement fee of 5%. The issue price represented a discount of 13% on the Volume Weighted Average (VWA) share price for the 10 business days up to 24 July 2014 of $0.046 per share. The placement closed successfully on 1 August 2014.

At the same time (29 July 2014) the Company announced that approximately 67,574,625 ordinary shares were offered under a Rights Issue. The Rights Issue was made available to all registered shareholders who held shares at 7 pm AEST on or about 11 August 2014 with registered addresses in

Australia and New Zealand. Shares issued pursuant to the Rights Issue ranked equally with all shares on issue.

The Entitlement Shares were fully underwritten by Taylor Collison (Underwriter). Macallum Group Ltd (MGL), being a substantial shareholder, was a sub-underwriter for up to $500,000 of the shares on offer.

On 21 August 2014, the Company announced that EL27251 (Mamadawerre East) has been granted by the Northern Territory Department of Mines for a period of 6 years. The grant of EL27251 follows the successful negotiation of an Exploration Agreement with the Northern Land Council, the representative body for the Traditional owners of the Land, in accordance with the Aboriginal Land Rights Act (1976). EL27251 covers 62 sq km adjoining the Mamadawerre JV (EL24992) and is held 100% by Northern Prospector Pty Ltd (a 100% owned subsidiary of Alligator Energy Ltd).

On 27 August 2014, the Company received an R&D Offset refund from the ATO in relation to the 2013 tax year totalling $558,333.

On 2 September 2014, the Company announced that acceptances of Entitlements under the Rights Issue were received for a total of 35,941,587 New Shares raising $1,437,664. A number of shareholders who accepted their full Entitlement also applied for Additional Shares under the offer. In accordance with the terms of the Offer Document and the Underwriting Agreement with Taylor Collison (TC), the Company consulted with TC and it was resolved that all applications for Additional Shares would be honoured. Accordingly, 6,104,760 Additional Shares were also issued raising $244,190. Accordingly, in total, the Company issued 42,046,347 ordinary shares to eligible shareholders raising $1,681,854, giving rise to a rights issue shortfall of $1,021,131, representing 25,528,278 New Shares.

On 3 September 2014 the Company announced that it had agreed to terms with Cameco Australia Pty Ltd (Cameco) to farm-in to Cameco's Beatrice Project in the Alligator Rivers Uranium Province. The Beatrice Project is comprised of EL's24291 and 26796 and ELA's 26793, 26794, 26795 (held 100% by Cameco) and is located to the immediate south of the Tin Camp Creek Project area. A final agreement is being prepared and execution of the final agreement is subject to the renewal of EL's24291 and 26796 by the Northern Territory Department of Mines and Energy. The parties are committed to completing a final agreement expeditiously with the intention of AGE commencing initial field work during the 2014 field season.

On 10 September 2014, the Company announced that the shortfall in applications under the Rights Issue was allotted to Taycol Nominees Pty Ltd and its sub-underwriters, in accordance with the underwriting arrangements. The shortfall in applications totalled 25,528,278 New Shares, raising a further $1,021,131. Macallum Group Ltd (MGL), a significant shareholder, participated in the sub-underwriting arrangements by taking up a further 7,260,000 New Shares. This acquisition of additional New Shares reinstates the percentage holding in the Company held immediately prior to the share placement on 1 August 2014, being 18.36%.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

a) The Group's operations in future financial years, or
b) The results of those operations in future financial years, or
c) The Group's state of affairs in future financial years.

Information on Directors

The following information on Directors is presented as at the date of signing this report.

John Main – MSc.Hons and MAusIMM **Chairman and Non-executive Director**

John has worked in the resources sector as an executive and as a geologist. He has more than 43 years of global experience in mineral exploration and evaluation, including executive positions with CRA and Rio Tinto. John has lead teams that have discovered eight mineral deposits which have been mined, are being mined or on which mines are being developed.

Other current directorships	John is Non-Executive Chairman of Macallum Group Limited
Former directorships (last three years)	John was a non-executive director of Extract Resources Limited.
Special responsibilities	Chairman of Board of Directors
Interests in shares / options	55,845,143 ordinary shares (indirect)

Robert Sowerby - B.App.Sci, M.Env.Eng. MAIG **Chief Executive Officer**

Robert has 26 years of experience in the resource industry. He has diverse experience in mineral exploration, project generation, evaluations and assessments, ore reserve estimation, and in stakeholder negotiations. He has exploration and resource evaluation experience in uranium, gold, nickel and base metals in the complete spectrum of geological environments. His primary expertise is resource evaluation and assessment of uranium resources. He has worked for a number of major resource companies, including ERA at the Ranger mine and for North Limited / Peko Wallsend in the NT, WA, SA, NSW and Qld. In the past 5 years, prior to his current position, Robert has worked as an Independent Consultant in Australia and overseas, principally in uranium. He has been CEO of Alligator Energy since listing on the ASX in February 2011.

Other current directorships	Nil
Former Directorships (last three years)	Nil
Special responsibilities	Chief Executive Officer
Interests in shares / options	6,931,248 ordinary shares/ 1,000,000 options

Information on Directors (continued)

Andrew Vigar - BSc (App. Geo.), FAusIMM, MSEG **Independent Non-executive Director**

Andrew has 34 years of experience in the minerals industry covering areas from regional exploration to mining, corporate and finance. He held Company positions with Utah, Emperor, WMC and CRAE prior to commencing consulting in 1996 as Vigar & Associates which became part of SRK Consulting where he built and managed the Brisbane practice. He left SRK in 2003 to pursue a range of mining related interests, including the formation of Mining Associates, Forum Pacific and the Brisbane Mining Club and founded the ASX listed Drummond Gold in 2007. He returned to Mining Associates as a Director in 2009. Andrew has been working on uranium projects for more than 15 years across a wide range of deposits in the Australasia/Pacific area and is recognised by the AusIMM as a Competent Person and independent technical advisor. This has focused on exploration support, deposit geology, ore body modelling, resource and reserve estimation for project development. Andrew is aware of, and experienced in, the specialist skill areas required for operation in the uranium industry. He was a national councillor of the AusIMM in 2000 and Chairman of the International Mine Geology 2000 and 2003 conference committees. He is the past Chairman and current member of the AusIMM Geoscience Committee. He is the Chairman of the Brisbane Mining Club.

Other current directorships	Non-executive director for Krucible Metals Limited
Former Directorships (last three years)	Andrew was formerly a Director of Drummond Gold Ltd, a gold exploration company listed on the ASX.
Special responsibilities	Andrew is a member of the Company's Audit Committee
Interests in shares / options	377,909 ordinary shares/ 1,500,000 options (indirect)

Paul Dickson - B.Ed. SF Fin Grad Dip TA **Independent Non-executive Director**

Paul Dickson has over 25 years of experience in the finance services industry. He has worked with a number of stock broking firms including Ord Minett Ltd and Colonial Stock-broking Limited and more recently has been a director of a number of corporate advisory boutiques, which provides a range of services including capital raising and general corporate advice for small-cap companies.

Paul is currently a director of Proserpine Capital Partners Pty Ltd, a private investment group based in Hawthorn, Melbourne which has a wide range of diversified investments from Oil & Gas services businesses through to an East Coast Marine Services/Tug boat business.

Other current directorships	Paul is a non-executive director of Terrain Minerals Limited (ASX Listed) and Condor Energy Services Limited
Former directorships (last three years)	Nil
Special responsibilities	Paul is Chair of the Company's Audit Committee
Interests in shares / options	2,535,752 ordinary shares/ 1,500,000 options (indirect)

Information on Directors (continued)

Peter McIntyre - BSc. Eng; MSc. Mgmt **Non-executive Director**

Peter has more than 30 years' experience in the resources sector, including 15 years with WMC Ltd. He has been involved with the development of a number of major mining projects, and at a corporate level he has established and steered various companies through their early stages into significant businesses. More recently, Peter established and was Managing Director of Extract Resources Limited during the critical discovery and pre-feasibility stage of the Husab Uranium Project, in Namibia.

Other current directorships	Peter is non-executive director of Macallum Group Ltd and Zamanco Minerals Ltd
Former directorships (last three years)	Peter was an executive director of Extract Resources Ltd
Special responsibilities	Nil
Interests in shares / options	55,845,143 ordinary shares (indirect)

Company Secretary

Mike Meintjes - BCom (Hons), ACA, F Fin

Mr Meintjes is a Chartered Accountant with 28 years professional services experience principally with a Big Four accounting firm and more recently in part-time contracting and consulting roles. During this time he gained extensive exposure to the mining and oil & gas sectors, including having advised a number of junior mineral explorers in both Western Australia and Queensland. Mr Meintjes was appointed as company secretary on 15 May 2013 and has also been company secretary of Krucible Metals Ltd, an ASX listed company, for the past two years.

Meetings of directors

The number of meetings of the Company's board of directors held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Directors' Meetings		**Audit Committee Meetings**	
	Number held while a director	**Number attended**	**Number held while a director**	**Number attended**
John Main	5	5	*1	*1
Paul Dickson	8	8	2	2
Andrew Vigar	8	8	2	2
Peter McIntyre	5	5	*	*
Robert Sowerby	8	8	*2	*2
Denis Gately	3	3	*1	*1

* Not a member of the committee

Indemnification of Directors and Officers

Insurance premiums have been paid, during or since the end of the financial period, in respect of a contract of insurance indemnifying the insured against liability, which payment does not contravene the Corporations Act (Cth) 2001 as amended. The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Shares under Option

At the date of this report, the unissued ordinary shares of Alligator Energy Limited under option are as follows:

Grant date	Number under option	Expiry date	Issue price of shares
27 Sept 2011	1,000,000	27 Sep 2014	$0.15
22 Nov 2010	6,250,000	21 Nov 2015	$0.20
6 Dec 2012	2,000,000	30 Nov 2015	$0.25
24 Mar 2014	700,000	7 March 2017	$0.15
2 May 2014	1,000,000	31 January 2015	Zero Priced
2 May 2014	1,000,000	2 May 2017	Zero Priced

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2014, no ordinary shares were issued on the exercise of options granted. A total of 30,750,000 shares were issued after year end as per part of a placement to sophisticated investors.

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

REMUNERATION REPORT (AUDITED)

This report provides information regarding the remuneration disclosures required under S300A of the Corporations Act 2001 and has been audited.

a) Principles used to determine nature and amount of remuneration

The Board of Alligator Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short and long-term incentives.

Compensation arrangements are determined after considering competitive rates in the market place for similar sized exploration companies with similar risk profiles.

<u>Fixed Compensation</u>
Key management personnel receive a fixed amount of base compensation which is based on factors such as length of service and experience. Any applicable statutory superannuation amounts will be paid based on this fixed compensation.

Part-time key management personnel are paid an hourly rate based on market factors for the skills and experience required.

<u>Performance Related Compensation (short term)</u>
The Company has a formal performance related remuneration policy which is linked to short-term incentives under the Employee Share Option Plan. This policy applies to senior management with the performance KPIs linked to the area each individual is involved in and has a level of control. The proportion attributed to each KPI is based on 20-25% of the total available performance incentive. Assessment of the performance by the Board must occur before 31 January following the performance year. No cash performance incentives are paid to senior management.

<u>Long Term Incentives</u>
An Employee Share Option Plan was approved at a shareholder general meeting in August 2011.

Incentives are paid in the form of options or rights and are intended to align the interests of the directors and group with those of the shareholders. The long term incentive applicable to senior management only vests when resource definition drilling commences upon a uranium deposit with the potential to contain 100 million pounds of uranium, or if a uranium deposit with a defined resource of no less than 100 million pounds of recoverable U_3O_8 is acquired or if there is a change of shareholding control (> 51%) of AGE.

REMUNERATION REPORT (AUDITED) (continued)

Non-Executive Directors
The Group's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. The total fees for all non-executive directors, as approved at the 2010 Annual General Meeting, are not to exceed $250,000 per annum.

Non-executive directors currently receive $42,000 per annum plus statutory superannuation. The non-executive chairman receives $54,000 per annum plus statutory superannuation. There are no termination or retirement benefits other than statutory superannuation.

The directors adopted a Directors' Fee Plan for non-executive directors during the 2014 financial year. This Plan is still subject to approval of shareholders in general meeting. The Fee Plan enables a director to elect, on a quarterly basis, to take all or a portion of their quarterly remuneration in shares based on the weighted average price of the company's shares for the three days before the end of each quarter. This Plan enables the company to conserve cash for exploration activities and at 30 June 2014, directors had deferred fee payments totalling $70,000 which will be converted into shares where shareholder approval is obtained.

Options were last granted to non-executive directors based on shareholder approval at the 2010 Annual General Meeting. This arrangement was intended to align directors' interests with shareholders' interests. The options did not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share upon payment to the Company of the exercise price. The options were valued using the Black-Scholes methodology.

Engagement of Remuneration Consultants

During the year the Group did not engage remuneration consultants.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase congruence between shareholders, directors and executives. The methods applied to achieve this objective include performance based incentives and the adoption of a Directors' Fee Plan. The company believes this policy has contributed to building shareholder wealth over the last 12 months in difficult market conditions for junior explorers.

The following table shows the share price performance over the last two years:

	30 June 2014	**30 June 2013**
Closing share price	$0.034	$0.026

REMUNERATION REPORT (AUDITED) (continued)

b) Employment Details of Members of Key Management Personnel (KMP)

The following table provides employment details of persons who were, during the financial year, members of KMP of the Group. The table illustrates the proportion of the remuneration that was performance based.

KMP	Position held at 30 June 2014	Contract details	Proportions of elements of remuneration related to performance			Proportion of elements of remuneration not related to performance	
			Cash	Shares	Options	Fixed salary/fee	Total
Robert Sowerby	CEO	To 1 May 2015	-	-	0%	100%	100%
Peter Moorehouse	Ops Geologist	To 1 May 2016	-	-	4%	96%	100%
Mike Meintjes	Company Sec	Four wk notice	-	-	5%	95%	100%

The performance element of the CEO's remuneration, whilst contracted is still subject to approval by shareholders in general meeting. The performance element of the KMP remuneration split into the long and short term components is set out in Note 18.

REMUNERATION REPORT (AUDITED) (continued)

c) Directors and executive officers remuneration

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

		Short-term Benefits	Post-employment Benefits	Share-based Payments		Termin-ation Benefits	Total	Value of options as % of Remuneration
		Salary and Fees	Superannuation	Shares	Options			
		$	$	$	$	$	$	%
Directors								
J Main (appoint 30 Oct 2013)	2014	35,000	2,820	-	-	-	37,820	-
	2013	-	-	-	-	-	-	-
A Vigar	2014	42,000	3,875	-	-	-	45,875	-
	2013	42,000	3,780	-	-	-	45,780	-
P Dickson	2014	42,000	3,875	-	-	-	45,875	-
	2013	42,000	3,780	-	-	-	45,780	-
P McIntyre (appoint 30 Oct 2013)	2014	28,000	2,264	-	-	-	30,264	-
	2013	-	-	-	-	-	-	-
R Sowerby	2014	150,000	13,844	-	-	-	163,844	-
	2013	178,312	2,250	-	17,930	-	198,492	9%
G Duncan	2014	-	-	-	-	-	-	-
(alternate to A Vigar Resigned 13 Mar 2013)	2013	111,072	-	-	17,930		129,002	14%
L Curyer	2014	-	-	-	-	-	-	-
(resigned 21 Mar 2013)	2013	39,083	3,517	-	-	-	42,600	-
D Gately	2014	22,500	2,070	-	-	-	24,570	-
(resigned 29 Nov 2013)	2013	54,000	4,860	-	-	-	58,860	-
Key Management Personnel								
M Meintjes	2014	77,468	-	-	4,066	-	81,534	5%
Company secretary (appointed 15 May 2013)	2013	6,353	-	-	-	-	6,353	-
E Hughes	2014	-	-	-	-	-	-	-
Company secretary (resigned 15 May 2013)	2013	55,000-	-	-	-	-	55,000	-
A P Moorehouse (KMP for 2014 yr)	2014	137,616	12,700	-	5,701		156,017	4%
Total	**2014**	**534,584**	**41,448**	**-**	**9,767**	**-**	**585,799**	**2%**
	2013	**527,820**	**18,187**	**-**	**35,860**	**-**	**581,867**	**6%**

REMUNERATION REPORT (AUDITED) (continued)

d) Share based compensation

Details of options over ordinary shares in the Company that were granted as compensation to directors or key management personnel during the reporting periods and options that vested are as follows:

		Options Granted	Value of Options $	Note	Total Options vested	Options cancelled	Options available for vesting in future periods
Directors							
J Main	2014	-	-	-	-	-	-
(appointed 30 Oct 2013)	2013	-	-	-	-	-	-
A Vigar	2014	-	-	-	-	-	-
	2013	-	-	(i)	500,000	-	-
P Dickson	2014	-	-	-	-	-	-
	2013	-	-	(i)	500,000	-	-
L Curyer	2014	-	-	-	-	-	-
(resigned 21 March 2013)	2013	-	-	(i)	500,000	-	-
R Sowerby	2014	-	-	(ii)	-	1,000,000	-
	2013	1,000,000	17,930	(iv)	1,000,000	-	-
P Mcintyre	2014	-	-	-	-	-	-
(appointed 30 Oct 2013)	2013	-	-	-	-	-	-
G Duncan	2014	-	-		-	-	-
(alternate to A Vigar resigned 13 March 2013)	2013	1,000,000	17,930	(iv)	1,000,000	-	-
D Gately	2014	-	-	-	-	-	-
(resigned 29 Nov 2013)	2013	-	-	(i)	583,334	-	-
Key Management Personnel							
M Meintjes	2014	452,942	9,726	(v/vi)	100,000	-	352,942
Company Secretary (appointed 15 May 2013)	2013	-	-		-	-	-
E Hughes	2014	-	-	-(iii)	-	1,000,000	-
Company Secretary (resigned 15 May 2013)	2013	-	-	-	-	-	-
A P Moorehouse	2014	982,352	19,581	(v/vi)	100,000	-	882,352
Operations Geologist (KMP for 2014 yr)	2013	-	-		-	-	-
Total	**2014**	**1,435,294**	**29,307**		**200,000**	**-**	**1,235,294**
	2013	**2,000,000**	**35,860**		**4,083,334**	**-**	**-**

REMUNERATION REPORT (AUDITED) (continued)

Details of options in above table:

Note	Number issued	Grant Date	Expiry date	Exercise Price	Vesting	Fair value
(i)	6,250,000	22 Nov 10	21 Nov 15	$ 0.20	*see note	$0.056
(ii)	2,000,000	31 Aug 11	17 Aug 12	$ 0.25	Immediate	$0.009
	2,000,000	31 Aug 11	17 Aug 13	$ 0.40	Immediate	$0.015
(iii)	1,000,000	27 Sep 11	27 Sep 14	$ 0.15	**see note	$0.048
(iv)	2,000,000	6 Dec 12	30 Nov 15	$ 0.25	Immediate	$0.0179
(v)	200,000	7 Mar 14	7 Mar 17	$ 0.15	Immediate	$0.0297
(vi)	617,647	2 May 14	31 Jan 15	-	***see note	$0.051
	617,647	2 May 14	2 May 17	-	***see note	$0.051

*The options under note (i) vested as follows: 1/3 on issue, 1/3 12 months from issue, 1/3 24 months from issue.
** The options under note (iii) vested as follows: 1/2 on issue, 1/2 6 months from issue.
*** The options were issued under a short and long term incentive plan based on KPI performance and discovery performance. The options are zero priced.

During the year no options were exercised.

End of the Remuneration Report

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. During the year, the Group's auditors have not performed any non-audit services in addition to their assurance duties.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of Directors.

John Main
Chairman
Brisbane, 26 September 2014

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ALLIGATOR ENERGY LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been:

1. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Hacketts

PKF Hacketts Audit

Shaun Lindemann
Partner

Brisbane, 26 September 2014

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES
ACN 140 575 604

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Other income – interest received		97,448	167,248
Accounting and audit fees		(95,551)	(55,856)
Consultants and professional fees		(71,885)	(211,141)
Depreciation		(37,180)	(44,776)
Directors' fees		(185,150)	(193,020)
Employee benefits expense		(220,532)	(68,142)
Legal fees		(47,940)	(72,510)
Occupancy expenses		(77,390)	(93,500)
Share-based payments		(27,009)	(116,202)
Stock exchange and share registry fees		(29,187)	(47,654)
Investor relations		-	(191,374)
Travel and accommodation expenses		(13,940)	(143,301)
Insurance		(70,454)	(42,266)
Impairment charge	9	(8,104)	(236,857)
Other expenses		(105,426)	(100,066)
Loss before income tax		(892,300)	(1,449,417)
Income tax benefit (expense)	19	-	-
Loss for the year		(892,300)	(1,449,417)
Other comprehensive income		-	-
Total comprehensive income for the year		(892,300)	(1,449,417)
Loss attributable to members of the parent entity		(892,300)	(1,449,417)
Total comprehensive income attributable to members of the parent entity		(892,300)	(1,449,417)
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company			
Basic loss per share	5	0.47	0.93
Diluted loss per share	5	0.47	0.93

The accompanying notes form part of these financial statements.

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES
ACN 140 575 604

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,048,744	2,657,901
Trade and other receivables	7	605,109	39,614
Total Current Assets		2,653,853	2,697,515
Non-Current Assets			
Trade and other receivables	7	223,592	260,014
Property, plant and equipment	8	254,938	306,115
Exploration expenditure	9	15,622,265	14,234,376
Total Non-Current Assets		16,100,795	14,800,505
Total Assets		18,754,648	17,498,020
LIABILITIES			
Current Liabilities			
Trade and other payables	10	564,029	230,689
Total Current Liabilities		564,029	230,689
Total Liabilities		564,029	230,689
Net Assets		18,190,619	17,267,331
EQUITY			
Contributed equity	11	22,200,940	20,412,361
Reserves	11	458,233	843,908
Accumulated losses		(4,468,554)	(3,988,938)
Total Equity		18,190,619	17,267,331

The accompanying notes form part of these financial statements.

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES
ACN 140 575 604

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Contributed equity $	Options reserve $	Accumulated losses $	Total $
Balance at 1 July 2012		20,412,361	861,216	(2,673,031)	18,600,546
Total comprehensive income for the year		-	-	(1,449,417)	(1,449,417)
Transactions with owners in their capacity as owners					
Share options- expired			(133,510)	133,510	-
Share options – value of expense		-	116,202	-	116,202
Balance at 30 June 2013		20,412,361	843,908	(3,988,938)	17,267,331
Total comprehensive income for the year		-	-	(892,300)	(892,300)
Transactions with owners in their capacity as owners					
Equity contributions (net)		1,788,579	-	-	1,788,579
Share options- expired		-	(412,684)	412,684	-
Share options – value of expense		-	27,009	-	27,009
Balance at 30 June 2014		22,200,940	458,233	(4,468,554)	18,190,619

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $ Inflows / (Outflows)	2013 $ Inflows / (Outflows)
Cash flows from operating activities			
Interest received		94,435	229,615
Payments to suppliers		(889,274)	(1,222,226)
R&D offset credit		635,215	464,421
Net cash inflow(outflow) from operating activities	16	(159,624)	(528,190)
Cash flows from investing activities			
Payments for exploration expenditure		(2,191,143)	(3,973,417)
(Payments for) / receipts from security deposits		36,422	(17,279)
Payments for purchase of property, plant and equipment		(83,391)	(101,943)
Proceeds from sale of property, plant and equipment		-	-
Net cash inflow(outflow) from investing activities		(2,238,112)	(4,092,639)
Cash flows from financing activities			
Proceeds from capital raising		1,846,016	-
Payment of capital raising costs		(57,437)	-
Net cash inflow(outflow) from financing activities		1,788,579	-
Net increase (decrease) in cash held		(609,157)	(4,620,829)
Cash at beginning of financial year		2,657,901	7,278,730
Cash at the end of financial year	6	2,048,744	2,657,901

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

These consolidated financial statements and notes represent those of Alligator Energy Limited and Controlled Entities (the "Group").

The separate financial statements of the parent entity, Alligator Energy Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 26 September 2014 by the directors of the Company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

Alligator Energy Limited is a publicly listed company incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board (AASB) and comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of entities controlled by Alligator Energy Limited at the end of the reporting period. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 15.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. All inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Note 1 Summary of Significant Accounting Policies

a. Principles of Consolidation (continued)

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. Income Tax

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

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies

b. Income Tax (continued)

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

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

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

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20 - 33%

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

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

Note 1 Summary of Significant Accounting Policies (continued)

c. Property, Plant and Equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Exploration and Development Expenditure

Expenditure is accumulated separately for each area of interest until such time as the area is abandoned or sold. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration costs relating to the area are written off against profit or loss in the year of abandonment. Some exploration expenditure may also be written off where areas of interest are partly relinquished. In cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

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

e. Leases

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

f. Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

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

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

Note 1 Summary of Significant Accounting Policies (continued)

f. Financial Instruments (continued)

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

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

(ii) *Loans and receivables*

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

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

Gains and losses are recognised in profit and loss through the amortisation process and when the financial asset is derecognised.

(iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains and losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Derecognition

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

Note 1 Summary of Significant Accounting Policies (continued)

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value, less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

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

h. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 1 Summary of Significant Accounting Policies (continued)

h. Employee Benefits (continued)

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.25% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Equity-settled compensation

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

i. Provisions

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

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

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of six months or less.

k. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable, when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised using the effective interest rate method.

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

Note 1 Summary of Significant Accounting Policies (continued)

l. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

m. Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

n. Comparative Figures

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

o. Interests in Joint Arrangements

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

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

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

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

p. Government Grants, Incentives, and R&D tax offsets

The Company has adopted the capital approach to accounting for research and development tax offsets under the revised regime, pursuant to AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. Under this approach the grant or incentive is recorded directly in the balance sheet against the underlying asset to which the offset, grant or incentive relate.

Note 1 Summary of Significant Accounting Policies (continued)

q. New and Amended Accounting Standards Adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: *Consolidated Financial Statements*;
- AASB 12: *Disclosure of Interests in Other Entities*; and
- AASB 127: *Separate Financial Statements*.

AASB 10 provides a revised definition of "control" and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

Employee benefits

The Group adopted AASB 119: *Employee Benefits* (September 2011) and AASB 2011–10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* from the mandatory application date of 1 January 2013.

There was no impact on the Group financial statements as a result of adopting these new accounting standard requirements.

r. New Accounting Standards for Application in Future Periods

The AASB has issued the following new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

The directors do not anticipate that the adoption of AASB 9 will have an impact on the treatment of the Group's financial instruments particularly as there is currently no hedging activity.

Note 1 Summary of Significant Accounting Policies (continued)

r. New Accounting Standards for Application in Future Periods (continued)

AASB 2013-3: ***Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*** *(*applicable for annual reporting periods commencing on or after 1 January 2014)

This standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

AASB 2014-3: ***Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interest in Joint Operations*** (applicable for annual reporting periods beginning on or after 1 January 2016)

AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. This standard is not expected to significantly impact the Group's financial statements.

AASB 2014-4: ***Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*** (applicable for annual reporting periods beginning on or after 1 January 2016)

AASB 2014-4 amends AASB 116 and AASB 138 to:

- establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;
- clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and
- clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

This standard is not expected to significantly impact the Group's financial statements.

Note 2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

Exploration and evaluation expenditure
The Group has capitalised exploration expenditure of $15,622,265 (30 June 2013: $14,234,376). This amount includes costs directly associated with exploration and the purchase of exploration properties. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These direct costs include employee remuneration, materials, permit rentals and payments to contractors. The expenditure is carried forward until such a time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

Joint arrangements
The Group assessed its interests in its joint arrangements and concluded that its accounting for the arrangements under AASB 11: Joint Arrangements would not change from the Group's accounting for the arrangements under AASB 131: Interests in Joint Ventures.

Note 3 Segment information

Operating segments are identified, and segment information disclosed, on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, the Board of Directors confirms that the Group continues to operate in one operating segment, being mining and exploration, with its potential revenue on successful development being predominantly sourced in Australia.

Note 4 Dividend

No dividend has been paid during the year ended 30 June 2014 (2013: nil) and none is proposed.

Note 5 Earnings per share

	2014 Cents	2013 Cents
(a) Basic earnings per share		
Loss attributable to the ordinary equity holders of the Company	(0.47)	(0.93)
(b) Diluted earnings per share		
Loss attributable to the ordinary equity holders of the Company	(0.47)	(0.93)

	2014 $	2013 $
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company used in calculating basic earnings per share	(892,300)	(1,449,417)
Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company used in calculating diluted earnings per share	(892,300)	(1,449,417)

	2014 Number	2013 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	191,822,451	155,585,000
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	191,822,451	155,585,000

	2014 $	2013 $

Note 6 Current assets - Cash and cash equivalents

	2014 $	2013 $
Cash at bank and in hand	298,744	600,589
Term deposits	1,750,000	2,057,312
	2,048,744	2,657,901

The effective interest rate on term deposits was 3.2% (2013: 3.6%).

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

	2014 $	2013 $
Cash and cash equivalents	2,048,744	2,657,901

Note 7 Trade and other receivables

Current

	2014 $	2013 $
R&D offset receivable	562,693	-
GST receivable	34,702	25,786
Other receivables	7,714	13,828
	605,109	39,614

Non-Current

	2014 $	2013 $
Security deposits	223,592	260,014

Other receivables
These amounts generally arise from transactions outside the usual operating activities of the Company.

Note 8 Non-current assets – Property, plant and equipment

	2014 $	2013 $
Plant and Equipment – at cost	668,025	584,634
Accumulated depreciation	(413,087)	(278,519)
	254,938	306,115

	2014 $	2013 $
Carrying value at beginning of financial year	306,115	340,930
Additions	83,391	101,943
Disposals / written off	-	-
Depreciation expensed	(37,180)	(44,776)
Depreciation capitalised to exploration expenditure	(97,388)	(91,982)
Carrying value at end of financial year	254,938	306,115

	2014	**2013**
	$	**$**
Note 9 Non-current assets – Exploration expenditure		
Exploration & Evaluation phase costs		
Geological, geophysical, drilling and other expenditure – at cost	15,622,265	14,234,376
The capitalised exploration and evaluation expenditure carried forward above has been determined as follows:		
Opening balance	14,234,376	10,976,817
Expenditure incurred or tenements acquired during the period	2,589,541	3,494,416
R&D Offset received (Note 1(p))	(1,193,548)	-
Impairment write-down	(8,104)	(236,857)
	15,622,265	14,234,376

During the financial year the Group finalised and surrendered the gold exploration tenements held in New South Wales and Queensland. The exploration and evaluation expenditure associated with these interests totalled $8,104 (2013: $236,857).

Note 10 Current liabilities –Trade and other payables

Trade and other payables	230,806	149,927
Accrued expenses	320,099	67,000
Employee Entitlements	13,124	13,762
	564,029	230,689

The average credit period on purchases is 30 days. No interest is charged on trade payables.

Note 11 Contributed Equity and Reserves

a) Ordinary Shares

	2014 Shares	2014 $	2013 Shares	2013 $
Ordinary shares fully paid	205,761,162	22,200,940	155,585,000	20,412,361

Movements of ordinary share capital are as follows:

Date	Details	Number of shares	Issue Price cents	$
30 June 2012	**Balance**	**155,585,000**		**20,412,361**
30 June 2013	**Balance**	**155,585,000**		**20,412,361**
18 Sept 2013	Share Placement	23,337,750	4c	933,510
28 Oct 2013	Rights Issue	26,838,412	3.4c	912,506
	Capital Raising costs			(57,437)
30 June 2014	**Balance**	**205,761,162**		**22,200,940**

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

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Note 11 Contributed Equity and Reserves (continued)

b) Share Options

	2014		2013	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
On issue at beginning of financial year	16,500,000	$0.22	23,500,000	$0.23
Options issued during year	2,700,000	$0.08	2,000,000	$0.25
Options cancelled during year	(7,250,000)	$0.23	(9,000,000)	$0.26
			-	
Options exercised during year	-		-	
On issue at end of financial year	11,950,000	$0.18	16,500,000	$0.22

At 30 June 2014 the Company had 11,950,000 unlisted options on issue under the following terms and conditions:

Number under option	Expiry date	Issue price of shares
1,000,000	27 Sep 2014	$0.15
6,250,000	21 Nov 2015	$0.20
2,000,000	30 Nov 2015	$0.25
700,000	7 Mar 2017	$0.15
1,000,000(*)	31 Jan 2015	(*)
1,000,000(**)	2 May 2017	(**)

Options exercisable as at 30 June 2014	9,950,000
Options exercisable as at 30 June 2013	16,500,000

The weighted average remaining contractual life of options outstanding at year-end was 1.4 years.

The weighted average fair value of options granted (excluding the zero priced performance options) during the year was $0.022 (2013: $0.018). These values were calculated using a Black-Scholes options pricing model applying the following inputs:

Weighted average exercise price:	$0.15
Weighted average life of the option:	1.97 yrs
Expected share price volatility:	118%
Risk-free interest rate:	2.97%

Note 11 Contributed Equity and Reserves (continued)

The following option tranches have vesting conditions as follows:

(*)- 1,000,000 zero priced options issued under the Employee Share Option Plan approved by shareholders on 10 August 2011. These options were granted to key personnel and only vest based on achievement of the KPIs established as part of a short term incentive plan for the upcoming drilling season. This KPI assessment and the resultant vesting and conversion must occur before 31 January 2015. Any options that do not vest will automatically expire at that date. The number of options granted was based on 15% of the estimated annual cost for these personnel and the weighted average share price for the three days immediately prior to grant.

(**)- 1,000,000 zero priced options expiring on 2 May 2017 issued under the Employee Share Option Plan approved by shareholders on 10 August 2011. These options were issued to key personnel and only vest based on criteria linked to the commencement of resource drilling on a significant discovery or a change of shareholding control. The grant of these options is part of a long term incentive plan established for key personnel. The number of options granted was based on 15% of the estimated annual cost for these personnel and the weighted average share price for the three days immediately prior to grant.

c) Option Reserve

The option reserve records items recognised as expenses on valuation and issue of share options and reversals for options that expired without being exercised.

d) Directors' Fee Plan

During the year the directors adopted a Directors' Fee Plan in lieu of taking remuneration payments in cash. This Plan was adopted with the objective of conserving cash-flow for exploration related activities and is subject to approval by shareholders in a general meeting.

The Plan has been operating on the basis that this approval will be obtained and consequently directors have been forgoing remuneration payments in cash. The Plan operates on a quarterly election basis where all or part of the remuneration can be deferred and converted into shares at the weighted average share price for the three days leading up to the end of the quarter.

Shares have and continue to accrue for issue to non-executive directors under the proposed Directors' Fee Plan, in exchange for deferral of director fee payments. As at 30 June 2014 the number of Shares which have accrued and are awaiting issue is 1,709,984 and relate to deferred fee payments totalling $70,000. Where shareholder approval is not obtained the deferred amounts will be payable in cash.

Note 11 Contributed Equity and Reserves (continued)

e) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Group.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2014 totals $nil (2013: $nil). The Group will continue to use capital market raisings to satisfy anticipated funding requirements.

The Group's strategy to capital risk management is unchanged from prior years.

Note 12 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and loans to and from subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	2,048,744	2,657,901
Trade and other receivables	7	828,701	299,628
Total financial assets		2,877,445	2,957,529
Financial liabilities			
Trade and other payables	10	564,029	230,689
Total financial liabilities		564,029	230,689

Financial Risk Management Policies

The Audit Committee has been delegated responsibility by the Board of Directors for, among other issues, monitoring and managing financial risk exposures of the Group.

Note 12 Financial Risk Management (continued)

The Group's overall risk management strategy seeks to meet its financial requirements, while minimising potential adverse effects on financial performance. It includes the review of the use of credit risk policies and future cash flow requirements.

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise or the Board's objectives, policies and processes for managing the risks from the previous period.

a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for regular monitoring of exposures against such limits and monitoring of the financial stability of significant counterparties), ensuring to the extent possible, that counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Group has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the Company in accordance with the policy of only investing surplus cash with major financial institutions. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	**Consolidated Group**	
		2014	**2013**
		$	**$**
Cash and cash equivalents:			
– AA- rated	6	2,048,744	2,657,901

Note 12 Financial Risk Management (continued)

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group considers liquidity risk as immaterial as the Company has sufficient cash funding to meet its obligations as they fall due. This risk is also managed by regular review of future period cash flows and operational activity budgets.

c) Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The Company's exposure to interest rate risk is summarised in the table below:

		Fixed Interest maturing in:				
	Floating Interest Rate	1 year or less	Over 1 year, less than 5	Non-Interest bearing	Total	Weighted Average Interest rate
2014						
Financial assets						
Cash at bank	-	-	-	15,674	15,674	-
Cash at bank	283,070	-	-	-	283,070	2.4%
Term Deposits	-	1,750,000	-	-	1,750,000	3.2%
Receivables	-	-	-	828,701	828,701	-
Financial Liabilities						
Trade Creditors and accruals	-	-	-	(564,029)	(564,029)	-
2013						
Financial assets						
Cash at bank	-	-	-	384,157	384,157	-
Cash at bank	216,432	-	-	-	216,432	2.75%
Term Deposits	-	2,057,312	-	-	2,057,312	3.6%
Receivables	-	-	-	299,628	299,628	-
Financial Liabilities						
Trade Creditors and accruals	-	-	-	(230,689)	(230,689)	-

Note 12 Financial Risk Management (continued)

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how the Company's (loss) /profit reported at the end of the reporting period would have been affected by interest rate movements that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Carrying Value $	+1 % interest rate $	-1 % interest rate $
2014			
Interest bearing cash	2,033,070	20,331	(20,331)
2013			
Interest bearing cash	2,273,744	22,737	(22,737)

Net Fair Values of financial assets and liabilities
The carrying amounts of all financial assets and financial liabilities approximate their net fair values.

Note 13 Auditors' Remuneration

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

	Consolidated Group	
	2014 **$**	**2013** **$**
Remuneration of the auditor of the parent entity for:		
– auditing or reviewing the financial statements	28,000	28,000
	28,000	28,000

Note 14 Contingencies

To the best knowledge of the board the Group had no material contingent liabilities at year end.

Note 15 Controlled Entities

a) Subsidiaries of Alligator Energy Limited

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy disclosed in note 1 (a). Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Country of Incorporation**	**Percentage Owned (%)***	
		2014	**2013**
TCC Project Pty Ltd	Australia	100%	100%
Northern Prospector Pty Ltd	Australia	100%	100%
Asia Pacific Gold Corporation Pty Ltd	Australia	100%	100%
Chillagoe Resources Pty Ltd	Australia	100%	100%

* *Percentage of voting power is in proportion to ownership*

b) Acquisition of Controlled Entities

There were no acquisitions during the year ended 30 June 2014.

There are no acquisition-related costs included within other expenses in the consolidated statement of profit or loss and other comprehensive income.

Note 16 Cash Flow Information

	Consolidated Group	
	2014 **$**	**2013** **$**
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(892,300)	(1,449,417)
R&D Offset receipt	1,193,547	464,421
Non-cash flows in loss:		
– depreciation	37,180	44,776
– share based payment expenses	27,009	116,202
- Impairment write off	8,104	236,857
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
– (increase)/decrease in trade and term receivables	(565,808)	144,961
– increase/(decrease) in trade payables and accruals	32,644	(85,990)
Cash flow from operations	(159,624)	(528,190)

Note 17 Key Management Personnel disclosures

Key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each of member of the Group's key management personnel (KMP) for the year ended 30 June 2014.

	2014 $	2013 $
Short-term employee benefits	534,584	527,820
Post-employment benefits	41,448	18,187
Other long-term benefits	-	-
Share-based payments	9,767	35,860
	585,799	581,867

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Group's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

Note 18 Share based payments

i. Granted during the year

On 7 March 2014, 700,000 share options were granted to employees for the 2013 field season under the Company's Employee Share Option Plan. The options to take up one ordinary share per option have an exercise price of 15 cents and an expiry date of 7 March 2017. The options hold no voting or dividend rights and are not transferrable.

On 2 May 2014, 2,000,000 performance related zero priced options were issued to three employees or contractors under the Company's Employee Share Option Plan. The zero priced options have performance criteria as set out in Note 11(b) and have expiry dates of 31 January 2015 (1,000,000 options) and 2 May 2017 (1,000,000).

Contracted but subject to shareholder approval

CEO Contract

The company entered into a new employment agreement with the CEO, Mr Robert Sowerby, effective from 1 May 2014. As part of this agreement, Mr Sowerby will be entitled to incentive payments which are based on both short term and long term performance hurdles aligned to the Company's corporate strategy. Subject to approval by shareholders (expected to be the 2014 AGM), it is proposed that these incentive payments will be settled by the grant of zero priced options under the terms of the approved Employee Share Option Plan. These zero priced options will only vest if the performance hurdles are achieved.

The short term incentive, if fully achieved, will constitute 50% of the Base Pay and will be determined by the Board at the end of January 2015 based upon performance for the 2014 drilling season. Performance hurdles for the short term incentive include elements covering completion of the approved 2014 exploration plan, management of the operational budget and community relations. Any zero priced options which do not vest will automatically lapse.

The long term incentive also constitutes 50% of the Base Pay and will only vest when resource definition drilling commences upon a uranium deposit with the potential to contain 100 million pounds of uranium, or if a uranium deposit with a defined resource of no less than 100 million pounds of recoverable U_3O_8 is acquired or if there is a change of shareholding control (> 51%) of AGE. The zero priced options for the long term incentive will have a three year life.

Directors' Fee Plan

See Note 11 (d)

Note 18 Share based payments (continued)

ii. **Options granted to key management personnel are as follows:**

	Grant Date		Number
2014	7 March 2014	(a)	200,000
	2 May 2014	(b)	1,235,294
2013	6 Dec 2012	(c)	2,000,000

a) The options issued on 7 March 2014 vested immediately and were issued based on services and performance during the 2013 field season. Further details of these options are provided in the directors' report, and note 18 (i). The options hold no voting or dividend rights, have not been listed and are not transferrable.
b) The options issued on 2 May 2014 will only vest if certain performance criteria are met. Further details of these options are provided in the directors' report, and note 11(b). The options hold no voting or dividend rights, have not been listed and are not transferable.
c) The options issued on 6 December 2012 vested immediately. The options held no voting or dividend rights, and have not been listed.

A summary of the movements of all Company options are shown in Note 11(b).

iii. Shares granted to key management personnel as share-based payments are as follows:

	Grant Date	**Number**
2014	Nil	Nil
2013	Nil	Nil

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 19 Income tax

	Consolidated 2014 $	Consolidated 2013 $
(a) Numerical reconciliation of income tax expense / (income) to prima facie tax payable:		
Total profit/(loss) before income tax	(892,300)	(1,449,417)
Tax at the Australian tax rate of 30% (2012 - 30%)	(267,690)	(434,825)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	8,103	34,861
Other	4,746	-
	(254,841)	(399,964)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	254,841	399,964
Prior year research and development claim	-	-
Income tax (benefit) expense	-	-
(b) The components of income tax expense		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior periods		-
	-	-
(c) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Exploration expenditure	4,334,930	3,918,563
Interest receivable	1,201	1,605
Total	4,336,131	3,920,168
Set-off of deferred tax liabilities pursuant to set-off provisions	(4,336,131)	(3,920,168)
Net deferred tax liabilities	-	-

Note 19 Income tax (continued)

	Consolidated 2014 $	Consolidated 2013 $
(d) Deferred tax assets:		
The balance comprises temporary differences attributable to:		
Tax losses	5,019,759	5,010,409
Accruals and provisions	102,630	26,099
Business capital costs	94,715	171,184
Total deferred tax assets	5,217,104	5,207,692
Set-off of deferred tax assets pursuant to set-off provisions	(4,336,131)	(3,920,168)
Net adjustment to deferred tax assets for tax losses not recognised	(880,973)	(1,287,524)
Net deferred tax assets	-	-
(e) Tax losses:		
Unused tax losses for which no deferred tax asset has been recognised	2,936,577	4,291,747
	2,936,577	4,291,747
Potential tax effect at 30%	880,973	1,287,524

Unused losses which have not been recognised as an asset, will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the losses.

(f) Tax consolidation legislation

Alligator Energy Limited and its wholly-owned Australian subsidiaries have implemented the income tax consolidation legislation from 1 July 2010. Alligator Energy Limited is the head entity of the tax consolidated group for the year ended 30 June 2014. The Australian Taxation Office has been notified of the formation of the Alligator Energy Limited tax consolidated group.

Each entity in the Group recognises its own current and deferred tax assets and liabilities, except for any amounts resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each Group entity is then subsequently assumed by the parent entity.

Note 19 Income tax (continued)

(f) Tax consolidation legislation (continued)

The tax consolidated group has entered into tax sharing and funding arrangements. Under the terms of these agreements, the wholly-owned entities reimburse the head company for any current income tax payable by the head company arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and therefore amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. In the opinion of the Directors, the tax sharing agreement is also a valid arrangement under the tax consolidated legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Alligator Energy Limited. Expenses and revenues arising under the tax sharing agreement are recorded as a component of income tax expense.

Note 20 Commitments

Exploration commitments

So as to maintain current rights to tenure of various exploration and mining tenements, the Company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements, inclusive of tenement applications granted subsequent to 30 June 2014, are as follows:

	2014 $	2013 $
Exploration expenditure commitments payable:		
- within one year	864,960	1,240,764
- later than one year but not later than five years	160,000	192,418
- later than five years	33,750	-
	1,058,710	1,433,182

Outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. Cash security bonds totalling $223,592 (2013: $260,014) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

Alligator has signed, through its wholly owned subsidiary Northern Prospector Pty Ltd, an exploration agreement (Farm-in and Joint Venture) with Cameco Australia Pty Ltd (Cameco) to earn up to 90% of tenement EL 24992 in the Alligator Rivers Uranium Province, in the Northern Territory.

Alligator has committed to spend $500,000 on exploration including the completion of 3 drill holes for an aggregate of 600m during the Initial Obligation Period. At 30 June 2014, the expenditure under the agreement totalled $151,040 and the remaining commitment is disclosed above.

Upon electing to and subsequently spending a further $2 million by 31 December 2015, Alligator will earn a 40% interest in EL 24992. Following which Cameco may elect to fund their 60% interest; or upon Alligator sole funding a cumulative $10 million within 6 years, the Company will be entitled to a further 50% of the tenement (for a total interest of 90%); or Cameco may elect to refund 3 times total expenditure to claw back to 60%.

Note 20 Commitments (continued)

Operating lease commitments

Non-cancellable operating lease rentals are as follows:

	2014 $	2013 $
Within one year	74,295	58,917
Later than one year but not later than five years	86,211	-
Later than five years	-	-
	160,506	58,917

In May 2014 the Company entered into a three year lease on an office in Fortitude Valley, Brisbane with a 4% annual increment.

Note 21 Events occurring after the balance sheet date

On 29 July 2014 the Company announced that it had entered into a Share Subscription Agreement with sophisticated investors, as part of an approximately $4 million capital raising**.** The Lead Manager on behalf of the sophisticated investors accepted an approximate 15% placement of 30,750,000 shares at $0.04 per share to raise a total of $1,230,000 before a placement fee of 5%. The issue price represents a discount of 13% on the Volume Weighted Average (VWA) share price for the 10 business days up to 24 July 2014 of $0.046 per share. The placement closed successfully on 1 August 2014.

At the same time (29 July 2014) the Company announced that approximately 67,574,625 new ordinary shares were offered under a Rights Issue. The Rights Issue was made available to all registered shareholders who held shares at 7 pm AEST on or about 11 August 2014 with registered addresses in Australia and New Zealand. Shares issued pursuant to the Rights Issue ranked equally with all shares on issue.

The Entitlement Shares were fully underwritten by Taylor Collison (Underwriter). Macallum Group Ltd (MGL), being a substantial shareholder, was a sub-underwriter for up to $500,000 of the shares on offer.

On 21 August 2014, the Company announced that EL27251 has been granted by the Northern Territory Department of Mines for a period of 6 years. The grant of EL27251 follows the successful negotiation of an Exploration Agreement with the Northern Land Council, the representative body for the Traditional owners of the Land, in accordance with the Aboriginal Land Rights Act (1976). EL27251 covers 62 sq km adjoining the Mamadawerre JV (EL24992) and is held 100% by Northern Prospector Pty Ltd (a 100% owned subsidiary of Alligator Energy Ltd).

On 27 August 2014, the Company received an R&D Offset refund from the ATO in relation to the 2013 tax year totalling $558,333.

Note 21 Events occurring after the balance sheet date (continued)

On 2 September 2014, the Company announced that acceptances of Entitlements under the Rights Issue were received for a total of 35,941,587 New Shares raising $1,437,664. A number of shareholders who accepted their full Entitlement also applied for Additional Shares under the offer. In accordance with the terms of the Offer Document and the Underwriting Agreement with Taylor Collison (TC), the Company consulted with TC and it was resolved that all applications for Additional Shares would be honoured. Accordingly, 6,104,760 Additional Shares were also issued raising $244,190. Accordingly, in total, the Company issued 42,046,347 ordinary shares to eligible shareholders raising $1,681,854, giving rise to a rights issue shortfall of $1,021,131, representing 25,528,278 New Shares.

On 3 September 2014 the Company announced that it had agreed to terms with Cameco Australia Pty Ltd (Cameco) to farm-in to Cameco's **Beatrice Project** in the Alligator Rivers Uranium Province. The Beatrice Project is comprised of ELs24291 and 26796 and ELAs 26793, 26794, 26795 (held 100% by Cameco) and is located to the immediate south of the Tin Camp Creek Project area. A final agreement is being prepared and execution of the final agreement is subject to the renewal of ELs24291 and 26796 by the Northern Territory Department of Mines and Energy. The parties are committed to completing a final agreement expeditiously with the intention of AGE commencing initial field work during the 2014 field season.

On 10 September 2014, the Company announced that the shortfall in applications under the Rights Issue was allotted to Taycol Nominees Pty Ltd and its sub-underwriters, in accordance with the underwriting arrangements. The shortfall in applications totalled 25,528,278 New Shares, raising a further $1,021,131. Macallum Group Ltd (MGL), a significant shareholder, participated in the sub-underwriting arrangements by taking up a further 7,260,000 New Shares. This acquisition of additional New Shares reinstates the percentage holding in the Company held immediately prior to the share placement on 1 August 2014, being 18.36%.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

a) The Group's operations in future financial years, or
b) The results of those operations in future financial years, or
c) The Group's state of affairs in future financial years.

Note 22 Related party transactions

a) The Group's main related parties are as follows:

i) Parent entity

The parent entity within the Group is Alligator Energy Limited.

ii) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 17: Key Management Personnel.

b) Transactions with related parties:

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

During the year the company contracted the services of a consulting geologist from Macallum Group Limited, a company in which John Main and Peter McIntyre have a significant interest. These services were contracted on a normal arms-length basis and totalled $2,661 (2013: nil).

A number of key management personnel, or their related parties, have transacted with the Company during the reporting period. The terms and conditions of the transactions with management personnel or their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related entities on an arms-length basis.

Note 22 Related Party Transactions (continued)

The following transactions with related parties occurred during the year to 30 June 2014:

Key Managament Person	Transaction	Note	2014	2013
R Sowerby	Consulting fees	(a)	-	153,312
G Duncan	Consulting fees	(b)	*	111,072
G Duncan	Expense administration fees	(c)	*	4,300
G Duncan	Rental of equipment	(d)	*	44,049
G Duncan	Staff hire	(c)	*	20,000
P Dickson	Corporate advisory fees	(e)	-	63,000

*- not a related party during the 2014 financial year.

a) A contract for service was entered into with Minearth Pty Ltd (a company associated with Robert Sowerby). This contract included a consulting fee of $220,000 per annum for services of 13 days per month with additional days paid in excess of this. The contract ceased on 30 April 2013 and was replaced with a services contract directly with Robert Sowerby for an amount of $150,000 per annum. The amount paid under the Minearth contract in 2013 is also disclosed in the remuneration report.

b) A contract for service was entered into with Pacific Consulting Services Pty Ltd (a company associated with Gregory Duncan). This contract included a consulting fee of $220,000 per annum for services of 13 days per month with additional days paid in excess of this. The contract expired in May 2013. The amount paid under this contract in 2013 is also disclosed in the remuneration report.

c) In 2013, Pacific Consulting Services Pty Ltd incurred administration expenditure of $4,300 on behalf of Alligator Energy Limited. In addition the Company contracted an exploration staff member through Pacific Consulting Services Pty Ltd during the 2013 financial year for a charge of $20,000.

d) Pacific Consulting Services Pty Ltd was paid for the rental of various equipment and vehicles used for operational activities in the 2013 financial year.

e) DDM Capital Pty Ltd (a company of which Paul Dickson is a Director), was engaged to provide Corporate Advisory services. Under the contract DDM received a monthly retainer of $7,000. This agreement expired in March 2013.

Note 23 Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2014 $	2013 $
Balance Sheet		
Current assets	2,623,351	2,909,243
Total assets	18,733,200	17,478,056
Current liabilities	533,527	204,903
Total liabilities	533,527	204,903
Issued capital	22,200,940	20,412,361
Option reserve	458,233	843,908
Accumulated losses	(4,459,500)	(3,983,116)
Total equity	18,199,673	17,273,153
Loss for the year	(889,069)	(1,453,321)
Total comprehensive income for the year	(889,069)	(1,453,321)

b) Guarantees entered into by the parent entity

The Parent Entity has provided no financial guarantees.

c) Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at 30 June 2014 (30 June 2013: Nil)

d) Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity had contractual commitments as at 30 June 2014 to acquire field related equipment totalling $73,793 (2013: nil).

Note 24 Company Details

The registered office and principal place of business of the Company as at 30 June 2014 was:

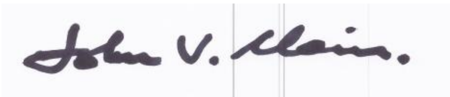
Suite 3, 36 Agnes St
Fortitude Valley
Brisbane QLD 4006

Phone (07) 3852-4712

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Alligator Energy Limited, in the opinion of the directors of the Company:

1. the financial statements and notes, as set out on pages 19 to 56, are in accordance with the *Corporations Act 2001*, including:
   a. complying with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS) and the *Corporations Regulations 2001*; and
   b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Chairman
Brisbane, 26 September 2014

Independent Auditor's Report to the members of Alligator Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Alligator Energy Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the Directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

PKF Hacketts Audit
ABN 33 873 151 348

Level 3, 549 Queen Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3839 9733
f +61 7 3832 1407

8th Floor, 10 Market Street, Brisbane QLD 4000
GPO Box 1568, Brisbane QLD 4001
p +61 7 3221 1877
f +61 7 3221 8261

8 East Street, PO Box 862
Rockhampton QLD 4700
p +61 7 4927 2744
f +61 7 4927 4317

Opinion

In our opinion:

a) the financial report of Alligator Energy Limited is in accordance with the *Corporations Act 2001*, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Inherent Uncertainty regarding capitalised Exploration Expenditure

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As a result of the matter described in Note 2 to the financial statements, there is uncertainty as to whether the company will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 12 to 17 of the Directors' Report for the year ended 30 June 2014. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Alligator Energy Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

PKF Hacketts

PKF HACKETTS AUDIT

Shaun Lindemann
Partner
Brisbane, 26 September 2014

ALLIGATOR ENERGY LIMITED
AND CONTROLLED ENTITIES
ACN 140 575 604

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (including 2010 amendments) have been applied covering the financial year to 30 June 2014.
The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.
Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.alligatorenergy.com.au.

Corporate Governance Principle and Recommendations		Comply
Principle 1 – Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	YES
1.2	Companies should disclose the process for evaluating the performance of senior executives.	YES
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	YES
Principle 2 - Structure the board to add value		
2.1	A majority of the board should be independent directors.	NO
2.2	The chair should be an independent director.	NO
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	YES
2.4	The board should establish a nomination committee.	NO
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	YES
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	YES
Principle 3 - Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	YES
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	YES
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	YES
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	YES
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	YES
Principle 4 - Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee.	YES
4.2	The audit committee should be structured so that it: • consists only of non-executive directors	NO

	• consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	
4.3	The audit committee should have a formal charter.	YES
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	YES
Principle 5 - Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	YES
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	YES
Principle 6 - Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	YES
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	YES
Principle 7- Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	YES
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	YES
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	YES
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	YES
Principle 8- Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	NO
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	NO
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	YES
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	YES

The Corporate Governance Principles and Recommendations

Principle 1 – Lay solid foundations for management and oversight

The Company has established a Corporate Governance Charter which details the adopted practices and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel.
The Corporate Governance Charter sets out the functions of the board which include:

- input into and final approval of the management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
- developing, implementing and monitoring operational and financial targets for the Company;
- appointment of appropriate staff, consultants and experts to assist in the Company's operations, including the selection and monitoring of a chief executive officer;
- approving and monitoring financial and other reporting;
- setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
- implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Chief Executive Officer and ultimately to senior executives.

The Chief Executive Officer evaluates the performance of senior executives by monitoring output and conduct of formal and informal meetings. During the relevant period the performance of senior executives has been undertaken in accordance with the process outlined.

Principle 2 - Structure the board to add value

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

Presently under the ASX Guidelines it is considered that there are only two independent Directors of the five member Board, being Andrew Vigar and Paul Dickson.

When determining whether a non-executive director is independent, the director must not fail any of the following materiality thresholds:

– less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
– no material sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
– no material level of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Andrew Vigar is considered an independent director as he has no material relationship or association with the Company or its subsidiary other than their directorships.

Paul Dickson is a principal of DDM Capital Pty Ltd which has provided corporate advisory services to the Company over the last three years to March 2013 and was associated with the original capital raising for the Company. The directors do not believe that these transactions were material when compared to the level of corporate overhead expenditure during that period.

Messrs Main and McIntyre have a significant interest in Macallum Group Limited, a substantial shareholder with more than a 10% interest in the Company and are consequently not regarded as being independent.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Company.

Nomination, retirement and appointment of Directors
The Board has not established a nomination committee and therefore the Group has not complied with recommendation 2.4 of the Corporate Governance Council. The Board's view is that the Company is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek the advice of external advisers in relation to this role. The Board shall, upon the Company reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board in relation to the appointment of Directors and senior management.

Board composition - The board currently consists of persons from a variety of professional backgrounds and the board has members with respectively geological, mining, legal, financial and investment skills. Alligator Energy Limited is comfortable with this mix of skills. Board composition will be reviewed periodically either when a vacancy arises or if it is considered that the board would benefit from the services of a new director, given the existing mix of skills and experience of the board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the board.

The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

Performance Evaluation
The chair is responsible for evaluation of the performance of the board, its committees and individual directors. This is undertaken by a written questionnaire completed by each board member and the conduct of formal and informal meetings.

During the reporting period a formal board performance review was not undertaken. The next performance assessment is planned to occur during the course of 2015.

In prior years a questionnaire was completed by each board member. The Chairman reviewed the results from the questionnaire and held discussions with each board member individually regarding their role as director. Discussions were also held with members of the senior management team to provide feedback on how they thought the Board had performed. The results from the investigation was reported to a meeting of Directors in that year.

The Board has agreed key performance indicators (KPIs) for all senior management personnel. These KPIs are reviewed on a calendar year basis which covers the annual field season. This assessment is performed in January following the performance year and an incentive scheme, tied to the Employee Share Option Plan, is in place where performance meets or exceeds expectations.

Principle 3 - Promote ethical and responsible decision-making

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the code of conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is available at www.alligatorenergy.com.au.

This diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives. Accordingly, the Board has developed the following objectives regarding gender diversity and aims to achieve these objectives over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available:

	2014		2015–2017	
	No.	%	No.	%
Women on the Board	0	0%	0	0%
Women in senior management roles	0	0%	1	25%
Women employees in the Company	4	23%	5	29%

Trading Policy

The Company's constitution permits directors to acquire securities in the Company, however Company policy prohibits directors and senior management from dealing in the Company's securities at any time whilst in possession of price sensitive information and for 24 hours after:

- Any major announcements;
- The release of the Company's quarterly, half yearly and annual financial results to the Australian Securities Exchange; and
- The Annual General Meeting.

Directors must advise the chairman of the board before buying or selling securities in the Company. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the Exchange of any transaction conducted by directors in securities in the Company.

Principle 4 - Safeguard integrity in financial reporting

The Company has established an audit and risk management committee.

The audit and risk management committee is currently comprised of Paul Dickson (chair) and Andrew Vigar. The Committee consists of a majority of independent non-executive directors but only has two members. The Company will reassess the composition of the Audit Committee at the same time as a reviewing of the composition of the overall Board. The qualifications and experience of those appointed to the audit committee are included in the directors' report.

The audit and risk management committee charter is detailed on the corporate website.
The number of meetings of the audit committee and attendance at those meetings is shown in the directors' report.

Principle 5 - Make timely and balanced disclosure

The Company has written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance These policies are included in the Corporate Governance Charter which is available on the Company website.

The board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

Principle 6 - Respect the rights of shareholders

The Company has a communications policy and it is available on the Company's website.

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.
Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Alligator Energy Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

Principle 7- Recognise and manage risk

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Chief executive officer and the Board. The Board has also established the audit and risk management committee which addresses the strategic risk management framework of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Chief Executive Officer and tabled at subsequent Board meetings. Budgets are prepared and compared against actual results.

Management and the Board monitor the Group's material business risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The Board has received a report outlining mitigating strategies and an assessment of the effectiveness of the Company's management of its material business risks.

Chief Executive Officer and Company Secretary Declaration to the Board of Directors
The Chief Executive Officer and the Company Secretary have stated in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Groups financial condition and operational results are in accordance with relevant accounting standards. Included in this statement is confirmation that the Group's risk management and internal controls are operating efficiently and effectively.

The Company has established a policy for the oversight and management of material business risks in the Corporate and this is disclosed in the Corporate Governance Charter on the Company's website.

Principle 8- Remunerate fairly and responsibly

The Board has not established a remuneration committee. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing such a committee. The role of the remuneration committee is carried out by the full Board. The Company has adopted a Remuneration Committee Charter, which is set out in the Company's Corporate Governance Charter.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company discloses in its annual report details of remuneration to Directors. Please refer to the remuneration report within the directors' report for details regarding the remuneration structure of the Chief Executive Officer and senior management.

COMPETENT PERSON'S STATEMENT

Information in the directors' report included in this Financial Report is based on current and historic Exploration Results compiled by Mr Rob Sowerby who is a Member of the Australasian Institute of Geoscientists. Mr Sowerby is CEO and Director of Alligator Energy Ltd, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Sowerby consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.