EXALT RESOURCES LIMITED ANNUAL REPORT

ABN 17 145 327 617

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT

The Directors present their report, together with financial statements, on the consolidated entity consisting of Exalt Resources Limited (also referred to as the "Company") for the year ended 30 June 2014.

DIRECTORS

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

Peter Bennetto	Non-Executive Chairman (appointed 28 November 2013)
Shane Hartwig	Non-Executive Director / Company Secretary
Peter Dykes	Non-Executive Director
William Moss AM	Non-Executive Chairman (resigned 2 September 2013)
Robert Whitton	Non-Executive Chairman (appointed as Non-Executive Chairman 2 September 2013, resigned 28 November 2013)
Barry Tudor	Managing Director (resigned 17 September 2013)
Romy HR Soekarno	Non-Executive Director (not re-elected 28 November 2013)
Robert Crossman	Non-Executive Director (appointed 23 July 2013, resigned 25 November 2013)
Edward Lee Kwong Foo	Non-Executive Director (resigned 11 November 2013)

Peter Bennetto, Non-Executive Director, Appointed 28 November 2013

Member of Audit Committee

Peter Bennetto is an experienced company director, with skills in banking, corporate finance and governance and has held a number of company director positions in exploration, mining and manufacturing companies Listed on the ASX since 1990. Mr Bennetto, GAICD, SA Fin serves as the Non-Executive Chairman of Ironbark ZInc Ltd. He has been Non-Executive Chairman at Exalt Resources Limited since November 28, 2013.

Peter Dykes, Non-Executive Director, Appointed 30 November 2012

Member of Audit Committee

Mr Dykes has more than 20 years of experience in the technology industry, beginning his career as a founding member of KPMG's technology advisory practice in both Sydney and Melbourne. He subsequently co-founded a boutique technology advisory business and advised some of Australia's largest corporate clients including BHP, Boral, Telstra and General Motors Holden.

Mr Dykes was an Executive Director, CFO and Company Secretary of Nexbis Ltd and played a key role during its rise from a market capitalisation of $4 million dollars until its successful sale for $80 million.

He is currently a Non-Executive Director of Chapmans Limited and RKS Consolidated Limited.

Mr Dykes holds a Bachelor of Business (Accountancy) degree from RMIT University and is a Fellow of the Taxation Institute of Australia.

Shane Hartwig, Non-Executive Director, Company Secretary, Appointed on 21 July 2010

Member of Audit Committee

Shane Hartwig is a Certified Practicing Accountant and Chartered Company Secretary and holds a Bachelor of Business degree, majoring in Accounting and Taxation from Curtin University of Technology in Western Australia.

Shane is involved in the areas of initial public offerings, capital raisings, prospectus and information memorandum preparation and project management, company assessments and due diligence reviews, mergers and acquisitions and providing general corporate advice. Shane has over 20 years' experience in the finance industry both nationally and internationally with exposure to both the debt and equity capital markets.

DIRECTORS' REPORT

Shane is also Company Secretary of Anteo Diagnostics Limited, and Rutila Resources Limited on a contract basis.

PRINCIPAL ACTIVITIES

The consolidated entity principal activity is as a resource and energy exploration company.

OPERATING RESULTS

The net loss of the company after income tax for the year was $11,144,067 (2013: $ 3,747,017).

DIVIDENDS

No dividends have been paid or declared by the Company since the beginning of the year.

REVIEW OF OPERATIONS

During the year ended 30 June 2014 the Company continued exploration of its NSW projects, however with continuing difficulties it was decided to discontinue its Indonesian operations. This resulted in an impairment of mining rights and explorations costs of $8,370,012. In addition to this it was also decided not renew Nyngan exploration lease EL 7667 resulting in an impairment of $61,083. The Company has been undertaking exploration activities relating to the potential development of the Brooklyn Iron Ore project located within the Mineral Hill project EL 7945. With the recent volatility in the pricing of traded iron ore, the Directors have taken a conservative approach and resolved to impair the previously capitalised costs associated with the Brooklyn Iron Ore project totalling approximately $300,000. The total impairment in the period as a result of these decisions was $8,735, 600.

Exalt now holds only one exploration licenses in the Central West NSW –Mineral Hill. The Mineral Hill South Project covers 112km^2 3km to the south of the Mineral Hill Mine.

Mineral Hill South Project (EL 7945)

The Company finalized some rehabilitation work from previous exploration at its Brooklyn Iron Project located at Mineral Hill South EL 7945.The Company has applied for renewal of this License for a further three years and is continuing to actively seek potential Joint Venture partners for this project and review other projects of interest.

Corporate

During the June quarter, the Company announced a Share Purchase Plan under which the Company successfully raised $101,000 and issued 3,366,663 new shares.

Also during the June quarter, the Company announced that it had moved premises to Gateway Tower, Level 36, 1 Macquarie Place.

On 2 September 2013 William Moss AM resigned as Non-Executive Chairman. Due to Mr Moss's resignation 2,000,000 options have lapsed. Robert Whitton was subsequently appointed Non-Executive Chairman. Robert Whitton resigned on 28th November 2013 and Mr Peter Bennetto was then appointed Non-Executive Chairman.

On 17 September 2013 Barry Tudor resigned as CEO and Managing Director. Due to Mr Tudor's resignation his 3,000,000 options immediately vested and subsequently expired on 16 March 2014. The 18,000,000 performance shares were redeemed by the Company in accordance with their terms of issue.

Financial Position

The Company has $308,023 in cash as of 30 June 2014 following a net cash decrease of $2,666,082 for the year.

The net assets of the company at 30 June 2014 were $310,983and have decreased by $10,798,827 since 30 June 2013. This has largely resulted from the write down of ODNI Pty Limited of $8,370,012.

STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company other than those noted in the Annual Report.

DIRECTORS' REPORT

LIKELY DEVELOPMENTS

Except to the extent of disclosure in the Review of Operations, disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL ISSUES

The consolidated entity operations are subject to significant environmental and other regulations. The consolidated entity has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. There have been no reports of breaches of environmental regulations in the financial period as at the date of this report.

MEETINGS OF DIRECTORS

Attendances by each Director to meetings of Directors (including committee of Directors) during the year to 30th June 2014 were as follows:

	Directors Meetings		Audit Committee Meetings	
2014	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
W Moss[a]	2	1	-	-
B Tudor[b]	2	2	-	-
S Hartwig	7	7	2	2
R Whitton[c]	4	4	-	-
P Dykes	7	7	2	2
E Lee[d]	4	3	-	-
R Soerkano[d]	4	4	-	-
Peter Bennetto[e]	3	3	1	1
Robert Crossman[f]	2	2	-	-

[a] Resigned 2 September 2013
[b] Resigned 17 September 2013
[c] Appointed as Non Executive 2 September 2013, resigned 28 November 2013
[d] Resigned 11 November 2013
[e] Appointed 28 November 2013
[f] Appointed 23 July 2013 ,resigned 25 November 2013

INDEMNIFYING OFFICERS OR AUDITORS

During the financial year, the Company has paid a premium of $8,425 (2013: $8,517) in respect of a contract insuring the Directors and officers of the Company against a liability incurred by such Directors and officers to the extent permitted by the Corporations Act 2001. The Company has not otherwise, during or since the end of the period, indemnified or agreed to indemnify the auditor of the Company, or of any related body corporate, against a liability incurred by such the auditor.

PROCEEDINGS

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 in the period.

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Following the end of the financial year and in conjunction with the Company's Share Purchase Plan (SPP) announced on April 25, 2014 the Company raised an additional $135,000 by placing a portion of the SPP shortfall.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's APES 110: Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditors (Hall Chadwick) for non-audit services provided during the year are set out below.

	2014	2013
	$	$
(a) Advisory Services		
Corporate services	-	1,500
Total remuneration for non-audit services	-	1,500

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001 the auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 23 of the Annual Report and forms part of this report.

SHARES AND OPTIONS –Issued

	Shares	Options	Performance shares
Balance at beginning of the period	73,205,295	61,008,568	84,000,000
Issue of shares via public placement at 3 cents	3,366,663	-	-
Redemption of ODNI Options	-	(30,000,000)	-
Redemption of Mr William Moss's Options	-	(2,000,000)	-
Redemption of ODNI Performance Shares	-	-	(66,000,000)
Redemption of Mr Barry Tudor's Performance Shares	-	-	(18,000,000)
Expiry of Mr Barry Tudor's Options		(3,000,000)	-
Balance at end of the period	**76,571,958**	**26,008,568**	-

OPTIONS

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

Grant date	Expiry Date	Exercise Price	Number of Option	Class
15 September 2011	31 December 2015	0.20	16,008,568	Listed
21 November 2012	06 December 2014	0.20	10,000,000	Unlisted
Total			**26,008,568**	

DIRECTORS' REPORT

3,366,663 ordinary shares were issued at $.03 cents each during the year ended 30 June 2014, raising $101,000.

Following the end of the financial year and in conjunction with the Company's Share Purchase Plan (SPP) announced on April 25, 2014 the Company raised an additional $135,000 by placing a portion of the SPP shortfall and issued further 4,500,000 shares.

REMUNERATION REPORT

Details of the nature and amount of remuneration for each Director of Exalt Resources Limited and key management personnel are set out below.

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

To achieve this, Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Achieve goal congruence between the Company's shareholders, Directors and executives;
- To have significant amounts of remuneration at risk;
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Structure

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

(i) Non-executive Directors

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to its non-executive directors and will review their remuneration annually.

The maximum aggregate annual remuneration of non-executive Directors is subject to approval by the shareholders in general meeting.

In lieu of Director Fees, the current Non-Directors propose to be issued approximately 4.1 million shares between them, subject to shareholder approval. Please refer the remuneration details outlined in this Director's report.

(ii) Key management personnel

The Company now has 3 Non- Executive Directors who have extensive experience in the exploration and finance industries. The Company is looking to continue exploration in Mineral Hill and will continue to actively seek potential Joint Venture partners for this project and review other projects of interest.

DIRECTORS' REPORT

A) Remuneration Details

2014	Director Fees	Salary	Termination /Resignation Payments	Consulting	Super	Share Based Options	Total in respect to service
Directors							
W Moss[a]	25,000	-	-	-	-	120,634	145,634
R Crossman[b]	-	-	-	358,440	-	-	358,440
B Tudor[c]	-	257,078	334,958	-	4,167	123,608	719,811
P Dykes	35,500	-	-	-	-	-	35,500
S Hartwig	35,500	-	-	-	-	-	35,500
E Lee[d]	16,000	-	-	-	-	-	16,000
R Soekarno[e]	20,000	-	-	-	-	-	20,000
R Whitton[f]	23,868	-	-	-	-	-	23,868
P Bennetto[g]	21,000	-	-	-	-	-	21,000
Subtotal	**176,868**	**257,078**	**334,958**	**358,440**	**4,167**	**244,242**	**1,375,753**
Executives							
A Kovago[i]	-	-	-	108,000	-	-	108,000
R Sheridan[h]	-	-	-	131,323	-	-	131,323
Total	**176,868**	**257,078**	**334,958**	**597,763**	**4,167**	**244,242**	**1,615,076**

The Non-Executive Directors at the date of this report being Mr Bennetto, Mr Dykes and Mr Hartwig, received NIL cash Director Fees during the year. These Non-Executive proposed to seek shareholder approval for their accrued Director Fees outlined above to be satisfied through the issue of fully paid ordinary shares in the Company.

[a] Resigned 2 September 2013
[b] Appointed 23 July 2013, resigned 28 November 2013
[c] Resigned 17 September 2013
[d] Resigned 11 November 2013
[e] Resigned 28 November 2013
[f] Appointed 2 September, resigned 25 November 2013
[g] Appointed 28 November 2013
i Resigned 28 November 2013
[h] Resigned15 June 2014

2013	Director Fees	Salary	Bonus	Consulting	Super	Share Based Options	Total in respect to service
Directors							
W Moss	100,000	-	-	-	-	29,015	129,015
B Tudor	-	706,251	300,000	-	29,500	148,187	1,183,938
P Dykes	20,417	-	-	-	-	-	20,417
S Hartwig[1]	35,001[1]	-	-	41,648	-	-	76,649
E Lee	28,000	-	-	-	-	-	28,000
R Soekarno	28,000	-	-	-	-	-	28,000
R Whitton	20,417	-	-	-	-	-	20,417
E Correia	14,584	-	-	-	-	-	14,584
J Malone	14,584	-	-	-	-	-	14,584
Subtotal	**261,003**	**706,251**	**300,000**	**41,648**	**29,500**	**177,202**	**1,575,604**
Executives							
A Kovago	-	-		237,000	-	-	237,000
R Sheridan	-	-		68,850	-	-	68,850
Total	**261,003**	**706,251**	**300,000**	**347,498**	**29,500**	**177,202**	**1,821,454,**

[1] This amount represents accrued but unpaid Director Fees for the 2012/13 financial year.

DIRECTORS' REPORT
Directors' and Executives' securities holdings

As at the date of this report, the relevant interests of the Directors in the securities of the Company were as follows:

	Number		
2014	**Fully paid ordinary shares**	**Options**	**Performance Shares**
Directors			
P Dykes	-	-	-
S Hartwig	1,525,001	1,550,001	-
P Bennetto	-	-	-
Total	1,525,001	**1,550,001**	**-**

	Number		
2013	**Fully paid ordinary shares**	**Options**	**Performance Shares**
Directors			
W Moss	2,500,000	2,000,000	-
B Tudor	1,600,000	3,000,000	18,000,000
P Dykes	277,778	-	-
S Hartwig	1,525,001	1,550,001	-
R Crossman	2,011,494	3,620,691	7,965,522
Total	**7,914,273**	**10,170,692**	**25,965,522**
Executives			
R Sheridan (CFO)	84,579	-	-
Total	**7,998,852**	**10,170,692**	**25,965,522**

KMP Share holdings

2014	**Balance at beginning of year or date of appointment**	**Appointment /(Retirement)**	**Purchased/ (Sold)**	**Other changes**	**Balance at end of year or date of resignation or cessation**
W Moss AM	2,500,000	(2,500,000)	-	-	-
B Tudor	1,600,000	(1,600,000)	-	-	-
S Hartwig	1,525,001	-	-	-	1,525,001
P Dykes	277,778	-	(277,778)	-	-
R Sheridan	84,579	(84,579)	-	-	-
Total	5,987,358	(4,184,579)	(277,778)	-	**1,525,001**

DIRECTORS' REPORT

2013	Balance at beginning of year or date of appointment	Appointment /(Retirement)	Purchased	Other changes	Balance at end of year or date of resignation or cessation
W Moss AM	-	-	2,500,000	-	2,500,000
B Tudor	175,000	-	1,425,000	-	1,600,000
J Malone	120,000	(120,000)	-	-	-
S Hartwig	1,350,001	-	175,000	-	1,525,001
P Dykes	-	277,778	-	-	277,778
E Correia	1,206,351	(1,206,351)	-	-	-
R Sheridan		84,579	-	-	84,579
Total	2,851,352	(963,994)	4,100,000	-	5,987,358

KMP Option holdings

2014	Balance at beginning of year or date of appointment	Granted as compensation	Appointment /(Retirement)	Other changes	Balance at end of year or date of resignation or cessation
B Tudor	3,000,000		(3,000,000)	-	-
W Moss	2,000,000	-	(2,000,000)	-	-
S Hartwig	1,550,001	-	-	-	1,550,001
Total	**6,550,001**	**-**	**(5,000,000)**	**-**	**1,550,001**

2013	Balance at beginning of year or date of appointment	Granted as compensation	Appointment /(Retirement)	Other changes	Balance at end of year or date of resignation or cessation
W Moss	-	2,000,000	-	-	2.000,000
B Tudor	-	3,000,000	-	-	3,000,000
S Hartwig	1,550,001	-	-	-	1,550,001
E Correia	1,702,085	-	(1,702,085)	-	-
J Malone	40,004	-	(40,004)	-	-
Total	**3,292,090**	**5,000,000**	**(1,742,089)**	**-**	**6,550,001**

DIRECTORS' REPORT

End of audited Remuneration Report

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

Shane Hartwig
Non-Executive Director

Dated 30 September 2014

HALL CHADWICK
Chartered Accountants and Business Advisers

EXALT RESOURCE LIMITED
ABN 17 4532 7617
AND CONTROLLED ENTITY

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF EXALT RESOURCES LIMITED

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

(a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb
Partner

Date: 30 September 2014

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CORPORATE GOVERNANCE STATEMENT

The Company has adopted a comprehensive system of control and accountability as the basis for the administration of corporate governance.

The Board is responsible to Shareholders for the overall management of the Company's business and affairs. The Directors' overriding objective is to increase Shareholder value within an appropriate framework which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Recommendations (2nd edition) ("**Principles & Recommendations**") as published by ASX Corporate Governance Council.

Recommendation 1 Lay solid foundations for management and oversight;

Recommendation 2 Structure the Board to add value;

Recommendation 3 Promote ethical and responsible decision making;

Recommendation 4 Safeguard integrity in financial reporting;

Recommendation 5 Make timely and balanced disclosures;

Recommendation 6 Respect the rights of shareholders;

Recommendation 7 Recognise and manage risk;

Recommendation 8 Remunerate fairly and responsibly;

In accordance with recommendations of the ASX, information published on the Company's web site includes charters of Board and its subcommittees, codes of conduct and other policies and procedures relating to the Board and its responsibilities. A copy of the Company's Corporate Governance Statement can be found on the Company's website www.exaltresources.com.au under the Corporate Governance Section.

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient as the Company's activities develop in size, nature and scope.

Set out below is a summary of the Principles & Recommendations, including an explanation of why, in the reasonable opinion of the Directors, the Company does not follow certain of the Principles & Recommendations – this is referred to as "if not, why not" analysis.

Principles & Recommendation	Compliance
Recommendation 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Y
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Y
Recommendation 1.3: Companies should provide the information indicated in the Principles & Recommendations to reporting on Principle 1.	N/A
Recommendation 2: Structure the Board to add value	
Recommendation 2.1: A majority of the Board should be independent Directors.	Y
Recommendation 2.2: The chair should be an independent Director.	Y
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Y
Recommendation 2.4: The Board should establish a nomination committee.	N
Recommendation 2.5: The Company should disclose the process for evaluating	Y

CORPORATE GOVERNANCE STATEMENT

the performance of the Board, its committees and individual Directors.	
Recommendation 2.6: Companies should provide the information indicated in the Principles & Recommendations to reporting on Principle 2.	N/A
Recommendation 3: Promote ethical and responsible decision making	
Recommendation 3.1: The Company 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; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Y
Recommendation 3.2: The Company 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.	Y
Recommendation 3.3: The Company 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.	Y
Recommendation 3.4: The Company 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.	Y
Recommendation 3.5: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 3.	N/A
Recommendation 4: Safeguard integrity in financial reporting	
Recommendation 4.1: The Board should establish an audit committee.	Y
Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members.	Y
Recommendation 4.3: The audit committee should have a formal charter.	Y
Recommendation 4.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 4.	N/A
Recommendation 5: Make timely and balanced disclosures	
Recommendation 5.1: The Company 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.	Y
Recommendation 5.2: The Company should provide the information indicated in	N/A

CORPORATE GOVERNANCE STATEMENT

the Principles & Recommendations to reporting on Principle 5.	
Recommendation 6: Respect the rights of shareholders	
Recommendation 6.1: The Company 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.	Y
Recommendation 6.2: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 6.	N/A
Recommendation 7: Recognise and manage risk	
Recommendation 7.1: The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Y
Recommendation 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.	Y
Recommendation 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.	Y
Recommendation 7.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 7.	N/A
Recommendation 8: Remunerate fairly and responsibly	
Recommendation 8.1: The Board should establish a remuneration committee.	N
Recommendation 8.2: The remuneration committee should be structured so that it: • consists of a majority of independent Directors; • is chaired by an independent chair; and • has at least three members.	N/A
Recommendation 8.3: The Company should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Y
Recommendation 8.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 8.	N/A

The Company complies with Listing Rule 4.10.3 and ASX Guidance Note 9 which require each listed entity to include a statement in each Annual Report indicating the extent to which it complies with the Principles & Recommendations and giving reasons for any departures (**'if not, why not' analysis**).

CORPORATE GOVERNANCE STATEMENT

A copy of the Company's 2014 Annual Report (which incorporates our most recent 'if not, why not' analysis) is available on the Company's website under 'Exalt ASX Announcements' and the Company's most recent 'if not, why not' analysis is separately available on the Company's website under 'Exalt Resources Limited Corporate Governance Statement'.

There are currently no women in senior executive positions or on the Board.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014	2013
		$	$
Revenue	4	34,617	93,019
Finance Costs		(16,611)	-
Employee benefits expense		(683,838)	(1,283,990)
Share based payments		(244,241)	(209,928)
Consultancy Expenses		(694,182)	(696,367)
Impairment of ODNI Mining Rights and Exploration Costs		(8,735,600)	-
Directors Fees		(173,539)	(264,253)
Exploration Costs		(28,325)	(132,550)
Occupancy Costs		(214,064)	(96,659)
Legal, Professional and Compliance Fees		(158,865)	(114,664)
Depreciation and amortisation		(4,244)	(1,434)
Due Diligence Expenses:		-	(744,591)
Other Expenses		(225,175)	(295,600)
Loss before income tax	5	(11,144,067)	(3,747,017)
Income Tax Expense	6	-	-
Loss after before tax		(11,144,067)	(3,747,017)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year		-	-
		(11,144,067)	(3,747,017)
Total comprehensive loss for the year attributable to members of the Parent Entity		(11,144,067)	(3,747,017)
		Cents	**Cents**
Loss per share			
From continuing operations:			
Basic and diluted loss per share	23	(15.18)	(6.84)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014	2013
		$	$
CURRENT ASSETS			
Cash and cash equivalents	8	308,023	2,974,105
Trade and other receivables	9	85,884	151,145
TOTAL CURRENT ASSETS		393,907	3,125,250
NON-CURRENT ASSETS			
Plant and equipment	10	2,073	9,670
Other non-current assets	11	309,517	8,771,255
TOTAL NON-CURRENT ASSETS		311,590	8,780,925
TOTAL ASSETS		705,497	11,906,175
CURRENT LIABILITIES			
Trade and other payables	12	394,514	733,057
Short term provisions	13	-	63,308
TOTAL CURRENT LIABILITIES		394,514	796,365
TOTAL LIABILITIES		394,514	796,365
NET ASSETS		310,983	11,109,810
EQUITY			
Issued capital	14	11,703,950	14,359,616
Reserves	15	638,818	1,560,852
Accumulated losses		(12,031,785)	(4,810,658)
TOTAL EQUITY		310,983	11,109,810

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Issued Capital	Performance Shares	Share-based Payments Reserve	Accumulated Losses	Total
	$		$	$	$
For the year ended 30 June 2014					
Balance at 30 June 2013	11,602,950	2,756,666	1,560,852	(4,810,658)	11,109,810
Total comprehensive loss for the period	-	-	-	(11,144,067)	(11,144,067)
Ordinary Shares issued during the period	101,000	-	-		101,000
Performance Shares redeemed		(2,756,666)	-	2,756,666	-
Share based payments	-	-	244,240		244,240
Options redeemed during the period	-	-	(149,648)	149,648	-
Options cancelled during the period	-	-	(1,016,626)	1,016,626	-
Balance at 30 June 2014	**11,703,950**	**-**	**638,818**	**(12,031,785)**	**310,983**
For the year ended 30 June 2013					
Balance at 30 June 2012	3,820,859	-	23,340	(1,063,641)	2,780,558
Total comprehensive loss for the period	-	-	-	(3,747,017)	(3,747,017)
Shares issued during the period	8,866,058		-	-	8,866,058
Performance Shares issued during the period		2,756,666	-	-	2,756,666
Options granted	-	-	1,537,512	-	1,537,512
Transaction costs	(1,083,967)	-	-	-	(1,083,967)
Balance at 30 June 2013	**11,602,950**	**2,756,666**	**1,560,852**	**(4,810,658)**	**11,109,810**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

	Note	2014	2013
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Customers		5,110	-
Payments to suppliers and employees		(2,530,441)	(3,423,254)
Interest received		29,971	93,019
Net cash used in operating activities	20(b)	(2,495,360)	(3,330,235)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(269,219)	(1,119,428)
Purchase of plant and equipment		(2,503)	(8,565)
Net cash used in financing activities		(271,722)	(1,127,993)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		101,000	5,500,000
Payments relating to capital raising		-	(623,617)
Net cash provided by/(used in) financing activities		101,000	4,876,383
Net (decrease) / increase in cash and cash equivalents held		(2,666,082)	418,155
Cash at beginning of year		2,974,105	2,555,950
Cash at end of year	20(a)	308,023	2,974,105

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 1 - Statement of Significant Accounting Policies

The consolidated financial statements cover the Company of Exalt Resources Limited and its controlled entity (“the Group”). Exalt Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

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

The financial statements were authorised for issue on the 30 September 2014 by the Directors of the Company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

Going concern basis of accounting

The financial statements have been prepared on a going concern basis. The Company has incurred an operating loss during the year of $11,144,067 (2013: $3,747,017) and has a deficiency of operating cash flow of $2,495,360, in addition there is a deficiency of net current assets of $607. The Directors are managing the Company’s cash flows carefully to meet its operational commitments.

The Directors consider that the going concern basis is appropriate for the following reasons.

1) The operating cost base has been greatly reduced and expenses are budgeted to reduce significantly in the 2015 financial year.
2) The Company has sufficient working capital to meet its minimum operating expenses and should the Company require additional development capital the Board has a reasonable belief that it will be successful in completing a capital raising to meet this capital requirement.
3) The technical deficit in net current assets of $607 includes liabilities owed to Directors for unpaid Director Fees totaling approximately $127,000 which the Directors propose, subject to shareholder approval be satisfied through the issue of fully paid ordinary shares.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Exalt Resources Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. 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 controlled entities is contained in Note 16 of the Financial Statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated 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.

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 in 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 business combinations are recognised as expenses in profit or loss when incurred.

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

(b) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised as it accrues.

(c) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, 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, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, 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.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Exploration and development expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

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

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(h) 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, 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. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements

Class of Fixed Asset	**Depreciation Rate**
Furniture Fittings and Office Equipment	20–33%

(g) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of the Company is measured in Australian dollars. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions during the period are translated into functional currency using the rates of exchange prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

– assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

– income and expenses are translated at average exchange rates for the period; and

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(h) Impairment of assets

At the end of each reporting period, the Company 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: Property, Plant and Equipment). 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, intangible assets with indefinite lives and intangible assets not yet available for use.

(i) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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 stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(j) 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses. Receivables and payables are stated with the amount of GST included.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

(k) 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.

(l) Provisions

Provisions are recognised when the Company 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.

(m) Earnings per share

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted loss per share adjusts the figures used in the determination of basic loss per share by taking into account any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

When the Company has an operating loss after income tax and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the Company, than is shown by basic loss per share, the diluted loss per share is reported the same as basic loss per share.

(n) Equity-settled compensation

The Company may operate equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(o) Segment reporting

The Company identifies its reportable operating segments based on the internal reports that are reviewed by the Board of Directors. Corporate office activities are not allocated to a separate operating segment and form part of the balance of unallocated revenue, expenses, assets and liabilities.

(p) Critical Accounting Estimates and Judgments

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

(q) New and amended standards adopted by the Consolidated Group

The Consolidated Group has applied all new accounting standards and amendments mandatory for accounting periods commencing on or after 1 July 2013. The significant new standards adopted as of 1 July 2013 are detailed below:

- AASB 10: Consolidated Financial Statements; AASB 127: Separate Financial Statements
- AASB 13: Fair Value Measurement;
- AASB 119: Employee Benefits (2011);

The adoption of these standards has not had a material impact on the financial statements of the Consolidated Group. Where required, new disclosures introduced by these standards have been included.

The adoption of AASBs 10, 13 and 119 resulted in changes in accounting policies for the Consolidated Group.
These are explained below:

- Adoption of AASB 10 resulted in a change in the definition of control. Under the new definition, the Consolidated Group controls an entity when the Consolidated Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
  The Consolidated Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 compared to AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.
- The adoption of AASB 13 has clarified that fair value is an exit price notion and, as such, the fair value of financial liabilities should be determined based on a transfer value to a third-party market participant. The fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty.
  The Consolidated Group has reviewed its Accounting Policy and there is no material effect on the financial statements.
- The adoption of the revised AASB 119 has not changed the accounting obligations for the Consolidated Group. The Company continues to expect all annual leave will be taken within twelve months after the end of the reporting period and continues to classify as short-term employee benefits.

(r) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Consolidated Group's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 1031: Materiality*
  Revised AASB 1031 is an interim standard that cross-references to other standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality.

  AASB 1031 will be withdrawn once all the references to AASB 1031 in all standards and interpretations are removed.
  This standard is effective for year ending 30 June 2014 and will not have any impact on the financial statements.

- *AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)*

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

AASB 2012-3 addresses inconsistencies in current practice when applying the offsetting criteria in AASB 132 Financial Instruments: Presentation.
It clarifies the meaning of 'currently has legally enforceable right of set-off' and 'simultaneous realisation and settlement'. This is effective for year ending 30 June 2014 and is not expected to have a material impact on the financial statements.

Note 2 – Business Combinations

On 27 November 2012 the Company acquired 100% of the issued capital of ODNI Pte Ltd, a Singaporean based company which has rights to secure interests in a number of Indonesian based mining projects. The purchase was satisfied through the issue of 16,666,667 ordinary shares in Exalt, 66,000,000 Performance Shares and 30,000,000 Options. The acquisition was part of the Group's overall strategy to expand its operations into the Indonesian coal markets.

Through acquiring 100% of the issued capital of ODNI Pte Limited, the Group obtained control of the company. The assets of ODNI were the rights to secure interests in a number of Indonesian based mining projects. ODNI had no other assets or liabilities. There was no cash out flow as a result of the acquisition.

	2014	2013
Purchase Consideration:	**$**	$
Equity issued (16,666,666 Ordinary Shares @ $0.20)	-	**3,333,333**
30,000,000 Options issued	-	**1,016,625**
66,000,000 Performance Shares issued	-	**2,640,000**
Fair Value of Indonesian Mining Project Rights	-	**6,989,958**
Represented by : Mining Rights	-	**6,989,958**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 3: Segment information

The Company has identified its operating segments based on the location of its exploration assets. The company operates in one business segment being minerals and energy exploration and after discontinuing its operations in Indonesia only in one geographic segment being Australia.

2014	Indonesian Operations $	Australian Operations $	Corporate $	Total $
Segment performance				
Revenue	-	34,617	-	**34,617**
Net loss before tax	(9,374,781)	(1,595,750)	(173,536)	**(11,144,067)**
i) Segment Assets				
Total Non-Current Assets		397,842	307,655	**705,497**
ii) **Segment Liabilities**				
Total Liabilities	-	(394,514)	-	(394,514)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

2013	Australian Operations $	Indonesian Operations $	Corporate $	Total $
Segment performance				
Revenue	93,019	-	-	**93,019**
Net loss before tax	877,317	1,655,295	1,214,405	**3,747,017**
i) Segment Assets				
Total Assets	1,008,860	7,923,210	2,974,105	**11,906,175**
ii) Segment Liabilities				
Total Liabilities	229,709	98,447	468,209	**796,365**

Note 4: Revenue	**2014** **$**	2013 $
Non – operating activities		
- interest income	**29,971**	93,019
-other Income	**4,646**	-
	34,617	93,019

Note 5: Loss for the Year	**2014**	2013
Loss before income tax includes the following specific expenses:		
Employee benefits expense		
Salary and Wages	**602,985**	1,149,068
Superannuation	**4,167**	37,374
Other	**76,686**	97,548
Total Employee benefits expense	**683,838**	1,283,990
Significant expenses		
Legal fees	**78,867**	288,464
Consulting fees	**694,182**	263,837
Road Show and travel costs	**39,251**	192,290
Total	**812,300**	744,591

Note 6: Income tax expense	**2014** **$**	2013 $
(a) The components of income tax expense comprise:		
Deferred tax	**618,983**	962,492
Deferred tax assets not recognised	**(618,983)**	(962,492)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014	2013
	$	$
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on the loss from ordinary activities	**(3,343,221)**	1,124,105
Less:		
Tax effect of:		
Share options expensed during period	**(73,272)**	(53,160)
Non-deductible offshore exploration costs	**(49,795)**	(101,297)
Other Non-deductible costs	**(124)**	(7,156)
Impairment of ODNI Shares	**(2,607,045)**	-
Tax effect of:		
Deferred tax assets not recognised	**(618,983)**	962,492
Income tax expense	-	-

Tax losses

	2014	2013
Unused tax losses for which no tax loss has been recognised as a deferred tax asset adjusted for non-temporary differences at 30%	**2,042,680**	1,176,269

The taxation benefits will only be obtained if:

(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;

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

(iii) no changes in tax legislation adversely affect the Company in realising the benefits from the deductions for the loss.

(iv) the Company makes an application for R&D expenditure.

Note 7: Auditor's remuneration

	2014	2013
	$	$
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	**34,000**	37,000
- corporate services	**-**	1,500
	34,000	38,500

Note 8: Cash and cash equivalents

	2014	2013
	$	$
Cash at bank and on hand	**308,023**	2,974,105

Note 9: Trade and other receivables

	2014	2013
	$	$
Other receivables	**85,884**	151,145
Total Trade and other receivables	**85,884**	151,145

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

(a) Effective interest rates and credit risk

There is no interest rate risk for the balance of trade and other receivables.

All amounts past due are considered impaired and provided against. All other receivables are within credit terms and not considered impaired. There is an $83,393 term deposit used as to security against a rental bond for the company's lease which expired in May 2014. The term deposit has been refunded to the Company on 9 July 2014 following the termination of the lease.

Note 10: Non-current assets – Plant and Equipment

	Furniture Fittings and Office Equipment
Year ended 30 June 2014	
Opening net book value	**9,670**
Additions	**2,503**
Impairment	**(5,856)**
Depreciation charge	**(4,244)**
Closing net book value	**2,073**

	Furniture Fittings and Office Equipment
At 30 June 2013	
Cost	11,259
Accumulated depreciation	(1,589)
Net book amount	9,670

Note 11: Other Non-Current Assets

	2014	2013
Exploration Expenditure	**$**	$
Balance at the beginning of the period	**8,771,255**	671,869
Impairment of mining rights and exploration costs -ODNI	**(8,370,162)**	(122,965)
Impairment of mining rights and exploration costs	**(361,083)**	-
Exploration and evaluation expenditure - Australia	**269,507**	1,232,393
Acquisition of ODNI Mining Rights	**-**	6,989,958
Total	**309,517**	8,771,255

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The carrying value of exploration at balance date relates to the Mineral Hill South project only.

Note 12: Trade and other payables

	2014	2013
	$	$
Trade payables	**40,051**	192,121
Accrued wages	**-**	354,400
Sundry payables and accrued expenses	**354,463**	186,536
	394,514	733,057

Note 13: Provisions

Employee benefits - annual leave	**2014**	**2013**
	$	$
Opening balance 1 July	**63,308**	10,691
Additional provisions	**-**	55,273
Amounts used	**(63,309)**	(2,656)
Balance as at 30 June	**-**	63,308

Provisions of Annual Leave

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(r).

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 14: Issued capital

	2014	2013
	$	$
76,571,958 (2013 73,205,295) fully paid ordinary shares	**11,703,950**	14,359,616

Note 14: Issued capital (continued)	2014 No of shares	2014 $'s	2013 No of shares	2013 $'s
(a) Fully paid ordinary shares				
Balance at beginning of reporting period	**73,205,295**	**11,602,950**	28,875,003	3,820,859
Shares issued during the period				
- 30 November 2012			25,000,000	5,000,000
- 2 December 2012			2,500,000	500,000
- 2 December 2012			16,666,667	3,333,333
- 6 June 2013			163,625	32,725
- 10 June 2014	**3,366,664**	**101,000**		
- Transaction costs			-	(1,083,967)
Subtotal Ordinary Shares	**76,571,959**	**11,703,950**	73,205,295	11,602,950
b) Performance shares				
Balance at beginning of reporting period	**84,000,000**	**2,756,666**	84,000,000	2,756,666
Redemption of ODNI Performance shares	**(66,000,000)**	**(2,640,000)**	-	
Redemption of Tudor Performance shares	**(18,000,000)**	**(116,666)**		
Subtotal Performance Shares	**-**	**-**	84,000,000	2,756,666
Total Issued Capital	**76,571,959**	**11,703,950**	157,205,295	14,359,616

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held. Every ordinary shareholder present at a meeting of the Company, in person or by proxy, is entitled to one vote, and upon a poll each ordinary share is entitled to one vote.

Ordinary shares have no par value.

Redemption of Performance shares

During the Financial year 84,000,000 performance shares were redeemed by the Company in accordance with their terms of issue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

c) Options over unissued shares

	2014 No.	2013 No.
Balance at beginning of reporting period	**61,008,568**	16,008,568
Issued during the period		
ODNI Vendors	**-**	30,000,000
Peloton	**-**	10,000,000
B. Tudor	**-**	3,000,000
W. Moss AM	**-**	2,000,000
Redemption /Expiry of Options during the period		
ODNI Vendors	**(30,000,000)**	-
B. Tudor	**(3,000,000)**	-
W. Moss AM	**(2,000,000)**	-
		-
Balance at end of reporting period	**26,008,568**	61,008,568

Options exercisable at $0.20

30,000,000 options issued on 30 November 2012 to ODNI in relation to acquisition of ODNI Holdings Pte Ltd were cancelled on November 28th 2013 in accordance with their terms of issue.

2,000,000 options issued it to W Moss AM were cancelled by the Company following his resignation as director in September 2013.

3,000,000 options issued to B Tudor expired in March 2014.

(d) Capital management

Management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management adjusts the capital structure to the extent possible to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is not subject to any externally imposed capital requirements, nor does it focus on obtaining debt as a key capital management tool.

Note 15: Reserves

	2014	2013
Share option reserve: *The share-based payments reserve is used to recognise the fair value of options granted but not exercised.*	**$**	**$**
Balance at the beginning of the year	**1,560,852**	23,340
Share options issued to Directors	**-**	60,536
Share options issued to third parties	**-**	1,476,976
Options Expensed During the Period to Directors	**244,240**	-
Options Redeemed During the Period to Directors	**(149,648)**	-
Options Redeemed During the Period to ODNI	**(1,016,626)**	-
Balance at the end of the year	**638,818**	1,560,852

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Share option reserve

Fair values at grant date are independently determined using a Black–Scholes Option Pricing Model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at the grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

No options were issued in the year ended 30 June 2014. The model inputs for options granted during the year ended 30 June 2013 which remain outstanding at 30 June 2014 are as follows:

Expected volatility is based on the historic volatility of the market price of the Company's shares, based on two year's historic volatility data.

Class Y Options issued for 20c

Fair value at grant date	Cents	7.6
Share price at grant date	Cents	20.0
Exercise price	Cents	20.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	4
A discount rate due to the illiquid nature of the options	%	30%

Class X Options issued for 50c

Fair value at grant date	Cents	2.78
Share price at grant date	Cents	18.0
Exercise price	Cents	50.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	2
A discount rate due to the illiquid nature of the options	%	30%

Note 16: Controlled entity

	Country of Incorporation	Percentage Owned (%)*	
		2014	2013
ODNI Pte Ltd (Subsidiary of Exalt Resources Limited)	Singapore	**100**	100

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

Note 17: Related party transactions

During the year the following expenses were incurred in relation to settlement of Director's contracts. The following amounts have been recorded in the Consolidated Statement of Profit and Loss and other Comprehensive Income:

- Employee Benefit Expense of $595,203 in relation to Salary and termination benefits to Mr Barry Tudor: and
- Consulting Fees Expense include $325,000 in relation to Corpac Partners Pty Ltd ("Corpac"). Mr Robert Crossman is the Managing Director of Corpac.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

- Mr Robert Whitton's employer, William Buck Chartered Accountants was paid an amount of $57,111 by the Company for services provided by Mr Whitton outside of his Non-executive Director role.

- Consulting Fees Expense includes $10,000 in relation to Peloton Capital Limited. Mr Shane Hartwig is a director of Peloton Capital Limited. Mr Hartwig received no benefit, directly or indirectly from the payment of these fees.

- Mr Peter Bennetto sub-leased an office from the Company for a period during the financial year and for this paid the Company an amount of $4,000.

  Apart from the above payments there are no other related party transactions.

Note 18: Interests of key management personnel (KMP)

Names and positions held of Company key management personnel in office at any time during the year were:

Name	Change	Role
W Moss	Resigned 2 September 2013	Non-Executive Chairman
B Tudor	Resigned 17 September 2013	Managing Director
S Hartwig	No change	Non-Executive Director
E Lee	Resigned 11 November 2013	Non-Executive Director
P Dykes	No change	Non-Executive Director
R Soekarno	Resigned 28 November 2013	Non-Executive Director
P Bennetto	Appointed 28 November 2013	Non-Executive Chairman
R Whitton	Resigned 28 November 2013	Non-Executive Director
R Sheridan Chief Financial Officer	Resigned 15 June 2014	Chief Financial Officer
A Kovago	Resigned 28 November 2013	Exploration Executive

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the period ended 30 June 2014.

The total remuneration paid to KMP during the year is as follows:

	2014	2013
	$	$
Short term employee benefits	**1,028,709**	1,614,752
Post – employment benefits	**4,167**	29,500
Share- based payments	**244,242**	177,202
Termination/resignation payments	**334,958**	1,821,454
Total KMP compensation	**1,612,076**	1,821,454

Note 19: Employee benefits

Superannuation

The Company makes contributions based on each employee's salary to superannuation plans that provide employees with benefits on retirement in accordance with the requirements of superannuation legislations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Employee incentive plan

The Board adopted the Exalt Resources Employee Share Option Plan on 2 November 2010 (the "Plan").

The Plan is designed to:
• provide eligible participants with an ownership interest in Exalt;
• provide additional incentives for eligible participants; and
• attract, motivate and retain eligible participants.

Note 20: Notes to statement of cash flows

	2014 $	2013 $
(a) Reconciliation of cash		
Cash at bank and on hand	**308,023**	2,974,105
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss from ordinary activities after income tax	**(11,144,067)**	(3,747,017)
Depreciation	**4,244**	1,434
Non-cash expense – share-based payments	**244,241**	209,928
Impairment of ODNI and Exploration Assets	**8,735,600**	-
- Increase/(Decrease) in creditors and accruals	**(337,044)**	235,922
- (Increase)/Decrease in receivables	**64,974**	(83,119)
- Increase/(Decrease) in provisions	**(63,308)**	52,617
Net cash used in operating activities	**(2,495,360)**	(3,330,235)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 21: Financial risk management

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

The Company's activities expose it to a limited number of financial risks as described below. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company. To date, the Company has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposure identified. The Company holds the following financial instruments.

Financial assets	2014 $	2013 $
Cash and cash equivalents	**308,023**	2,974,105
Trade and other receivables	**85,903**	151,145
Total	**393,926**	3,125,250
Trade and other payables	**394,914**	733,057
Total	**394,914**	733,057

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk.

Interest rate risk

The Company's main interest exposure arises from cash at bank and bank term deposits. As at the reporting date, the Company had the following cash profile.

	2014 $	2013 $
Cash at bank and in hand	**308,023**	2,974,105
Total	**308,023**	2,974,105

The Company's main interest rate risk arises from cash and cash equivalents. The cash in the investment account earns a floating interest rate between 0 % and 2.4% (2013: 2.75 % and 3.25%)

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. Consolidation of ODNI's Financial Statements has been made by converting Singapore dollars to Australian dollars at year end. These translations have not had a material effect on the Consolidated Financial Statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Credit risk

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents, deposits and banks as well credit exposure including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Liquidity risk

The Company maintains sufficient liquidity by holding cash in readily accessible accounts. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has no access to borrowing facilities at the reporting date. The Company's financial assets are $393,907 (2013: $3,125,250) and financial liabilities are $ 394,514 (2013: $733,057).

Fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in the Statement of Accounting Policies.

Sensitivity analysis

The following table illustrates sensitivity to the Company's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. This sensitivity assumes that the movement in a particular variable is independent of other variables.

	Profit **$**	**Equity** **$**
Year ended 30 June 2014	**+/- 3,080**	**+/- 3,080**
+/-1% in interest rates		
Year ended 30 June 2013		
+/-1% in interest rates	**+/- 24,660**	+/-24,660

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

Note 23: Earnings per share

	2014	2013
	$	$
Operating loss after income tax used in the calculation of basic and diluted loss per share	**11,144,067**	3,747,017
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	**73,398,992**	54,760,640

Note 24: Events occurring after the reporting period

Following the end of the financial year and in conjunction with the Company's Share Purchase Plan (SPP) announced on April 25, 2014 the Company raised an additional $135,000 by placing a portion of the SPP shortfall.

Note 25: Commitments

	2014	2013
	$	$
a) Minimum expenditure commitments for mining tenements:		
Within one year	**72,000**	88,500
Later than one year but not later than five years	**-**	64,042
Later than five years	**-**	-
	72,000	152,542
b) Minimum expenditure commitments for Operating lease		
Within one year	**-**	148,158
Later than one year but not later than five years	**-**	15,150
Later than five years	**-**	-
	-	163,308

The company has vacated its leased premises effective 2 July 2014 and has no further lease commitments.

Note 26: Parent Information

	2014	2013
	$	$
ASSETS		
Current assets	393,926	3,125,250
Non-current assets	319,555	8,784,775
TOTAL ASSETS	**713,881**	11,910,025
LIABILITIES		
Current liabilities	390,107	730,057
Non-current liabilities	**-**	63,308
TOTAL LIABILITIES	**390,107**	796,365

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2014

	2014	2013
	$	$
EQUITY		
Issued capital	**11,703,950**	**14,359,616**
Reserves	**638,818**	**1,560,852**
Accumulated Losses	**(12,031,785)**	**(4,806,808)**
TOTAL EQUITY	**310,983**	**11,113,660**
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	**(11,144,067)**	**(3,743,166)**
Total comprehensive income	**(11,144,067)**	**(3,743,166)**

Guarantees

Exalt Resources Limited, a Publically Listed Company, has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

Nil

Contractual commitments

At 30 June 2014, Exalt Resources Limited a Publically Listed Company had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: $0).

Note 27 - Company Details

THE REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IS:

Gateway Tower
Level 36
1 Macquarie Place
Sydney 2000

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 42, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Group;

2. the Chairman has declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view; and

3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Dated this 30 September 2014

Shane Hartwig
Non-Executive Director

HALL CHADWICK
Chartered Accountants and Business Advisers

EXALT RESOURCES LIMITED
ABN 17 145 327 617
AND CONTROLLED ENTITY

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

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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HALL CHADWICK
Chartered Accountants and Business Advisers

EXALT RESOURCES LIMITED
ABN 17 4532 7617
AND CONTROLLED ENTITY

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

Auditor's Opinion

In our opinion:

a. the financial report of Exalt Resources Limited is in accordance with the Corporations Act 2001 including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of $11,144,067 during the year ended 30 June 2014, and as of that date, the company's current liabilities exceeded its current assets by $607. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 6 to 9 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.

Auditor's Opinion

In our opinion the remuneration report of Exalt Resources Limited for the year ended 30 June 2014 complies with Section 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb
Partner

Date: 30 September 2014

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ADDITIONAL INFORMATION

Additional Australian Securities Exchange information as at 22 September 2014.

Number of holders of equity securities

Fully Paid Ordinary Shares

76,571,958 fully paid ordinary shares are held by 304 individual shareholders.

All issued ordinary shares carry one vote per share.

Options

16,008,568 Options ($0.20 Ex Price, 31st December 2015 Expiry) held by 332 individual optionholders

Distribution of holders of equity securities.

Category (size of Holdings)	Ordinary Shares holders	Option holders
1 - 1,000	4	3
1,001 - 5,000	2	132
5,001 - 10,000	55	96
10,001 - 100,000	143	82
100,001 and over	95	20
	299	332
Holding less than a marketable parcel	**5**	**0**

Substantial shareholders

The names of the substantial shareholders listed in the Exalt Resources Limited register as at 22 September 2014 were:

Holders	Fully paid ordinary shares	
	Number	Percentage
GXB PTY LTD	5,599,997	6.91
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,891,260	6.03
	10,491,257	12.93

ADDITIONAL INFORMATION

Twenty largest holders of quoted ordinary shares

	Number	%
GXB PTY LTD	5,599,997	6.91
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,891,260	6.03
SANDFORD PTE LTD	2,969,349	3.66
GEBA PTY LTD <GEBA FAMILY A/C>	2,825,438	3.49
ALASTAIR R BROWN PTY LTD	2,750,000	3.39
CANGU PTY LTD <CANGU FAMILY A/C>	2,635,191	3.25
AUSTCORP NO 214 PTY LTD <WILLIAM J MOSS S/F A/C>	2,500,000	3.08
ETHAN ALLEN INVESTMENTS PTY LTD <ETHAN ALLEN INVEST UNIT A/C>	2,250,958	2.78
VICEROY INVESTMENTS PTE LTD	2,250,958	2.78
CANGU PTY LTD <CANGU FAMILY A/C>	2,085,000	2.57
AS & JR LIBBIS PTY LIMITED <LIBBIS FAMILY A/C>	1,950,000	2.41
EKE HOLDINGS PTY LTD	1,500,000	1.85
KORE CAPITAL PTY LTD	1,500,000	1.85
OREM INVESTMENTS PTY LTD <OREM SUPER FUND A/C>	1,500,000	1.85
SPOFFORTH PTY LTD	1,445,902	1.78
LITTLE BREAKAWAY PTY LTD	1,365,000	1.68
MR STEVEN WOODHAM + MRS ELIZABETH WOODHAM <ALPHA FAMILY A/C>	1,350,000	1.67
CLEAR RANGE PTY LTD <CLEAR RANGE A/C>	1,333,333	1.64
MR MERVYN IAN LEO BASSETT + MRS SHIRLEY ETHEL BASSETT <Y-Z SUPERANNUATION FUND A/C>	1,200,000	1.48
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,130,000	1.39
Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)	**45,032,386**	**55.55**
Total Remaining Holders Balance	**36,039,572**	**44.45**

Twenty largest holders of quoted options

	Number	%
GEBA PTY LTD <GEBA FAMILY A/C>	2,861,112	17.87
CANGU PTY LTD <CANGU FAMILY A/C>	2,521,667	15.75
MR SHANE HARTWIG	1,158,334	7.24
MR EMMANUEL CORREIA	1,058,334	6.61
MR JONATHON CHARLES KOOP	750,000	4.68
MADEIRA NOMINEES PTY LTD	622,500	3.89
MS NYREE CORREIA	621,528	3.88
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	440,854	2.75
MR MARK WILLIAM BRYCKI + MRS NICOLA JANE BRYCKI <BRYCKI PENSION FUND A/C>	400,000	2.50
MRS LOUISE JANE HARTWIG	391,667	2.45
DR ALASTAIR ROWLAND BROWN <HIPIKI STAFF FUND A/C>	332,674	2.08
MR DAVID ANTHONY WARD	316,667	1.98
MR CHRISTOPHER BRYCKI	280,000	1.75
BIMEDENT PTY LTD <DISCRETIONARY A/C>	250,001	1.56
BJS ROBB PTY LTD	133,334	0.83
MS NICOLE GALLIN + MR KYLE HAYNES <GH SUPER FUND A/C>	133,334	0.83
ARCHFIELD HOLDINGS PTY LTD	125,004	0.78
JALONEX INVESTMENTS PTY LTD	116,000	0.72
DR ALASTAIR ROWLAND BROWN <HIPIKI STAFF FUND A/C>	111,112	0.69
MR GRAHAM ROBERT FOREMAN	75,000	0.47
Top 20 holders of Listed Options	**12,699,122**	**79.33**
Total Remaining Holders Balance	**3,309,446**	**20.67**

ADDITIONAL INFORMATION

DIRECTORS

Mr Peter Bennetto	Non-Executive Chairman
Mr Peter Dykes	Non-Executive Director
Mr Shane Hartwig	Non-Executive Director

COMPANY SECRETARY
Mr Shane Hartwig

REGISTERED OFFICE
Gateway Tower
Level 36
1 Macquarie Place
Sydney 2000

PRINCIPAL PLACE OF BUSINESS
Gateway Tower
Level 36
1 Macquarie Place
Sydney 2000

AUDITORS
Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

SHARE REGISTRY
Computershare Investor Services Pty Limited
Yarra Falls
1152 Johnston Street
Abbotsford VIC 3067

LAWYERS
Gadens Lawyers
Skygarden Building
77 Castlereagh Street
Sydney NSW 2000