Robust
Resources Limited

# ACQUIRE DISCOVER DEVELOP

ANNUAL REPORT 2014

14

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## Chairman's Letter

I am pleased to present you with the 2014 Annual Report for Robust Resources Limited ('Robust' or 'the Company'), albeit in circumstances where the Company is facing an imminent takeover offer.

At the time of writing, the Company is awaiting a Bidder's Statement in respect of a joint offer by Padiham Resources Pty Ltd, a company jointly owned by Stanhill Capital Partners Holdings Ltd and Droxford International Ltd, at $0.49 per share, for all the shares these parties do not already own at the time of the offer. The bidding partners currently own approximately 46.6% of all shares on issue in Robust Resources Ltd. The bid will be conditional only on achieving acceptances in respect of 50.1% of the shares not owned on commencement of the bid.

The Company will in due course provide shareholders with a comprehensive Target Statement setting out all matters which shareholders need to consider in relation to the offer. It is anticipated that the Board will unanimously recommend the bid be accepted, subject only to the offer being found (and continuing to be found) to be fair and reasonable by an independent expert appointed by the Company, and there being no superior offer.

The operational progress made by the Company during the year under review has been pleasing, and is fully described in the Executive Director's report. On reviewing this report, it is not difficult to understand why the Company is now under takeover offer; at the time of the first notice of intention to bid, the Company's assets were substantially undervalued in the market. The Board and its advisors have worked hard to ensure that the Offer for the consideration of shareholders well reflects the prospects and value of the underlying assets, taking into account the regulatory and funding uncertainties.

The pending takeover bid presents a difficult working environment for all of the Company's operating and administration staff. All of our staff have responded to these challenges with commendable professionalism and dedication, for which I express my and my Board's sincere thanks.

During the course of the year there was one addition to the Board (Hugh Thomas), and three resignations from the Board (Andrew Wilson, Gordon Lewis, and founding Managing Director Gary Lewis). Hugh has brought a wealth of experience in the mining investment sector, and I have greatly appreciated his valuable contribution both pre and during the takeover deliberations. The departed directors can all be proud of their various contributions to the acquisition and development of all of the exceptional assets which the Company now boasts. I thank them all for their contributions.

It would be untruthful if I were to say that the role of Chairman has, in current circumstances, not been challenging. I have, nevertheless, enjoyed great support from all of our staff members, consultants, advisors, and many shareholders; I thank them all unreservedly for that support.

**David King | CHAIRMAN Sydney, dated this 2nd of October 2014**

## Executive Director's Report

There have been a number of important and material advancements in both the corporate and technical progress of the Company during the 2014 Financial Year.

The acquisition of a large gold-copper deposit, known as Taldybulak, in Kyrgyz Republic, has significantly increased the mineral resource inventory of the Company. Taldybulak and the nearby Andash copper-gold projects were subsequently divested to a London-based entity, Tengri Resources Limited which is listed on the AIM stock exchange, with Robust retaining over 87% ownership in Tengri as part of the transaction. Together, Tengri and AIM are considered to be an efficient combination for sourcing capital for exploration and development projects in Kyrgyz Republic and other central Asian jurisdictions. Robust itself was also successful in raising working capital of $4.4M in August, 2013 and $25.5M in May, 2014.

In a significant subsequent event, an intention to make a takeover bid for Robust was announced on the 1st of July, 2014 by Stanhill Capital Partners at $0.28 per share. Stanhill subsequently increased the offer price to $0.31 after acquiring a 19.9% shareholding in the Company at that price. On the 15th of August the takeover intention was superseded by the announcement of a proposed joint takeover bid for Robust by Droxford International together with Stanhill Capital Partners at a price of $0.49 per share. The outcome of the bid remained uncertain at the time of writing but acceptance of the offer will be recommended by the Robust board, subject to the offer being deemed fair and reasonable by an independent expert.

The Company has made significant progress on Romang Island during the 12 months to 30th June, 2014.

The principal achievements have included the completion of a scoping study on the Manganese Project which has highlighted the great potential for a low capital entry into mining on Romang Island. Based on the positive results of the Scoping Study, the Board commissioned a full feasibility study, which is scheduled for completion in early calendar-year 2015.

Significant progress in exploration was made during the year. Over 15 thousand metres of high-quality diamond drilling were completed, the most for any year since the commencement of work on Romang Island. Three independent resource estimates were published: two on manganese and one polymetallic. The mineral resources were estimated and reported to comply with the new JORC (2012) Code standard.

The manganese mineral resource, comprising 738,000 tonnes at 41.1% manganese, is a significant mineral deposit and is, as far as the Company is aware, the only manganese resource in Indonesia systematically drilled and estimated to JORC standards.

A new estimate of the mineral resources for the Romang polymetallic deposit was carried out to JORC (2012) Code standards by independent consultants and publicly release subsequent to the end of the reporting period on 31st July, 2014. The estimate showed a large increase in all metals when compared to the maiden polymetallic resource published in January 2012. Resource mass increased by 80% to 81.7 million tonnes, contained gold metal increased 81% to over 1 million troy ounces and silver metal increased 152% to nearly 68 million troy ounces. Lead, zinc and copper totalled over 2 billion pounds of metal in the estimate.

Significant progress has been made towards the legal transition from exploration stage to production stage on all Romang Island mineral concessions. The critical AMDAL environmental study was completed and it included significant input from all stakeholders, including the Romang Islanders themselves. There has been generally strong local and regional support for continued development of the mineral deposits on Romang Island.

# Indonesia

## Manganese Project

The Romang Island Manganese Project has potential for quick development as a low capital, direct shipping ore type of mining operation. Significant advances have been made in the 12 months to the end of June 2014.

On the 13th of May, 2014 the Company announced a Mineral Resource Estimate (Table 1) for the Romang Island manganese deposits which was completed by independent consultants, Mining Associates (MA) of Brisbane Australia to JORC (2012) standards.

56% of the resource tonnage is classified as Indicated Mineral Resource which provided the basis for a scoping study. Results of the Manganese Project Scoping Study (“Scoping Study”, “the Study”) was announced on 28th of May, 2014. The Study was carried out by independent consultants Equant Resources Pty Ltd and was based on the Indicated Mineral Resource estimate published by the Company on the 13th and 14th May 2014.

The Scoping Study concluded “*the Romang Manganese Project, despite being small-scale and short production life (2 years), is commercially attractive with strong financial returns and no fatal flaws*”. Other key findings of the Study are shown in Table 2.

| Deposit | Resource Category | Material (t) | Mn Grade (%) | Mn Metal (t) |
|---|---|---|---|---|
| Manganese Valley | Indicated | 413,000 | 41.6 | 172,000 |
| | Inferred | 274,000 | 39.5 | 108,000 |
| Batu Hitam West | Inferred | 51,000 | 45.7 | 23,000 |
| Subtotal | Inferred | 325,000 | 40.5 | 131,000 |
| **Total Resources** | | **738,000** | **41.1** | **304,000** |

***Table 1. Manganese Project Mineral Resource Table (lower cut-off grade =30% Mn).***

| CAPITAL COST | US$8 – 10 million |
|---|---|
| Operating Cost | US$42 – $50 per tonne of Mn product |
| Production | 200,000 t/a Mn Product for 2 years |
| Mn Price (>42% Mn) | US$3.5 – 4.5 / mtu (20% discount to market) |
| Gross Margin | US$100 – $140 / t Mn product<br>US$20 – $28 million per year |
| Payback | < 6 months |
| Gross Revenue | US$40 – $60 million |

***Table 2. Summary of Scoping Study Assumptions and Outcomes.***

Key opportunities identified in the Scoping Study are quoted as: *"Importantly, the current Inferred Manganese Resource will likely be increased and / or converted to Indicated Resource classification by ongoing exploration and evaluation studies, thereby may extend the mine-life for >2 years and increase commercial returns. Further, additional high-grade >40% manganese mineralisation is likely to be discovered by ongoing exploration, while the commercial potential for beneficiation of low-grade 10-30% manganese mineralisation warrants evaluation."*

The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of ore reserves or to provide assurance of an economic development at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The key risks identified in the Study are environmental risks due to metal contamination (both at site and in customer applications) and political risks associated with restrictions on manganese ore export by Indonesian government laws and regulations. A complete copy of the Scoping Study is available at http://www.robustresources.com.au/s/home.asp

The Scoping Study result reaffirms the Company's decision to proceed with a Feasibility Study of the Romang Manganese Project, which is scheduled for completion by early 2015. The estimated cost of the Feasibility Study is ~$1.2M and will contain the following information:

- Metallurgy and ore characterisation tests
- Environment
- Diamond drilling and mineral resource estimate to indicated or measured category
- Mine, processing and production plan
- Logistics and transport infrastructure
- Marketing
- Government policies and community relations
- Commercial evaluation
- Project execution plan.

## Indonesia
## Polymetallic Project

The discovery of high-grade Volcanogenic Massive Sulphide VMS-style polymetallic mineralisation beneath shallow cover sediments in the Perak Basin in late 2012 significantly changed the focus of exploration on Romang Island. It also changed the direction of project development studies from oxide heap-leach gold-silver, to a larger-scale, polymetallic process route, encompassing oxide, transition and sulphide mineralisation types, with significant concentrations of base metal, gold and silver. The Polymetallic Project, if fully established, should be a long-life mine of substantial size.

The recognition and delineation of VMS-style mineralisation is important to the ongoing mineral resource growth of the Lakuwahi Deposit. Discovery of concealed sulphide deposits beneath post mineral cover in the Perak Basin greatly expands the exploration scope of Lakuwahi and by analogy, other similar basin prospects on Romang Island. The Perak Basin is now recognised as a fault bounded, sedimentary basin in the south west corner of the Lakuwahi Caldera. The VMS mineralisation consists of a gently-dipping, barite-rich exhalative (BEX) layer with at least three underlying barite-rich feeder systems (BFS), see Figure 1. The BEX horizon is significant as it often carries gold and silver mineralisation at higher grades than underlying stockwork and feeder zones. It varies from less than 1 metre to more than 8 metres thick and is consistently present throughout the basin.

The feeder zones (BFS) underlying the BEX vary from 30 – 100 metres in width, extend for up to 200 metres below the BEX and have been traced for over 500 metres in strike length with one zone, the Western BFS, still open to the north and south.

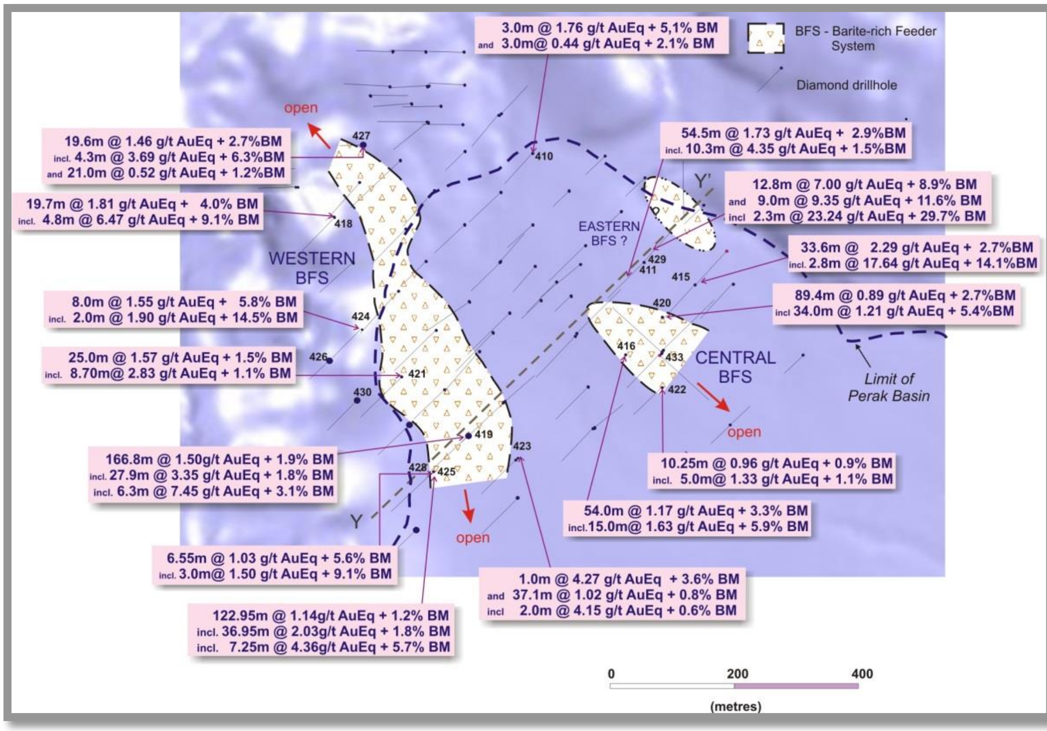


***Figure 1: Map showing location of all drill holes in the Perak Basin with the most significant recent results shown. The BFS does not outcrop in the Perak basin but is covered by 10-50m of unconsolidated sediments and volcaniclastics.***

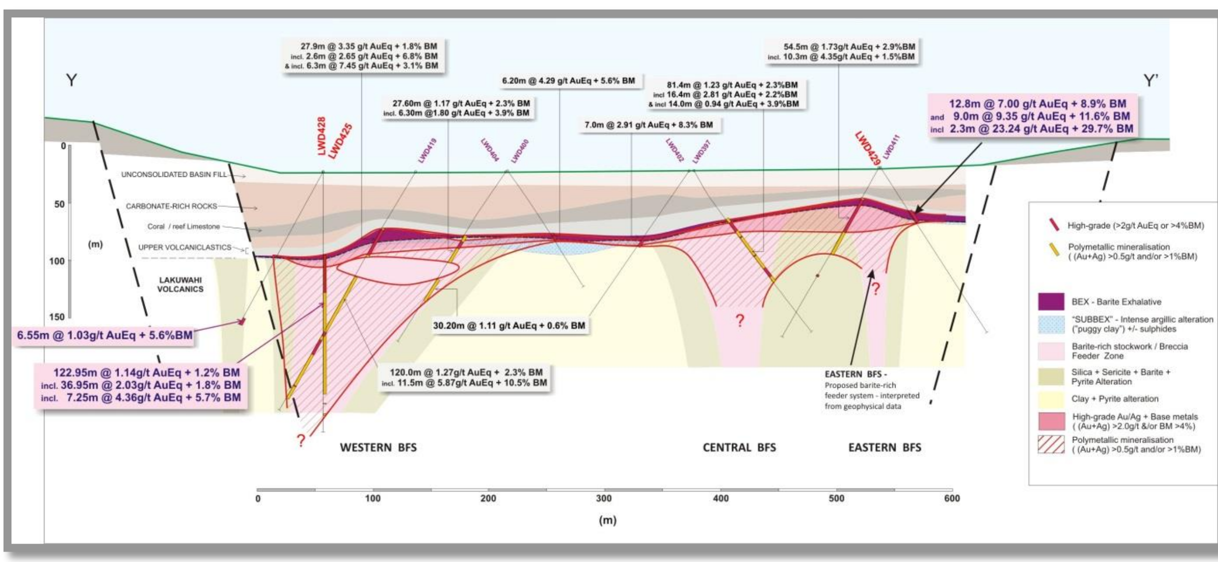


***Figure 2: 600 metre Perak Basin-wide zone of continuous strata-bound exhalative VMS (BEX) and three Barite-rich Feeder Systems (Central, Western and Eastern BFS). The mineralisation remains open at both ends. See Figure 1 for location of cross section.***

The nature of mineralisation underlying the Perak Basin has several factors advantageous to open pit mining.

- **Stripping ratio** – due to the shallow and flat lying mineralisation, a possible mine stripping ratio of around 4:1 is implied from the ratio of overburden to mineralisation in drill intersections (see Figure 2).
- **Mining parameters** – the BEX horizon is preserved under a thin layer of mostly unconsolidated basin fill sediments. Mining could be by inexpensive free-dig methods.
- **Easy access to deeper deposits** – once the flat-lying BEX horizon is mined it would allow easy access to sub-vertical BFS zones and potential high-grade massive sulphide lenses (similar to Batu Mas Deeps, see Figure 3).

There is still considerable exploration potential within the Perak Basin and although drilling has been ongoing since 2013 with over 50 diamond drill holes completed, only 40% of the Basin has been tested so far. 60% of the Perak Basin remains untested and the mineralised zones are open.

There are other non-outcropping basins within the Lakuwahi alteration zone including the Hitam Basin, which is nearly twice the size of Perak Basin (see Figure 3). Recent reinterpretation of geophysical data has shown a similar resistivity response to that overlying significant sulphide VMS mineralisation in Perak Basin.

Hitam Basin is virtually untested with only 3 holes at the extreme western edge of the Basin, one of these intersected 3 zones of polymetallic mineralisation of potential economic significance, similar in style to Perak Basin, indicating potential exists to uncover another significant VMS system beneath Hitam Basin.



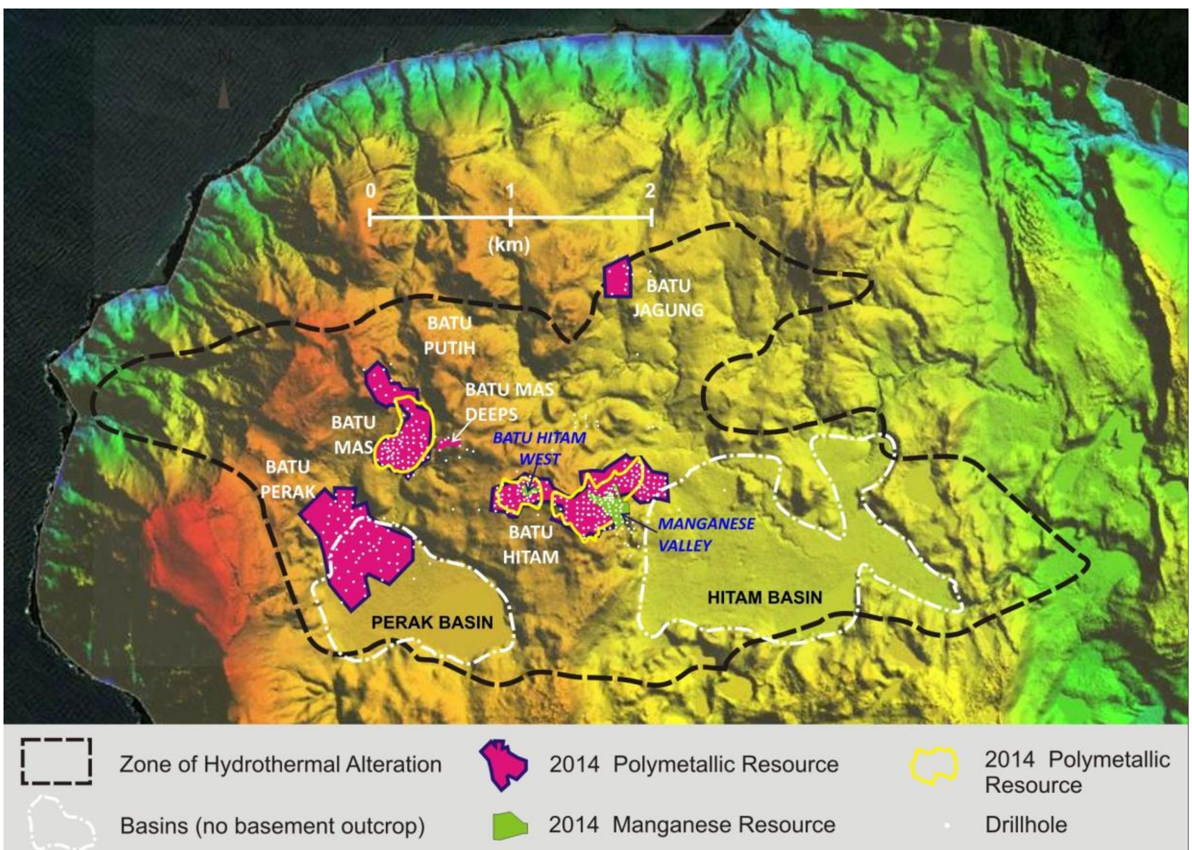


*Figure 3.Plan view of Lakuwahi Caldera topography showing outlines of the 2012 and 2014 Mineral Resources.*

Another significant discovery made during the reporting period is Batu Mas Deeps (Figure 3). This target consists of very high-grade base metal sulphide mineralisation underlying oxidised breccia-hosted mineralisation in Batu Mas. A number of high-grade drill intersections have been made include the following from drill hole LWD 352:

- 17.0m at 25.67% combined base metals from 175m (0.86% Cu, 11.97% Pb, 12.84% Zn, 0.14 g/t Au, 49 g/t Ag) including:
- 6.0m at 54.90% combined base metals from 176m (1.48% Cu, 26.02% Pb, 27.40% Zn, 0.16 g/t Au, 49 g/t Ag)

Although similar grades have been obtained from several other drill holes in the Batu Mas Deeps zone, drill testing remains incomplete, due to prioritisation of drill targets to the Perak Basin and Manganese projects.

If sufficient tonnage can be delineated at Batu Mas Deeps it offers the option of early development and extraction by underground mining of high grade ore.

Deeper drilling is planned using larger capacity drilling rigs to follow up on the deep intersections.

High-grade base metal intersections have been returned in all Lakuwahi prospects but with the exception of Batu Mas deeps have not yet been followed up. There is potential for discrete zones of high-grade base metals mineralisation within all the prospects which could be important to enhance the economics of the Lakuwahi project as a whole.

Mineralised zones remain open in all major prospects at Lakuwahi including Perak Basin, Batu Perak, Batu Hitam, Batu Putih, Batu Jagung, Batu Mas and Batu Mas Deeps.

**Subsequent Event**

On 31 July 2014, the Company reported a new estimate of the polymetallic gold-silver-lead-zinc-copper mineral resources hosted within the Lakuwahi Project area. The resources are reported on a 100% project basis and Robust's interest is 60%. The new estimate is a substantial increase over the maiden Mineral Resource Estimate (ASX/media release on 11 January 2012), reflecting consistently positive results from intensive drilling programs over the past 2½ years and inclusion of important new discoveries such as the Perak Basin VMS, high-grade base metals at Batu Mas Deeps and significant silver in the Batu Putih deposits.

The mineral resource was estimated by independent consultants: Mining Associates (MA) Pty Ltd. The statement of mineral resources is shown in Table 3, below:

| RESOURCE[1] | | GRADE | | | | | METAL | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| > 0.4 g/t Au eq | Tonnes | Au g/t | Ag g/t | Cu % | Pb % | Zn % | Au oz | Ag Moz | Cu Mlb | Pb Mlb | Zn Mlb |
| Inferred | 43,959,000 | 0.34 | 28.6 | 0.08 | 0.64 | 0.72 | 479,000 | 40.4 | 73 | 621 | 700 |
| Indicated | 37,758,000 | 0.46 | 22.7 | 0.07 | 0.50 | 0.46 | 563,000 | 27.5 | 56 | 419 | 386 |
| **Total** | **81,717,000** | **0.40** | **25.8** | **0.07** | **0.58** | **0.60** | **1,042,000** | **67.9** | **128** | **1,040** | **1,086** |

***Table 3: Lakuwahi Polymetallic Resource above 0.4 g/t Au eq[2] cut off.***

This new global resource estimate represents a significant increase from the maiden 2012 estimate:

- Total Resource Tonnes: up 80%
- Total Gold Metal: up 81%
- Total Silver Metal: up 152%
- Total Lead Metal: up 49%
- Total Zinc Metal: up 60%
- Total Copper Metal: up 35%



The 80% increase in tonnage was accompanied by an increase in grade of combined precious metals (Au+Ag) of almost 15% from 0.74 g/t (AuAg)[3] to 0.84 g/t (AuAg). This resulted in a 107% increase in the precious metal content from 1.07 million ounces (AuAg) to 2.21 million ozs (AuAg).

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[1] ***Rounding and Significant Figures:*** *Totals in the tables may differ from their components due to rounding; the number of significant figures does not imply an added level of precision.*

[2] ***Au eq:*** *Au equivalent values were used for defining cut-off grades for reporting. Metal prices used were averages for the 2 years July 2012-June 2014: Au $1450.25/oz; Ag $24.76/oz; Pb $0.96/lb; Zn $0.88/lb recoveries applied were 85% for gold and silver and 80% for Lead and Zinc.*
***Au eq*** *= Au g/t x $/g Au x Au rec%+ Ag g/t x $/g Ag x Ag rec% + Pb % x $/% Pb x Pb rec% + Zn% x $/Zn% x Zn rec%.*

[3] ***AuAg*** *= (Au + Ag/58).*

## Drilling Progress

Exploration and resource drilling during the 2014 financial year was a Company record for any year at 15,076 metres from 131 high-quality diamond drill holes. Since the commencement of drilling with a single machine late in 2008 until 30 June 2014, the Company has completed 462 diamond drill holes totalling 47,896 metres, with a very high success rate of intersecting mineralisation. Drilling has been carried out by up to 8 owner-operated man-portable drill rigs which are operated with a minimum of environmental disturbance and without the need for any heavy earth moving equipment.

**Logistics**

- During the financial year the Company began successful commissioning of a new marine vessel, *Elang Emas 2*. The operation of *Elang Emas 2* has improved safety, eased logistical constraints and reduced costs by reducing requirement for aircraft charters.

**Tenure and Permits**

- In late 2013 the forestry status over much of Romang Island, including the land covering all the Company’s mineral resources, was downgraded to “other use” from “production”. Although all forms of mining are permitted in “production” forestry land, expensive and time-consuming “borrow and use” permits are required from the Ministry of Forestry. Land classified as “other use” does not need “borrow and use” permits for mining to be carried out. This will be a major saving of time and cost to the Company during development and mining.

- Robust currently holds valid “borrow and use” permits for forestry areas still classified as “production”.

- The Company is in the final stages of application for mining permits over approximately 10,000 Ha of Romang Island. The footprint of these permits is almost identical to the Company’s current exploration permits and includes all of the deposits discovered by Robust as well as large areas of highly prospective exploration. The Company has obtained the critical environmental permit known as AMDAL which is a key gateway to obtaining a mining permit.



## Kyrgyz Republic
## Andash

Robust Resources Limited completed the acquisition of the Andash Mining Company ("AMC") in the Kyrgyz Republic for a total consideration of AUD15 million on August 23, 2013. AMC is the owner of the Andash copper-gold project, which is located in the Tien Shan Gold Belt, which hosts some world class gold deposits, including Muruntau, Almalyk and Kumtor.

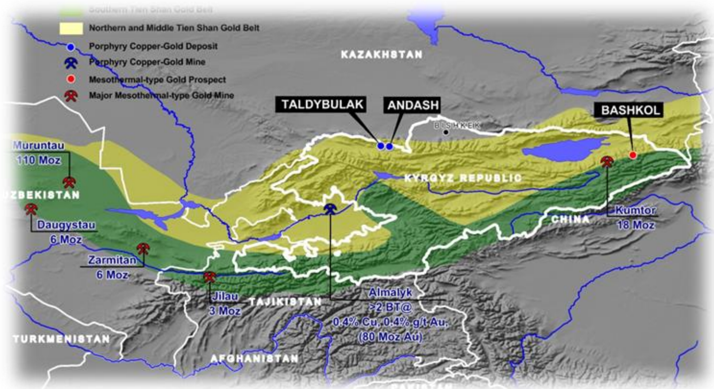



***Figure 4: Location of Kyrgyz assets within the Tien Shan Gold Belt***

It should be noted that the government of the Kyrgyz Republic currently holds a right to acquire a 20% equity interest in AMC for nominal consideration. Robust's Andash project has ore reserves of 539,730 ounces of gold and 63,486 tonnes of copper with significant exploration upside.



| | Tonnes (kt) | Au (g/t) | Cu (%) | Au (oz) | Cu (t) |
|---|---|---|---|---|---|
| **Proven Reserves** | | | | | |
| Oxide | 1,129 | 0.77 | 0.43 | 27,995 | 4,867 |
| Sulphide | 2,921 | 1.17 | 0.46 | 110,210 | 13,408 |
| Sub-total | 4,050 | | | 138,205 | 18,275 |
| **Probable Reserves** | | | | | |
| Oxide | 1,389 | 0.68 | 0.31 | 30,155 | 4,315 |
| Sulphide | 10,559 | 1.09 | 0.39 | 371,370 | 40,896 |
| Sub-total | 11,948 | | | 401,525 | 45,211 |
| **Total Reserves** | | | | | |
| Oxide | 2,519 | 0.72 | 0.36 | 58,150 | 9,182 |
| Sulphide | 13,480 | 1.11 | 0.40 | 481,580 | 54,304 |
| Total | 15,999 | | | 539,730 | 63,486 |

***Table 4: JORC (2004) Ore Reserves for Andash Sulphide and Oxide Ore (10 July 2009)***[4]

During this year the priority at Andash was to strengthen community and government relations, which was a critical first step to develop the project in a timely and coordinated manner. The Company approach was to re-shape the project and address some community concerns to the previous layout. The Company completed a Scoping Study on moving the tailings facility across the river and disposing of tailings via a pulp stacking facility, several hundred metres from the river. Work was commenced on the development of operations "Conceptual Design Plan". This work is being carried out by Kyrgyz design companies and will be linked with a social-economic programme. It is planned to present the design plan and social-economic package to government authorities and the community in the near future.

[4] *The Andash Project JORC (2004) ore reserves was originally announce by KGL Resource on 16/07/2009 in a market release entitled Kentor Gold announces Ore Reserve for Andash Gold-Copper Project. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported*

## Kyrgyz Republic
## Bashkol

During the year the Company signed a Farm-In agreement with KGL Resources Limited and it's local subsidiary Kentor CJSC, a Kyrgyz Republic registered company, on the Bashkol Gold-Copper Tenement in the Kyrgyz Republic. Kentor CJSC holds 100% of the Bashkol Tenement.

Under the terms of the agreement, Robust has been granted a sole and exclusive right to earn an ownership interest in Kentor CJSC on the following terms:

•Robust contributes an initial expenditure of A$2 million for the period ending 31 December 2017 to earn a 51% ownership interest.

• Robust can earn a further 19 % ownership if it contributes a further A $5 million to the period ending 31 December 2021.

• Robust must contribute a minimum annual expenditure to keep the Bashkol Tenement in good standing, currently estimated at US $375,000 per annum. The 17,986ha Bashkol Tenement is located in the eastern part of the Kyrgyz Republic. As with Andash, the project is situated within the renowned Tien Shan Gold Belt and is 60km along strike from the Kumtor deposit, the Kyrgyz Republic's world class producing gold mine with average annual production of 600,000oz of gold per year. The Tien Shan Gold Belt hosts some of the world's largest gold deposits. At Bashkol, the previous operators carried out a successful greenfields exploration program using a combination of geological and geochemical techniques. This work resulted in the delineation of a number of first order anomalies defining a 15km long mineralised trend, including the highly prospective Bekbulaktor prospect.



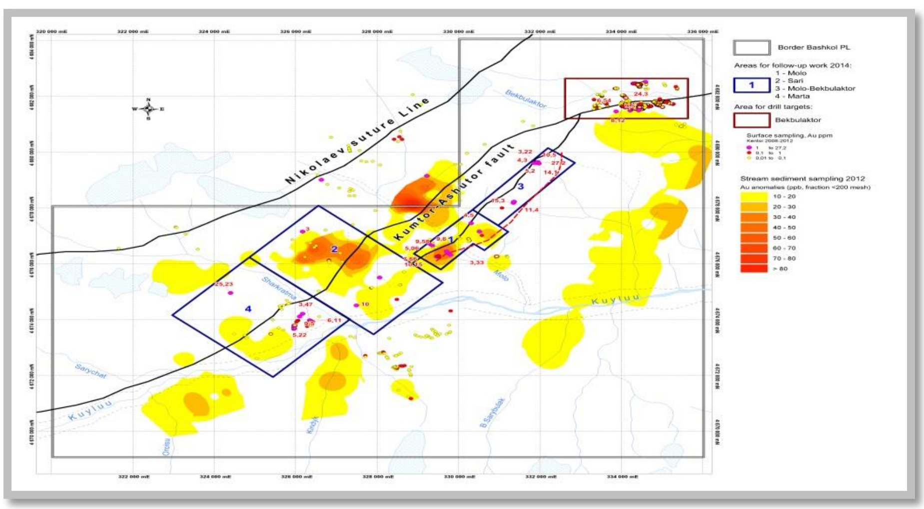



***Figure 5: Gold in stream sediment and rock chip samples and target areas in Bashkol Project***

At the Bekbulaktor prospect, two gold mineralised zones, Bekbulaktor South and Bekbulaktor North have been defined using a combination of IP/Resistivity, soil geochemistry, rock sampling and trenching over a strike length of 2km. The location of the Bashkol project is unique for the Kyrgyz Republic, in that there are no villages near or downstream from the project and excellent infrastructure is already in place. Moreover, local seasonal graziers and local government fully support the project. A 2000m drilling programme was developed in 2013. The drilling required the construction of 6.5km of access road that was constructed during 2013 and 2014. During 2013 only 150m of drilling was completed due to the onset of winter. In May 2014 a review of known geological data was performed and the drilling programme modified to target newly identified potential resources. The drilling recommenced in May 2014 and is ongoing.

## Kyrgyz Republic
## Talas

Robust Resources Limited completed the acquisition of Talas Copper Gold from Gold Fields Orogen Holding BVI Ltd, a 100% subsidiary of Goldfields Limited, on March 30, 2014. Talas Copper Gold holds four mineral concessions, totalling 36,854ha, two of which border the Company's Andash copper-gold project.

The transaction was structured as an acquisition by Robust of the shares in Goldfields subsidiary Kami Associates (BVI) Limited, which holds the Talas project.

Goldfields completed the most recent Taldybulak Mineral Resource estimate in December 2012. The resources were declared under the SAMREC (2007) code, administered by the South African Mineral Codes organisation (SAMCODE) which is, in common with the JORC, a National Reporting Organisation member of the overarching Committee for Mineral Reserves International Reporting Standards (CRIRSCO).

| | **Tonnage** | **AuEq** | **AuEq** | **Au** | **Au** | **Cu** | **Cu** | **Mo** | **Mo** |
|---|---|---|---|---|---|---|---|---|---|
| | (Mt) | (g/t) | (Moz) | (g/t) | (Moz) | (%) | (Mlb) | (%) | (Mlb) |
| Indicated | 116.5 | 1 | 3.7 | 0.6 | 2.3 | 0.19 | 488 | 0.01 | 26 |
| Inferred | 336.2 | 0.7 | 8 | 0.4 | 4.5 | 0.16 | 1,178 | 0.01 | 79 |
| Total | 452.7 | 0.8 | 11.6 | 0.5 | 6.7 | 0.17 | 1,666 | 0.01 | 105 |

***Table 5: SAMREC Mineral Resources for Taldybulak (31 December 2012)***[5]

The foreign estimate is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources in accordance with the JORC Code.

Work completed by Gold Fields within the Talas project area has already defined a large gold-copper deposit known as Taldybulak. Taldybulak is situated approximately 20km west of Andash. A review of the Gold Fields' resource and geological data in January 2014 resulted in a new strategy for the exploration and development of the deposit. A 2,000 metre diamond drilling programme at Taldybulak is in the process of being developed and will target a previously identified near-surface, sheeted-vein system. This system is a higher-grade gold domain located within the deposit. The aim of this new approach and drilling programme is to delineate a low tonnage, high-grade deposit amenable to a low-CAPEX mining operation which could benefit from the potential development of Tengri's Andash project and other Talas Valley projects located nearby. The 2000m drilling programme will be conducted in 2014/15.

*[5] On 30 January, 2014 Robust made a market release entitled Reporting of Taldybulak Resource in Talas Gold-Copper Project which provided additional information relating to the SAMREC (2007) resource estimate (foreign estimate). The company is not in possession of any new information or data relating the foreign estimates that materially impacts on the reliability of the estimates or the Robust's ability to verify the foreign estimates as mineral resources in accordance with Appendix 5A (JORC Code). Robust confirms that the supporting information provided in the initial market announcement continues to apply and has not materially changed.*

## Tengri Resources

Robust established a separate Company, Tengri Resources to accelerate the development of the Kyrgyz Republic assets. As of the 30th June 2014, the process of the formation, by reverse takeover, of the AIM listed company Mentum-Inc was essentially complete. Tengri Resources will operate with a separate Board of Directors, with Robust Resources being the major shareholder (87% of issued shares) at the time of establishment.

Preparatory actions taken in 2013/2014 for the formation of Tengri Resources were; the appointment of Mr Bruce Lumley as CEO of Tengri Resources as of 01st May 2014, and the re-alignment of management personnel and strategy of the subsidiary companies within the Kyrgyz Republic to meet the business need of Tengri Resources.

While Tengri Resources will operate independently of Robust Resources, a service agreement between the two companies has been established to permit Robust to assist the management of Tengri appropriately.



## Philippines

The uncertainty on the implementation of mining and exploration regulations in the Philippines has continued throughout the year. Final government approvals that the Company has been seeking since 2011 to begin exploration activities, are believed to be imminent. Management will continue to monitor progress and will advise shareholders accordingly.

## Corporate Social Responsibility

The Corporate Social Responsibility ("CSR") program of Romang Island has contributed significantly to the Company's strong exploration performance by maintaining and strengthening good community and local government relations, ensuring core stakeholder participation in governance programs, and delivering targeted social benefits to the broad spectrum of village life. The CSR team, based in the core stakeholder village of Hila, work under the discipline of the company/community **Partnership Agreement** to deliver land access and compensation for all exploration work, ensure compliance to government and voluntary standards, implement social programs, and contribute to infrastructure development.

Much credit for the success in maintaining and growing trust, respect and cooperation between company and community (i.e. strong social licence) goes to the professional Indonesian CSR team who operate 4 distinct programs: **Community Relations** (the bridge between the exploration project and community); **Community Governance** (land access, compensation, grievance, and strengthening local institutions such as government services and the church); **Community Education and Extension** (building community awareness, bi-monthly bulletins, community sporting and church event sponsorship) and **Community Development** (social benefits including agriculture, health, micro-finance, and infrastructure). Some of the highlights of the social benefit programs for this year have included:

**Agriculture**

- The establishment and functioning of nine village health committees who have participated in:
  - Improvement in home gardening – nurseries, preparation, planting and harvesting.
  - Making of compost and liquid fertilizer from seaweed to increase productivity.
  - Marketing of fresh produce and production of seeds for distribution.
- A clove and banana tree cultivation and maintenance project to increase production.

**Health**

- A monthly capacity building of the local government clinic staff.
- Provision of some clinic equipment and medicines.
- Monitoring of mother/child health- including nutrition monitoring and supplements.
- Targeted training in schools- disease prevention and safe water and sanitation practices.
- Dedicated malaria prevention and treatment program.

**Micro-finance**

- Establishment and training of women's micro-credit groups – some 16 people in total and average loans ranging from $30 to $100 AUD used for purchasing vegetable and crop seeds, contributing to school and health needs, and family building projects.
- With low interest repayments the total capital has now grown to around $1000 AUD available for further micro-credit needs.

**Infrastructure**

- The completion of the Hila water system rehabilitation with over 49 public water tap areas; 18 X 10,000 ltr water tanks; 13 waste water installation points; and hundreds of metres of pipes.
- A Village Water Committee has been established that has the responsibility to maintain the system. It derives its income from selling water to visiting ships through the installation of tanks, pipes and taps on the village wharf.
- The village Guest House / Hall project has past the foundation stage and the wall supports are up and some fixtures such as windows and doors are made. So far the project has cost over $60,000 with further funds of similar amounts going toward Stage 2 for the next financial year.

# Directors' Report

## Your Directors present their report on the consolidated entity for the financial year ended 30 June 2014

| DIRECTORS | DATE APPOINTED |
|---|---|
| Dr. David W. King, B.Sc. (Hons) MSc, PhD, FAusIMM- Chairman | 29 January 2010 |
| Gary L. Lewis, B.Com. MBT- Managing Director (resigned 8 August 2014) | 17 October, 2006 |
| John A. Levings, B.Sc., FAusIMM | 27 July, 2009 |
| Hugh Thomas, BA, Grad Dip Finance and MAICD | 16 September, 2013 |
| Andrew J. Wilson, L.L.B., B.Com., LL.M.(resigned 5 November 2013) | 4 January, 2010 |
| Gordon V. Lewis, B.Eng, M.Eng (resigned 30 April 2014) | 6 March, 2012 |

The above were directors for the whole of the year except where noted otherwise.

**Dr David W. King- Executive Chairman**

Dr. King is a geophysicist, holding a PhD degree from the Australian National University and a M.Sc. from the Royal School of Mines, Imperial College. Dr King is also a fellow of the Institute of Company Directors; a fellow of the Australian Institute of Mining & Metallurgy and a fellow of the Australian Institute of Geoscientists. Dr. King has substantial natural resources related experience, having previously served as managing director of North Flinders Mines Ltd. Other directorships held in listed entities in the last three years are as follows; non-executive director of Ausmon Resources Ltd until 25 July 2011; founder and non-executive director of Eastern Star Gas Ltd until 17 November 2011; non-executive director of Cellmid Limited from 18 January 2008 to the present; non-executive director of Republic Gold Ltd from 1 July 2011 to the present; non executive director of Galilee Resources from 24 September 2013 to the present, non-executive director of NSX and Oslo Axess listed African Petroleum Corporation Limited, from July 1 2013 to present. Dr King has represented Robust as Chairman of Tengri Resources since July 14, 2014.

**Gary L. Lewis- Managing Director**

Mr Lewis is the founding director of Robust Resources Limited and holds a Bachelor of Commerce and Masters of Business & Technology (MBT) from the University of NSW and is a member of the Australian Institute of Company Directors. He has more than 25 years experience in capital markets and business strategy development in Australia and Asia, having worked in senior management positions in both private and public enterprises in industries as diverse as mining/ exploration and pharmaceuticals. In addition to sitting on the Robust Board, Mr. Lewis has been a director of Medical Australia Limited from 10 January 2010 to the present and Atlantic Limited since 11 March 2014 to the present time. Mr. Lewis resigned from the Company on 8 August 2014.

**John A. Levings- Technical Director**

Mr Levings is a geologist with over 35 years industry experience. He graduated B.Sc. (geology/geophysics from the University of Tasmania). He is a fellow of the Australian Institute of Mining and Metallurgy. Mr Levings has had extensive overseas geological experience with large multi-national companies in consulting and managerial roles, both overseas and in Australia including over 25 years experience in Indonesian and speaks Bahasa Indonesia fluently. Mr Levings has discovered and delineated a number of significant ore bodies which have been developed into mining operations. Mr Levings is also a director of Toronto Stock Exchange (TSX-V) listed Reliance Resources Limited.

**Hugh Thomas- Non-executive Director**

Mr Thomas has 30 years experience in industry, consulting and investment banking including the past 20 years specialising in natural resources. He has held executive management positions in Australia and internationally for leading corporations before commencing a career in investment banking. He was the managing director and head of Asia Pacific Natural Resources for both JP Morgan and Morgan Stanley, based in Hong Kong. From 2011, Mr Thomas was the head of the natural resources investment banking team at Investec Bank and based in Sydney. Mr. Thomas has provided strategic advice, consulting and investment banking services to some of the world's leading resources companies including BHP, Chinalco, Sinosteel, PT Adaro, PT Pertamina, PTT Group, Marubeni, Exxaro and PT Pamapersada Nusantara. Mr. Thomas was appointed director and chairman of Indochine Mining Limited on 11 April 2014 before stepping down on 30 July 2014.

**Andrew J. Wilson**

Mr Wilson has a Bachelor of Laws and a Bachelor of Commerce (Marketing) from the University of NSW, a Masters of Law from the University of Sydney, and has been a member of the Law Society of NSW since 1986. He commenced his legal career at Allens Arthur Robinson before becoming the legal manager and company secretary at BHP Engineering Group, where he undertook various commercial and risk management roles. From 2000-2008 Mr Wilson was president director of BHP Billiton Indonesia.

Mr Wilson was a director of Herald Resources Ltd until March 2011 and is a Commissioner of PT RAIN (Jakarta Stock Exchange) and until March 2011, was chairman of Lifestart, a charity assisting children with disabilities. He is a graduate and a fellow of the Australian Institute of Company Directors. Mr Wilson resigned as director on 5 November, 2013.

**Gordon V. Lewis-M.Eng, B.Eng- Chief Operating Officer**

Mr Lewis has over forty years experience in the mining industry and has worked extensively within Australia, South-East Asia and Central Asia in both mining and exploration companies and was the founding mining manager at Rio Tinto's Kelian Gold Project in Indonesia. Mr Lewis most recently worked as president director of PT Avocet Bolaang Mongondow and was instrumental in the development of Indonesia's first successful heap leach operation for that group. Mr Lewis resigned as a director on 30 April 2014

## COMPANY SECRETARY

**Ian Mitchell Ba, Dip Law (Sydney)**

Mr Mitchell is a practising solicitor of over thirty years. He has been a director and company secretary of a number of publicly listed mining and industrial companies. His legal expertise is in commercial, contractual, ASIC and ASX compliance work. His academic qualifications are BA, Dip Law (Sydney).

## PRINCIPAL ACTIVITIES

The principal activities of Robust Resources Limited ("Robust" or "the Company") during the year have been the continuing evaluation and exploration of existing mineral exploration interests in Romang Island, Indonesia and the acquisition of a portfolio of gold-copper assets in the Kyrgyz Republic.

## REVIEW OF OPERATIONS

The consolidated result for the financial year was a loss after tax of $9,937,025 (2013: Loss after tax of $6,643,056).

## DIVIDENDS

No Dividends were paid or declared by the Company during this year.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

*During the reporting period, the Company undertook several capital raising initiatives in order to fund a number of strategic acquisitions. Details of those capital raisings are as follows:*

On 9 July 2013, the Company announced it would sell down another 17.5% of its Romang Island project to the Salim Group for cash of $5.0m. The sell down of the Romang project was to be achieved through the issue of shares in the Company's Indonesian subsidiary and holder of the project rights, PT Gemela Borneo Utama, however as at the date of this report, delays in regulatory approvals have prevented the formal issue of abovementioned shares to occur. Funds were advanced to the Company in contemplation of the sell down and are currently secured by a number of promissory notes as shown in the Company's financial statements. Also announced on 9 July 2013, was a notice of intention to offer a non-renounceable 1 for 6 rights issue to shareholders. A total of 14,689,903 ordinary shares were subsequently issued on 21 August at $0.30 per share, raising $4.4m.

On 10 February 2014, the Company announced its intention to offer a fully underwritten 4 for 5 non-renounceable rights issue to raise $25.5m through the issue of 82,264,516 ordinary shares. These shares were issued in March 2014.

*The Group's corporate activities in the reporting period consisted of the following transactions:*

On 23 August 2013, the Company formally acquired the Kyrgyz Republic based company, Andash Mining Company LLC, ('AMC'), from KGL Resources Limited. AMC is the owner of the Andash copper-gold project. The acquisition was for $15.0m in cash. At the time of the Group's acquisition of AMC, the government of the Kyrgyz Republic held a right to acquire 20% of the equity in AMC at nominal consideration and the government continues to hold this right.

On 5 September 2013, the Company announced that it had signed an agreement with KGL Resources Limited to farm-in to the Bashkol gold-copper project in the Kyrgyz Republic. Under the terms of the agreement, Robust can earn a 51% equity interest in the project for an initial expenditure of $2.0m, which must be incurred prior to 31 December 2017 and a further 19% equity interest following an additional $5.0m in expenditure incurred prior to 31 December 2021.

Following payment of a non refundable $US250,000 deposit in December 2013, the Company on 19 March 2014 completed the acquisition of Talas Copper Gold LLC ('Talas') from Gold Fields Orogen Holding BVI Ltd ('GoldFields'). The consideration paid by the Company consisted of cash of $US2.0m and 10,274,465 fully paid ordinary shares. These shares are subject to a voluntary 12 month escrow period. Talas consists of four mineral concessions, totalling 36,854ha, two of which border the Company's Andash copper-gold project.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 July 2014, Stanhill Capital Partners ("Stanhill"), a Hong Kong based Investment Group, announced an intention to make a takeover bid for the Company. The bid was to be an off market offer for 100% of the shares of Robust at a price of $0.28 per share. Stanhill provided notification on 18 July 2014 that its proposed bid would be increased to $0.315 per share, following the acquisition of a 19.9% shareholding in the company at that price.

On 8 July 2014, the Company announced that it had made a payment of $1.6m to the vendors of Romang Island, committed to on 30 June 2014. The 2011 Stock Purchase Agreement under which Robust acquired the Romang Island project, contained terms which included a contingent payment to vendors of $2.0m, dependent on the Company reporting an indicated or measured JORC resources of 1Moz AuEq. The contracted amount of the payment was negotiated down in exchange for payment being made prior to the required resources upgrade.

On 14 July 2014, the shareholders of the AIM listed entity Mentum Inc, voted at their AGM to acquire the Kyrgyz assets of Robust plus seed capital of GBP3.5m from Robust, in exchange for Mentum Inc. issuing 93,831,153 fully paid ordinary shares to Robust. Following the issue of these shares, an 87.3% equity interest in Mentum Inc. is now held by Robust. At the same date, shareholders of Mentum Inc. voted to change the name of the company to Tengri Resources Limited.

On 8 August 2014, Gary Lewis resigned as Managing Director of Robust and from all other all directorships and positions held in Robust Group companies.

On 15 August 2014, it was announced that Droxford International Ltd were in discussions with Stanhill to launch a joint bid for the Company at $0.49 per share. The launching of such a bid was conditional on ASIC granting certain relief under The Corporations Act 2001, which relief was subsequently granted in September 2014. Droxford International is part of the Salim Group and has been a substantial shareholder in the Company for a number of years.



On 26 September 2014, a Bidder's Statement and Offer was lodged with the Australian Securities Exchange ("ASX") by Padiham Resources Pty Ltd ("Padiham"), to acquire all Robust shares which Padiham does not currently control, at an offer price of $0.49 per share. Padiham is a special purpose vehicle jointly owned by Droxford and Stanhill. Together, at the date of the Bidder's Statement, the Joint Bidders have a relevant interest in approximately 46.6% of Robust shares. The Offer opens on 30 September 2014 and closes on 30 October 2014.

## LIKELY DEVELOPMENTS AND EXPECTED LIKELY RESULTS

The Company will continue its focus on the Romang Island project, in particular the outcome from the manganese feasibility study. The Kyrgyz assets in which the Company retains a controlling stake, will be managed by the board of Tengri Resources. Given the events mentioned in the above section of this Directors' Report, it remains a distinct possibility that the Company may be taken over in the near future and subsequently delisted from the ASX.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

Robust's operations are subject to environmental regulations under applicable legislation in both Indonesia and the Kyrgyz Republic. The terms of grant of the economic entity's tenements impose environmental obligations in relation to site remediation and operations in general and the Company takes these responsibilities seriously. The directors are not aware of any breach of such requirements and the relevant officers of the Company are fully aware of the responsibility of the Company in relation thereto.

## DIRECTORS' MEETINGS

| | Meetings held whilst in office | Meetings attended |
|---|---|---|
| D. W. King | 11 | 10 |
| G. L. Lewis | 11 | 11 |
| J. A. Levings | 11 | 11 |
| H. Thomas | 9 | 9 |
| G. V. Lewis | 9 | 9 |
| A.J. Wilson | 4 | 4 |

In addition to the above, the Board has established two committees, a Remuneration and Nominations Committee, which met once during the year and an Audit and Risk Committee, which met once during the year. Both committees comprised of David King and Hugh Thomas.

## DIRECTORS' INTEREST IN SHARES

Interests in the shares of the Company held by directors of the reporting entity and their director related entities at the date of this report are as follows:

| Shares | Direct | Indirect | Total |
|---|---|---|---|
| D. W. King | 320,000 | 175,998 | 495,998 |
| G. L. Lewis* | 12,385,031 | 725,000 | 13,110,031 |
| J. A. Levings | 1,449,041 | 4,466,667 | 5,915,708 |
| H. Thomas | - | - | - |
| A. J. Wilson * | - | 356,000 | 356,000 |
| G. V. Lewis * | 10,000 | - | 10,000 |
| Total | 14,164,072 | 5,723,665 | 19,887,737 |

***** applicable at date of resignation



## DIRECTORS' INTEREST IN OPTIONS OVER SHARES

Interests in options over shares of the Company held by directors of the reporting entity and their director related entities at the date of this report are as follows:

| Options | No. | Exercise Price | Expiry Date | Vesting Date |
|---|---|---|---|---|
| D. W. King | 500,000 | $4.00 | 15/07/2015 | 08/09/2010 |
| G. L. Lewis | - | - | - | - |
| J. A. Levings | 500,000 | $3.00 | 15/07/2015 | 08/09/2010 |
| H. Thomas | - | - | - | - |
| A. J. Wilson | - | - | - | - |
| G. V. Lewis | - | - | - | - |
| **Total** | **1,000,000** | | | |

## REMUNERATION REPORT (AUDITED)

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by the Corporations Regulations. For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly of indirectly, including any director (whether executive or otherwise) of the parent company.

**Policy**

The Company policy for remuneration of directors and senior executives is designed to ensure the remuneration package properly reflects the person's duties and responsibilities and is consistent with the capacity of the Company to pay and that such remuneration will attract, retain and motivate people of quality to the relevant positions. The Board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors, who then evaluate the performance of the senior executives. The evaluation process is intended to assess the Company's business performance, whether Company objectives are being achieved and the achievement of individual executives.

Remuneration can comprise salary together with options to acquire shares and shares under non-recourse loans, all of which are governed by the employees' share option plan. Details of the amount of emoluments received by each director and specified executive officer of the Company and Group are as follows:

**Employment Details of Key Management Personnel**

| Name | Title | Commencement date | Termination Provisions (Months) | % fixed remuneration |
|---|---|---|---|---|
| D. W. King | Executive Chairman | 29 January 2010 | N/A | 100% |
| G. L. Lewis[1] | Managing Director | 17 October 2006 | refer 1 below | 100% |
| J. A. Levings[4] | Technical Director | 27 July 2009 | refer 4 below | 100% |
| H. Thomas | Non-Executive Director | 16 September 2013 | N/A | 100% |
| G. V. Lewis [2] | Chief Operating Officer | 6 March 2012 | 4 weeks | 100% |
| A. J. Wilson[3] | Non-Executive Director | 4 January 2010 | N/A | 100% |

1- resigned 8 August 2014 - can be terminated by mutual consent without cost or without cause with payment of six times the average fees paid over last three years. No termination benefits were paid or payable.
2- resigned 30 April 2014
3- resigned 5 November 2013
4- can be terminated without cost by mutual consent for no cost or without cause with payment of four times the average of fees paid in the preceding three years.

**Remuneration of Directors and Key Management Personnel**

| | Consolidated Entity 30 June 2014 | | | | |
|---|---|---|---|---|---|
| | Primary Salary & fees $ | Cash Bonus $ | Share based payment $ | Total $ | Performance related % |
| D. W. King | 64,949 | - | - | 64,949 | - |
| G. L. Lewis | 450,170 | - | - | 450,170 | - |
| J. A. Levings | 354,860 | - | - | 354,860 | - |
| H. Thomas | 145,000 | - | - | 145,000 | - |
| G. V. Lewis * | 284,948 | - | - | 284,948 | - |
| A.J. Wilson ** | 21,650 | - | - | 21,650 | - |
| **Total** | **1,321,577** | - | **-** | **1,321,577** | **-** |

*resigned 30 April 2014
**resigned 5 November 2013

| Consolidated Entity 30 June 2013 | | | | | |
|---|---|---|---|---|---|
| | Primary Salary & fees $ | Cash Bonus $ | Share based payment $ | Total $ | Performance related % |
| D. W. King | 60,000 | - | - | 60,000 | - |
| G. L. Lewis | 413,000 | - | - | 413,000 | - |
| J. A. Levings | 325,560 | - | - | 325,560 | - |
| G. V. Lewis | 318,600 | - | - | 318,600 | - |
| S. Sadleir | 45,000 | - | - | 45,000 | - |
| A.J. Wilson | 60,000 | - | - | 60,000 | - |
| **Total** | **1,222,160** | **-** | **-** | **1,222,160** | **-** |

**Equity holdings and transactions**

**Shares held**

The movement during the reporting period and the period ended 30 June 2014 in the number of ordinary shares of Robust Resources Limited held directly, indirectly or beneficially by each specified director and specified executive, including their personally-related entities, is as follows:

| Director | No. ordinary shares held at 1 July 2013 | Disposals/Forfeited No. | Purchases No. | Received as compensation No. | No. held at 30 June 2014 |
|---|---|---|---|---|---|
| D.W. King | 500,000 | - | 395,998 | - | 895,998 |
| G.L. Lewis | 3,350,001 | - | 10,260,030 | - | 13,610,031 |
| J.A. Levings | 3,263,467 | - | 3,052,241 | - | 6,315,708 |
| H. Thomas | - | - | - | - | - |
| G. V. Lewis * | 10,000 | - | - | - | 10,000 |
| A.J. Wilson * | 356,000 | - | - | - | 356,000 |
| Total | **7,479,468** | **-** | **13,708,269** | **-** | **21,187,737** |

* shareholdings shown for these directors as at 30 June 2014 were shares held at date of resignation rather than 30 June.

| Director | No. ordinary shares held at 1 July 2012 | Disposals No. | Purchases No. | Received as compensation No. | No. held at 30 June 2013 |
|---|---|---|---|---|---|
| D.W. King | 460,000 | - | 40,000 | - | 500,000 |
| G.L. Lewis | 3,494,210 | (144,209) | - | - | 3,350,001 |
| J.A. Levings | 3,216,667 | - | 46,800 | - | 3,263,467 |
| G. V. Lewis | 10,000 | - | - | - | 10,000 |
| S. Sadleir * | 430,000 | (201,161) | - | - | 228,839 |
| A.J. Wilson | 356,000 | - | - | - | 356,000 |
| Total | **7,966,877** | **(345,370)** | **86,800** | **-** | **7,708,307** |

*as at date of resignation, 2 November 2012 rather than 30 June.

Directors were issued 1,800,000 ordinary shares in the Company at an issue price of $1.50 per share pursuant to the Employee Share and Option Scheme approved at the 2011 Annual General Meeting of Shareholders held on 14 November 2011. The Company, under the approved scheme, provided the Directors with an interest free, non recourse loan with only the shares provided as security. The shares are included in the total number of shares on issue, for current directors, but are unable to be traded until the loan provided has been paid. These shares were recognised as an issue of options in accordance with AASB 2 Share Based Payments and IFRC guidance statements. At the date of these accounts, no Directors held non-recourse loan shares, therefore no loans are outstanding.

**Unexpired options**

Interests in options over shares of the Company held by directors of the reporting entity and their director related entities at the reporting date are:

| | No. | Exercise Price | Expiry date | Vesting date |
|---|---|---|---|---|
| D.W. King | 500,000 | $4.00 | 15/07/2015 | 16/07/2010 |
| G. L. Lewis | 1,000,000 | $3.00 | 15/07/2015 | 16/07/2010 |
| J. A. Levings | 500,000 | $3.00 | 15/07/2015 | 16/07/2010 |
| H. Thomas | - | - | - | - |
| A.J. Wilson | - | - | - | - |
| G. V. Lewis | - | - | - | - |
| **Total** | **2,000,000** | **-** | **-** | **-** |

Options previously held by directors A. Wilson and G. V. Lewis were forfeited on resignation.

## SERVICE CONTRACTS WITH DIRECTORS AND EXECUTIVES



Robust was party to a contract with ACT2 Pty Limited for the provision of the services of managing director Gary Lewis. The amount paid under this contract during the reporting period was $450,170. Mr. Lewis resigned from the Company effective 8 August 2014 with the contract being terminated on that date. No further fees were paid or are payable as a result of Mr. Lewis' resignation.

Robust is party to a contract with Flintridge Holdings Limited for the provision of the services of director John Levings. The amount paid under his contract during the reporting period was $354,860. The contract remains in effect until 31 December 2014 and can be terminated without cost by mutual consent or by the Company without cause with payment of four times the average of fees paid in the preceding three years. This contract expires on 31 December 2014.

In addition to director fees and included in the remuneration table for 2014, Hugh Thomas, through a consulting agreement between his company Tamerlane Advisory Pty Ltd and Robust, was paid $97,500 for various consulting services as and when required by the Company. This contract can be terminated by either party with one month's notice.

## TENGRI RESOURCES LIMITED

On 15 July 2014, Gary Lewis and David King were appointed executive director and chairman respectively of Tengri Resources Ltd , an AIM listed entity in which the Company holds an equity interest of 87.3%. In the month of July and prior to his resignation from the Company on 8 August 2014, Mr. Lewis received £10,000 in director fees from Tengri. No further payments have been paid or are payable to Mr. Lewis from Tengri. Dr. King has received no fees from Tengri as at the date of this report.

## DIRECTORS INDEMNIFICATION

Pursuant to its constitution Robust indemnifies, to the extent permitted by law, each director, secretary and officer of the Company against any liability incurred by that person as an officer of the Company. Due to confidentiality provisions imposed by insurers, the quantum of the premium paid cannot be disclosed.

## AUDITOR INDEMNIFICATION

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

## NON- AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general standard of independence for auditors imposed by the Corporations Act.

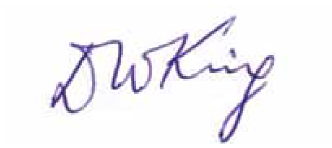
The following fees for non-audit services were paid and are payable to associates of the external auditors during the year ended 30 June, 2014:Tax compliance $19,702: Share registry services $45,059.

## PROCEEDINGS ON BEHALF OF COMPANY

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

### AUDITOR'S INDEPENDENCE

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 26 of the Financial Statements. Signed in accordance with a resolution of the Board of Directors



Signed in accordance with a resolution of the Board of Directors
David King – Executive Chairman
Dated this 2nd of October, 2014

## Auditor's Independence Declaration

GouldRalph
ASSURANCE

**Chartered Accountants**
ABN 74 632 161 298
Level 29, Suncorp Place
259 George Street
Sydney NSW 2000
Australia
**T: +61 2 9032 3000**
F: +61 2 9032 3088
E: mail@gouldralph.com.au
W: www.gouldralph.com.au

2 October 2014

The Board of Directors

Robust Resources Limited

Level 34, Gateway Building

1 Macquarie Place

SYDNEY NSW 2000

Dear Directors

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

As lead audit partner for the audit of Robust Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Robust Resources Limited and any entities it controlled during the year.

Yours faithfully
GOULD RALPH ASSURANCE

STEPHEN FISHER

Partner

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

| FOR THE YEAR ENDED 30 JUNE 2014 | Notes | CONSOLIDATED 2014 $ | 2013 $ |
|---|---|---|---|
| **REVENUES FROM CONTINUING OPERATIONS** | 2 | 1,039,876 | 2,564,794 |
| | | | |
| **EXPENSES FROM CONTINUING OPERATIONS** | | | |
| Acquisition expenses | | (46,941) | - |
| Borrowing costs | | (167,479) | (183,660) |
| Depreciation & amortisation | | (645,325) | (537,747) |
| Employee benefits expense | 3 | (3,295,586) | (2,985,444) |
| Exploration expense | | (273,384) | (532,879) |
| Impairment expense | | (2,145,236) | (584,103) |
| Foreign exchange loss | | (478,440) | (189,732) |
| Information and technology expenses | | (266,281) | (299,578) |
| Insurance expenses | | (169,705) | (189,732) |
| Occupancy expenses | | (835,307) | (616,567) |
| Professional fees | | (1,170,258) | (1,558,436) |
| Public relations and marketing expense | | (312,286) | (410,569) |
| Travel expenses | | (710,041) | (762,820) |
| Other expenses | | (375,051) | (520,502) |
| **Total expenses** | | **(10,891,320)** | **(9,182,037)** |
| | | | |
| Loss before income tax expense | | (9,851,444) | (6,617,243) |
| Income tax benefit/ (expense) | 4 | (85,581) | (25,813) |
| **Loss after income tax expense** | | **(9,937,025)** | **(6,643,056)** |
| | | | |
| **Other comprehensive income** | | | |
| Items that will be reclassified subsequently to profit or loss | | | |
| when specific conditions are met: | | | |
| Foreign exchange differences on translating foreign controlled entities | | (7,311,197) | 686,217 |
| **Other comprehensive (loss) / income for the year, net of tax** | | **(7,311,197)** | **686,217** |
| | | | |
| **Total comprehensive loss for the year** | | **(17,248,222)** | **(5,956,839)** |
| | | | |
| **(Loss) / profit attributable to:** | | | |
| Members of the parent entity | | (9,059,587) | (6,258,361) |
| Non-controlling interest | | (877,438) | (384,695) |
| | | **(9,937,025)** | **(6,643,056)** |
| **Other comprehensive (loss)/ income attributable to:** | | | |
| Members of the parent entity | | (6,104,493) | 686,217 |
| Non-controlling interests | | (1,206,704) | - |
| | | **(7,311,197)** | 686,217 |
| **Total comprehensive income / (loss) attributable to:** | | | |
| Members of the parent entity | | (15,164,080) | (5,572,144) |
| Non-controlling interest | | (2,084,142) | (384,695) |
| | | **(17,248,222)** | **(5,956,839)** |
| | | | |
| Basic loss per share (cents per share) | 20 | (7.54) | (7.11) |
| Diluted loss per share (cents per share) | 20 | (7.54) | (7.11) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Financial Position

| AS AT 30 JUNE 2014 | Notes | CONSOLIDATED 2014 $ | 2013 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 17,116,345 | 15,178,003 |
| Trade and other receivables | 6 | 759,446 | 260,615 |
| Inventories | | 340,049 | - |
| Other assets | 7 | 628,007 | 2,076,779 |
| TOTAL CURRENT ASSETS | | 18,843,847 | 17,515,397 |
| **NON CURRENT ASSETS** | | | |
| Trade and other receivable | 6 | 656,040 | 1,532,799 |
| Other financial assets | 8 | 26,836 | 96,082 |
| Property plant & equipment | 9 | 3,170,421 | 3,328,011 |
| Deferred tax assets | 4 | 327,164 | 64,249 |
| Deferred exploration and evaluation expenditure | 10 | 46,403,379 | 26,893,585 |
| TOTAL NON CURRENT ASSETS | | 50,583,840 | 31,914,726 |
| **TOTAL ASSETS** | | 69,427,687 | 49,430,123 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 2,223,946 | 710,386 |
| Provisions | 12 | 354,141 | 289,351 |
| Interest bearing liabilities | 13a | 222,266 | 224,844 |
| Borrowings | 13b | 5,000,000 | - |
| TOTAL CURRENT LIABILITIES | | 7,800,353 | 1,224,581 |
| **NON-CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 2,093,957 | 1,970,412 |
| Provisions | 12 | 766,954 | 783,799 |
| Interest bearing liabilities | 13a | 27,559 | 184,362 |
| TOTAL NON CURRENT LIABILITIES | | 2,888,470 | 2,938,573 |
| **TOTAL LIABILTIES** | | 10,688,823 | 4,163,154 |
| **NET ASSETS** | | **58,738,864** | **45,266,969** |
| **EQUITY** | | | |
| Contributed equity | 14 | 87,513,435 | 55,193,318 |
| Translation reserve | | (5,956,517) | 147,976 |
| Share based payments reserve | 15 | 3,992,773 | 3,992,773 |
| Accumulated losses | | (34,110,363) | (25,050,776) |
| Acquisition of Non Controlling Interests Reserve | | 4,164,739 | 5,764,739 |
| Parent interest | | 55,604,067 | 40,048,030 |
| Non-controlling interest | | 3,134,797 | 5,218,939 |
| **TOTAL EQUITY** | | **58,738,864** | **45,266,969** |

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Changes in Equity

| FOR THE YEAR ENDED 30 JUNE 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Consolidated** | **Contributed Equity $** | **Accumulated Losses $** | **Share Based Payments Reserve $** | **Translation Reserve $** | **Acquisition of Non Controlling Interests Reserve $** | **Non-Controlling Interests $** | **Total $** |
| Balance at 1 July 2012 | 55,193,318 | (18,792,415) | 3,921,029 | (538,241) | 5,764,739 | 5,603,634 | 51,152,064 |
| Cost of share based payments | - | - | 71,744 | - | - | - | 71,744 |
| Loss for the year | - | (6,258,361) | - | - | - | (384,695) | (6,643,056) |
| Other comprehensive loss | - | - | - | 686,217 | - | - | 686,217 |
| Total comprehensive loss | - | (6,258,361) | - | 686,217 | - | (384,695) | (5,956,839) |
| Balance at 30 June 2013 | 55,193,318 | (25,050,776) | 3,992,773 | 147,976 | 5,764,739 | 5,218,939 | 45,266,969 |
| Shares issued during the year | 32,786,481 | | - | - | - | - | 32,786,481 |
| Transaction costs on shares issued | (466,364) | - | - | - | - | - | (466,364) |
| Acquisition of non-controlling interest | - | - | - | - | (1,600,000) | - | (1,600,000) |
| Loss for the year | - | (9,059,587) | - | - | - | (877,438) | (9,937,025) |
| Other comprehensive loss | - | - | - | (6,104,493) | - | (1,206,704) | (7,311,197) |
| Total comprehensive loss | - | (9,059,587) | - | (6,104,493) | - | (2,084,142) | (17,248,222) |
| Balance at 30 June 2014 | 87,513,435 | (34,110,363) | 3,992,773 | (5,956,517) | 4,164,739 | 3,134,797 | 58,738,864 |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

# Consolidated Statement of Cash Flows

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014 | 2013 |
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 161,680 | - |
| Interest received | | 139,481 | 407,683 |
| Finance costs | | (24,191) | (36,720) |
| Payments to suppliers | | (7,128,600) | (6,448,709) |
| NET CASH FLOWS (USED IN) OPERATING ACTIVITIES | 16 | (6,851,630) | (6,077,746) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITES** | | | |
| Purchase of property plant & equipment | | (1,253,528) | (337,935) |
| Disposal of property plant & equipment | | 53,463 | - |
| Payment for exploration expenditure | | (8,569,659) | (10,354,730) |
| Payments for other financial assets | | - | (1,500,000) |
| Acquisition of subsidiary (net of cash acquired) | | (14,818,956) | - |
| NET CASH FLOWS (USED IN) INVESTING ACTIVITIES | | (24,588,680) | (12,192,665) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares (rights issues) | | 29,909,631 | - |
| Payment of share issue costs | | (466,364) | (581,305) |
| Repayment of lease liability | | (143,070) | (130,541) |
| Disposal of non –controlling interests | | - | 27,612,099 |
| Proceeds from / (payment) to related entities | | (704,446) | (702,629) |
| Proceeds from issue of convertible notes | | - | 2,504,265 |
| Proceeds from promissory notes | | 5,000,000 | - |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | 33,595,752 | 28,701,889 |
| | | | |
| NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | | 2,155,441 | 10,431,478 |
| Net foreign exchange differences | | (217,099) | (3,202) |
| Cash and cash equivalents at the beginning of the financial year | | 15,178,003 | 4,749,727 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | | **17,116,345** | **15,178,003** |

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

# Notes to the Financial Statements

**FOR THE YEAR ENEDED 30 JUNE 2014**

The financial report covers Robust Resources Limited as an economic entity. Robust Resources Limited is a listed public company, incorporated and domiciled in Australia.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report is a general purpose financial report, which has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report was authorised for issue by the board of directors on 2nd October 2014.

The financial report covers the economic entity of Robust Resources Limited and its controlled entities ("the Group"), together with Robust Resources Limited as an individual parent entity.

The Company is a for profit entity for financial reporting purposes under the Australian Accounting Standards. The financial report of the economic entity complies with all International Financial Reporting Standards (IFRS) in their entirety. The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

The financial report has been prepared on a historical cost basis, modified where applicable, by the measurement at fair value of selected financial assets. The accounting policies have been consistently applied.



The financial report complies with Australian Accounting Standards, which includes the Australian Accounting Interpretations. The financial report also complies with International Financial Reporting Standards (IFRS).

Where management is required to make judgments, estimates and assumptions in relation to the carrying value of assets and liabilities that have significant risk of material adjustments in the next year, and these have been disclosed in the relevant notes.

The accounting policies adopted are consistent with those of the previous financial year. The Company has not adopted any new Australian Accounting Standards.

**Going concern**

These consolidated financial statements have been prepared on a going concern basis. The Company has not yet produced any revenues from its resource interests and further funds will be required to fund existing levels of overhead, planned exploration and early stage development. These facts indicate that the Company's ability to continue as a going concern will rely solely on the Company being able to raise additional financing on favourable terms in the future.

Management is of the opinion that additional financing will be available when required to continue its planned activities in the normal course of operations. Inherent in management's planned timing for the raising of additional capital, is the understanding that approval from Indonesian authorities will be obtained in the next few months for the further sell down of the Romang Island project to Salim Group, thus eliminating the requirement to repay promissory notes which are currently reported in current liabilities.

If the proposed take-over of the Company does not proceed, the cash flow forecast prepared by the Company projects capital and other expenditure during the period to September 2015 of $19.7 million, which exceeds currently available funds by $2.3 million. In that scenario the Directors intend to raise up to $10 million new capital in July 2015 to fund ongoing operations, and are confident they can raise the necessary funds.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Going concern (continued)**

Should the proposed take-over of the Company be successful, higher than otherwise anticipated legal and advisor fees will become payable which will require more funding and obtained earlier than would otherwise be the case. It is the belief of directors that a new parent company would provide sufficient financial support to enable the Company to meet its debts as and when they fall due.

Consequently the Directors believe the consolidated entity will continue as a going concern and it is therefore appropriate to prepare these financial statements on that basis. In the event that the consolidated entity is unable to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the consolidated entity may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements. No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the consolidated entity and company not continue as going concerns.

**ACCOUNTING POLICIES**

**(a) Principles of consolidation**

***Basis of consolidation***



***Subsidiaries***

Subsidiaries are entities controlled by the Company. Control exists when the Company 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. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of controlled entities is contained in Note 17 to the financial statements.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements. *Transactions eliminated on consolidation*

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

*Change in ownership interests*

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

**(b) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less impairment for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due and are interest free unless those receivables are classified as non-current.

**(d) Investments**

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Significant and prolonged impairment write downs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.



For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Company commits to purchase the asset.

**(e) Recoverable amount of assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Mining equipment - 5 to 8 years
- Office equipment and furniture - 3 to 50 years
- Vehicles - 5 to 8 years
- Leasehold improvements - 5 years or as determined appropriate
- Sea vessels - 13 1/3 years

***Impairment***

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, as set out in Note 1(e). An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year the item is derecognised.

**(g) Exploration, evaluation 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 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.

**(h) Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payables are normally settled between 30 and 60 days.

**(i) Provisions**

Provisions are recognised when there is a present obligation (legal, equitable or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

*Interest*

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets, using the effective interest rate method.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to 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 as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss. 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.

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.



*Investment allowances and similar tax incentives*

Companies within the Company may be entitled to claim special tax deductions for investment and qualifying assets or in relation to qualifying expenditure (e.g. The Research and Development tax incentive regime in Australia or other investment allowances). The Company accounts for such allowances as other income.

**l) Goods and Service Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

**m) Comparative figures**

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

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Employee entitlements**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits based on expected probabilities of employees remaining employed until the leave vests.

**(o) Earnings per share**

Basic earnings per share ("EPS") is calculated by dividing the net loss attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive ordinary shares adjusted for any bonus issue.

**(p) Indirect taxes**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) and value added tax (VAT), except where the amount of GST and VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST and VAT are recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated as GST and VAT inclusive amounts. The net amount of GST and VAT recoverable from, or payable to, the Australian, Indonesian, Kyrgyz Republic and Philippine taxation authorities are included as a current asset, or a current liability in the Statement of Financial Position.



**(q) Critical accounting estimates and Judgments**

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities revenues and expenses and the disclosure of contingent liabilities. The directors evaluate estimates and judgments incorporated in to the financial report based on historical experience and knowledge and best available current information reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both internally and externally within the group. Actual results may differ from these estimates.

***Key judgments***

***Deferred exploration and evaluation expenditure***

The group capitalises expenditure relating to deferred exploration and evaluation where it is considered likely to be recoverable and/or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such deferred expenditure should not be written off since feasibility studies in these areas have not yet concluded. The aggregate capitalised exploration and evaluation expenditure carried at reporting date is $46,403,379 (2013: $26,893,585).

***Share based payment transactions***

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Critical accounting estimates and judgments (continued)**

instruments at the date on which they are granted. The fair value is determined using the Binomial model. The related assumptions are detailed in Note 15. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.
The Group measures the cost of cash-settled share based payments at fair value at the grant date using the Binomial model which takes into account the terms and conditions upon which the instruments were granted (see Note 15).

***Plant and equipment***
The Group carries its plant and equipment at cost less accumulated depreciation and any impairment in value. Refer to Note 1 (f) for further details.

***Provision for employee benefits***
The Group recognized liability and expense of employee benefit in accordance with Indonesian Labour Laws. The Group was required to provide certain post employment benefits to its Indonesian employees when they complete their employment for resignation, normal pension, death and illness. The liability and expense for post employment benefits are calculated using projected unit credit method.

The Group also recognised provision for long service leave entitled to Australian employees satisfying conditions as required by the legislation. The accounting estimates are made in accordance with Note 1 (n).

***Provision for impairment of receivables***



Prior to its impairment, an amount was included in non-current trade and other receivables at the end of the reporting period, from the Reliance Resources Group amounting to $1,947,208. As there is considerable uncertainty in relation to recoverability, the Directors have decided to fully impair the amount receivable.

**(r) Foreign Currency Translation**

The Company's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

***Transactions and balances***
Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates which best approximates the rate applicable on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(r) Foreign currency translation (continued)**

the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

On consolidation the assets and liabilities of foreign operations are translated into Australian dollars at the exchange rate prevailing at the reporting date and their Consolidated Statements of Profit or Loss and Other Comprehensive Income are translated at the exchange rate which best approximates the prevailing rate at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

**(s) Financial Instruments**

*Initial recognition and measurement*

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

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



*Classification and subsequent measurement*

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

*Loans and receivables*

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

*Held-to-maturity investments*

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

*Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

*Available-for-sale investments*

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

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(s) Financial Instruments (continued)**

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. For financial assets carried at amortised cost, a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

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

**(t) New and Amended Accounting Policies Adopted by the Company Consolidated Financial Statements**



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

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

AASB 10 provides a revised definition of "control" and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements. These Standards have not significantly impacted the Company's financial statements.

Employee benefits

The Company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119. These Standards have not significantly impacted the Company's financial statements.

**(u) New Accounting Standards for Application in Future Periods**

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncement on the Company when adopted in future periods, are discussed below:

*AASB 9: Financial Instruments and associated Amending Standards*

(applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(u) New Accounting Standards for Application in Future Periods (continued)**

*AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Company's financial statements.

Interpretation 21: Levies (applicable for annual reporting period commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at that specific date or progressively over period of time. This interpretation is not expected to significantly impact the Company's financial statements.

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

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

AASB 2013-4: Amendments to Australian Accounting standards - *Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).



AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Company's financial statements.

*AASB 2013-5: Amendments to Australian Accounting Standards - Investment Entities (*applicable for annual reporting periods commencing on or after 1 January 2014).AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As the Company does not meet the definition of an investment entity this Standard is not expected to significantly impact the Company's financial statements.

| **FOR THE YEAR ENDED 30 JUNE 2014** | | **CONSOLIDATED** | |
|---|---|---|---|
| | **Notes** | **2014** | **2013** |
| | | **$** | **$** |
| **2. REVENUE FROM CONTINUING OPERATIONS** | | | |
| Interest | | 436,206 | 1,142,167 |
| Unrealised foreign exchange gain | | - | 979,391 |
| Rent revenue | | 60,000 | 75,000 |
| Other income | | 325,435 | 58,755 |
| Service Fee | | 218,235 | 309,481 |
| **Total revenue** | | **1,039,876** | **2,564,794** |

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014 | 2013 |
| | | $ | $ |
| **3. LOSS FOR THE YEAR** | | | |
| **(a) Employee benefits expense** | | | |
| Directors remuneration | | 731,797 | 1,222,160 |
| Salaries and wages expense | | 1,893,152 | 1,161,893 |
| Share based payments expense | | - | 71,744 |
| Superannuation and other employee benefits expense | | 670,637 | 529,647 |
| **Employee benefits expense** | | **3,295,586** | **2,985,444** |
| | | | |
| **4. INCOME TAX** | | | |
| **(a) Income tax expense** | | | |
| Income tax expense for the year comprises: | | | |
| Current tax | | 348,496 | 83,905 |
| Deferred tax | | (262,915) | (58,092) |
| **Income tax (benefit) expense** | | **85,581** | **25,813** |
| | | | |
| **(b) Numerical Reconciliation of income tax expense to prima facie tax expense is as follows:** | | | |
| Loss from operations before tax | | (9,851,444) | (6,617,243) |
| | | | |
| Tax (benefit) at Australian tax rate of 30% (2013:30%) | | (2,955,433) | (1,985,173) |
| Tax effect of non-deductible items | | 1,444,956 | 470,678 |
| Effect of difference in tax rate | | 125,141 | 40,444 |
| Deferred tax assets | | (262,915) | (58,092) |
| Effect of tax losses not recognized | | 1,733,832 | 1,557,956 |
| **Income tax (benefit) expense** | | **85,581** | **25,813** |
| | | | |
| **(c) Deferred tax assets and deferred tax liabilities brought to account** | | | |
| Deferred tax liability comprises: | | | |
| Accrued income – interest | | - | - |
| Deferred tax asset comprises: | | | |
| Tax losses recognised | | - | - |
| Other – provisions | | 327,164 | 64,429 |
| **Net deferred tax asset/liability** | | **327,164** | **64,429** |

| FOR THE YEAR ENDED 30 JUNE 2014 | | Notes | CONSOLIDATED 2014 $ | 2013 $ |
|---|---|---|---|---|
| **4. INCOME TAX (CONTINUED)** | | | | |
| **(d) Tax Losses** | | | | |
| Unused tax losses for which no benefit has been recognised as a deferred tax asset | | | 50,257,368 | 16,714,919 |
| Tax effect | | | | |
| Potential Income Tax Benefit | – at 30% | | 4,464,561 | 3,837,794 |
| | – at 25% | | 1,325,181 | 980,568 |
| | – at 10% | | 3,007,477 | - |
| **Unused tax losses** | | | **8,797,219** | **4,818,362** |
| **(e) Temporary Differences** | | | | |
| Deductible temporary differences for which no benefit has been recognised as a deferred tax asset. | | | 2,420,305 | 884,815 |
| Tax effect | | | | |
| Potential Income Tax Benefit | – at 30% | | 88,217 | 122,231 |
| | – at 25% | | 83,915 | 119,345 |
| | – at 10% | | 179,059 | - |
| **Temporary differences** | | | **351,190** | **241,576** |

***Deferred Tax Assets not brought to account***

The income tax return for FY14 has not been lodged as at the date of this report. The benefit of these temporary differences and tax losses will only be obtained if:

I. The consolidated entity derives future assessable income of a nature and of an amount sufficient enough to enable the benefit from the deductions for the losses to be realized.

II. The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and

III. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.



**5. CASH AND CASH EQUIVALENTS**

| | 2014 | 2013 |
|---|---|---|
| Cash at bank | 6,654,345 | 1,588,708 |
| Short term bank deposits (i) | 10,462,000 | 13,589,295 |
| **Cash and cash equivalents** | **17,116,345** | **15,178,003** |

Amounts held in the Company's bank accounts attract variable rates of interest normally associated with business bank accounts. Rates of interest applying to short term deposits range from 3.0% to 3.48% (2013: 3.70% to 4.10%) and maturity dates range from 3 to 53 days from balance date (2013: 15 to 85 days). Cash and cash equivalents are held across three banks and the carrying amount represents the Company's maximum exposure to credit risk at the end of the reporting period.

(i) The short term bank deposits include a term deposit in the amount of $462,000 held as security for the lease liability disclosed in Note 13.

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014 | 2013 |
| | | $ | $ |
| **6. TRADE AND OTHER RECEIVABLES** | | | |
| **Current** | | | |
| Net GST and VAT receivables | | 61,265 | 57,151 |
| Accrued interest receivable | | 57,563 | 16,327 |
| Employee advances | | 62,965 | 77,174 |
| Receivable from Mentum Inc (Tengri Resources) | | 403,369 | - |
| Other receivables | | 174,284 | 109,963 |
| | | 759,446 | 260,615 |
| **Non-Current** | | | |
| Receivable from Reliance Group (i) | | 1,947,208 | 1,344,451 |
| Less provision for Impairment (ii) | | (1,947,208) | - |
| Sub total | | - | 1,344,451 |
| Net GST and VAT Receivables | | 504,656 | - |
| Receivable from Related Party | | 151,384 | 188,348 |
| | | 656,040 | 1,532,799 |
| **Trade and other receivables** | | **1,415,486** | **1,793,414** |

(i) Robust from time to time has provided Reliance Resources Limited and its subsidiaries with mining services in Indonesia and office support services in Australia. These services have been are provided on arms length commercial terms. See Note 23.

(ii) Following the presence of impairment indicators in respect of Reliance Group, the carrying value of this receivable was assessed for its recoverability. Directors concluded that there is very significant doubt of recovery and accordingly have fully impaired the receivable.

| | | |
|---|---|---|
| **7. OTHER ASSETS** | | |
| **Current** | | |
| Prepayments | 336,881 | 221,107 |
| Bonds - exploration (NSW) | 10,000 | 20,000 |
| Right of return of acquisition consideration | 220,000 | 235,000 |
| Security deposits – leases & contracts | 61,126 | 100,672 |
| Deposit paid to KGL Resources Ltd | - | 1,500,000 |
| **Other assets** | **628,007** | **2,076,779** |

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014 | 2013 |
| | | $ | $ |
| **8. OTHER FINANCIAL ASSETS** | | | |
| **Non-Current** | | | |
| Shares in Ausmon Resources Limited (ASX: AOA) | | 3,600 | 7,200 |
| Shares in Reliance Resources Limited (TSX: RI) | | 23,236 | 88,882 |
| **Other financial assets** | | **26,836** | **96,082** |

Other financial assets are classified as held for sale and as such are required to be re-valued according to their net realisable value at balance date. There have been no sales of other financial assets in the period. Changes in the carrying value of other financial assets are due to increases or decrease in the traded price of the underlying security and those changes have been expensed in the Statement of Comprehensive Income as the impairment is considered significant and prolonged.

**9. PROPERTY, PLANT AND EQUIPMENT**

| | Mining equipment $ | Office equipment. & furniture $ | Vehicles $ | Leasehold Improvements $ | Sea Vessels $ | Total $ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at 1 July 2013 | 813,569 | 1,355,181 | 141,437 | 589,828 | 1,750,240 | 4,650,255 |
| Acquisition of subsidiary | 713,210 | 386,138 | 7,792,092 | 45,982 | - | 8,937,422 |
| Additions | 151,754 | 151,136 | 21,097 | 22,556 | - | 346,543 |
| Disposals | (84,038) | (26,854) | - | - | - | (110,892) |
| Effective movement in exchange rates | (208,429) | (121,799) | (768,890) | (4,162) | - | (1,103,280) |
| **Balance at 30 June 2014** | 1,386,066 | 1,743,802 | 7,185,736 | 654,204 | 1,750,240 | 12,720,048 |
| **Depreciation and impairment losses** | | | | | | |
| Balance at 1 July 2013 | 313,920 | 548,181 | 40,208 | 205,078 | 214,857 | 1,322,244 |
| Acquisition of subsidiary | 552,626 | 138,640 | 7,749,538 | 35,987 | - | 8,476,791 |
| Depreciation for the year | 22,779 | 339,957 | 22,765 | 119,224 | 131,268 | 635,993 |
| Disposals | (81,378) | (22,730) | - | - | - | (104,108) |
| Reclassification to deferred exploration and evaluation expenditure | 108,534 | 10,424 | 12,982 | 933 | - | 132,873 |
| Effective movement in exchange rates | (110,983) | (50,749) | (749,523) | (2,911) | - | (914,166) |
| **Balance at 30 June 2014** | 805,498 | 963,723 | 7,075,970 | 358,311 | 346,125 | 9,549,627 |
| **Carrying Amounts** | | | | | | |
| Balance at 30 June 2013 | 499,649 | 807,000 | 101,229 | 384,750 | 1,535,383 | 3,328,011 |
| **Balance at 30 June 2014** | 580,568 | 780,079 | 109,766 | 295,893 | 1,404,115 | 3,170,421 |

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | **2014** | **2013** |
| | | **$** | **$** |
| **10. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE** | | | |
| Deferred expenditure at the beginning of the year | | 26,893,585 | 16,097,287 |
| Deferred expenditure capitalised during the year | | 19,509,794 | 10,796,298 |
| **Deferred expenditure at the end of the year (i)** | | **46,403,379** | **26,893,585** |

(i) The ultimate recoupment of costs carried forward for exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

| | | |
|---|---|---|
| **11. TRADE AND OTHER PAYABLES** | | |
| **Current** | | |
| Trade creditors | 248,662 | 381,606 |
| Superannuation payable | 30,539 | 6,758 |
| Accrued expenses | 1,811,028 | 263,580 |
| Other liabilities | 133,717 | 58,442 |
| | 2,223,946 | 710,386 |
| **Non-Current** | | |
| Bond Payable | 2,093,957 | 1,970,412 |
| | 2,093,957 | 1,970,412 |
| **Trade and other payables** | **4,317,903** | **2,680,798** |

| | | |
|---|---|---|
| **12. PROVISIONS** | | |
| **Current** | | |
| Annual leave provision | 134,141 | 54,351 |
| Contingent consideration on acquisition | 220,000 | 235,000 |
| | 354,141 | 289,351 |
| **Non-current** | | |
| Provision for employee entitlements (Indonesian subsidiary) | 643,256 | 676,287 |
| Long service leave provision | 22,218 | 10,633 |
| Make-good provision | 101,480 | 96,879 |
| | 766,954 | 783,799 |
| **Provisions** | **1,121,095** | **1,073,150** |

| FOR THE YEAR ENDED 30 JUNE 2014 | CONSOLIDATED | |
|---|---|---|
| | 2014 | 2013 |
| | $ | $ |
| **13. INTEREST BEARING AND NON INTEREST BEARING LIABILITIES** | | |
| **(a) Interest bearing** | | |
| **Current** | | |
| Finance lease liability | 222,266 | 224,844 |
| **Non-current** | | |
| Finance lease liability | 27,559 | 184,362 |
| **Total interest bearing liabilities – current and non current** | **249,825** | **409,286** |

**(b) Non interest bearing**

A promissory note for $2.0m is held by Salim Group company, PT Kilau Sumber Perkasa ('PT KSP'), whilst a $3.0m promissory note is held by Indonesian investment house PT Lintang Sapta Lestari, ('PT LSL'). The notes are due and payable by 30 November 2014.These borrowings were obtained as an interim measure whilst regulatory approval was being obtained for the further sell down of the Romang Island project. Once this approval has been received the Company's subsidiary and owner of the Romang Island project, PT Gemala Borneo Utama will issue shares to PT KSP which will enable it to pay out both the above promissory notes.

The Company has interest bearing borrowings in the form of a finance lease which carries a rate of interest of 9.2%. The fair value of the financial liabilities approximate their carrying value. The lease liability is secured by the term deposit in favour of the finance provider, National Australia Bank Finance. The on going commitments under this lease appear in Note 24(b) Commitments and Contingencies.



**14. CONTRIBUTED EQUITY**

| | 2014 | 2013 |
|---|---|---|
| **(a) Issued and paid up capital** **195,369,630 fully paid ordinary shares (2013: 88,139,426)** | 87,513,435 | 55,193,318 |
| **(b) Movement in contributed equity** | | |
| Balance at the beginning of the year | 55,193,318 | 55,193,318 |
| Issue of 14,689,903 shares on August 21 2013 at $0.30 per share under 1 for 6 non-renounceable rights issue | 4,406,971 | - |
| Shares issued on August 28 2013 following exercise of 500 options , exercisable at $0.50 per unit | 250 | - |
| Shares issued on September 12 2013 following exercise of 820 options , exercisable at $0.50 per unit | 410 | - |
| Issue of 27,194,232 ordinary shares on March 19 2014 at $0.31 per share under 1 for 6 non-renounceable rights issue | 8,430,212 | - |
| Issue of 10,274,465 ordinary shares at $0.28 per share on March 19 2014 to Gold Fields Orogen as part consideration for the purchase of the Talas Copper Gold project. | 2,876,850 | - |
| Issue of 22,107 ordinary shares on April 4 2014 at $0.31 per share under 1 for 6 non-renounceable rights issue. | 6,853 | - |
| Issue of 55,048,177 ordinary shares on May 2 2014 at $0.31 per share under 1 for 6 non-renounceable rights issue. | 17,064,935 | - |
| Less: Share issue costs | (466,364) | - |
| **Balance at end of the year** | **87,513,435** | **55,193,318** |

**14. CONTRIBUTED EQUITY (CONTINUED)**

**(c) Terms and conditions of contributed equity**

*Ordinary shares*

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

**(d) Capital Management**

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The Group’s financial liabilities consist of trade creditors, bonds payable, promissory notes and a finance lease.

Management effectively manages the Group’s capital by assessing the Group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There has been no change in the strategy adopted by management to control the capital of the group since the prior year.

**(e) Options Movement Schedule**

| | CONSOLIDATED GROUP 2014 | | CONSOLIDATED GROUP 2013 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted Average Exercise Price** | **Number of options** | **Weighted Average Exercise Price** |
| Outstanding at the beginning of the period | 5,675,000 | $1.83 | 6,375,000 | $1.78 |
| Granted | 473,294 | $0.50 | 150,000 | $2.00 |
| Forfeited | (3,250,000) | $0.78 | (850,000) | $1.49 |
| Exercised | (1,320) | $0.50 | - | - |
| Outstanding at year-end | 2,896,974 | $1.97 | 5,675,000 | $1.83 |
| **Exercisable at the end of the period** | 2,896,974 | $1.97 | 5,675,000 | $1.83 |

**(f) Dividends**

No dividends were paid or declared by the Company during the year.

| FOR THE YEAR ENDED 30 JUNE 2014 | CONSOLIDATED | |
|---|---|---|
| | **2014** | 2013 |
| **15. SHARE BASED PAYMENTS RESERVE** | **$** | $ |
| Share based payments reserve | **3,992,773** | 3,992,773 |

The share based payments reserve consists of the fair value of options issued to employees, directors and consultants and shares issued via non-recourse loan agreements pursuant to AASB 2 Share Based Payments. The following table outlines all options issued since the inception of the Company.

The fair values were calculated by using the Binomial option pricing model with the following inputs:

| | **Options** | | | | | |
|---|---|---|---|---|---|---|
| Grant Date | 26/06/2007 | 1/12/2008 | 21/8/2009 | 8/9/2010 | 8/9/2010 | 8/9/2010 |
| Options originally issued | 1,020,000 | 2,500,000 | 500,000 | 500,000 | 1,750,000 | 500,000 |
| Exercise price | $0.25 | $0.50 | $0.75 | $1.00 | $3.00 | $4.00 |
| Life of option | 5 years | 5 years | 5 years | 5 years | 5 years | 5 years |
| Underlying share price at grant date | $0.24 | $0.10 | $0.69 | $1.47 | $1.47 | $1.47 |
| Expected share price volatility | 90% | 152% | 18% | 33% | 33% | 33% |
| Risk free interest rate | 7% | 3% | 5% | 5% | 5% | 5% |
| Fair value | $0.16 | $0.08 | $0.13 | $0.78 | $0.20 | $0.12 |
| Options remaining at 30 June 2014 | - | - | - | - | 1,500,000 | 500,000 |



| | **Options** | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant Date | 8/12/2010 | 8/12/2010 | 8/12/2010 | 8/12/2010 | 12/01/2012 | 12/01/2012 | 13/08/2013 |
| Options originally issued | 250,000 | 300,000 | 50,000 | 250,000 | 775,000 | 200,000 | 473,294 |
| Exercise price | $0.50 | $0.75 | $2.00 | $2.50 | $2.00 | 1.50 | $0.50 |
| Life of option | 3 years | 3 years | 3 years | 3 years | 34 months | 34 months | 25 months |
| Underlying share price at grant date | $1.81 | $1.81 | $1.81 | $1.81 | $1.43 | 1.43 | $0.20 |
| Expected share price volatility | 33% | 33% | 33% | 33% | 58% | 58% | N/A |
| Risk free interest rate | 5% | 5% | 5% | 5% | 6.25% | 6.25% | N/A |
| Fair value | $1.38 | $1.17 | $0.44 | $0.29 | $0.46 | $0.59 | N/A |
| Options remaining at 30 June 2014 | - | - | - | - | 425,000 | - | 471,974 |

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility, which may not eventuate.

## 16. CASH FLOW STATEMENT

| | Notes | CONSOLIDATED 2014 $ | CONSOLIDATED 2013 $ |
|---|---|---|---|
| **Reconciliation from the net loss after tax to net cash flows from operating activities** | | | |
| Loss after tax | | (9,937,025) | (6,643,056) |
| **Non Cash Items** | | | |
| Share based payments expense | | - | 71,744 |
| Depreciation and amortisation expense | | 645,325 | 537,747 |
| Impairment expense | | 2,145,236 | 584,103 |
| Acquisition costs expensed | | 46,941 | - |
| **Changes in current assets and current liabilities** | | | |
| Decrease in trade and other receivables | | 498,831 | 18,271 |
| (Increase) in inventory | | (340,049) | - |
| (Increase)/decrease in other assets | | (51,229) | 180,087 |
| Increase/(decrease) in trade and other creditors | | 75,550 | (1,274,339) |
| Increase in provisions | | 64,790 | 447,697 |
| **Net cash flows (used in) operating activities** | | **(6,851,630)** | **(6,077,746)** |



## 17. CONTROLLED ENTITIES

| PARTICULARS IN RELATION TO CONTROLLED ENTITIES | PLACE OF INCORPORATION | EQUITY HOLDING 2014 % | EQUITY HOLDING 2013 % |
|---|---|---|---|
| Robust Operations Pty Limited | Australia | 100% | 100% |
| Robust Exploration Pty Limited | Australia | 100% | 100% |
| PT Gemala Borneo Utama | Indonesia | *77.50% | 77.50% |
| PT Tambang Emas Maluku | Indonesia | 100% | 100% |
| PT Roda Utama Sentosa | Indonesia | 100% | 100% |
| PT Ciptainti Cemerlang | Indonesia | 100% | 100% |
| Robust Exploration Pty Ltd | Australia | 100% | 100% |
| JAMMPL Phils. Inc. | Philippines | 100% | 100% |
| Andash Mining Company LLC | Kyrgyz Republic | **100% | - |
| Tatiana Limited | British Virgin Islands | 100% | - |
| Kaldora Limited | British Virgin Islands | 100% | - |
| Kami Associates (BVI) Limited | British Virgin Islands | 100% | - |
| Talas Copper Gold LLC | Kyrgyz Republic | 100% | - |

* Approval to issue shares to Salim Group is presently awaiting approval from Indonesian regulatory authorities. Holding post issue will be 60%.

** Refer to note 18 (a) for details of contingent compulsory divestiture of 20% of this equity holding.

## 18. BUSINESS COMBINATIONS

### (a) Andash Mining Company ("AMC")

On 23 August 2013, the Group acquired 100% of the voting shares of Andash Mining Company LLC, an unlisted company registered in Kyrgyz Republic which is engaged primarily in the exploration and development of gold and base metals in Central Asia. The Group has acquired Andash Mining Company with a strategy of building a pipeline of advanced projects in the Central Asian region. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Andash Mining Company for the period between 23 August 2013 and 30 June 2014.

At the date of acquisition of 100% of Andash Mining Company LLC by the Company, the government of the Kyrgyz Republic had an existing right to acquire 20% of the equity of AMC at relatively nominal consideration. If the Kyrgyz Republic government exercises this right, the Group will be required to adjust the carrying amounts of the controlling and non-controlling interests in AMC. In accordance with AASB 10: Consolidated Financial Statements, the Group is required to recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received, and attribute that difference to the owners of the Company. Based on fair values at balance date, such adjustment will reflect a transfer directly in equity of approximately $3 million from Parent Interest to Non Controlling Interest.

The fair values of identifiable assets and liabilities of Andash Mining Company as at the date of acquisition are as follows:

| | **Fair value recognized on acquisition $** |
|---|---|
| Assets | |
| Property, plant and equipment | 173,241 |
| Cash and cash equivalents | 4,343 |
| Inventory | 406,630 |
| Deferred exploration and evaluation expenditure | 14,230,845 |
| Other receivables and prepayments (i) | 209,590 |
| Total assets | **15,024,649** |
| | |
| Liabilities | |
| Trade and other payables | 10,640 |
| Other liabilities | 14,008 |
| Total liabilities | 24,648 |
| Total identifiable net assets at fair value | 15,000,001 |
| Purchase consideration transferred | 15,000,001 |
| Net cash acquired/(expended) with the subsidiary (included in cash flows from investing activities) | 4,343 |
| Cash paid | (15,000,001) |
| Net cash expended | (14,995,658) |

(i) The fair value of receivables acquired amounts to $209,590.

(ii) Transaction costs of $46,941 have been expensed and are included in acquisition expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

(iii) From the date of acquisition, Andash Mining Company has contributed a loss of $3,799,897 to the net loss before tax from the continuing operations of the Group. If the combination had taken place as at the beginning of the annual reporting period, revenue from continuing operations would have been $222,468 and net loss for the period would have been $3,655,061.

**18. BUSINESS COMBINATIONS (CONTINUED)**

**(b) Talas Copper Gold LLC**

On 18 March 2014, the Group acquired 100% of the voting shares of Talas Copper Gold LLC, an unlisted company registered in Kyrgyz Republic which is engaged primarily in the exploration and development of gold and base metals in Central Asia. The Group has acquired Talas Copper Gold with a strategy of building a pipeline of advanced projects in the Central Asian region. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Talas Copper Gold for the period between 18 March 2014 and 30 June 2014.

A contingent liability to issue $20.0m value in Robust shares to the vendors of the Talas gold-copper project exists. Directors consider the circumstances under which the contingent consideration would become payable are remote and therefore no recognition of it is included in the Company's accounts.

| | Fair value recognized on acquisition $ |
|---|---|
| Assets | |
| Property, plant and equipment | 287,390 |
| Cash and cash equivalents | 8,879 |
| Inventory | 29,786 |
| Deferred exploration and evaluation expenditure | 4,395,059 |
| Other receivables and prepayments (i) | 418,267 |
| Total assets | 5,139,381 |
| Liabilities | |
| Trade and other payables | 3,531 |
| Other liabilities | 11,109 |
| Total liabilities | 14,640 |
| Total identifiable net assets at fair value | 5,124,741 |
| Purchase consideration transferred (ii) | 5,124,741 |
| Net cash acquired/(expended) with the subsidiary (included in cash flows from investing activities) | 8,879 |
| Cash paid | (2,247,891) |
| Net cash expended | (2,239,012) |

(i) The fair value of receivables and other assets acquired amounts to $418,267.

(ii) Consideration consisted of cash of $2,247,891 and Robust shares to the value of $2,876,850.

(iii) From the date of acquisition, Talas Copper-Gold has contributed a gain of $1,159,016 to the net loss before tax from the continuing operations of the Group. If the combination had taken place as at the beginning of the annual reporting period, revenue from continuing operations would have been $149,969 and net loss for the period would have been $13,028,007.

(iv) There were no transaction costs.

**19. EVENTS SUBSEQUENT TO BALANCE DATE**

On 1 July 2014, Stanhill Capital Partners ("Stanhill"), a Hong Kong based Investment Group, announced an intention to make a takeover bid for the Company. The bid was to be an off market offer for 100% of the shares of Robust at a price of $0.28 per share. Stanhill provided notification on 18 July that its proposed bid would be increased to $0.315 per share, following the acquisition of a 19.9% shareholding in the company at that price.

On 8 July 2014, the Company announced that it had made a payment of $1.6m to the vendors of Romang Island which it had committed to as at 30 June 2014. The 2011 Stock Purchase Agreement under which Robust acquired the Romang Island project, contained terms which included a contingent payment to vendors of $2.0m, dependent on the Company reporting an indicated or measured JORC resources of 1Moz AuEq. The contracted amount of the payment was negotiated down in exchange for payment being made prior to the required resources upgrade.

On 14 July 2014, the shareholders of the AIM listed entity Mentum Inc, voted at their AGM to accept the proposal put to

**19. EVENTS SUBSEQUENT TO BALANCE DATE (CONTINUED)**

the meeting, which was to acquire the Kyrgyz assets of Robust plus seed capital of GBP3.5m from Robust, in exchange for Mentum issuing 93,831,153 fully paid ordinary shares to Robust. Following the issue of these shares, an 87.3% equity interest in Mentum Inc. is now held by Robust. At the same date, shareholders of Mentum Inc. voted to change the name of the company to Tengri Resources Ltd.

On 8 August, Gary Lewis resigned as Managing Director of Robust and from all other all directorships and positions held in Robust Group companies.

On 15 August, it was announced that Droxford International Ltd were in discussions with Stanhill to launch a joint bid for the Company at $0.49 per share. The launching of such a bid was conditional on ASIC granting certain relief under The Corporations Act, which relief was subsequently granted in September 2014. Droxford International is part of the Salim Group and has been a substantial shareholder in the Company for a number of years.

On 26 September, a Bidder's Statement and Offer was lodged with the Australian Securities Exchange by Padiham Resources Pty Ltd ("Padiham"), to acquire all Robust shares which Padiham does not currently control, at an offer price of $0.49 per shares. Padiham is a special purpose vehicle jointly owned by Droxford and Stanhill. Together, at the date of the Bidder's Statement, the Joint Bidders have a relevant interest in approximately 46.6% of Robust shares. The Offer opens on 30 September 2014 and closes on 30 October 2014.

The Company has engaged independent experts and various other advisors in respect of the takeover bid. Depending on whether the takeover is successful or not, the Company is committed to pay total aggregate fees estimated to be within the range of $0.5m to $3.0m in the period November to December 2014.

**20. LOSS PER SHARE**

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014 $ | 2013 $ |
| Loss used in calculating loss per share | | (8,796,672) | (6,258,361) |
| Loss used in calculating diluted loss per share | | (8,796,672) | (6,258,361) |

| | Number of shares | Number of shares |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic loss per share | 120,214,420 | 88,040,286 |
| Weighted average number of ordinary shares used in calculating diluted loss per share | 120,214,420 | 88,040,286 |

The share options are not considered to have a dilutive effect on the earnings per share (EPS) calculation.



**21. KEY MANAGEMENT PERSONNEL**

**Individual directors and executives compensation disclosures**

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 are provided in the Remuneration Report Section of the Directors' report.

**21. KEY MANAGEMENT PERSONNEL (CONTINUED)**

Summary of remuneration of Directors & Key Management Personnel:

| | Short term salary, bonus, fees and leave $ | Post-employment benefits $ | Other long term benefits $ | Share based payment expense $ | Total $ |
|---|---|---|---|---|---|
| **2014** | 1,321,577 | - | - | - | 1,321,577 |
| **2013** | 1,222,160 | - | - | - | 1,222,160 |

*Short-term salary, bonus, fees and leave*

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

*Post-employment benefits*

These amounts are the current-year's estimated cost of providing for superannuation contributions made during the year and post-employment life insurance benefits.

*Other long term benefits*

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

*Share based payment expense*

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

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

**22. AUDITORS' REMUNERATION**

| | Notes | 2014 $ | 2013 $ |
|---|---|---|---|
| Amount received or due and receivable by the auditor of the parent entity for: | | | |
| An audit or review of the financial report of the entity and any other entity in the consolidated group | | 87,000 | 65,000 |
| Other services in relation to the entity and any other entity in the consolidated group | | | |
| Tax compliance | | 19,702 | 9,261 |
| Share registry | | 45,059 | 29,251 |
| | | **151,761** | **103,512** |
| Amounts received or due and receivable by other auditors for: | | | |
| An audit or review of the financial report | | 30,598 | 25,465 |
| **Total** | | **182,359** | **128,977** |

**23. RELATED PARTY TRANSACTIONS**

**Related Party Loans**

Interest free, non cash and non recourse loans to directors of the parent entity were approved by shareholders at the Company's 2011 AGM for the purchase of shares by Directors. As at the reporting date, only current directors retained these shares and therefore had outstanding loans. Non recourse loans are not required to be brought to account. Shares held by A. Wilson, S. Sadleir and G. V. Lewis were forfeited upon resignation.

During the period ending 20 June, 2013, an interest free loan of $AUD200,000 secured by property, was provided to Izaack Watori, a director of the Company's subsidiary PT GBU. As a reward for past services and as in incentive to retain the services of Mr. Watori in the future, the loan will be deemed fully paid in three equal instalments upon three milestones being reached. The first is the purchase of property with Robust taking security over that property. The remaining two equal instalments will be deemed repaid on 1 May 2015 and 1 May 2017 on the condition that Mr. Watori remains an employee of PT GBU at these dates. Should Mr. Watori terminate his employment, any balance outstanding becomes immediately repayable. The first one third of the loan has been deemed as repaid and is included in employee benefits expense in the consolidated statement of comprehensive income.

**Transactions with director related entities**

Robust continued its contract with ACT2 Pty Ltd for the provision of the services of managing director Gary Lewis. The amount paid during the year was $450,170 (2013: $413,000). The contract became effective from 10 June, 2011 and amended 1 March, 2012, provides for payment of fees of $450,170 per annum plus reasonable expenses. The contract 23. remains in effect until 31 December, 2014 and can be terminated without cost by mutual consent or by the Company without cause upon payment of 6 times the average of fees paid in the preceding 3 years. Mr. Lewis resigned from the Company on 8 August 2014 and no termination benefits were paid or are payable.



The Company has entered into a contract with Flintridge Holdings Limited for the provision of the services of director John Levings. The amount paid during the year was $354,860 (2013: 325,560). The contract, effective from 1 January 2012 and amended on 1 March, 2012, provides for payment of fees of $354,860 per annum plus reasonable expenses. The contract remains in effect until 31 December, 2014 and can be terminated without cost by mutual consent or by the Company without cause through the payment of 4 times the average of fees paid in the preceding 3 years.

Tamerlane Advisory Pty Ltd, a company controlled by director Hugh Thomas, is party to an agreement with the Company whereby consulting services and strategic advice is provided by Mr. Thomas on an as required basis. The amount paid to Tamerlane during the reporting period for these services was $97,500 and is in addition to director fees earned. An amount of $15,000 remained due and payable at 30 June 2014.

Gordon Lewis was employed as the Company's chief operating officer. Mr. Lewis' contract of employment provides for an annual salary of $341,938 (2013: $318,600). Mr. Lewis' contract can be terminated with four weeks notice or payment in lieu of notice. Mr. Lewis resigned from the Company on 30 April 2014 and there is nothing payable to Mr. Lewis at 30 June 2014. None of the above contracts are for a duration exceeding 3 years.

In June 2012, Robust subscribed for 4,267,627 shares in Reliance Resources Limited ("Reliance") which is listed on the Toronto Stock Exchange, at a price of $CAN 0.15 per share. Reliance is a director related entity, with John Levings a director of Reliance throughout the reporting period and Gary Lewis until 22 April 2014. The Company still holds these shares and carries them at market value in its financial statements.

**23. RELATED PARTY TRANSACTIONS (CONTINUED)**

**Transactions with director related entities (continued)**

During the reporting period, subsidiaries of the Company in Indonesia provided mining, serviced office and other support services to Reliance subsidiaries in Indonesia. The amount billed in respect of these services was $289,274 and included interest of $97,399 and administration fees of $19,119. All transactions were carried out on commercial, arms-length terms and conditions and in the ordinary course of business. The amount owed to Robust's Indonesian subsidiary's at 30 June 2014 was $1,090,073 prior to impairment, and has been fully impaired.

In addition to the above, the Company also provided various office services to Reliance in Australia for which it charged Reliance $60,000. Other transactions with Reliance in the reporting period include interest charged on overdue amounts of $73,007, various cash advances, expense payments and the purchase from Reliance of various items of surplus mining equipment at written down book value. The balance owed to Robust Resources Limited prior to impairment charges was $857,135, and has been fully impaired.

Prior to the Robust board taking the decision to fully impair the amount owed by Reliance and its subsidiaries, a combined balance of $1,947,208 was receivable and carried in Trade and Other Receivables non-current, see Note 6.

| FOR THE YEAR ENDED 30 JUNE 2014 | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2014<br>$ | 2013<br>$ |
| **24. COMMITMENTS AND CONTINGENCIES** | | | |
| **The group has the following commitments** | | | |
| **(a) Operating Lease Commitments** | | | |
| The Company has the following commitments represented by non-cancellable operating leases not capitalised in the financial statements and not recognised as a liability: | | | |
| Premises leases – Minimum lease payments | | | |
| – Payable not later than one year | | 569,809 | 466,371 |
| – Payable greater than one year but less than five years | | 889,064 | 1,306,140 |
| | | **1,458,873** | **1,772,511** |
| **(b) Finance Lease Commitments** | | | |
| As at 30 June 2014 the Company has the following minimum lease payments in respect of a finance lease. | | | |
| Payable not later than 12 months | | 167,261 | 167,261 |
| Payable greater than 1 but less than 5 years | | 27,877 | 195,138 |
| Total minimum lease payments | | 195,138 | 362,399 |
| Less amounts representing finance charges | | (10,776) | (34,967) |
| Present value of minimum lease payments | | **184,362** | **327,432** |

**(c) Other commitments**

The Bashkol and Talas projects in the Kyrgyz Republic have as part of their license conditions, a requirement to drill a fixed number of metres per year. Management's current best estimate of the cost that this represents per annum is $800,000.

**24. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**(d) Contingent liabilities and contingent assets**

A contingent liability and a contingent asset are disclosed in the accounts in respect of further share consideration due to the vendors of the JAMMPL companies acquired in October 2011.

A contingent liability to issue US$20.0m value in Robust shares to the vendors of the Talas gold-copper project is disclosed in full in Note 18(b), Business Combinations. Directors consider the circumstances under which the contingent consideration would become payable are remote and therefore no recognition of it is included in the Company's accounts.

**25. SEGEMENT INFORMATION**

**Primary Reporting – Business Segments**

The consolidated entity operated wholly within the gold and base metals exploration industry.

**Secondary Reporting – Geographic Segments**

| Geographic Location | Segment Revenues from External Customers | | Carrying Amount of Segment Assets | | Acquisition of Non-current Segment Assets | |
|---|---|---|---|---|---|---|
| | 2014<br>$ | 2013<br>$ | 2014<br>$ | 2013<br>$ | 2014<br>$ | 2013<br>$ |
| Australia | 376,405 | 471,030 | 18,799,581 | 23,369,621 | (428,637) | 417,933 |
| Indonesia | 321,791 | 2,018,911 | 23,105,861 | 25,841,412 | 1,630,605 | 11,644,334 |
| Philippines | - | 74,139 | 77,390 | 219,090 | (3,504) | (2,791) |
| Kyrgyz Republic | 341,680 | - | 27,444,857 | - | 18,310,444 | - |
| **Total** | **1,039,876** | **2,564,080** | **69,427,689** | **49,430,123** | **19,508,908** | **12,059,476** |



**26. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES**

**Policies**

The Group's financial instruments comprise deposits with banks, short term loans to controlled entities, loans to related entities and accounts payable. The Group does not trade in derivatives or in foreign currency.

The Group manages its risk exposure of its financial instruments in accordance with the guidance of the Audit and Risk Committee which is under the direction of the Board of Directors. The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, liquidity risks and credit risk. The Group uses different methods to manage and minimise its exposure to risks. These include monitoring levels of interest rate fluctuations to maximise the return on bank balances and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The final approval and monitoring of any of these policies is done by the Board which review and agrees on the policies for managing each of the risks as summarised below.

The primary responsibility to monitor financial risks lies with the Executive Chairman of the parent entity under the authority of the Board. The Board agrees and approves policies for managing each of the risks identified below, including the setting up approval limits for purchases and monitoring projections of future cash flow.

## 26. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

**Risk Exposures**

**(a) Interest rate risk and maturity analysis**

The directors believe that the exposure to interest rate fluctuations is immaterial and therefore no interest rate sensitivity analysis has been disclosed. The interest bearing liabilities summarised in Note 13 are the Group's fixed rate borrowings and therefore not subject to interest rate risk as defined in AASB 7 Financial Instruments: Disclosures. The short term loans to controlled entities and trade creditors are non interest bearing and are not exposed to interest rate fluctuations.

**(b) Liquidity risk**

The Group's objective is to maximise its cash availability by adhering to the exploration program and evaluating current charges of various suppliers. Before the exploration program is completed the Group will seek additional funds from existing investors or new investors or a combination of both.

**(c) Foreign currency risk**

The Group has operations in Indonesia, Philippines, Kyrgyz Republic and Australia and fluctuations between the currencies are common. The Group's operating expenses are incurred in Indonesian rupiah, Kyrgyz som, Philippine peso and Australian dollars. The fluctuation of the Australian dollar in relation to these other currencies will have an impact upon the operations of the Group and will also affect the value of the Group's assets. The Group has not entered into any agreements or purchased any instruments to hedge possible currency risks. At the reporting date of 30 June, 2014, the following rates have been adopted within the Group.



One Australian dollar is equivalent to the following foreign currencies:

| | 2014 | 2013 |
|---|---|---|
| Indonesian rupiah | 11,294 | 9,042 |
| Kyrgyz som | 49.0 | n/a |
| Philippine peso | 41.2 | 40.2 |

Sensitivity Analysis

As at June 30, 2014, the Group's net investment in its Indonesian subsidiaries was $13,957,484 Australian dollars. A strengthening or weakening of the Australian dollar against the Indonesian Rupiah of 10% would result in a $(1,268,862) decrease or a $1,550,832 increase in other comprehensive income. . A strengthening or weakening of the Australian dollar against the Kyrgyz som of 10% would result in a $(2,833,043) decrease or a $3,462,608 increase in other comprehensive income. The investment as at June 30, 2014 in the Philippines entity is not material and any fluctuations in the currency rates with the Philippine Peso would not produce a material change in the Group's comprehensive income.

**26. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**(d) Credit risk**

The consolidated entity has outstanding trade and other receivables as at year end with the following credit ratings.

| | | CONSOLIDATED ENTITY | |
|---|---|---|---|
| | **credit rating** | **2014** | **2013** |
| | | **$** | **$** |
| Australian Tax office | AAA | 61,265 | 57,151 |
| Reliance Resources Limited | N/A | 1,947,208 | 1,344,451 |
| Other | N/A | - | 391,812 |
| **TOTAL** | | **2,008,473** | **1,793,414** |

**(e) Net fair values**

All financial assets and liabilities have been recognised at balance date at their net fair values.

**26. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)**

**Recognised financial instruments**

*Cash, cash equivalents and short term investments:* The carrying amount approximates fair value because of their short term to maturity.

*Trade receivables and trade creditors:* The carrying amount approximates fair value.

The following methods and assumptions are used to determine the net fair values of the financial instruments. Level 1 - the fair value is calculated using quoted prices in active markets. Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices). Level 3 - the fair value is estimated using inputs for the assets that are not based on observable market data.

The fair value of the financial instruments as well as the method used to estimate the fair value as summarised in the table in Note 27.

**27. FINANCIAL INSTRUMENTS**

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets was determined, in particular the valuation technique and inputs used.

| **Financial asset/liabilities** | **Fair value as at** | | **Fair value hierarchy** | **Valuation technique** | **Significant unobservable inputs** | **Relationship of unobservable inputs to fair value** |
|---|---|---|---|---|---|---|
| | 30/06/14 | 30/06/13 | | | | |
| 1. Equity investment in Reliance Resources | $23,236 | $88,882 | Level 1 | Observed market price of securities | N/A | N/A |
| 2 . Equity investment in Ausmon Resources Ltd | $3,600 | $7,200 | Level 1 | Observed market price of securities | N/A | N/A |

The carrying value of other financial assets and financial liabilities approximate, in the opinion of directors, the fair values of those financial assets and financial liabilities.

**28. PARENT ENTITY DISCLOSURES**

| | COMPANY | |
|---|---|---|
| | **2014** | **2013** |
| | **$** | **$** |
| **Financial Position** | | |
| **Assets** | | |
| Current Assets | 17,469,449 | 15,945,192 |
| Non-Current Assets | 32,665,961 | 8,761,555 |
| **Total Assets** | **50,135,410** | **24,706,747** |
| **Liabilities** | | |
| Current Liabilities | 2,514,649 | 903,291 |
| Non-Current Liabilities | 151,258 | 371,874 |
| **Total Liabilities** | **2,665,907** | **1,275,165** |
| | | |
| **Net Assets** | **47,469,503** | **23,431,582** |
| **Equity** | | |
| Issued Capital (i) | 88,240,266 | 55,920,148 |
| Share Option Reserve | 3,992,773 | 3,992,773 |
| Other reserve | (16,747,579) | (15,147,579) |
| Accumulated Losses | (28,015,957) | (21,333,760) |
| **Total Equity** | **47,469,503** | **23,431,582** |
| | | |
| **Financial Performance** | | |
| Loss for the year | (6,682,197) | (4,802,947) |
| Other comprehensive income | - | - |
| **Total loss for the year** | **(6,682,197** | **(4,802,947)** |

(i) The issued capital of the parent entity excludes share issue costs of $720,830 deducted from the contributed equity of the Consolidated Group.

# Directors' Declaration

In accordance with a resolution of the Directors of Robust Resources Limited, I state that:

**1**. In the opinion of the Directors:

(a) The financial statements and notes of Robust Resources Limited and controlled entities for the financial year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

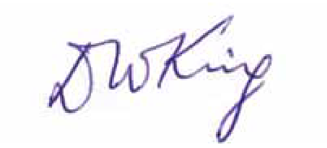
**(a)** The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

**(b)** There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

**2**. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.



On behalf of the board



**David King**
EXECUTIVE CHAIRMAN
Dated this 2nd October, 2014

## Independent Audit Report

GouldRalph
ASSURANCE

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**INDEPENDENT AUDIT REPORT TO**
**THE MEMBERS OF ROBUST RESOURCES LIMITED**

**Report on the financial statements**

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



*Directors' responsibility for the financial statements*

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 controls as the directors determine are 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.

*Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 statements. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

*Matters Relating to Electronic Publication of the Audited Financial Statements*

This audit report relates to the financial report of Robust Resources Limited for the year ended 30 June 2014 included on the website of Robust Resources Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This audit report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial statements we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

**Auditors' opinion**

In our opinion:

1. the financial statements of Robust Resources Limited is in accordance with:

(a) 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 (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 Going Concern in the financial report, which indicates that if the proposed takeover of the Company does not proceed, the consolidated entity is projected to need to raise new capital during the period to September 2015 in order to continue with planned operations. If the proposed takeover proceeds, the Company will require the financial support of the new parent company to meet its debts as and when they fall due. These conditions, along with other matters as set forth in Note 1 Going Concern, indicate the existence of a material uncertainty that 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.

**Report on the Remuneration Report**

We have audited the Remuneration Report included on pages 22 to 24 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 on the Remuneration Report**

In our opinion the Remuneration Report of Robust Resources Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.
GOULD RALPH ASSURANCE

STEPHEN FISHER
Partner
Dated this 2nd October, 2014
Sydney

# Additional ASX Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2014.

**(a) Distribution of equity securities**

The number of security holders by size of holding in each class of quoted security are as follows:

| Range of ordinary shares | Number of Holders | Number of Shares |
|---|---|---|
| 1–1,000 | 967 | 315,743 |
| 1,001–5,000 | 675 | 1,748, 327 |
| 5,001–10,000 | 294 | 2,366,362 |
| 10,001–100,000 | 430 | 13,191,831 |
| 100,001 and over | 99 | 177,747,367 |
| Total | 2,465 | 195,369,630 |

As at 31 August 2014 there were 195,396,630 shares on issue.

The number of shareholders holding less than a marketable parcel of shares is 1016

**(b) Twenty largest shareholders**

The names of the twenty largest holders of quoted shares per share registry records at 31 August are:



| Rank | Shareholder | Number of Shares | % of Total |
|---|---|---|---|
| 1 | Droxford International Limited | 52,188.676 | 26.71% |
| 2 | Eminent Return Fund SP | 41,688,147 | 21.34% |
| 3 | Gary Lewis - direct and indirect | 13,110,031 | 6.71% |
| 4 | Gold Fields Orogen Holding | 10,274,465 | 5.26% |
| 5 | ABN Amro Clearing Sydney | 10,198,571 | 5.22% |
| 6 | John Levings - direct and indirect | 6,315,708 | 3.23% |
| 7 | HSBC Custody Nominees | 5,282,747 | 2.70% |
| 8 | JP Morgan Nominees Australia | 4,256,170 | 2.18% |
| 9 | UBS Nominees PTY Ltd | 2,505,048 | 1.28% |
| 10 | Citicorp Nominees Pty Ltd | 2,363,338 | 1.21% |
| 11 | Stevenage Investments Limited | 1,571,386 | 0.80% |
| 12 | Veruse Pty Ltd | 1,440,000 | 0.74% |
| 13 | John and Lesley Wardman | 1,402,217 | 0.72% |
| 14 | Justin Werner | 1,255,649 | 0.64% |
| 15 | Ryan Superannuation Nominees Pty Ltd | 1,210,361 | 0.62% |
| 16 | Armco Barriers Pty Ltd | 1,000,000 | 0.51% |
| 17 | Quatri Pty Ltd | 1,000,000 | 0.51% |
| 18 | Paul and Annette Balsarini | 920,000 | 0.47% |
| 19 | David King – direct and indirect | 895,998 | 0.46% |
| 20 | Kings Park Superannuation Fund | 860,000 | 0.44% |

**(c) Substantial Shareholders**

The Substantial Shareholder notices that have been received by the Company are as follows. The number of shares shown are those appearing on the notices received.

| Name of Holder | Number of shares as shown on Form 604 | % issued shares |
|---|---|---|
| Padiham | 91,067,232 | 46.6% |
| Gold Fields Limited | 10,274,465 | 5.26% |
| Gary Lewis | 13,160,030 | 6.74% |

**(d) Voting rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting has one vote on a show of hands.

There are no voting rights attaching to options, however voting rights as detailed above will attach to the ordinary shares on exercise.

## Corporate Governance Statement

The Board of Directors is responsible for the overall Corporate Governance of the Company and oversight of management, and for protecting the rights and interests of the shareholders, by adopting systems of control and managed risk as the basis for administration.

The Board is committed to maintaining the highest standards of Corporate Governance possible within the framework of its current organisation and structure. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (the "Council"). The Company's practices are consistent with the Council's guidelines. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole. When the Company is not able to implement one of the Council's recommendations the Company applies the "if not, why not" explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Company complies with those recommendations.

***Principle 1 – Lay solid foundations for management and oversight***

The Company has adopted recommendation 1.1 to disclose the functions reserved to the Board and those delegated to senior executives to the board are the

### 1.1 The Board – Role and Responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance and management oversight of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is within the knowledge of the Board, appropriate external advice is taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

### 1.2 Evaluation of Performance of Executives

The Company has adopted recommendation 1.2 for evaluating the performance of senior executives.

That evaluation is by way of a report on such performance by the Managing Director to the Remuneration and Nomination Committee whenever senior executives are engaged. The Company's exploration activities have been limited over the past year.

**1.3 Reporting on Principle 1**

The Company has implemented evaluations for senior executives upon the recommendation of the Managing Director. The Remuneration & Nomination Committee will carry out this task.

The performance evaluation for the Managing Director will be conducted by the Chairman of the Board.

***Principle 2 – Structure the Board to add value***

**2.1 Board of Directors - composition, structure and process**

The Board has been formed so that its effective composition, size and commitment adequately discharges its responsibilities and duties given the Company's current size, scale and nature of its activities.

Due to the small size of the Company, the Board is made up of three Directors. Two Directors are not involved in management, but both have experience as Directors in mining exploration companies.

There are two independent Directors on the Board. All Directors are required to bring to the Board their independent judgement, irrespective if they are independent or not.

**2.2 Regular assessment of independence**

An Independent Director, in the view of the Company, is a Non-executive Director who:

- within the last three years has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment;

  within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of Directors required for the Board to properly perform its responsibilities and functions.

**2.3 Office of Chairman and Managing Director**

The office of Chair is held by an independent Director.

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The Managing Director is responsible and accountable to the Board for the Company's management. The Managing Director of the Company performs the role of Chief Executive Officer.

**2.4 Remuneration and Nomination Committee**



The Board has established a Remuneration and Nomination Committee and Charter. The Committee considers nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act and ASX Listing Rules.

The Remuneration and Nomination Committee is appointed by the Board. The Committee will implement the functions listed below.

The responsibilities assumed by the Remuneration and Nomination Committee include:

- Board and senior executive functions;
- Board composition;
- number of Board members;
- criteria for nomination of Directors;
- selection and appointment of the Chairman;
- selection and appointment of the Secretary;
- determine the frequency of meetings of the Committee;

- seek professional advice when required;
- responsibilities of the Committee;
- oversight of Board and executive succession plans; and
- Evaluate performance of Senior Executives.

**2.5 Performance review and evaluation**

The Company discloses its process for evaluating the performance of the Board, Committees and Independent Directors.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed by the Board. There is on-going monitoring by the Chairman and the Board of such knowledge, information and experience. The Chairman also speaks with each Director individually regarding their role as a Director.

**2.6 Evaluation Process**

Induction and education

The Company has a policy of providing each new Director or officer with a copy of the following documents:

- Audit and Risk Committee Charter;
- Remuneration and Nomination Committee Charter;
- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- Constitution.

Access to information

Each Director has access to Board papers and all relevant documentation.

Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board consists of a relevant blend of personal experience in geology and geophysics, accounting and finance, law, financial and investment markets, financial management and public company administration, and, Director-level business or corporate experience required by the Company.

Independent directors

The Company considers that two of the three current directors are Independent Directors. The names, qualifications, experience of each Director and period in office are as set out in the Annual Report, as well as whether the Board considers them to be Independent Directors.

Professional advice

Board members, with the approval of the Chairman, may seek from time to time external professional advice.

Terms of appointment as a director

The Constitution of the Company provides that a Director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (excluding the Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.



***Principle 3 – Promote ethical and responsible decision making***

**3.1 Code of conduct and ethical standards**

The Company has established a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Code is focused on ensuring that all Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

The code of conduct outlines:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account legal obligations and reasonable expectations of stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Access to company information and confidentiality

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Share dealings and disclosures

The Company has adopted a policy relating to the trading of Company securities. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

**Conflict of interest**

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

Related party transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

**3.2 Diversity**

The Company has established a policy concerning diversity

**3.3 Disclosure of Diversity Objectives**

The Company discloses in each Annual Report the measurable objectives for achieving gender diversity in accordance with the diversity policy and the current position in relation thereto.

**3.4 Proportion of Women Employees**

The Company discloses in each Annual Report the proportion women employees in the its organisation, senior executive positions and on the Board.

**3.5 Publicly available information**

The Company makes publicly available on the Company's website, the Share Trading Policy, and Continuous Disclosure Policy and Code of Conduct under the corporate governance section.

***Principle 4 – Safeguard integrity in financial reporting***

**4.1 Audit and Risk Committee**

The Company has established an Audit and Risk Committee which has a corresponding charter. The objective of the Committee is to make recommendations to the Board regarding, the adequacy of the external audit, risk management and compliance procedures. The Committee evaluates from time to time the effectiveness of the financial statements prepared for the Board meetings and ensures that an independent judgement is exercised in relation thereto.

**4.2 Membership of Audit and Risk Committee**

The two independent Directors are members of the Audit & Risk Committee and the Audit & Risk Committee is not chaired by the Chairman of the Company.

**4.3 Charter of Audit and Risk Committee**

The Audit & Risk Committee charter includes the following:

- duties and responsibilities of the Committee;
- meetings;
- complaints procedures;
- composition of the Audit & Risk Committee;
- structure of the Audit & Risk Committee;
- number of meetings;
- membership requirements: and
- selection, appointment and rotation of the external auditor.

**4.4 Members and Qualifications of Audit and Risk Committee**

The members and qualifications of the Audit & Risk Committee are as set out in the Annual Report together with the number of meetings each member attended.

***Principle 5 – Make timely and balanced disclosure***

**5.1 Continuous disclosure to the ASX**

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with shareholders.

Accordingly the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities; and
- the announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

**5.2 Disclosure Policy**

The Company has adopted a continuous disclosure policy which is included in the Company website.

***Principle 6 – Respect the rights of shareholders***

**6.1 Communications**

The Company has not adopted recommendation 6.1 because it does not have a formal Shareholders' Communication Policy.

**6.2** Although the Company does not have a Shareholder Communication Policy the Company recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly Directors' and financial statements;
- quarterly activities and cash flow reports; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements are made available on the Company's website and on the ASX website.

***Principle 7 - Recognise and manage risk***

**7.1 Risk Management**

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control. The Board regularly reviews and monitors areas of significant business risk.

**7.2 Risk Management Control**

Because the Board has the oversight function of risk management and internal control systems. The risk management functions and oversight of material business risks are performed directly by the Board and not by management.

Internal control and risk management

The primary vehicle for managing corporate risks is the Audit & Risk Committee appointed by the Board. The Committee reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels. The Company ensures that appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

The internal audit function is carried out by the Audit & Risk Committee.

**7.3 CEO and Company Secretary declarations**

The Board has determined that the Managing Director and the Company Secretary are the appropriate persons to make the CEO and CFO declarations in respect of each financial year ended, as required under section 295A of the Corporations Act and recommended by the ASX Corporate Governance Council. The Board is also satisfied that the internal control system is operating effectively in all material respects.

**7.4 Internal Controls and Risk Management**

- the Board conducts its evaluations regarding internal control and risk management;
- the Board has received the assurance of compliance from the Managing Director and Company Secretary;
- the Company does not have a written policy on risks oversight management of business material risks because the number of people engaged in the Company's operations is insufficient to warrant production of a detailed policy document; and
- independent professional advice - subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

***Principle 8 – Remunerate fairly and responsibly***

**8.1 Remuneration and Nomination Committee**

The Board has established a Remuneration & Nomination Committee which reports to the Board.

**8.2 Remuneration & Nomination Committee charter and responsibilities**

The Company has established a Remuneration and Nomination Committee charter. The role and responsibility of the Committee/Board is to review and make recommendations in respect of:

- executive remuneration policy;
- Executive Director and senior management remuneration;
- Non-executive Directors' Remuneration;
- performance measurement policies and procedures;
- Administration of the Company's Diversity policy;
- Board evaluation and performance of Directors; and
- Issue and allotment of options to Directors and Senior Executives.

Composition of the Remuneration & Nomination Committee

The Remuneration & Nomination Committee is structured so that is made up of:

- only Non-executive Directors;
- a majority of Independent Directors; and
- an independent Chairman, who is not chairman of the board.

**8.3 Remuneration policy**

The Directors remuneration is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. The Managing Director has entered into a Directors Service Agreement for a term not exceeding three years. Consultants are engaged as required pursuant to service agreements. The Company ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company. All salaries of Directors and statutory officers are disclosed in the Annual Report of the Company each year.

**8.4 Salaries and Allowances**

- The salary component of the Managing Director's remuneration is made up of fixed remuneration;
- The salary component of Non-executive Directors is made up of fixed remuneration.
- The Company discloses the names of Directors in the Remuneration & Nomination Committee in its Annual Report;
- The Company does not provide any schemes for retirement; and
- The Company has made publicly available a summary of the Remuneration & Nomination Committee Charter on the Company's website.

**Corporate Governance Compliance**

<u>Compliance with Corporate Governance Principles</u>

The Company confirms that it complies with ASX Listing Rule 4.10.3 relating to Corporate Governance Reporting except where specifically otherwise mentioned in this Corporate Governance Statement.

## *Corporate Information*

**DIRECTORS**
Dr David W. King - B.Sc. (Hons) MSc, PhD, D.I.C., FAUSIMM
Gary L. Lewis - B.Com. MBT – (resigned 8 August 2014)
John A. Levings- B.Sc., FAUSIMM
Hugh Thomas- BA., Grad. Dip. Corp. Fin , MAICD
Andrew J. Wilson - LL.B., B.Com., LL.M. (resigned 5 November 2013)
Gordon Lewis – B.Eng, M.Eng (resigned 30 April 2014)

**COMPANY SECRETARY**
Ian B. Mitchell - BA, Dip Law (Sydney)

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Australian Stock Exchange Limited

**SHARE REGISTER**
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Share Registry Division
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**ASX CODE**
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