DIRECTORS REPORT

The Directors present their report of Outback Metals Limited (the Company) and its controlled entities (“consolidated group” or “group”) for the financial year ended 30 June 2014.

Principal Activities

The principal continuing activity of the Group during the financial year was the exploration for gold and other economic mineral deposits.

Financial Results

The net result of operations for the Group for the year was a loss after income tax of $1,741,475 (2013: $618,760)

Review of Operations

Work carried out during the year focused on progressing discussions regarding asset realisation and investigation into acquisition of new projects.

A number of parties have expressed interest in the Company’s projects and several field trips were made. Discussions with several parties are ongoing.

Significant Change in State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Dividends Paid or Recommended

There were no dividends paid or declared for payment during the financial year or subsequent to year end.

After Reporting Date Events

On 21 July 2014 the Company announced a pro rata underwritten non-renounceable rights issue to Shareholders of 1 New Share with a free First Option, and a free Second Option if the First Option is exercised, for every existing share held at the record date of 25 July 2014, and at an issue price of $0.001 per New Share to raise up to $241,000. Each First Option is exercisable at $0.001 per share and expires on 31 July 2015. The Second Option is exercisable at $0.0012 per share and will expire on 31 December 2017.

A total of 21,315,498 New Shares and 21,315,498 First Options were issued on completion of the Rights Issue raising $21,315. Under the terms of an underwriting agreement to the rights issue, the shortfall amount of $219,491 was provided to the Company on 10 September 2014 in the form of a convertible note from South Cove Limited with an interest rate of 9% pa accruing daily, a maturity date of 31 July 2015, and with a conversion option of the loan and accrued interest into Outback Metals shares on the same terms as under the rights issue.

On 6 November 2014, the directors received a notice of termination from South Cove Limited following suspension of the company from the ASX. As a result, an amount of $426,697 plus accrued interest became due and payable. Following an agreement between Outback Metals Limited and South Cove Limited on 6 November South Cove Limited entered into a new Financing Agreement and an associated convertible note that is subject to shareholder approval. This convertible note (CN#3) has a face value of $1,183,195 and replaces the terminated convertible note held as at 30 June 2014 and the non-current related party loans including additional accrued interest between the reporting date and 6 November 2014.

On 6 November 2014 South Cove Limited made an offer (subject to conditions and to shareholder approval) to purchase all of the assets of Outback Metals Limited (excluding cash assets up to $100,000) in exchange for all of the South Cove Limited loans due by the company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Environmental Issues

The conditions attached to the Outback Metals Exploration Licences and any Exploration Licences granted pursuant to the Outback Metals Exploration Licence Applications relate or will relate (if granted) to the conduct of exploration, environmental management of exploration, reporting requirements, expenditure commitments, rehabilitation of disturbed land and the requirement to obtain Authorisations under the Mining Management Act 2001 (NT) before carrying out exploration or works involving substantial disturbance.

The conditions attached to the Outback Metals Mineral Leases relate to the rehabilitation of land, the protection of public and private interests, the proper disposal of waste, the protection of the environment and the requirement to obtain Authorisations under the Mining Management Act 2001 (NT) and numerous other requirements.

Native Title Issues

A number of tenements held by the Company are located on Aboriginal land and other constrained land and will need to be negotiated in accordance with the Native Title Act 1993 (Cth).

Information on the Directors

Graham Maxwell Chrisp - Executive Chairman
B Tech (CE)

Mr Graham Chrisp was the founder of Outback Metals and is an experienced civil engineer, minerals explorer and successful businessman with numerous corporate skills. He has an intimate knowledge of the Company's projects, having acquired them over many years and carried out extensive exploration on a number of them. He is also a director of ASX listed Centrex Metals Limited and several private companies.

Graham Chrisp currently has an indirect interest of 156,369,025 ordinary shares in Outback Metals Limited.

Jason James Chrisp – Non-Executive Director
BA(Acc), DBAC

Mr Jason Chrisp has experience based on a background in accountancy and numerous aspects of business and finance. He is also highly proficient in computing and analysis, possessing strong computer skills. Mr Chrisp is also a private company director.

Jason Chrisp currently has 33,333 ordinary shares in Outback Metals Limited.

Benjamin Bruce Chrisp – Non-Executive Director

Mr Benjamin Chrisp possesses experiences in administration and project management. He is trained in IT, including CAD modeling and earthworks design, and has mineral exploration experience. Mr Chrisp is also a private company director.

Benjamin Chrisp currently has 45,333 ordinary shares in Outback Metals Limited.

Peter John Reynolds – Independent Non-Executive Director
MEP (Business and Technology), BAppSc (Mining Eng) BBus (Acc), FAusIMM, CIM, MAICD

Mr Peter Reynolds has 40 years experience in the minerals industry, having acquired a wide range of experience as a mining engineer including roles as the manager of underground and surface mines. He also has experiences in the preparation of feasibility studies, strategic mine planning and was a principal consultant for AMC, a well known mining consultancy business for several years. In recent times Mr Reynolds has been engaged in projects in Australia, Russia, Mongolia, Central Asia and Europe.

He has qualifications in mining engineering, accounting and engineering practice and is a member of numerous professional bodies including the Australasian Institute of Mining and Metallurgy.

Peter Reynolds currently holds no shares in Outback Metals Limited. He is the Chairman of the Company's Audit and Risk Management Committee.

Sharron Tracy Sylvester – Independent Non-Executive Director (appointed 3 July 2013)
BSc(Geol), Grad Cert(Geostatistics) ,MAIG, GAICD

Ms Sharron Sylvester is a geologist with 23 years experience in the mining industry, including 15 years in consulting, and eight years in a variety of operational roles. She has a Bachelor of Science degree with a major in geology from the University of Adelaide, and a postgraduate certificate in geostatistics. Sharron is a Registered Professional Geoscientist (RPGeo) with the Australian Institute of Geoscientists and a member of the Australian Institute of Company Directors and is currently the General Manager for the Adelaide office of AMC Consultants.

Sharron has extensive experience in a variety of geological terrains and commodities, including precious metals, base metals, and construction materials and possesses technical skills in the assessment, modelling and resource estimation of mineral deposits, project management and due diligence and valuation.

Sharron currently holds no shares in Outback Metals Limited.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Nicholas John Harding
B A (Acc), Grad Dip (Acc), Grad Dip (Applied Finance), Grad Dip (Corp Governance), FCPA, F Fin, ACIS

Mr Harding is an accountant with over 25 years experience in the resources industry. He has held senior financial roles at various times with WMC Resources Limited, Normandy Mining Limited and Newmont Australia Limited and currently consults to a number of companies in providing financial and company secretarial services.

Meetings of Directors

During the financial year, 10 Board meetings and 2 Audit Committee Meetings were held. No Remuneration or Nomination Committee meetings were held during the period. Attendances by each director during the year were as follows:

	Committee Meetings			
	Directors' Meetings		Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G M Chrisp	12	12	-	-
J J Chrisp	12	10	2	2
B B Chrisp	12	8	-	-
P J Reynolds	12	12	2	2
S T Sylvester	12	12	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for Directors in respect of indemnity against third party liability.

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the Corporations Act 2001.

Options

The following unlisted options are on issue by the Company:

Number of Options	Exercise Price	Expiry Date
9,110,571	$0.004	31 December 2014
19,063,438	$0.001	31 July 2015
9,067	$0.006	31 December 2017
2,252,060	$0.0012	31 December 2017

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 Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 10 of the Annual Report.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. 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 Management Committee prior to commencement 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 principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2014:

	2014	**2013**
	$	**$**
Taxation services	4,950	2,400
	4,950	**2,400**

REMUNERATION REPORT

Remuneration Policy (audited)

The Board has established a Remuneration Committee. The Remuneration Committee is responsible for designing the remuneration policy of the company in such a way that it motivates directors and management to pursue the long-term growth and success of the Company within an appropriate control framework, and demonstrates a clear relationship between key executive performance and remuneration. The committee is responsible for reviewing the remuneration policy of the Company and making recommendations to the Board in relation to executive remuneration and incentive plans, the remuneration packages of management, Directors and the Chief Executive Officer, non-executive remuneration, the company's recruitment, retention and termination policies and procedures for senior management, incentive plans and share allocation schemes, superannuation arrangements and remuneration of members of other committees of the Board.

During the financial year there were no remuneration consultants engaged by the Company.

Performance-based Remuneration (audited)

The Remuneration Committee has not set any component of any company employee's remuneration as performance-based remuneration.

Remuneration Details of Members of Key Management Personnel (audited)

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group:

2014 Key Management Personnel	**Short term benefits** **Fees and/or salary**	**Termination benefits**	**Post-employment benefits - superannuation**	**Share based payments**	**Total**
	$	$	$	$	$
G M Chrisp [1]	175,000	-	-	-	175,000
J J Chrisp	36,000	-	3,330	-	39,330
B B Chrisp	36,000	-	3,330	-	39,330
P J Reynolds	36,000	-	3,330	-	39,330
S T Sylvester [2]	36,000	-	3,330	-	39,330
N J Harding [3]	-	-	-	-	-
Total	319,000	-	13,320	-	332,320

[1] Paid to South Cove Limited, an associated company of G M Chrisp
[2] S T Sylvester commenced 3 July 2013
[3] N J Harding is not employed by the Company but provides his services as a consultant. Mr Harding was paid $55,906

2013 Key Management Personnel	**Short term benefits** **Fees and/or salary**	**Termination benefits**	**Post-employment benefits superannuation**	**Share based payments**	**Total**
	$	$	$	$	$
G M Chrisp [1]	130,850	-	-	-	130,850
J J Chrisp	36,000	-	3,240	-	39,240
B B Chrisp	36,000	-	3,240	-	39,240
M I Hatcher [2]	36,000	-	3,240	-	39,240
P J Reynolds	36,000	-	3,240	-	39,240
A Steinert [3]	12,033	-	1,083	-	13,116
S T Sylvester [4]	-	-	-		-
N J Harding [5]	-	-	-	-	-
Total	286,883	-	14,043	-	300,926

[1] Paid to South Cove Limited, an associated company of G M Chrisp
[2] M I Hatcher resigned 30 June 2013
[3] A Steinert resigned 20 July 2012
[4] S T Sylvester commenced 3 July 2013
[5] N J Harding is not employed by the Company but provides his services as a consultant. Mr Harding was paid $46,125

There was no equity settled compensation in either the 2013 or 2014 financial year provided to directors or other key management personnel.

During the financial year there were no remuneration consultants engaged by the company.

Additional disclosure relating to key management personnel

Shareholding

2014	Balance at beginning of year	Granted during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
G M Chrisp [1]	156,369,025	-	-	-	156,369,025
J J Chrisp	33,333	-	-	-	33,333
B B Chrisp	45,333	-	-	-	45,333
P Reynolds	-	-	-	-	-
S T Sylvester [2]	-	-	-	-	-
N J Harding	-	-	-	-	-
	156,447,691	-	-	-	156,447,691

[1] Held by South Cove Limited and Territory Development Corporation Pty Ltd, companies of which G M Chrisp is a director
[2] S T Sylvester commenced 3 July 2013

There are no options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties.

Other transactions and balances with key management personnel and their related parties

Director and Key Management Personnel	Related Party Transaction	2014 $	2013 $
G Chrisp	Amount paid to South Cove Limited for consulting fees provided by Mr Chrisp	175,000	130,850
G Chrisp	Amount payable to director for consulting services provided to the company (refer Note 26)	695,350	661,506
G Chrisp	Amount payable to South Cove Limited, an entity of which Mr Chrisp is a director, for settlement of convertible note (refer note 25)	456,816	-
J Chrisp and B Chrisp	Amount paid to ANZ Resources Limited, an entity of which Mr Chrisp is a director, for provision of administrative services	37,468	33,483
J Chrisp and B Chrisp	Amount payable to ANZ Resources Limited, an entity of which Mr Chrisp is a director, for provision of administrative services	4,023	16,740
B Chrisp	Amounts paid during the year for rent of premises	31,293	40,434
N Harding	Payment for provision of accounting and company secretarial services during the year	55,906	46,125
N Harding	Payable for provision of accounting and company secretarial services during the year	4,125	2,750

Employment Contracts

For the 2013/14 financial year the Board approved an annual fee payable to South Cove Limited, a company of which Mr Graham Chrisp is a director, of $175,000 for time spent performing the duties as Executive Chairman of the Company. There is no termination benefits associated with the contract.

Non-Executive Directors are paid a fee of $36,000 per annum plus statutory superannuation.

Voting at 2013 AGM

At the November 2013 AGM, the Company received an overwhelming number of ‘yes’ votes providing a clear majority in relation to acceptance by shareholders of the 2013 remuneration report. The Company did not receive any specific feedback at the AGM on its remuneration report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Graham Chrisp, Executive Chairman

Dated: 19th November 2014

Grant Thornton

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OUTBACK METALS LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Outback Metals Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 19 November 2014

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

		2014 $	2013 $
Revenue			
Interest income		9,026	41,629
Other income		18,753	12,000
	2	**27,779**	**53,629**
Expense			
Audit Fees		31,850	33,750
Impairment of exploration costs	11	1,136,951	63,081
Finance costs		64,585	70,813
Depreciation expense		10,936	14,446
Employee benefits expense	3	216,733	211,602
Professional fees and consultants		99,345	66,642
Other expenses	3	208,854	212,055
Total expenses		**1,769,254**	**672,389**
Loss before Income tax expense		**(1,741,475)**	**(618,760)**
Income tax expense	4	-	-
Loss attributable to members of the parent entity		**(1,741,475)**	**(618,760)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(1,741,475)**	**(618,760)**
Basic and Diluted loss per share (cents per share)	7	(0.74)	(0.27)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	8	194,322	497,133
Trade and other receivables	9	2,496	10,710
Other current assets	10	11,455	16,444
Total Current Assets		**208,273**	**524,287**
Non-Current Assets			
Exploration and evaluation assets	11	985,000	1,966,852
Property, plant and equipment	12	20,005	29,489
Total Non-Current Assets		**1,005,005**	**1,996,341**
Total Assets		**1,213,278**	**2,520,628**
Current Liabilities			
Trade and other payables	13	45,638	65,216
Borrowings	25	456,816	-
Total Current Liabilities		**502,454**	**65,216**
Non-Current Liabilities			
Loans – Related party	26	695,350	661,506
Total Non-Current Liabilities		**695,350**	**661,506**
Total Liabilities		**1,197,804**	**726,722**
Net Assets		**15,474**	**1,793,906**
Equity			
Contributed Equity	14	18,942,167	18,979,124
Reserves	15	124,859	124,859
Accumulated Losses		(19,051,552)	(17,310,077)
Total Equity		**15,474**	**1,793,906**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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

	Issued Capital Ordinary	Accumulated Losses	Reserves – Shared Based Payments	Total
	$	$	$	$
Balance at 1 July 2012	**18,979,124**	**(16,691,317)**	**124,859**	**2,412,666**
Total profit or loss	-	(618,760)	-	(618,760)
Balance at 30 June 2013	**18,979,124**	**(17,310,077)**	**124,859**	**1,793,906**
Loss attributable to the year		(1,741,475)	-	(1,741,475)
Total profit or loss	-	(1,741,475)	-	(1,741,475)
Issue of share capital through a rights issue at $0.004	36,479	-	-	36,479
Costs associated with the issue of shares	(73,436)	-	-	(73,436)
Balance at 30 June 2014	**18,942,167**	**(19,051,552)**	**124,859**	**15,474**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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

		2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		9,129	41,683
Interest paid		(18)	(6,135)
Payments to suppliers and employees		(540,818)	(583,333)
Net cash (used in) provided by operating activities	16 (b)	**(531,707)**	**(547,785)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		(159,595)	(181,477)
Proceeds from sale of tenements		-	1,500,000
Purchase of fixed assets		(1,452)	-
Net cash provided by/(used in) investing activities		**(161,047)**	**1,318,523**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues		36,479	-
Payments for capital raising costs		(73,433)	-
Proceeds from borrowings		426,897	-
Repayment of borrowings		-	(558,667)
Net cash provided by financing activities		**389,943**	**(558,667)**
Net increase/(decrease) in cash and cash equivalents held		(302,811)	212,071
Cash and cash equivalents at beginning of year		497,133	285,062
Cash and cash equivalents at end of year	16 (a)	**194,322**	**497,133**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

This financial report includes the consolidated financial statements and notes of Outback Metals Limited and its controlled entities ("consolidated group" or "Group").

1. Statement of Significant Accounting Policies

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated. Outback Metals Limited is a for profit entity for the purposes of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs convention where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Two comparative periods are presented for the statement of financial position when the Group:

i. Applies an accounting policy retrospectively,
ii. Makes a retrospective restatement of items in its financial statements, or
iii. Reclassifies items in the financial statements

The Group has determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

a. Principles of Consolidation

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns thought its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The consolidated entity is listed in Note 17 to the financial statements. All controlled entities have a June financial year end.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results from the period then ended. When controlled entities have entered the group, their operating results have been included from the date control was obtained.

All inter-company transactions and balances between Group companies, including any unrealised profits and losses on transactions, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

b. Income Tax

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

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

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

Tax Consolidation

Outback Metals Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 August 2007. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. Property, Plant and Equipment

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

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Plant and equipment	20-33%
Motor vehicles	20%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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

d. Exploration and Development Expenditure

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

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

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

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

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

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

e. Financial Instruments

Recognition and Initial Measurement

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

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

Classification and Subsequent Measurement

Finance instruments are subsequently measured at amortised cost.

Amortised cost is calculated as:

a. The amount at which the financial asset or financial liability is measured at the initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment.

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

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. **Loan and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

ii. **Held-to-maturity investment**
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 and is stated at amortised cost using the effective interest rate method.

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

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

Fair Value

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

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

f. Critical Accounting Estimates and Judgments

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

Key Estimates

Key Judgments – Impairment of Exploration and Evaluation Assets

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may lead to impairment of exploration and evaluation assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable 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 expenditure should not be written off since feasibility studies in such areas have not yet concluded.

During the year the Company has written off to the statement of profit or loss and other comprehensive income all amounts which were considered impaired.

g. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Provisions

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

i. Cash and Cash Equivalents

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

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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 statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the financial position.

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

k. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of service is recognised upon the delivery of the service to the customers.

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

l. Employee Benefits

Provision is made for the company’s liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

m. Comparative Figures

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

n. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the group.
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group’s financial statements is provided below.

Year ended 30 June 2015:

AASB 2014-1, Amendments to Australian Accounting Standards

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group’s financial result is determined or upon the extent of disclosures included in future financial reports.

Year ended 30 June 2017: Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortisation

This standard will clarify that revenue based methods to calculate depreciation and amortisation are not considered appropriate. This will not result in a change to the manner in which the Group’s financial result is determined as no such method is currently in use.

Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard is adopted.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

o. Going Concern

The financial report has been prepared on the basis of going concern.

The Consolidated Entity incurred a net loss before tax of $1,741,475 (2013: $618,760) during the year ended 30 June 2014, had a net cash outflow of $692,754 (2013: inflow of $770,738) from operations and investing activities, and its planned expenditure exceeds its current cash held. The Group continues to be reliant on the continued financial support of the major shareholder, the realisation of assets and/or the completion of a capital raising for continued operations and the provision of working capital.

If these sources of funding are not forthcoming, the going concern basis may not be appropriate, with the result that the Company and Consolidated Entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report.

No allowance for such circumstances has been made in the financial report.

p. Borrowing Costs

All borrowing costs are recognised directly to the statement of profit or loss in the period in which they are incurred.

q. Parent Entity

The financial information of the parent entity, Outback Metals Limited, disclosed at note 24, has been prepared on the same basis, using the same accounting policies as the consolidated financial statements except for investments in subsidiaries which are carried at cost.

The financial report was authorised for issue on 19 November 2014 by the Board of Directors.

2. Revenue and Other Income

	2014	2013
	$	**$**
Revenue		
Interest received	9,026	41,629
Other income	18,753	12,000
Total Revenue	**27,779**	**53,629**

3. Loss for the Year

Significant Expenses

The following significant expense items are relevant in explaining the financial performance:

	2014	2013
	$	**$**
Employee Benefits expense		
Benefits provided to employees	1,079	13,705
Payments to a company associated to the executive director	175,000	125,000
Payments to non-executive directors	157,320	156,960
Capitalised to exploration	(116,666)	(84,063)
Total employee benefit expense	**216,733**	**211,602**
Other expenses		
Insurance	9,113	8,321
Public relations	6,265	13,781
Travel	32,443	42,590
Other expenses	161,033	147,363
Total other expenses	**208,854**	**212,055**

4. Income Tax Expense

		2014	2013
		$	**$**
a.	The components of tax expense comprise		
	Current tax	-	-
	Deferred tax	-	-
b.	The prima facie tax on loss from ordinary activities before income tax at 30%.		
	consolidated group	(522,443)	(185,628)
Add:			
Income tax benefit not brought to account		522,443	185,628
Income tax expense		-	-
The applicable weighted average effective tax rates are as follows:		30%	30%
Gross tax losses not brought to account		14,724,310	12,982,833
Deferred tax asset in relation to tax losses not brought to account		4,417,293	3,894,850

Net deferred tax asset not taken to account

The potential future income tax benefit arising from tax losses has not been taken to account because of the absence of convincing evidence for the realisation of the benefit.

The deferred tax asset will only be released if:

i) the group derives future assessable income of nature and an amount sufficient to enable the benefit to be released.

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

iii) no changes in tax legislation adversely affect the group in releasing the benefit.

5. Interests of Key Management Personnel (KMP)

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

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2014	2013
	$	$
Short-term employee benefits	319,000	286,883
Post-employment benefits	13,320	14,043
	332,320	**300,926**

6. Auditor Remuneration

	2014 $	2013 $
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	30,000	30,750
Taxation services	4,950	2,400
	34,950	33,150

7. Loss Per Share

	2014 $	2013 $
a. Reconciliation of earnings to profit or loss		
Earnings used to calculate basic EPS	(1,741,475)	(618,760)

	No.	No.
b. Number of ordinary shares outstanding during the year used in calculating basic EPS	236,909,539	231,687,609

In accordance with AASB 133 – Earnings per share, there are no dilutive securities on issue.

8. Cash and Cash Equivalents

	2014 $	2013 $
Cash at bank and on hand	194,322	497,133

9. Trade and Other Receivables

	2014 $	2013 $
Current		
GST receivables	2,496	8,337
Other receivables	-	2,373
	2,496	10,710

Trade and other receivables are not considered past due and/or impaired.

10. Other Current Assets

	2014	2013
	$	$
Prepayments	2,022	1,683
Deposits paid	9,200	9,200
Other	233	5,561
	11,455	16,444

11. Exploration and evaluation asset

	2014	2013
	$	$
Balance at the beginning of the year	1,966,852	1,843,538
Expenditure incurred during the year	155,099	186,395
Expenditure impaired	(1,136,951)	(63,081)
Total exploration and evaluation assets at cost	985,000	1,966,852

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects or alternatively through the sale of the areas of interest.

The Company has endeavoured to source a purchaser for some or all of its exploration tenements over a number of years with limited success. Given the recent deterioration in economic indicators coming from China, which is illustrated by the significant fall in the iron ore price, the directors are of the view that the prospectivity of finding a buyer for the Company’s exploration tenements has reduced and that any potential offer price received will have diminished.

As a consequence, directors have decided to write down the value of the exploration tenements to an amount which more correctly represents their current value in the market. The directors have not utilised an independent expert in determining the value in which to impair the assets.

All exploration licenses at 30 June 2014 remain valid and in good standing.

Notes on accounting policies related to the recording of exploration and evaluation assets are recorded in note 1.(d) and 1.(f).

12. Property, Plant & Equipment

	Plant and Equipment $	Total $
2014		
At cost	131,441	131,441
Accumulated depreciation	(111,436)	(111,436)
Closing net book amount	20,005	20,005
Opening net book amount	29,489	29,489
Additions	1,452	1,452
Disposals and write offs	-	-
Depreciation charge	(10,936)	(10,936)
Closing net book amount	20,005	20,005
2013		
At cost	129,989	129,989
Accumulated depreciation	(100,500)	(100,500)
Closing net book amount	29,489	29,489
Opening net book amount	43,935	43,935
Additions	-	-
Disposals and write offs	-	-
Depreciation charge	(14,446)	(14,446)
Closing net book amount	29,489	29,489

13. Trade and Other Payables

	2014 $	2013 $
Current		
Trade creditors	14,944	23,396
Sundry payables and accruals	30,694	41,820
	45,638	65,216

14. Issued Capital

	2014 $	2013 $
Ordinary Shares		
Issued share capital:	18,942,167	18,979,124
240,807,247 fully paid ordinary shares (2013: 231,687,609)		

	2014		2013	
	No.	**$**	**No.**	**$**
Balance at the beginning of financial year	231,687,609	18,979,124	231,687,609	18,979,124
Issue of share capital through a rights issue at $0.004	9,119,638	36,479	-	-
Costs associated with the issue of shares	-	(73,436)	-	-
Balance at the end of financial year	**240,807,247**	**18,942,167**	**231,687,609**	**18,979,124**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Options on Issue

The following unlisted options are on issue by the Company:

Number of Options	Exercise Price	Expiry Date
9,110,571	$0.004	31 December 2014
19,063,438	$0.001	31 July 2015
9,067	$0.006	31 December 2017
2,252,060	$0.0012	31 December 2017

Capital Management

Management controls the capital of the Group in order to ensure that the group can fund its operations and continue as a going concern. The Group's capital comprises ordinary share capital.

There are no externally imposed capital requirements.

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 have been no changes in the strategy to control the capital of the group since the prior year.

15. Reserves

Options issued to Management and Directors

The option reserve records items recognised as expenses on valuation of management and directors share options.

16. Cash flow Information

	2014 $	2013 $
(a) Reconciliation of cash		
Cash at bank and on hand	194,322	497,133
(b) Reconciliation of loss from ordinary activities after income tax net cash from inflow from operating activities		
Loss from ordinary activities after income tax	(1,741,475)	(618,760)
Non-cash flows in profit from ordinary activities:		
Depreciation	10,936	14,446
Exploration costs expensed in period	1,136,951	63,081
Interest capitalised	63,763	64,009
Changes in operations assets and liabilities:		
(Increase)/Decrease in other current assets	4,989	27,447
Increase/(Decrease) in provisions	-	(314)
Increase/(Decrease) in payables	(15,085)	(256,457)
(Increase)/Decrease in receivables	8,214	158,763
Cash flows from operations	**(531,707)**	**(547,785)**

17. Controlled Entities

Interests are held in the following controlled entities

	Country of Incorporation	Shares	Ownership Interest	
			2014	2013
			%	%
Parent Company				
Outback Metals Limited	Australia	Ord	100	100
Subsidiaries of Outback Metals Limited				
Corporate Developments Pty Ltd*	Australia	Ord	100	100
Softwood Plantations Pty Ltd*	Australia	Ord	100	100
Victory Polymetallic Pty Ltd	Australia	Ord	100	100
Northern Gold Pty Ltd (formerly Outback Uranium Metals Pty Ltd)	Australia	Ord	100	100
Subsidiaries of Corporate Developments Pty Ltd				
Farmtell Management Services Pty Ltd*	Australia	Ord	100	100

* These companies have been placed in voluntary liquidation.

Remaining subsidiaries hold exploration licenses and are funded by intercompany loan accounts from the parent entity.

18. Financial Risk Management

The Group's risk management policy sets out the company's overall risk management framework and policies, including monthly review by the Board of the company's financial position and financial forecasts, and maintaining adequate insurances.

a. Principle financial instruments

The principle financial instruments are as follows:

- Cash
- Trade and other receivables
- Trade and other payables

The group does not use the derivative financial instruments, and has no off-balance sheet financial assets and liabilities at year-end.

b. Financial instruments risk exposure and management

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. These main risks, arising from the group's financial instruments are interest rate risk, liquidity risk, market risk and credit risk. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect to these risks is presented throughout these financial measures.

There have been no substantive changes in the group's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

c. General objectives, policies and processes

The Board has overall responsibility for the determination of the group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes, put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is set policies that seek to reduce risk as far as possible without unduly affecting the group's competiveness and flexibility. Further details regarding these policies are set out below:

i. Liquidity risk

Liquidity risk arises from the group's management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain enough cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The group's exposure to liquidity risk has been assessed as minimal.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance date, these projections indicated that the group expected to have sufficient liquid resources, inclusive of available borrowing facilities, to meet its obligations under all reasonable expected circumstances.

Financial Liability and Financial Maturity analysis

	Within 1 Year		1 to 5 Years	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Financial liabilities due for payment				
Trade and other payables	45,638	65,216	-	-
Loans	-	-	695,350	661,506
Borrowings		-	456,816	-
Total expected outflows	45,638	65,216	1,152,166	661,506
Financial assets - cash flows realisable				
Trade and other receivables	2,496	10,710	-	-
Deposits paid	9,200	9,200	-	-
Bank guarantees	-	5,225	-	-
Total expected inflows	11,696	25,135	-	-

ii. Interest Rate Risk

The group's exposure to interest rate risk arises when the value of financial instruments fluctuates as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The group's exposure to interest rate risk only extends to cash or cash equivalents at reporting date.

The group's exposure to interest rate risk at 30 June 2014 is set out in the following tables:

Year ended 30 June 2014			Fixed interest maturing in:				
	Weighted Average Interest Rate %	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non - interest bearing	Total
	%	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	2%	194,322	-	-	-	-	194,322
Trade and other receivables	-	-	-	-	-	2,496	2,496
		194,322	-	-	-	2,496	196,818
Trade and other payables	-	-	-	-	-	45,638	45,638
Borrowings	9%	-	-	456,816	-	-	456,816
Loans	5%	-	-	695,350	-	-	695,350
	-	-	-	1,152,166	-	45,638	1,197,804
Net financial assets		194,322	-	(1,152,166)	-	(43,142)	(1,000,986)

Year ended 30 June 2013			Fixed interest maturing in:				
	Weighted Average Interest Rate %	Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years	Non - interest bearing	Total
	%	$	$	$	$	$	$
Financial assets							
Cash and cash equivalents	2%	497,133	-	-	-	-	497,133
Trade and other receivables	-	-	-	-	-	10,710	10,710
		497,133	-	-	-	10,710	507,843
Trade and other payables	-	-	-	-	-	65,216	65,216
Loans	9%	-	-	661,506	-	-	661,506
		-	-	661,506	-	65,216	726,722
Net financial assets		497,133	-	(661,506)	-	(54,506)	(218,879)

iii. Market risk

The company relies greatly on equity markets to raise capital for its exploration and developments projects, and is thus exposed to equity market volatility.

When market conditions require prudent capital management, in consultation with its professional advisors the group looks to alternative sources of funding, including the sale of assets and joint venture participation.

The Company relies on its listed securities to raise capital and is therefore exposed to equity price risk. Equity price risk arises from investments in equity securities and Outback Metals Limited issued capital.

The capacity of the company to raise capital from time to time may be influenced by either or both market conditions and the price of the company's listed securities at that time.

iv. Credit risk

Credit risk arises principally when the other party to a financial instrument fails to discharge its obligations in respect of that instrument.

The group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

Trade and receivable balances are monitored on an ongoing basis with the group's exposure to bad debts minimal. There was no exposure to trade receivable credit risk at reporting date.

The group does not have any material credit risk exposure to any single receivable or group or receivables under financial instruments entered into by the consolidated receivables group.

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

v. Sensitivity Analysis

The following table illustrates sensitivities to the group's exposures to changes in interest rates. The table indicates the impact on how profit reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Interest Rate Sensitivity Analysis		
Year Ended 30 June 2014		
Increase in interest rates by 2%	6,915	6,915
Decrease in interest rates by 2%	(6,915)	(6,915)
Year Ended 30 June 2013		
Increase in interest rates by 2%	7,822	7,822
Decrease in interest rates by 2%	(7,822)	(7,822)

vi. Fair Value Measurement

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The value of the Group's financial assets and financial liabilities are determined by its short-term book value which is also its fair value.

19. Events After Reporting Date

On 21 July 2014 the Company announced a pro rata non-renounceable rights issue to Shareholders of 1 New Share with a free First Option, and a free Second Option if the First Option is exercised, for every existing share held at the record date of 25 July 2014, and at an issue price of $0.001 per New Share to raise up to $241,000. Each First Option is exercisable at $0.001 per share and expires on 31 July 2014. The Second Option is exercisable at $0.0012 per share and will expire on 31 December 2017.

A total of 21,315,498 New Shares and 21,315,498 First Options were issued on completion of the Rights Issue raising $21,315. Under the terms of an underwriting agreement to the rights issue, the shortfall amount of $219,491 was provided to the Company on 15 September 2014 in the form of a convertible note provided by South Cove Limited with an interest rate of 9%pa accruing daily and a maturity date of 31 July 2015 and with a conversion option of the loan and accrued interest into Outback Metals shares on the same terms as under the rights issue.

On 6 November 2014, the directors received a notice of termination from South Cove Limited following suspension of the company from the ASX. As a result an amount of $426,697 plus accrued interest became due and payable. Following an agreement between Outback Metals Limited and South Cove Limited on the 6 November South Cove Limited entered into a new Financing Agreement and an associated convertible note which is subject to shareholder approval. This convertible note (CN#3) has a face value of $1,183,195 and replaces the terminated convertible note held as at 30 June 2014 and the non-current related party loans including additional accrued interest between reporting date and 6 November 2014.

On 6 November 2014 South Cove Limited has made an offer (subject to conditions and to shareholder approval) to purchase all of the assets of Outback Metals Limited (excluding cash assets up to $100,000) in exchange for all of the South Cove Limited loans due by the company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

20. Related Party Transactions

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

a. Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 17 to the financial statements.

b. Transactions within wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group and:
- The wholly-owned controlled entities.

The ultimate parent entity in the wholly-owned group is Outback Metals Limited.

During the financial year Outback Metals Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free loans.

c. Transactions with directors and key management personnel

Payments made or payable to directors and key management personnel are set out in the remuneration report in the director's report.

21. Commitments

	2014 $	2013 $
a. Rental Leases		
The consolidated group currently has no rental lease obligations at reporting date.		
Rental Lease Commitments		
Within one year	10,467	29,640
Later that on year but not more than five years	-	8,550
After more than five years	-	-
	10,467	**38,190**

b. Tenement Rents & expenditure commitments

The consolidated group has commitments imposed by the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources to perform minimum exploration work on tenements. These obligations, which may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations of the Company.

	2014 $	2013 $
Tenement Rents & expenditure commitments		
Within one year	217,823	364,357
Later than one year but not later than two years	217,823	364,357
Later than two years but not later than five years	653,469	1,093,071
	1,089,115	**1,821,785**

At the date of signing this report, the directors are not aware of any other commitments that should be disclosed.

22. Contingent Assets and Liabilities

The Company has no contingent assets or liabilities at 30 June 2014.

23. Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, currently the Board, in order to allocate resources to the segment and to assess its performance.

The Group has a number of exploration licenses in the Northern Territory which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in the Northern Territory of Australia. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

There has been no change in the Group's reportable segments.

24. Parent Entity Disclosure

	2014	2013
Financial Position	$	$
Assets		
Current assets	207,354	518,144
Non-current assets	1,490,818	2,257,563
Total assets	1,698,172	2,775,707
Liabilities		
Current Liabilities	740,988	726,722
Non-current liabilities	1,167,042	521,725
Total liabilities	1,908,030	1,248,447
Net assets	(209,858)	1,527,260
Equity		
Issued capital	18,942,169	18,979,124
Retained earnings	(19,276,886)	(17,576,723)
Reserves		
Share based payments reserve	124,859	124,859
Total equity	(209,858)	1,527,260
Financial Performance		
Loss for the year	1,700,163	604,732
Other comprehensive income	-	-
Total comprehensive loss	1,700,163	604,732

25. Borrowings

South Cove Limited (SCL, an entity associated with Mr Graham Chrisp), provided an unsecured loan in the form of a Convertible Note to the Company of $426,897 on 18 December 2013 as agreed between the parties in order to make up the shortfall under a Rights Issue completed on 3 December 2013.

Under the terms of the loan agreement, interest at 9% pa is accrued and calculated on a daily basis and payable quarterly until the maturity date of 31 December 2014. Interest of $29,919 has been accrued under the loan to 30 June 2014. SCL only can elect to convert the loan and accrued interest into OUM shares at a conversion price of $0.004 per share until the maturity date of the loan. If SCL converts the loan to shares it will also receive a First Option to convert to OUM shares at an exercise price of $0.004 before 31 December 2014 and on exercising the option receive a Second Option at an exercise price of $0.006 with an expiry date of 31 December 2017, these being the same terms and conditions that applied to all shareholders who participated under the 2013 rights issue.

The company can elect to repay the amounts borrowed rather than convert the debt to equity.

26. Non-Current Loan – Related party

	2014	2013
	$	$
Loans – Related party	695,350	661,506

Outstanding consulting fees payable to South Cove Limited for services provided by Mr Graham Chrisp for the period to 30 June 2012 have been agreed to be deferred and not called upon for repayment until additional new funding is obtained by the Company. Interest on the amount payable will accrue at a rate of 5% per annum compounding monthly. Repayment of the outstanding consulting fees and accrued interest will occur under one of the following scenarios:

- If the Company sells assets or raises funds by placement of equity of an amount or amounts less than $1,000,000, the consulting fees and accrued interest will not be due for payment and continue to accrue interest;
- If the Company sells assets for, or places equity in, an aggregate amount or amounts between $1,000,000 and $2,000,000, one half of the consulting fees and accrued interest will be immediately payable;
- If the Company sells assets or raises funds by placement of equity for an aggregate amount or amounts greater than $2,000,000, all of the consulting fees and accrued interest will be immediately payable;
- If change of control of the Company occurs, all of the consulting fees and accrued interest will be payable immediately;
- If the Company is placed in receivership, liquidation or any other type of external administration, all of the consulting fees and accrued interest will immediately be due and payable to South Cove Limited;
- If the Company signs an agreement or agreements for the sale of assets or raises funds to the aggregate value of greater than $3,000,000 by 31 December 2014, South Cove Limited will be entitled to receive an additional bonus of $100,000.

27. Company Details

The registered office and principle place of business of the company is:

Outback Metals Limited
33 Lascelles Avenue
Hove
South Australia, 5048

The company contact details are as follows:
Telephone: (08) 8298 1045

Email: info@outbackmetals.com

Website: www.outbackmetals.com

DIRECTORS' DECLARATION

The Directors of Outback Metals Limited declare that:

1. the financial statements and notes, as set out on pages 11 to 38 are in accordance with the *Corporations Act 2001* and:
   a. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Group; and
   b. comply with Accounting Standards; and
   c. Outback Metals Limited complies with International Financial Reporting Standards as described in Note1; and

2. the Executive Chairman and Chief Financial Officer have declared that:
   a. the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view;

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

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

Dated this 19th day of November 2014

Graham Chrisp

Executive Chairman

Level 1,
67 Greenhill Rd
Wayville SA 5034

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GPO Box 1270
Adelaide SA 5001

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OUTBACK METALS LIMITED

Report on the financial report

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

Directors' responsibility for the financial report

The Directors of the Entity 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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

Basis for Disclaimer of Opinion
We have been unable to obtain sufficient appropriate audit evidence on the books and records and the basis of accounting of the consolidated entity. Specifically, we have been unable to satisfy ourselves on the following areas:

1 Going Concern

The financial report has been prepared on a going concern basis, however the directors have not been able to provide an update on their assessment of the consolidated entities ability to pay their debts as and when they fall due. The consolidated entity has reported a loss before tax of $1,741,475 (including an impairment charge of $1,011,856) for the year ended 30 June 2014 and has a current asset deficiency of $294,181.

At the year end the consolidated entity has convertible notes on issue totalling $456,816 with a maturity date of 31 December 2014. As outlined in Note 1(o), the directors have received an offer from South Cove Limited (a director related entity) to purchase all the assets of Outback Metals Limited, except for cash up to $100,000 (after costs of transferring the assets but including, prepayments, credits and any other cash like assets) and any assets acquired after acceptance of the offer in exchange for the outstanding consulting fees due (Non-current - $695,930), current convertible notes $456,816 and additional convertible notes totalling $241,000 issued to South Cove in July 2014 (refer note 19). As South Cove Limited is a related party, shareholder approval for purchase of the assets will be required.

We have been unable to obtain alternate evidence which would provide sufficient appropriate audit evidence as to whether the consolidated entity may be able to get shareholder approval for the satisfaction of debts due to South Cove Limited for all the assets of the company, raise additional equity or realise exploration assets through sales. As a result there is material uncertainty about the ability to continue as a going concern for a period of 12 months from the date of this audit report.

2 Valuation and impairment of assets

The directors of the entity have conducted an impairment review in relation to its exploration assets. The impairment review has concluded that on the basis of current market conditions that the assets should be impaired by $1,011,856 to $985,000 – refer note 1(f). The directors have not obtained an independent valuation to determine the extent of the impairment to the carrying value of the exploration assets. We have been unable to obtain supporting information which would provide sufficient and appropriate audit evidence as to the carrying value of exploration assets.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of the elements making up the consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, and related notes and disclosures thereto.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Entity 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 Outback Metals Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 19 November 2014