

ELSMORE RESOURCES LIMITED

ABN 35 145 701 033

ANNUAL REPORT 2014

Corporate Directory

Board of Directors

Non Executive Chairman

John Gaffney

Non Executive Director

Richard Hill

Executive Director

Joseph T.H. Chung

Company Secretary

John Gaffney

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Independent Solicitor	Share registry
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Accountants to the Company	
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Chairman's Letter

Dear Shareholders

On behalf of the Board of Directors of Elsmore Resources Ltd ("ERL" or "the Company"), I take pleasure in presenting the First Annual Report of the Company since its admission to the official list of the ASX in December, 2013. This Annual Report is for the reporting period ended 30th June, 2014. As you know the Company has faced extraordinary difficulties during the year as a result of the conduct of a prior director Mr Ashley Howard ("Mr Howard") and his associated entities which has been or remains the subject of proceedings before the Supreme Court of NSW. In addition, without reference to the board of directors Mr Howard also facilitated the issuance of 19,385,230 unauthorised shares in the Company for which no consideration was received by the Company. The issuance of these shares resulted in a significant financial and legal impediment to the Company and it was not until a Class Meeting and an Extraordinary General Meeting of shareholders were held on 23 January 2015 that it was resolved that the unauthorised shares should be cancelled.

The Company continues its actions against Mr Howard and his associated entities to pursue all of its rights against them and looks forward to having the opportunity in the coming year to re-focus attention on the mineral assets of the Company which, in the opinion of the Directors, offer solid growth opportunities for the Company and its stakeholders.

Elsmore Resources Ltd is a mining and exploration Company operating in the New England Region of New South Wales between Inverell, Glen Innes and Tingha.

ERL's assets consist of rights over 6 Exploration Licences (EL'S)), one mining lease (ML 881) and a processing plant suitable for Sapphire and Tin processing (with minimal modification costing less than \$100,000) which is installed on ML881 with a capacity of processing greater than 50 tonnes per hour. The tenements contain and are prospective for alluvial tin and sapphires from both placer and deep lead deposits, and for hard rock tin deposits. Sapphires are one of the toughest gemstones, second in hardness only to diamonds. Corundum, the geological base of Sapphire is primarily mined from alluvial deposits formed by weathered corundum-bearing rocks, and only occasionally from hard-rock deposits. Sapphires have been mined in Australia for over 100 years and Elsmore's tenements are in the King's Plain region and surrounding areas near Inverell which has been historically mined since 1871. Since acquiring the interest of Malachite Resources Ltd over EL6196 and EL 7177 ERL has gained significant knowledge of the Elsmore Region and the work undertaken by Malachite in the region since 2005. This work and the additional work undertaken by ERL has identified the potential for economic grades to significantly enhance ERL's commercial position. The Company has recently undertaken additional exploration to further delineate the location and quantity of Tin and Gem Stones on its tenements and the tenements it has acquired and applied for on its own account.

The Elsmore project tenements are summarised in the following table:-

Number	Status	Holder	Grant Date	Expiry Date	Renewal Date
6196	Exploration Licence (granted)	Elsmore Resources Limited	19-Feb-04	18-Feb-14	28-Mar-13
7177	Exploration Licence (granted)	Elsmore Resources Limited	15-Jul-08	15-Jul-14	21-June-13
8005	Exploration Licence (granted)	Elsmore Resources Limited	31-Oct-12	31-Oct-14	31-Oct-12
8178	Exploration Licence (granted)	Sorolao Developments Pty Ltd	17-Oct-13	17-Oct-16	17-Oct-13
8181	Exploration Licence (granted)	Auramatrix Pty Ltd	17-Oct-13	17-Oct-16	17-Oct-13
8135	Exploration Licence (granted)	Elsmore Resources Limited	8-July-13	8-July-16	8-July-13
881	Mining Lease (granted)	Joan & Colin Rynne	1-Oct-08	30-Sep-18	30-Sep-13
MLA 471	Mining Lease Application	Elsmore Resources Limited			

In addition to the Elmsore Tenements, the Company entered into an agreement with Torian Resources Ltd in October 2013 whereby the Company agreed to acquire all of the interest of Torian in ML 6153, ML 1058, ML1059, ML 5904, ML 1083 and ML 1232 in New South Wales and on the same terms all of the Vendors Right Title and Interest in ML70066, ML70094, ML70095, ML70096, ML70133 ML 70133 in Queensland. As will be explained in further detail in the Annual Report itself, the agreement with Torian was varied as a result of ongoing delays in the transfer of the mining leases so as to allow Torian to sell some of the mining leases in Copeland, NSW.

As the transfer of the remaining mining interest has not yet been completed as at the date of this Report, the Company does not report in regard thereto and no JORC statement is certified in respect thereof.

ERL's near term objectives are to carry out an exploration and development program, continue to mine on ML881 and to carry on and expand Sapphire production. In the coming year ELR proposes to carry out the balance of work not yet undertaken in accordance with the 4th replacement prospectus, namely carrying out the budgeted exploration and development costs in accordance with the budget prepared in conjunction with the independent minerals consultant including mining on ML881 as detailed in section 5.5 and 5.6 of the 4th Replacement Prospectus.

Notwithstanding the adverse circumstances that your board and management faced in the year under review, we are confident that that the Company has a number of highlights which appear in the operational report that follows. Your Company has a small but dedicated team and we look forward to providing you with positive reports from time to time and together enjoying a long and mutually rewarding experience as shareholders of Elsmore Resources Ltd.

Yours sincerely,

John Gaffney

Chairman

A large, stylized handwritten signature in black ink, likely belonging to John Gaffney, the Chairman. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

OPERATIONS REPORT

As Chief Executive Officer of Elsmore Resources Ltd I acknowledge that the 2014 financial year was dominated almost exclusively by addressing the difficulties which arose as a result of the conduct of Mr Ashley Howard and his associated entities which has led to the Company being forced to take proceedings in the Supreme Court of NSW and also to call a Class Meeting and General Meeting to propose resolutions to cancel the 19,285,230 unauthorised shares which were issued by Mr Howard without reference to the board.

In this regard I refer to the Chairman's letter and also to the Director's Report which forms part of this Annual Report. There are a number of post balance date events which are more particularly described in the directors report and financial statements.

Without wishing to discount the serious effect of these events on the Company, I want to emphasise that the Company has, in the view of the directors, strong opportunities for growth and development.

The directors believe that it is important to note several points of difference between many junior explorers and ERL. Essentially the differences can be summarised as follows:-

1. The Elsmore projects are not dedicated Tin projects alone but are both Tin and Sapphire projects. This arises by reason of the fact that the geology in the region is often prospective for precious stones as well as Tin and does not present a complex flow sheet for processing and refining purposes.
2. Revenue can be derived from the processing of Sapphires quickly without the need for complex processing and the product (ie sapphires) can be sold in various quantities in a mature market quite readily.
3. The Company has formal Off Take Contracts for the sale of product for 5 years commencing on 1 May 2013. In addition the minimum price payable by the Buyer under the Off Take Contracts is reflected as the greater of market price or cost plus 45%. The minimum volumes to be purchased in years 4 and 5 of the Off Take Contract is the same as the minimum volume for year 3.
4. ERL has the benefit of a number of years of work previously undertaken on EL 6196 and EL 7177 by Malachite Resources Ltd and to that extent is able to refine the scope of works that it proposes to undertake and to a limited extent "de-risk" its own exploration program.
5. ERL has a fully commissioned processing plant on site which is suitable for both Tin and Sapphire processing with a processing capacity of greater than 50 tonnes per hour. The processing plant is suitable for both Tin and Sapphire processing with minimal modification costing less than \$100,000.
6. ERL has access to roads through the tenements. No rail link is required.
7. On the basis of present expectations of water usage ERL has access to sufficient water for its purposes and established dams are already in place.
8. The revenues that may be derived in the near term from Sapphire processing will be used to support the Tin exploration costs and also provide revenue to support general working capital.

Background

The project consists of 6 exploration licences (EL's), 1 mining lease and 1 Mining Licence Application. The project is centred about 25 km South East of Inverell in the New England district of NSW. These tenements are prospective for alluvial tin, sapphires and diamonds from both recent and deep lead deposits, and for hard rock tin deposits.

ERL proposes to mine and further explore this group of tenements with the aim of establishing sufficient resources to begin mining as soon as possible with the aim that revenue from mining will be used to fund further exploration within the tenement group thereby increasing the Company's resource base in the area. Initial exploration will concentrate on alluvial tin and sapphires. Other tenements and projects may be added over time as additional ground becomes available.

An alluvial treatment plant acquired by ERL was installed on ML881 by Auramatrix Pty Ltd and is suitable for both alluvial tin and sapphires with minimal modification. Access around the project tenements is generally very good, with sealed highways and local roads as well as all weather unsealed roads providing access to most areas. Farm and forestry tracks provide access to the remainder.

Details of the Tenements

EL 6196

EL6196 consists of two separate blocks. The license covers 5 historic deep lead tin deposits, 7 placer tin deposits and 9 granitic tin vein type deposits.

Malachite Resources carried out a significant amount of exploration in the area between 2004 and 2012. This work has included:

- Geological mapping
- Rock Chip sampling
- Stream Sediment Sampling
- Reverse Circulation Drilling
- Diamond Drilling
- Trenching
- Auger Drilling
- Air Core Drilling
- Excavator pitting and bulk sampling
- Magnetometer surveys

Using the Malachite data, a moderate sized combined Indicated and Inferred alluvial resource of 750 tonnes of cassiterite contained in about 1,000,000 BCM of alluvium has been identified in the Karaula Alluvials/Brads Bluff area of EL6196. Only the "bulk samples" passed through the cone concentrator taken from the excavator pits are considered in calculating the Indicated Resources. The grades represented by these samples represent the recoverable cassiterite using a conventional wet gravity treatment process. Stoichiometrically, cassiterite (SnO₂) contains 78.6% Sn. The resource is present as a relatively thin veneer of alluvial cover, with samples averaging 0.7 metres in thickness. Volumes are calculated using a polygonal "area of influence" methodology for each sample using a lower cut off of 0.25 kg SnO₂/LCM. The Inferred Resources are calculated by outlining the ground confirmed as mineralised from the auger and air core drilling and assuming a similar thickness and tin grade as the averages of the Indicated Resources. Additional infill "bulk" sampling would be necessary to upgrade both the Indicated and Inferred Resources listed to Measured Resources. The alluvials are partially cemented in places. In addition to the bulk sampling from excavator pits, Malachite Resources carried out auger and air core drilling of the alluvials.

Sapphires are noted in a number of samples from sampling in the Karaula Lead area and are common elsewhere in the field.

Placer Deposits:

The target areas with the greatest apparent potential include:

- the Karaula Alluvials: Extensions of the known resources. Numerous areas identified as mineralised from Malachite's aircore and auger drilling.
- Sheep Station Hill South: Alluvium and colluvium derived from steeply dipping quartz veins and greisenous areas. Numerous pits from early prospecting.
- Bruces Hill East, Kings Creek Alluvials, Macintyre River Alluvials: Malachite's air core and auger drilling point to possible higher grade alluvial mineralisation in these areas, supported by the historical descriptions of the areas.
- Chance Lead: Sampling by Malachite has identified relatively low grade alluvium. Other potentially mineralised drainages arise from the Quaternary Alluvium (Qa) and Tertiary Sediments (Tx) which present as alluvium associated with current drainages, or as perched alluvium which may be some distance from the current drainage centre.

Deep Lead Deposits

- The deep lead targets are spatially close to the placer targets, with the Karaula Deep Lead, Penberthy Bore, Wheal Edith and Newstead Deep Lead close to the established resources being of particular interest as they may contribute to expanding this resource sufficiently to allow mine planning to commence.
- The Richards Lead is within the smaller western block of EL6196 and appears smaller by comparison but may warrant testing when equipment and personnel are in the area.
- The deep leads represent buried alluvial channels and are often capped by Tertiary Volcanics. Several different levels of deep lead alluvium may be present, sometimes interspersed with basaltic flows.

Granitic Tin Vein and Greisen Deposits

The hard rock tin deposits in the area are generally small with highly variable mineralisation. Historically individual deposits have yielded less much than 100 tonnes of tin each although some are recorded as very high grade (1 - 5% Sn). Exploration should concentrate on assessing the alluvial potential of the area initially, with the known areas of hard rock mineralisation viewed as possible targets for shallow colluvial and alluvial mineralisation in the areas surrounding them, particularly if the already more extensive greisen deposits are present.

- From this point of view, the area overlying the Sheep Station Hill and Sheep Station Hill South vein and greisen mineralisation is of particular interest for shallow colluvial mineralisation.

EL7177

EL7177 covers 6 historic deep lead tin deposits, 4 placer deposits and 3 granitic tin deposits

EL7177 block 1 is predominantly underlain by the Gilgai Granite (Rliu). Exploration targets include Middle Creek and its tributaries, Sheep Station Gully and tributaries as well as the Jealousy Deep Lead and recent and Tertiary sediments in the Coopers Claim/Dougherty and Party areas.

EL7177 block 2 is almost entirely covered by Tertiary basalt flows(Tb), which historically may mask deep lead tin deposits. The drainages through the area should be prospected for sapphires.

EL7177 block 3 is mainly Tingha Adamellite (Rutg) with a lesser amount of Gilgai Granite (Rliu), and with a partial covering of Tertiary basalts (Tb). The area is prospective for tin and sapphires along the upper end of the Macintyre River and Back Creek.

EL7177 block 4 is extensively covered by Tertiary basalts (Tb) and Tertiary Volcanics (Tv) with an large area of metamorphosed sediments belonging to the Texas Beds (Ctx). The only recorded mineralisation of significance appears to be the Braemar Sapphire Deposit covered by ML881. While no other indications are known, the other drainages in the block are prospective for sapphires derived from the Tx or Tb. A small amount of cassiterite was observed by the author in concentrates from the Braemar sapphire mine. This along with numerous narrow quartz veins in the underlying Texas Beds suggesting some potential for sheeted vein tin mineralisation. The Northern Lead may represent tin sourced from this style of mineralisation.

EL8135

EL8135 consists of 4 units and covers one area excised from EL6196 formerly covered by PMA 84, and one area excised from EL7177 formerly covered by PMA 227. Both PMA 84 and PMA 227 expired in November 2012 leaving "holes" in the overlying exploration licences.

The Southern excision (former PMA 84) covers part of the Karaula Lead sampled by Malachite and contains part of the established resource in the area. This ground is essential to the project for that reason.

The Northern excision (former PMA 227) covers ground prospective for sapphires adjacent to the Braemar Sapphire Deposit and underlain by tertiary volcanics (Tv).

Descriptions of the exploration potential of EL8135 is included in that for the surrounding licences, that is EL6196 and EL7177 respectively.

EL8005

EL8005 is extensively mineralised and covers 16 deep lead tin deposits, 10 placer tin deposits, and 66 granitic tin deposits. The area is partially covered by the Mount Topper State Forest and the Tingha SCA. While exploration is not excluded from these areas, additional restrictions and permitting will apply. The licence also partially overlaps the Tingha township built up areas and as such it is unlikely that ERL will seek to undertake exploration in this area.

Placer Deposits

Numerous shallow placer style prospects occur within the licence, particularly along Cope Hardinge Creek and Copes Creek and their tributaries. Historic mining of these has been intense at various stages in the past (most date from the late 1800's through to the 1920's) and exploration will be a process of identifying the areas of unmined alluvium that remain, and sampling these. The scope for locating unmined deposits appears to be significant.

Deep Lead Deposits

As with the shallow placer deposits, historic mining of deep lead tin deposits has been very active. Deep leads can be capped by up to 50 metres of basalt making exploration more difficult, but very high grades are often recorded (up to 200 kg SnO₂/ m³). Some shallower deep leads have been mined by open cut.

It appears possible that the group of deep leads extending from Ah Sams lead in the west through Dick Jones - Brickwood - Warland - Stars and Stripes - Starlight Extended - Chinamans - Rows - Firths Hill - Jennings Deep Leads are part of the same buried drainage system and present exploration targets in the sections between each section of deep lead workings, and in tributaries to the main drainage system.

Likewise other apparently isolated deep leads (Becketts, Schuman and Borthistle etc) may well be part of larger drainage systems and should be investigated.

Granitic Tin Deposits

As stated previously, the hard rock tin deposits in the area are generally small with highly variable mineralisation. Historically individual deposits have yielded less much than 100 tonnes of tin each although some are recorded as very high grade (1 - 5% Sn). Exploration should concentrate on assessing the alluvial potential of the area initially, with the known areas of hard rock mineralisation viewed as possible targets for shallow colluvial and alluvial mineralisation in the areas surrounding them, particularly if the more extensive greisen deposits are present. Likewise, drainages crossing clusters of hard rock workings are possible targets for both shallow placer deposits and deep lead tin deposits.

EL8178

The North West block appears prospective for placer tin along Middle Creek and its tributaries, and to the north along Indigo Creek and Oaky Creek. Deep Lead tin deposits may also be present draining northward under the basalts. The Martin and Party lead may be an example of this type of mineralisation.

Exploration in the South East block should target the larger drainages which cross the area. Macintyre River, Querra Creek and Copes Creek all have significant accumulations of alluvium which may or may not be mineralised. Both tin and sapphires may be present.

EL8181 and ML881

EL8181 and ML881 are considered prospective for sapphire and are for group 6 minerals only.

The main exploration target is the drainage extending northward from ML881 to Swan Brook, as well as some smaller tributaries to this drainage. This creek will be tested by taking a series of bulk samples at regular intervals along its length.

Summary

The group of licences held by ERL contain Tin and Sapphire placer deposits, Tin and Sapphire deep lead deposits and granitic tin deposits. The drilling and exploration program which was to commence after listing has been delayed as a result of the actions regarding the unauthorised shares and associated court actions but will commence in the coming reporting period and sapphire production will come under way.

Strategy

ERL's stated aim is to increase production immediately to open up further deposits. Accordingly initial exploration will concentrate on the placer deposits as these are likely to yield sufficient resources for mining in the shortest time and will require the least capital input.

A treatment plant with a processing capacity of greater than 50 tonnes per hour is currently set up and operating on ML881. The processing plant is suitable for both Tin and Sapphire processing with minimal modification costing less than \$100,000. Of the known tin deposits, the Karaula Alluvials and nearby prospects within EL6196 appears to be the immediate target area with the aim of increasing the current resources and perhaps overall grade in order to expand the mining operation.

I look forward to a much more productive 2014/2015 and to reporting progress to all shareholders in the coming year.

Joseph Chung



Chief Executive Officer

BOARD OF DIRECTORS

Joseph Tong Hong Chung

Director (Executive) Age: 61

Joseph Chung was a founding shareholder of the T & T Metal Group, has over 30 years experience in the metals industry and holds a Bachelor of Arts degree from the University of Chung Hsing, Taiwan. Joseph is an expert in project management and has managed a number of high value contracts with Australia's leading companies. Joseph also has a number of years' experience in exporting scrap metal, minerals and ore from major ports in Australia and overseas to clients in South East and North East Asia. In the past 6 years Joseph has served as a director of CMA Corporation Limited (ASX: CMV) and was responsible for establishing and supervising the management and operations of the crushing and processing plants of CMA in the Asian region. Mr Chung founded, managed and supervised the sapphire mining operations of Auramatrix in the New England Region. Mr Chung continues to supervise the mining and processing operations of Auramatrix, now a wholly owned subsidiary of the Company. It is estimated that Joseph spends greater than 40 hours per week in the exercise of his duties as a director of the Company. His primary focus is on administration and management of the Companies assets.

Joseph Chung is a director of the Company. He is the holder directly or beneficially in 32,697,168 ordinary shares in the capital of ERL. In addition Tong Hong Chung is an executive director and shall be entitled to the remuneration stated herein which has been set at \$155,000 per annum plus superannuation from the date of listing but due to the adverse operatinos during the reporting period Mr Chung has received no remuneration. Thereafter the agreement shall be subject to review and ratification by shareholders as required by the Listing Rules. Mr Chung has received \$30,000 in directors fees in 2012 prior to the Listing of ERL on the ASX. Mr Chung was a director of Sorolao Developments Pty Ltd and was the sole shareholder and director of Auramatrix Pty Ltd, vendors to the Company.

John Patrick Gaffney

Chairman (non executive) Age:61

John was one of the founding shareholders and Real Estate Director of Tamawood Limited (ASX:TWD) and served as managing director on the public Company from April, 2004 to July, 2008. During this time John also served as a founding director and shareholder of Aktivita Renewables Limited (ASX:AIR) John has extensive experience in the building, construction, mining and finance industries and has been a Licensed Real Estate Agent and property developer for over 25 years.

John Gaffney is a director of the Company. He is the holder directly or beneficially in 12,297,915 ordinary shares in the capital of ERL. Mr Gaffney has received \$30,000 directors fees in 2012 prior to the listing of ERL on the ASX. Mr Gaffney has not received any directors fees or remuneration during the reporting period. Mr Gaffney spends less than 20 hours per month in the exercise of his duties as a non executive director.

Richard Langley Stuart Hill

Director (Non Executive) Aged 63

Mr Hill has a Bachelor of Commerce from the University of New South Wales and is a fellow of both the Institute of Chartered Accountants in Australia and the Papua New Guinea Institute of Accountants.

Richard is the senior partner of DFK Richard Hill Chartered Accountants and Business Advisers established in 1983. The firm is a member of the worldwide DFK Accounting and Advisory Group. Richard has strong expertise and experience in the resources sector and is currently retained to provide advice to a number of ASX listed companies. Richard experience covers capital raising, compliance and secretarial services, business advisory, due diligence and all aspects of the Pre IPO and listing process.

Mr Hill has no interest in the securities of the Company. Mr Hill received no directors fees or remuneration during the period under review. Mr Hill is expected to spend less than 10 hours per month in the exercise of his duties as a non executive director.

COMPLIANCE WITH CORPORATE GOVERNANCE BEST PRACTICE

In accordance with the ASX Corporate Governance Council's Principles and Recommendations ("**ASX Recommendations**") Elsmore Resources Ltd ("**Company**") has adopted systems of control and accountability as the basis for corporate governance best practice.

Policies and Charters (for the board and its committees), including the Company's Code of Ethics and other policies and procedures relating to the Board and its responsibilities are available on the Company's website and in the Prospectus filed with the ASX

Commensurate with the spirit of the ASX Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company.

After due consideration by the Board during the Company's 2013/2014 financial year ("**reporting period**") the Company's corporate governance practices departed from the ASX Recommendations only as set out below.

The information in this statement is current at the date of this report.

EXPLANATIONS FOR DEPARTURES FROM ASX RECOMMENDATIONS

The Company has followed each of the ASX Recommendations during the reporting period, except in relation to the matters specified below:

Recommendation	Notification of Departure	Explanation for Departure
3.2: The Company should establish a diversity policy and disclose the policy or a summary of the policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress towards achieving them.	The Company has established a diversity policy, a copy of which is disclosed on the Company's website. However, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity, or for the board to assess annually the objectives and the progress towards achieving them.	The Board considers the size of the Company's operations make it impractical to establish meaningful measurable objective for achieving gender diversity.
3.3: Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them	No measurable objectives for achieving gender diversity have been set by the Board.	The Board considers the size of the Company's operations make it impractical to establish meaningful measurable objectives for achieving gender diversity. However, the Board recognises the importance of diversity and has therefore adopted a diversity policy, a copy of which is available on the Company's website.
4.2: Structure the Audit Committee so that it consists of only non-executive directors, a majority of independent directors, an independent chair who is not chair to the Board, and at least 3 members	The Audit Committee comprised two non executive directors and one executive (not independent) director for the reporting period.	Given the limited size of the Board and compliance with ASX Listing Rules the full board performed the function of an audit committee for the reporting period.

THE BOARD

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in a Statement of Board and Management Functions, which is disclosed on the Company's website.

A profile of each director containing the skills, experience, expertise, formal qualifications and term of office of each director is set out in the director profiles herein.

The mix of skills and diversity that the Board is seeking to achieve in its membership is significant experience and expertise in: mine development and underground operations, geological modelling, financial reporting, financial markets, risk management, statutory compliance, resource management, health and safety and employment. Each of these skills are represented in the Board's current composition except significant experience and expertise in financial reporting and mine development. These skills are represented in the senior management team. The size of the Board and the development of the Company's projects places constraints on the mix of skills the Board is able to achieve.

It is the policy of the Board that in determining candidates for the Board, the following process shall occur:

- (a) The Nomination Committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.
- (b) A potential candidate is considered with reference to their skills and expertise in relation to other Board members.
- (c) If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Re-appointment of directors is not automatic. The Company's Policy and Procedure for Selection and (Re)Appointment of Directors is disclosed on the Company's website.

IDENTIFICATION OF INDEPENDENT DIRECTORS

In considering independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Recommendations ("Independence Criteria"). Applying the Independence Criteria during the reporting period and at balance date the Board comprises a majority of independent directors. The independent directors of the Company were Mr Phil Kimber.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

DIRECTOR REMUNERATION

Details of remuneration are contained in the Notes to the Financial Statements forming part of this report.

Of the non-executive directors, during the reporting period no non executive director received any remuneration during the reporting period.

Of the executive directors, during the reporting period Mr Joseph Chung did not receive any remuneration during the reporting period.

When the Company is in receipt of income from which to pay salaries and remuneration the remuneration of Directors and senior executives will be set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives.

There is currently no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of key performance indicators. There are no termination, retirement or Company superannuation scheme benefits for non-executive directors.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND SENIOR EXECUTIVES

During the reporting period, evaluation of the Board was carried out by the Chair. The Chair distributed a questionnaire, which was completed by each director and addressed their own performance, Board performance and the performance of the Chair. The responses to the questionnaires were then discussed on a roundtable basis at the Board Strategy meeting. The evaluation for the Chair, the Board and individual directors was undertaken during the reporting period in accordance with the process disclosed above.

Individual evaluation of Senior Management was conducted by the Chair. The evaluation comprised a comparison of performance against the Company's objectives for the reporting period and an assessment of goals for the next reporting period. The evaluation of senior management was undertaken during the reporting period in accordance with the process disclosed above.

Board composition, succession planning and director training opportunities for the current calendar year were addressed during the Board Strategy meeting.

CORPORATE CODE OF CONDUCT

The board has adopted a Corporate Code of Conduct as published. Directors, employees and consultants must comply with the policies which the Board has endorsed to achieve ethical behaviour and efficiency within the authorities and discretions designated to them, avoiding putting themselves in a position where they stand to benefit personally or be accused of insider trading. Compliance with all laws and regulations and maintenance of confidentiality and honesty is expected. The Corporate Code of Conduct forms part of every employment and consultancy agreement. Failure to comply can result in disciplinary action, including, where appropriate, dismissal. The Board has not adopted a Whistleblower Policy. However, employees have direct access to the Chair and are encouraged to contact the Chair with any suspected departure from the Company's Code of Conduct.

GENDER DIVERSITY

The board has adopted a Diversity Policy as published. As noted above, the Diversity Policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Gender diversity at balance date for the reporting period is the same as the previous reporting period:

Component	Total	Female Component	% Female Component
Board of Directors	3	0	0%
Senior Executives	1	0	0%
Consultants	1	0	0%
TOTAL*	5	0	0%

* Total comprises the figures for the whole organisation.

The Board considers that the Company complied with its diversity policy during the reporting period.

AUDIT COMMITTEE

As noted above, the Board has established a separate Audit Committee. The participants on the audit committee are the full board. Accordingly, the Board performs the role of Audit Committee. When the Board convenes as the Audit Committee, it carries out those functions which are delegated to it in the Company's Audit Committee Charter as published. When the Board convene as the Audit Committee. Minutes of the meetings held by the full Board in its capacity as the Audit Committee are minuted. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

During the reporting period, the full Board in its capacity as the Audit Committee had the opportunity to meet separately with the external auditor in respect of the financial reports. The full Board in its capacity as the Audit Committee is responsible for reviewing Annual and Interim Financial Statements, related stock exchange announcements and all other financial information published or released to the market; monitoring and making recommendations for improvement in internal control environment, including effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations; overseeing the risk management and compliance framework; the appointment, removal and remuneration of the external auditors; reviewing the terms of their engagement and the scope and quality of the audit, reviewing and approving the nature and scope of non-audit services and ensuring rotation of the external audit engagement partner.

Details of each of the director's qualifications are included in the Board of Director's Profiles in this report. While the Board Committee members do not have specific financial qualifications, all members considered themselves to be financially literate and have financial experience and industry knowledge.

Mr Chung has significant experience in mineral exploration and development at senior management level, Mr Gaffney has gained significant financial experience from his careers in property and construction and senior management over the past 30 years and Mr Hill is an experienced accountant and Company director.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

NOMINATION COMMITTEE

The Board has established a separate Nomination Committee.

Some responsibilities of the Nomination Committee were also addressed by the full Board at Board and Strategy meetings during the reporting period. The Board has adopted, and the Nomination Committee applies a Nomination Committee Charter which is available on the Company's website. The Nomination Committee met once during the reporting period, and both members of the Nomination Committee attended the Nomination Committee meeting.

REMUNERATION COMMITTEE

As noted above, the Board has established a separate Remuneration Committee. The members of this committee are identical to the board and accordingly, the Board performs the role of Remuneration Committee. The Board, meeting as the Remuneration Committee meets at least once a year to review the responsibilities of the Remuneration Committee which includes reviewing remuneration of executive and non-executive directors, incentive schemes and reviewing the Remuneration Committee Policy (disclosed on the Company's website). Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Remuneration Committee, it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter, which is disclosed on the Company's website. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The Remuneration Committee met once during the reporting period and assigned some responsibilities to the whole Board for consideration during two strategy meetings held during the reporting period. All Board members attended the meeting of the full Board in its capacity as the Remuneration Committee. The Board has adopted, and the full Board in its capacity as the Remuneration Committee applies, a Remuneration Committee Charter which is available on the Company's website.

The Company's Policy for Trading, which is disclosed on the Company's website, states that key management personnel must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair, Audit Committee Chair or Executive Director; and Key Management Personnel are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

RISK MANAGEMENT

The Company has continued to develop its strategies for managing risk during the reporting period, particularly where internal controls are concerned. The Company's internal controls are reviewed by the external auditor twice a year, and are monitored regularly by the independent directors. The Board relies on the sign-off of senior management with respect to the financial reports, which sign-off has been provided in respect of the Company's 2013/2014 accounts.

The Company has adopted a Risk Management Policy (a summary is available on the Company's website). Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer. The Policy sets out the role of the Chief Executive Officer and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

The process of management of material business risks is allocated to the business risk owners within the management team. The Board relies on risk controls being implemented effectively and the primary risk controls reviewed monthly through a standing item on the Board agenda. The Company is in the process of updating its Risk Management Policy to include formal processes to identify, manage and mitigate risk, using a risk register. A significant body of work was completed during the reporting period addressing mine operational risks. This document will be reviewed externally by government regulators. Certain risks pertinent to the sector in which the Company operates are not able to be managed at this time, for example the price of gold.

Material business risks reported on during the reporting period included statutory compliance, health and safety in the operational environment, sustainability of the Company's ore resources, environmental risk working in a conservation estate, internal audit compliance, adequacy of computer systems, ethical conduct and business practice, retention of key staff, financial reporting and liquidity risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks. The Board has complied with Recommendation 7.2 through (a) CEO monthly Management Report to the Board addresses risk evaluation, analysis and treatment; (b) risk management is a standing item on the Board agenda, giving opportunity for Board discussion; and (c) the full Board in its capacity as the Audit Committee addresses areas of risk and evaluates the effectiveness of controls, these are recorded in the minutes of the Board in its capacity as the Audit Committee.

CONTINUOUS DISCLOSURE

The Company has adopted a Continuous Disclosure Policy which sets out obligations for directors, employees and consultants in relation to continuous disclosure. The Company has also adopted Compliance Procedures to ensure compliance with the ASX Listing Rule requirements in relation to continuous disclosure, and to ensure accountability at a senior executive level for that compliance. Summaries of both these documents are available on the Company's website. In accordance with the ASX Listing Rules, the Company is required to disclose to the market matters which could be expected to have a material effect on the price or value of the Company's securities. Management processes are in place to ensure that all material matters which may potentially require disclosure are promptly reported to the Chief Executive Officer or the Company Secretary who is responsible for ensuring that such information is not released to any person until the ASX have confirmed its release to the market.

SHAREHOLDER COMMUNICATION

The Board has adopted a Shareholder Communication Policy, a copy of which is disclosed on the Company's website.

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Company does not maintain director and officer liability insurance.

However, the Company indemnifies directors and officers against all liabilities which may arise out of the performance of normal duties as directors or officers, unless the liability relates to conduct involving a lack of good faith. This includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

MATERIALITY

To the extent that it is necessary for the Board to consider issues of materiality, including in relation to the independence of directors, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website. Balance sheet items are material if they have a value of more than 10% of pro-forma net asset. Profit and loss items are material if they have an impact on the current year operating result of 10% or more. Items are also material if they impact on the reputation of the Company, they involve a breach of legislation; they are outside the ordinary course of business; they could affect the Company's rights to its assets; if accumulated, they would trigger the quantitative tests; they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%. Criteria for determining the materiality of contracts can be found in "Board and Management" under Corporate Governance on the Company's website.

SHARE TRADING

The Company has adopted a Share Trading Policy to assist with compliance with the Corporations Act 2001 (Australia). This policy restricts directors, employees and consultants from trading in a number of ways and is available on the Company's website. Application must be made by directors, employees and consultants to the Company for approval prior to trading in the Company's securities. A requirement to comply with this policy forms part of every employment or consultancy agreement.

JORC CODE (2004) COMPETENT PERSON STATEMENT

The information in this document which relates to exploration results and mineral resources has been prepared by Mr Phil Kimber of Reynard Australia Pty Ltd, who is a consultant to The Company and is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kimber has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves" (the JORC Code). Mr Kimber consents to the inclusion in this document of the matters based on this information in the form and context in which it appears.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Corporate Governance Statement

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-with Escrowed ASX imposed

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Corporate Governance Statement

Corporate Governance

The Board confirms its commitment to the adoption of the Best Practice Recommendations of the ASX Corporate Governance Council, as summarised in ASX Guidance Note 9A “Corporate Governance – ASX Corporate Governance Council – Revised Corporate Governance Principle and Recommendations” (ASX Guidelines). During the first year of operations following listing on the ASX, it has not yet been practical to fully adopt all of these principles and practices. The following paragraphs set out the extent of compliance against each Principle.

Structure of the Board

Board Members

At the date of this report, the Board consists of three members. The names, status and date of appointment or resignation of all the directors of the Company during the year are:

John Gaffney	Non Executive Chairman	Appointed 12 March 2014
	Non Executive Director	Appointed 12 May 2012
Joseph Chung	Managing Director	Appointed 20 January 2012
Richard Hill	Non Executive Director	Appointed 20 November 2014
Phillip Bruce Kimber	Non Executive Director	Appointed 7 May 2014 Resigned 20 November 2014
Gregory Artup	Non Executive Director	Appointed 2 June 2011
		Resigned 27 December 2013
Ashley Howard	Non Executive Chairman	Appointed 11 November 2013
		Resigned 12 March 2014
Patrick Neil Johnson	Non Executive Director	Appointed 29 December 2013
		Resigned 7 May 2014
Zoran Nedimovic	Non Executive Director	Appointed 13 February 2014
		Resigned 12 March 2014

This present structure does not yet provide a majority of independent directors and whilst the continuing legal process is underway to resolve the IPO Share and Unauthorised Share Issues, Elsmore will consider making appropriate new appointments to the Board when these matters are resolved and the Company commencing trading on the ASX, post its voluntary suspension.

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

- less than 10% of Company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the director’s income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the Group other than income derived as a director of the entity.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Corporate Governance Statement

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

Board Expertise

The Board collectively has the appropriate range of expertise to properly fulfil its responsibilities, including:

- accounting;
- finance;
- business;
- mining;
- risk management;
- public Company experience;
- legal skills; and
- Managing Director – level of experience.

The Board periodically reviews the range of expertise of its members to ensure that it has operational and technical expertise relevant to the operation of the Company.

Nomination Committee

The Board has established a Nomination Committee which functions were carried out by the full board notwithstanding that Elsmore has insufficient independent directors. The role and responsibilities, composition, structure and membership requirements of the Nomination Committee are documented in a separate Nomination Committee Charter approved by the Board.

The Nomination Committee is to consist of a minimum of three members, the majority of whom should be independent.

The responsibilities of the Nomination Committee include:

- assessment of the necessary and desirable competencies of Board members;
- review of Board succession plans;
- evaluation of the Board's performance; and
- recommendations for the appointment and removal of directors

Audit Committee

The Board has established an Audit Committee which functions were carried out by the full board notwithstanding that Elsmore has insufficient independent directors.

The role and responsibilities, composition, structure and membership requirements of the Audit Committee are documented in a separate Audit Committee Charter.

Remuneration Committee

The Board has established a Remuneration Committee which functions were carried out by the full board notwithstanding that that Elsmore has insufficient independent directors.

The role and responsibilities, composition, structure and membership requirements of the Remuneration Committee are set out in detail in a Remuneration Committee Charter approved by the Board.

Delegation of Authority

The Company's statement of delegated authority sets out the Company's policy relevant to the delegation of authority to management to conduct the day-to-day management of the Company.

Directors have no individual authority to make representations or enter agreements on behalf of the Company unless such authority is expressly delegated by the Board.

Responsibilities of the Board

The Board Charter has been adopted by the Board and governs various aspects of the Board including:

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals and responsibilities and levels of authority for management and the operation of the Company. Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include:

- oversight of the Company, including its control and accountability systems;
- appointing and removing the Managing Director, including approving remuneration of the Managing Director and the remuneration policy and succession plans for the Managing Director;
- ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer/Company Secretary;
- input into and final approval of management's corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and approving and monitoring financial, operational, health, safety and environmental and other reporting.

To assist with the execution of its responsibilities, the Board has established an Audit Committee, Remuneration Committee and Nomination Committee. Each Board committee has in place a charter, approved by the Board, setting out its responsibilities.

Code of Conduct for Directors and Officers

To promote ethical and responsible decision-making, the Board has approved a Code of Conduct for Directors and Officers (the Managing Director, the Chief Financial Officer/Company Secretary and other key executives) as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Code of Conduct for Directors and Officers deals with the following main areas:

- conflicts of interest;
- confidentiality;
- fair dealing;
- compliance with laws and regulations;
- corporate opportunities;
- protection and proper use of the Company's assets; and
- encouraging the reporting of unlawful, unethical behaviour.

Directors and the senior management team must comply with the Code of Conduct and demonstrate commitment to the Code and consistency in its execution. Adherence to the Code of Conduct is periodically evaluated and action taken where necessary.

Share Trading

The Company's share trading policies (**Share Trading Policies**) document the Company's policy relevant trading in Company securities by directors, officers and employees. Each of the Share Trading Policies clearly identifies those individuals who are restricted from trading, the relevant laws relating to trading, and includes a coherent strategy for trading.

Financial Reporting Integrity

Managing Director and Chief Financial Officer/Company Secretary Assurances

It is the responsibility of both the Managing Director and the Chief Financial Officer/Company Secretary to provide written assurances to the Board that in all material respects:

- the financial reports submitted to the Board present a true and fair view of the Company's financial condition and operational results; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Corporate Governance Statement

Continuous Disclosure

The Board has adopted a Disclosure Policy that is designed to ensure compliance with ASX Listing Rules, disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company Secretary is the Disclosure Officer appointed in accordance with the policy. The Disclosure Officer is responsible for the lodgement of all announcements with the ASX during the year after receiving appropriate approvals for the content of each announcement.

Under the policy the Board conducts regular reviews to ensure that all relevant information that should have been provided to the ASX, including the Company accounts:

- has been prepared and lodged in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner that allows the input of the information when making investment decisions.

Shareholders

Communications Strategy with Shareholders

The Company's shareholder communications strategy (**Communications Strategy**) is designed to promote effective communication with shareholders and encourage participation at general meetings.

The Communications Strategy includes regular and continuous disclosure to the ASX and policies and procedures relating to use of the ASX and the Company's websites as a means of communicating with shareholders.

Risk Management

The Company's risk management policy (**Risk Management Policy**) describes the roles and respective accountabilities of the Board, the Audit Committee (or other appropriate committee) and management.

The Risk Management Policy also covers a risk profile, which includes an assessment of the risks facing the Company, compliance and control and an assessment of effectiveness of the above policies.

In its first three years of operation the Board has not established a specific Risk Management Committee but a Charter for a Risk Management Committee has been adopted for future use. In lieu of the establishment of a specific Risk Management Committee the full Board, on a monthly basis reviews the group human resources, safety, financial, treasury, insurance and divisional country reports.

Code of Conduct covering Obligations to Stakeholders

The Board has established a code of conduct (**Code**) to guide compliance with legal and other obligations to legitimate stakeholders including shareholders.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Corporate Governance Statement

The Code includes:

- responsibilities to shareholders and the financial community generally;
- responsibilities to clients, customers and consumers;
- employment practices;
- obligations relative to fair trading and dealing;
- responsibilities to the individual;
- responsibilities to the community;
- how the Company complies with legislation affecting its operations; and
- how the Company monitors and ensures compliance with the Code of Conduct towards stakeholders.

Other Information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.cmacorp.com.

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the Company is in the process of developing a diversity policy.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Directors' Report

Your directors' present this report on the consolidated entity consisting of Elsmore Resources Limited ('the Company' or 'parent entity') and the entity it controlled at the end of the financial year ended 30 June 2014 ('the Group' or 'the consolidated entity').

Director

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

John Gaffney, Chairman (Non Executive Director)

Joseph Chung (Executive Director)

Phillip Bruce Kimber (Non Executive Director, appointed 7 May 2014 and resigned 20 November 2014)

Patrick Neil Johnson (appointed 29 December 2013 and resigned 7 May 2014)

Ashley Howard (appointed 11 November 2013 and resigned 12 March 2014)

Zoran Nedimovic (appointed 13 February 2014 and resigned 12 March 2014)

Gregory Artup (appointed 2 June 2011 and resigned 27 December 2013)

Richard Stewart Langley Hill (appointed 20 November 2014)

The directors were in office for the entire period unless otherwise stated.

Company Secretary is Mr John Gaffney.

Principal Activities

The Company is an Australian-based mineral explorer, focused on the exploration of tin and sapphires.

Operating Result

The results of the Company for the financial year after providing for income tax was a loss of \$3,140,286 (2013: a loss of \$1,884,206).

Dividends

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made for the year ended 30 June 2014.

Review of Operations

The trading results for 2014 were adversely impacted by the provisioning of the IPO share proceeds by \$1,830,172 and the Unauthorised Share issue by \$3,877,046 and then the related legal fees in relation to these matters by \$168,543.

Financial position

The net assets of the Group at 30 June 2014 were \$ 597,557 (2013: \$ 871,091)

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

After Balance Date Events

The Directors of Elsmore Resources Ltd ("the Company") are not aware of any matter or circumstance that has arisen since 30 June 2014 not otherwise dealt with in the Financial Statements that has or may materially affect the operations or financial position of the Company, except for the following:

1. IPO Litigation

Further to previous announcements, the Company advises that enforcement action continues in relation to the judgment for \$1,859,035.00 plus interest obtained on 12 May 2014 against Mr Ashley Howard, Periwinkle Investments Pty Ltd and HF Global Corporate Financial Solutions Pty Ltd.

The Company advises that numerous attempts were made to reach agreement on an acceptable payment plan with Mr Howard and HF Global Corporate Financial Solutions Pty Ltd but that as a result of separate proceedings against him, Mr Howard was formally declared bankrupt on 11 September 2014. The Company will continue to liaise with the appointed Trustees to ensure that the judgment against Mr Howard in favour of the Company is appropriately accounted for. Further, the Company will assist the Trustees to ensure that, so far as is possible, Mr Howard's incomes and assets are identified and brought to account for distribution to Mr Howard's various creditors.

Investors will recall from previous announcements that the Company was also pursuing an application for summary judgment against Mr Harry Fung. That application was heard on 14 July 2014 and judgment dismissing the application was delivered on 18 July 2014.

Following this, Mr Fung was successful in an Application for Security for Costs. In that judgment, which was handed down by the Honourable Justice Black on 8 September 2014, the Company was ordered to provide \$80,000.00 as security for Mr Fung's costs in two equal tranches as follows:

1. \$40,000.00 is to be provided by Monday 6 October 2014; and
2. \$40,000.00 is to be provided no later than 21 days prior to the date allocated for the commencement of the final hearing.

The Company was unable to provide the first tranche of Security for Costs by 6 October 2014. As a consequence, Mr Fung filed a Notice of Motion on 13 November 2014 seeking the dismissal of the Company's claim against him.

On 28 November 2014, however, the Honourable Justice Robb ordered that Mr Fung's Notice of Motion be stood over until 16 December 2014 so as to allow the Company more time to provide the first tranche of security for Mr Fung's costs.

The Company confirms that it has now provided the first tranche of security for costs and that this matter is next listed for directions on 11 May 2014 in the Supreme Court of NSW.

The Directors note that if the Court eventually finds in favour of the Company against Mr Fung, the two bank guarantees provided by the Company as security for Mr Fung's costs will most likely be returned to the Company in full.

2. Issue of unauthorised shares by Mr Ashley Howard

As outlined in the Company's announcement dated 31 July 2014, Mr Ashley Howard (the former Chairperson of the Company) purported to direct the Company's share registry to issue 19,385,230 additional fully paid shares in the Company between 21 January 2014 and 20 February 2014 without proper authorisation.

To date, the Company has not received any payment or other form of consideration from any of the holders of these unauthorised shares. Further, the issue of these shares exceeded the maximum number of shares that the Company was entitled to issue without obtaining Board and shareholder approval.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

Following an in-depth investigation, the Company has confirmed the identity of the majority of the holders of the unauthorised shares and the number of shares held by each.

After discussions with certain holders of the unauthorised shares, it was agreed that the unauthorised shares should be cancelled by way of a selective capital reduction pursuant to the relevant provisions of Part 2J.1 of the *Corporations Act 2001* (Cth). As no consideration was received by the Company for the unauthorised shares, the Company proposes to effect the selective capital reduction for no consideration.

In the opinion of the Directors, the proposed selective capital reduction is fair and reasonable to the Company's shareholders as a whole as:

- (i) Mr Howard did not at any time have authority to order the Company's share registry to issue the unauthorised shares and did not seek Board or shareholder approval for the relevant share allotments;
- (ii) no consideration for the 19,385,230 unauthorised shares was ever received by the Company from the holders of the unauthorised shares and it is therefore inappropriate that they remain unpaid and on issue; and
- (iii) the Company's share capital has been substantially diluted, namely, by the addition of the 19,385,230 unauthorised shares.

In addition, the Directors consider that the proposed selective capital reduction will not materially prejudice the Company's ability to pay its creditors as the unauthorised shares will be cancelled for no consideration. The Directors also note that the cancellation of the unauthorised shares and the resulting correction of the Company's share register are essential steps in the Company's plan to return to trading as soon as possible.

Finally, in accordance with Section 256C(2) of the *Corporations Act 2001* (Cth), the Directors note that the proposed selective capital reduction was subject to:

- (i) a special resolution being passed at a Class Meeting of the holders of the unauthorised shares; and
- (ii) a special resolution being passed at a General Meeting by the Company's ordinary shareholders, not including the holders of the unauthorised shares.

The Company is pleased to advise that at both the Class Meeting and the General Meeting (which were held on 23 January 2015 at 9:00am and 10:00am respectively, each of the required special resolutions were passed. As a consequence, the Company filed a notice with ASIC to cancel 19,385,230 shares, the effective date of which will be 9 February 2015.

3. Claim against Elsmore Resources Ltd and Mr Joseph Chung by Mr Domenico Minniti

As announced on 21 July 2014, proceedings were commenced against the Company on 1 July 2014 in the Federal Court of Australia, styled 'Domenico Minniti v Elsmore Resources Limited & Tong Hong Chung' with proceedings number WAD191/2014.

The claim alleges various contraventions of the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commissions Act 2001* (Cth), and the *Competition and Consumer Act 2010* (Cth) said to arise from the reversal of a transfer of shares in the Company to Mr Minniti in or around November 2013.

Damages in respect of the alleged contraventions are claimed at large, but include a particularised claim for \$1,212,345.

The Company has reviewed the claim and confirms that it will defend the proceeding. The Company served a Defence on 1 September 2014 and has cross-claimed against the Applicant, Domenico Minniti, in respect of the relevant share transfers. In its cross-claim, the Company is primarily seeking declaratory relief and costs.

A directions hearing for this matter was held on 20 November 2014 and a further directions hearing is scheduled for 5 February 2015 at 10:45am.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

4. Amendment to Asset Sale Agreement with Torian Resources Ltd

As announced on 19 August 2014, the Company agreed to vary the terms of the Asset Sale Agreement ("the Agreement") between it and Torian Resources Ltd ("Torian") for the sale of the Mining Leases ("MLs") at Copeton, NSW and Emerald, QLD.

The parties agreed to vary the terms of the Agreement due to ongoing delays in the transfer of the MLs to the Company.

The variation will enable Torian to sell the MLs at Copeton, NSW to a third party, while the 1,428,760 shares issued to Torian on 13 January 2014 will be retained as consideration for the purchase by the Company of the MLs in Emerald, QLD.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The directors believe the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the shareholders are willing to provide financial support to the Company when considered necessary;
- the ability to curtail administration and operational cash outflows as required;
- the directors will make contractual arrangements to commence mining operations;
- the Company is exploring its options to raise additional capital as required.

Future Developments

The Company remains in suspension till the end of February 2015, and may be required to seek an extension of this voluntary suspension until such time as the IPO matter and the issues surrounding the unauthorised shares are resolved. Then the Company expects that it will continue its operational plans for the extraction of the mineral assets held by its mining tenements. Having regard to the issue of the unauthorised shares referred to above it is anticipated that the Company will be required to remedy the capital of the Company to cancel or otherwise deal with the unauthorised shares first in January and February 2015 and will thereafter seek to carry on its business in the ordinary course. The future conduct of the Company will also be affected by the future recovery under the terms of the default judgment against Mr Howard and the other legal action being undertaken by the Company.

Environmental Issues

The Company is subject to significant environment regulation in respect of its exploration activities.

The Company ensures the appropriate standard of environmental care is achieved and, in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

Information on Directors

John Gaffney

Special qualifications in the field of property investment and development, asset analysis and acquisition and financial management.

Interest in shares: 10.59%

Joseph Chung

Special qualifications in mining and heavy metals management, processing acquisition and operations and precious stone operations, processing, and trading.

Interest in shares: 28.16%

Phillip Kimber

Professional geologist with extensive experience in alluvial tin and tantalite, gold and sapphires. Mr Kimber holds a degree in the Bachelor of Science (Hons) and is a member of the Australian Institute of Mining and Metallurgy.

Interest in shares: Nil.

Richard Hill

Professional accountant with extensive experience in public companies.

Interest in shares: Nil.

Patrick Johnson (resigned 7 May 2014)

Mr Johnson who was appointed on 29 December 2013 and resigned on 7 May 2014 was an experienced manager. Mr Johnson resigned pursuant to a resolution of directors and of the shareholders of the Company.

Interest in shares: Nil.

Ashley Howard (resigned 12 March 2014)

Mr Howard who was a director from 11 November 2013 to 12 March 2014 was an experienced advisor and investor in resource projects. Mr Howard is the subject of proceedings against him by the Company. The resignation of Mr Howard was pursuant to a resolution of the directors and of shareholders.

Interest in shares: NIL

Zoran Nedimovic (appointed 13 February 2014 resigned 12 March 2014)

Mr Nedimovic played no role in the management of the Company during his brief period as a director.

Interest in shares: Nil

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

Gregory Artup LLB (resigned 27 December 2013)

Mr Artup is a solicitor who previously acted for the Company.

Interest in shares: 6.39% (directly or indirectly)

Meetings of Directors

	Directors' Meetings		Remuneration Committee		Audit Committee	
	No.eligible	No.attended	No. eligible	No. attended	No eligible	No attended
John Gaffney	10	9	3	3	3	3
Joseph Chung	10	9	3	3	3	3
Phillip Kimber	1	1	2	2	2	2
Patrick Neil Johnson	9	8	1	1	1	1
Ashley Howard	5	4	1	1	1	1
Zoran Nedimovic	3	1	0	0	0	0
Gregory Hilton Artup	1	1	0	0	0	0
Richard Hill	0	0	0	0	0	0

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or related entity with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the Company. Key Person insurance is maintained over the life of Joseph Chung in the sum of \$1.0m. The Company is the beneficiary of the Key Person Insurance Policy.

Proceedings on Behalf of Company

Other than disclosed, 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.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

Remuneration Report

This report outlines the remuneration arrangements in place of the key management personnel of Elsmore Resources Limited (the Company) for the financial year ended 30 June 2014. The information provided in this remuneration report in relation to the current financial year has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company and includes all executives of the Company and the Group. For the purposes of this report the following are treated as directors and key management personnel:

(i) Directors

J Gaffney (Non executive Chairman)

J Chung (Managing Director)

G Artup (Non-Executive Director)

A Howard (Executive Chairman appointed 11 November 2013, resigned 12 March 2014)

P. Johnson (Non executive director) appointed 29 December, 2013, resigned 7 May 2014)

Mr Phil Kimber (non executive director appointed 7 May 2014, resigned 20 November 2014)

Mr Richard Hill (appointed 20 November 2014)

Z. Nedimovic (appointed 13 February 2014, resigned 12 March 2014)

(ii) Other executives

Mr Simon McVeigh – Operations Manager, 15 February 2014. Terminated 15 September 2014.

Details of Directors' and executives' remuneration are set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Employment contracts or Consultancy
- D. Share-based compensation

A. Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders. The key criteria for good reward governance practices adopted by the Board are:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance incentives
- Transparency
- Capital management

The framework provides a mix of fixed salary, consultancy agreement based remuneration, and share based incentives. The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the full Board. The Board's aim is to ensure the remuneration packages properly reflect Directors and executives duties and responsibilities.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The current remuneration policy adopted is that no element of any director/executive package be directly related to the Company's financial performance. Indeed there are no elements of any Director or executive remuneration that are dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

Directors' fees

One of the Directors is an executive with the remainder being non-executive.

For the reporting period under review no directors fees were paid and no salaries or other benefits were paid to any executive or non executive director.

Retirement allowances for Directors

Apart from superannuation payments paid on salaries, there are no retirement allowances for Directors.

Executive pay

Base pay

All executives are either full time employees or consultants that are paid on an agreed basis that have been formalised in consultancy agreements.

Benefits

Apart from superannuation paid on executive salaries there are no additional benefits paid to executives.

Short-term incentives

There are no current short term incentive remuneration arrangements.

Employee/Consultant options

To ensure that the Company has appropriate mechanisms in place to continue to attract and retain the services of suitable directors and employees, the Company proposed to establish a share option plan although no plan is in place at present.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Directors' Report

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and key management personnel (as defined in AASB124 *Related Party Disclosures*) of the Company and the Group for the year ended 30 June 2014 are set out in the following tables. to performance.

The key management personnel of the Group are the Directors of the Company and those executives that have authority and responsibility for planning, directing and controlling the activities of the Group. Remuneration may contain elements of remuneration that are directly related

Remuneration of key Management Personnel for year ended 30 June 2014.

Name		Primary Benefits			
		Salary	Director Fees	Superannuation	Share based payments
J. Gaffney	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
J. Chung	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
P. Kimber	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
P Johnson	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
A.Howard	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
Z. Nedimovic	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
G. Artup	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil
S. McVeigh	2014	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Director's Report

C. Employment contracts / Consultancy agreements

Pursuant to the contract with Mr McVeigh he was engaged on a contract of \$85,000 per annum.

On appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. A formal employment contract with the Managing Director commenced in December 2013. No payments have been made in regard thereto for the period under review. A new formal contract will be agreed when the Company considers it has sufficient working capital for it to be appropriate. Until a new contract is agreed the Managing Director will not be paid by the Company.

D. Share-based compensation

Options

Options are granted to employees and consultants as determined by the Board. There have been no options issued during the last financial year

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any material non-audit services meaning that auditor independence was not compromised.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's Independence Declaration

The Directors have received the Auditor's Independence Declaration, a copy of which is included in this report.

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

Director:.....

Joseph Chung

Director:.....

John Gaffney

Dated: 29 January 2015

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Directors' Declaration

In accordance with a resolution of the directors of Elsmore Resources Limited, the directors of the company declare that:

1. the financial statements and notes 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 financial year ended on that date of the consolidated group; and
 - (b) comply with Accounting Standards and the Corporations Regulations 2001; and
2. 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.

Director:
Joseph Chung

Director:
John Gaffney

Dated: 29 January 2015

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Sales revenue	2	-	402,300
Cost of sales	2	-	(6,000)
		-	396,300
Other income	2	5,664	21,269
Administration expenses		(806,878)	(275,867)
Occupancy expenses		(48,658)	(42,842)
Finance costs		(160,242)	(1,580)
Impairment of goodwill on acquisition	7	(300,000)	(1,981,486)
Provision for doubtful debts	3	(1,830,172)	-
Profit (loss) before income tax		(3,140,286)	(1,884,206)
Income tax (credit) attributable to operating profit (loss)	4	-	-
Loss after income tax		(3,140,286)	(1,884,206)
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
		-	-
Total comprehensive income for the year attributable to the owners of parent entity		(3,140,286)	(1,884,206)
Earning per share			
From continuing operations			
Basic earnings/(loss) cents per share		(0.03)	(0.02)
Diluted earnings/(loss) cents per share		(0.03)	(0.02)

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Statement of Financial Position As At 30 June 2014

	Note	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Current Assets			
Cash and cash equivalents	5	10,586	9,999
Trade and other receivables	6	52,752	5,267
Total Current Assets		<u>63,338</u>	<u>15,266</u>
Non-Current Assets			
Plant and equipment	8	870,786	969,301
Other assets	9	933,533	467,781
Total Non-Current Assets		<u>1,804,319</u>	<u>1,437,082</u>
Total Assets		<u>1,867,657</u>	<u>1,452,348</u>
Current Liabilities			
Trade and other payables	10	434,102	102,311
Financial liabilities	11	571,398	214,346
Total Current Liabilities		<u>1,005,500</u>	<u>316,657</u>
Non-Current Liabilities			
Deferred tax liabilities	12	264,600	264,600
Total Non-Current Liabilities		<u>264,600</u>	<u>264,600</u>
Total Liabilities		<u>1,270,100</u>	<u>581,257</u>
Net Assets (Liabilities)		<u>597,557</u>	<u>871,091</u>
Equity			
Issued capital	13	5,945,868	3,079,116
Accumulated losses		<u>(5,348,311)</u>	<u>(2,208,025)</u>
Total Equity (Deficiency)		<u>597,557</u>	<u>871,091</u>

ELSMORE RESOURCES LTD AND CONTROLLED ENTITY

ABN 35 145 701 033

Statement of Changes in Equity For the Year Ended 30 June 2014

Consolidated	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2013	3,079,116	(2,208,025)	871,091
Loss for the year	-	(3,140,286)	(3,140,286)
Shares issued during the year	2,866,752	-	2,866,752
Balance at 30 June 2014	5,945,868	(5,348,311)	597,557

Consolidated	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2012	645,060	(323,819)	321,241
Loss for the year	-	(1,884,206)	(1,884,206)
Shares issued during the year	2,586,724	-	2,586,724
Share issued cost	(152,668)	-	(152,668)
Balance at 30 June 2013	3,079,116	(2,208,025)	871,091

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Statement of Cash Flows
For the year ended 30 June 2014

	Consolidated 2014 \$	Consolidated 2013 \$
Cash Flows From Operating Activities		
Receipts from customers & others	664	469,975
Interest received	5,000	-
Payments to suppliers and employees	(632,957)	(251,146)
Net cash provided by (used in) operating activities (note 15)	<u>(627,293)</u>	<u>218,829</u>
Cash Flows From Investing Activities		
Payment for:		
Payments for investments	(735,752)	(1,981,486)
Payments for plant and equipment	-	(448,827)
Funds deposited for performance bonds	(30,000)	(40,000)
Net cash provided by (used in) investing activities	<u>(765,752)</u>	<u>(2,470,313)</u>
Cash Flows From Financing Activities		
Proceeds of issue of shares	1,036,580	2,586,724
Proceeds/(repayment) of borrowings	366,733	(180,101)
Share issue cost	-	(152,668)
Net cash provided by (used in) financing activities	<u>1,403,313</u>	<u>2,253,955</u>
Net increase in cash and cash equivalents held	10,268	2,471
Cash and cash equivalents at the beginning of the year	(1,078)	(3,549)
Cash and cash equivalents at the end of the year (note 14)	<u><u>9,190</u></u>	<u><u>(1,078)</u></u>

Note 1: Summary of Significant Accounting Policies

Elsmore Resources Ltd is a Company limited by shares, incorporated on 10 August 2010 and domiciled in Australia.

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 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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The Company has reviewed all of new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The directors believe the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the shareholders are willing to provide financial support to the Company when considered necessary;
- the ability to curtail administration and operational cash outflows as required;
- the directors will contracted arrangements to commence mining operations;
- the Company is exploring its options to raise additional capital as required.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Notes to Financial Statements
For the year ended 30 June 2014

Accounting Policies

(a) Property, Plant and Equipment (PPE)

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Office equipment & furniture	15%
Motor vehicles	18%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(b) Revenue Recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(c) 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 reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033
Notes to Financial Statements
For the year ended 30 June 2014

(c) Income Tax (continued)

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 directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax based 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 of liability, excluding a business combination, where there is no effect on accounting or taxable profit of loss.

Deferred tax assets and liabilities are calculated at the tax rates that expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. 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 benefit 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 probable that the reversal will occur in the foreseeable future.

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

(d) 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 and/or sale 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 reserve.

(d) Exploration, Evaluation and Development Expenditure (continued)

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 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 included 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) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell 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 or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as: (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) 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 (iv) less any reduction for impairment.

(f) Financial Instruments (continued)

The effective interest method 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 instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial Assets at fair value through profit or loss

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

(ii) Loans and other 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.

(iii) 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 entity's intention to hold these investments to maturity. They 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 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.

(v) Financial liabilities

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

(vi) 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.

(g) Impairment of Assets

At the end of each reporting period, the Company 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.

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

(h) Derecognition

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

(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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(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 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 statement of financial position are shown inclusive of GST.

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) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less and provision for impairment.

(l) Trade and Other Payables

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

(m) Critical Accounting Estimate and Other Accounting Judgements

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

The company is of the view that there are no critical accounting estimates and judgements in this financial report.

(n) Fair Value of Assets and Liabilities

The Company measures its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximize, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximizes the receipts from the sale of the asset or minimizes the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(o) Comparative Figures

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

Where the Company retrospectively applies an accounting policy, make a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement presented.

(p) 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 Interest in Other Entities; and
- AASB 127: Separate Financial Statements.

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

(q) New and Amended Accounting Policies Adopted by the Company

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 pronouncements on the Company when adopted in future periods, are discussed below:

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

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 and “investment entity” and requires, within 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 disclosure are also required. As neither the parent nor its subsidiary meet the definition of an investment entity, this Standard is not expected to significantly impact the Group’s financial statements.

None of the above have any material impact on the financial statements.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Note 2: Revenue		
Sale of goods	-	402,300
Option fee income	-	20,000
Other revenue	664	1,269
Interest	5,000	-
	<u>5,000</u>	<u>-</u>
 Note 3: Expenses		
Charging as Expense:		
Provision for:		
IPO proceeds	1,830,172	-
Proceeds from unrealised share capital (Note 13b)	3,877,046	-
Less: Shares to be cancelled following the class shareholders meeting and EGM held on 23 January 2015	<u>(3,877,046)</u>	<u>-</u>
	1,830,172	-
 Depreciation of non-current assets	98,515	20,031
Legal fees related to proceedings	168,543	-
Interest - related parties (Note 10)	150,000	-
	<u>316,058</u>	<u>20,031</u>

Note 4: Income Tax

(a) Income tax expense/(benefit) recognition

No income tax is payable by the company as it recorded losses for income tax purposes for the year.

(b) Numerical reconciliation between income tax expense and the loss before income tax

	Consolidated 30 June 2014	Consolidated 30 June 2013
	\$	\$
Loss before income tax	(3,140,286)	(1,884,206)
Income tax at 30%	(942,086)	(565,262)
Impairment of goodwill	90,000	594,446
Deductible capital raising costs in equity	-	(45,800)
Controlled entity loss	-	(85,561)
Deferred tax asset not recognised	1,032,086	102,177
Income tax expense	-	-

(c) Unrecognised deferred tax balances

Tax losses available to the company	1,599,596	758,025
Potential tax benefit at 30%	479,879	227,407

A deferred tax asset attributable to income tax losses has not been recognised at reporting date as the probability criteria disclosed in Note 1(c) is not satisfied and such benefit will only be available if the conditions of deductibility, also disclosed in Note 1(c), are satisfied.

Consolidated 30 June 2014	Consolidated 30 June 2013
\$	\$

Note 5: Cash and cash equivalents

Cash at bank	2,924	387
Cash on hand	7,662	9,612
	10,586	9,999

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

	Consolidated 30 June 2014	Consolidated 30 June 2013
	\$	\$
Note 6: Trade and other receivables		
Current		
Other receivable	28,682	-
GST receivable	24,070	5,267
	<u>52,752</u>	<u>5,267</u>

Included in other receivable was an amount of \$2,000 due from a former director of the company.

Note 7: Other Assets**Non-Current**

	Country of Incorporation	Percentage owned (%)
(a) Controlled Entity		
Auramatrix P/L (100% at 30 June 2013)	Australia	100%

(b) Acquisition of Controlled Entity

On 18 February 2013, the company acquired all the share capital and the vendor's loan of the Auramatrix Pty Ltd at a fair value of \$1,450,000 plus a further sum dependent on the IPO proceeds. Auramatrix Pty Ltd was beneficially owned by Joseph Chung. Total number of shares issued are as follow:

	Number of shares issued	\$
Auramatrix P/L	7,250,000	1,450,000
Add: Further sum of \$300,000 converted to ordinary shares @ \$0.20	<u>1,500,000</u>	<u>300,000</u>
	<u>8,750,000</u>	<u>1,750,000</u>

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Fair value of purchase consideration	<u>1,750,000</u>	<u>1,450,000</u>
Less:		
Cash acquired on acquisition	837	837
Plant & equipment	98,414	98,414
Formation	3,582	3,582
Liabilities assumed	<u>(634,319)</u>	<u>(634,319)</u>
Identifiable assets acquired and liabilities assumed	<u>(531,486)</u>	<u>(531,486)</u>
Goodwill on consolidation	<u>2,281,486</u>	<u>1,981,486</u>
Less: Amount provided for in 2013	<u>(1,981,486)</u>	<u></u>
Impairment of goodwill for the year	<u>300,000</u>	<u>1,981,486</u>

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Note 8: Plant and Equipment		
Plant and Equipment		
- Directors' valuation 2014	948,600	-
- Independent valuation 2013	-	948,600
- Less: Accumulated depreciation	<u>(94,860)</u>	<u>-</u>
	<u>853,740</u>	<u>948,600</u>
Office equipment:		
- At cost	3,361	3,361
- Less: Accumulated amortisation	<u>(1,341)</u>	<u>(986)</u>
	<u>2,020</u>	<u>2,376</u>
Motor vehicles:		
- At cost	31,756	31,756
- Less: Accumulated depreciation	<u>(16,730)</u>	<u>(13,431)</u>
	<u>15,026</u>	<u>18,325</u>
Net carrying amount	<u><u>870,786</u></u>	<u><u>969,301</u></u>

Plant and equipment at 30 June 2014 were valued by an independent valuer at \$905,100 (2013:\$948,600)

a. Movement in the carrying amounts

Movement in the carrying amounts for each of plant & equipment between the beginning and the end of the current financial year.

Movement in plant and equipment

Opening of 1 July 2013, net of accumulated depreciation and impairment	969,301	948,600
Additions	-	25,629
Depreciation	<u>(98,515)</u>	<u>(4,928)</u>
Closing at 30 June 2014	<u><u>870,786</u></u>	<u><u>969,301</u></u>

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

	Consolidated 30 June 2014 \$	Consolidated 30 June 2013 \$
Note 9: Other assets		
Performance bonds & licence application	70,000	40,000
Tenements acquired		
- third parties	445,752	110,000
- related parties	289,313	189,313
Other exploration assets	123,885	123,885
Formation cost	4,583	4,583
	<u>933,533</u>	<u>467,781</u>

Note 10: Trade and other payables

Unsecured:

- Trade and other creditors	<u>434,102</u>	<u>102,311</u>
	<u>434,102</u>	<u>102,311</u>

Included in trade and other creditors were an estimated interest accrued to a director in accordance with the terms of Agreements.

Note 11: Financial Liabilities**Current**

Unsecured:

- Bank overdrafts	1,396	11,077
- Loan from directors	570,002	203,269
	<u>571,398</u>	<u>214,346</u>

In 2013, certain of the loan from director has been capitalised into ordinary shares. Details are shown in Note 18 of the notes to the Financial Statements.

Note 12: Deferred Tax Liabilities

Balance at beginning	264,600	264,600
Net change in the year	<u>-</u>	<u>-</u>
	<u>264,600</u>	<u>264,600</u>

Balance represents deferred tax liabilities for assets revaluation on plant & equipment, independently valued by a professional valuer.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033

Notes to the Financial Statements

For the year ended 30 June 2014

Note 13: Issued Capital	Consolidated 30 June 2014	Consolidated 30 June 2013
a) Issued capital		
96,745,630 ordinary shares (30 June 2013: 80,133,620 ordinary shares @\$0.20)		3,079,116
b) Movements in shares on issue		
Balance at 1 July 2013	3,079,116	645,060
Share placement		
Consideration shares - acquisition of Auramatrix P/L	300,000	1,107,940
Share placement - 23 December 2013	2,206,000	716,724
Share placement - 18 February 2013	-	189,313
Shares issue costs	(455,650)	(152,668)
Shares issue in settlement of debt	-	572,747
Consideration shares - tenements acquired	360,752	-
Shares issued for pre IPO corporate services	455,650	-
Shares issued under instruction from a former director (Note 3)	3,877,046	-
Shares to be cancelled following the class shareholders meeting and EGM held on 23 January 2015	(3,877,046)	-
Balance at 30 June 2014	5,945,868	3,079,116
c) Number of issued Ordinary Shares during the year		
<i>(a) Ordinary Shares</i>		
Issued	96,745,630	80,133,620
<i>(b) Movements in ordinary shares on issue</i>		
Balance at 1 July 2013 (@\$0.20 per share)	80,133,620	67,200,000
Consideration shares - acquisition of Auramatrix P/L	1,500,000	5,539,700
Share placement - 23 December 2013 (2013: 18 February 2013/30 June 2013)	11,030,000	3,810,300
Share issued in settlement of debts	-	3,583,620
Consideration share - acquisition of tenements	1,803,760	-
Share issued for pre IPO corporate services	2,278,250	-
Share issued under instructions from former director	19,385,230	-
Shares to be cancelled following the class shareholders meeting and EGM held on 23 January 2015 (@\$0.20 per share)	(19,385,230)	-
Closing number of shares as at 30 June 2014 @\$0.20 per share (2013: @\$0.20 per share)	96,745,630	80,133,620

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014****Note 14: Reconciliation Of Cash**

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

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

Cash and cash equivalents	10,586	9,999
Bank overdrafts (note 10)	(1,396)	(11,077)
	<u>9,190</u>	<u>(1,078)</u>

Note 15: Reconciliation Of Net Cash Provided By/Used In Operating Activities To Loss

Loss for the year	(3,140,286)	(1,884,206)
Goodwill	300,000	1,981,486
Provision for doubtful debts (Note 3)	1,830,172	
Depreciation	98,515	4,928
	<u>(911,599)</u>	<u>102,208</u>
Changes in assets and liabilities, net of acquisition of subsidiary		
(Increase)/Decrease in trade and other receivable	(47,485)	46,406
Increase in trade and other creditors	331,791	70,215
Net cash (outflow)/inflow from operating activities	<u>(627,293)</u>	<u>218,829</u>

Note 16: Related party disclosures**Directors' Remuneration**

The names of directors of the company who have held office during the financial year are:

John Gaffney, Chairman (Non Executive Director)
Joseph Chung (Executive Director)
Richard Hill (Non Executive Director, appointed 20 November 2014)
Phillip Bruce Kimber (appointed 7 May 2014, resigned 20 November 2014)
Patrick Neil Johnson (appointed 29 December 2013 and resigned 7 May 2014)
Ashley Howard (appointed 11 November 2013 and resigned 12 March 2014)
Zoran Nedimovic (appointed 13 February 2014 and resigned 12 March 2014)
Gregory Artup (appointed 2 June 2011 and resigned 27 December 2013)

Directors have not been paid any remuneration during the year ended 30 June 2014 (2013: \$ Nil).

Note 17: Contingent Liabilities

As at 30 June 2014, the Company has exploration and evaluation expenditure contingencies with respect to the purchase of interest in tenements held by Malachite Resources Limited. The amount of \$250,000 and \$1,000,000 will be paid to Malachite within 7 days of the mining lease being granted and within 30 days of commencement of production respectively.

The Company has to pay security for costs of \$80,000 where the Company is to take legal proceedings against Mr Harry Fung (please see Note 21 point 1 'IPO Litigation').

Note 18: Related Parties

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

Directors

Transactions with directors:

Aggregate amounts of debts, other than trade debts, that are receivable from and payable to directors:

	Consolidated 30 June 2014	Consolidated 30 June 2013
	\$	\$
Unsecured Loans		
Joseph Chung		
Opening at 1 July 2013	203,269	383,368
Net additions in the year	366,733	203,269
Less: shares issued on 18 February 2013 (Note 11)	-	(383,368)
Balance at 30 June 2014	<u>570,002</u>	<u>203,269</u>

During the year unsecured loan from the director increased to \$570,002 and was used to fund the working capital of the group.

Interest amounting to \$150,000 has been provided for in the current year Statement of Comprehensive Income being costs of finance from Joseph Chung since 18 February 2013.

Note 19: Lease Commitments

Operating lease relate to office facilities. The company does not have an option to purchase the leased asset at the expiry of the lease period.

	Consolidated 30 June 2014	Consolidated 30 June 2013
	\$	\$
Not later than one year		
Later than 1 year but not later than 5 year	17,607	45,992
Later than 5 years	-	-
	<u>17,607</u>	<u>45,992</u>

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

Note 20: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans from related parties. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	Consolidated 2014	Consolidated 2013
Cash and cash equivalents	10,586	9,999
Receivables	52,752	5,267
	<u>63,338</u>	<u>15,266</u>
Financial liabilities		
Trade and other payables	434,102	102,311
Loans	571,398	214,346
	<u>1,005,500</u>	<u>316,657</u>

Financial Risk Management Policies

The Board of Directors monitors the company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counter party credit risk, currency risk, financing risk and interest rate risk.

The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

(a) Credit risk

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

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

Risk is also minimized through investing surplus funds in financial institutions that maintain a high credit rating. Where the company is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

ELSMORE RESOURCES LTD AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements
For the year ended 30 June 2014****Note 20: Financial Risk Management (cont'd)**

An item is considered past due when it is in excess of 90 days. The credit quality of items that are past due but not impaired are determined with reference to the past history of the customer.

Consolidated

	Total gross amount	Total carrying value	Neither past due or impaired	<30 days	30-90 days	>90 days	Individually impaired
2014							
Receivables	52,752	52,752		30,152		22,600	
Total	52,752	52,752	10,586	30,152		22,600	

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realization profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realization. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

ELSMORE RESOURCES LTD AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

Note 20: Financial Risk Management (cont'd)

	Within 1 Year 2014	1 to 5 year 2014	Over 5 Years 2014	Total 2014
Financial liabilities due for payment				
Bank overdrafts	1,396			1,396
Trade and other payables	434,102			434,102
Loans	570,002			570,002
Total contractual outflows	1,005,500			1,005,500
Less bank overdrafts	(1,396)			(1,396)
Total expected outflows	1,004,104			1,004,104

(c) Foreign exchange risk

The company operates domestically and is not exposed to significant foreign exchange risk.

(d) Price risk

The company is not exposed to equity securities price risk.

**ELSMORE RESOURCES LTD ABN 35 145 701 033
AND CONTROLLED ENTITY**

Notes to the Financial Statements
For the year ended 30 June 2014

Note 20: Financial Risk Management (cont'd)

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Difference between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the company. Most of these instruments which are carried at amortised cost (ie term receivables, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the company.

Consolidated

Continued

		2014		2013	
	Note	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
Financial assets					
Cash and cash equivalents	(i)	10,586	10,586	9,999	9,999
Trade and other receivables	(i)	52,752	52,752	5,267	5,267
Total financial assets		<u>63,338</u>	<u>63,338</u>	<u>15,266</u>	<u>15,266</u>
Financial liabilities					
Trade and other payables	(i)	<u>1,005,500</u>	<u>1,005,500</u>	<u>316,657</u>	<u>316,657</u>
Total financial liabilities		<u>1,005,500</u>	<u>1,005,500</u>	<u>316,657</u>	<u>316,657</u>

The fair values disclosed in the above table have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

Note 21: After Balance Date Events

The Directors of Elsmore Resources Ltd ("the Company") are not aware of any matter or circumstance that has arisen since 30 June 2014 not otherwise dealt with in the Financial Statements that has or may materially affect the operations or financial position of the Company, except for the following:

1. IPO Litigation

Further to previous announcements, the Company advises that enforcement action continues in relation to the judgment for \$1,859,035.00 plus interest obtained on 12 May 2014 against Mr Ashley Howard, Periwinkle Investments Pty Ltd and HF Global Corporate Financial Solutions Pty Ltd.

The Company advises that numerous attempts were made to reach agreement on an acceptable payment plan with Mr Howard and HF Global Corporate Financial Solutions Pty Ltd but that as a result of separate proceedings against him, Mr Howard was formally declared bankrupt on 11 September 2014. The Company will continue to liaise with the appointed Trustees to ensure that the judgment against Mr Howard in favour of the Company is appropriately accounted for. Further, the Company will assist the Trustees to ensure that, so far as is possible, Mr Howard's incomes and assets are identified and brought to account for distribution to Mr Howard's various creditors.

Investors will recall from previous announcements that the Company was also pursuing an application for summary judgment against Mr Harry Fung. That application was heard on 14 July 2014 and judgment dismissing the application was delivered on 18 July 2014.

Following this, Mr Fung was successful in an Application for Security for Costs. In that judgment, which was handed down by the Honourable Justice Black on 8 September 2014, the Company was ordered to provide \$80,000.00 as security for Mr Fung's costs in two equal tranches as follows:

1. \$40,000.00 is to be provided by Monday 6 October 2014; and
2. \$40,000.00 is to be provided no later than 21 days prior to the date allocated for the commencement of the final hearing.

The Company was unable to provide the first tranche of Security for Costs by 6 October 2014. As a consequence, Mr Fung filed a Notice of Motion on 13 November 2014 seeking the dismissal of the Company's claim against him.

On 28 November 2014, however, the Honourable Justice Robb ordered that Mr Fung's Notice of Motion be stood over until 16 December 2014 so as to allow the Company more time to provide the first tranche of security for Mr Fung's costs.

The Company confirms that it has now provided the first tranche of security for costs and that this matter is next listed for directions on 11 May 2014 in the Supreme Court of NSW.

The Directors note that if the Court eventually finds in favour of the Company against Mr Fung, the two bank guarantees provided by the Company as security for Mr Fung's costs will most likely be returned to the Company in full.

2. Issue of unauthorised shares by Mr Ashley Howard

As outlined in the Company's announcement dated 31 July 2014, Mr Ashley Howard (the former Chairperson of the Company) purported to direct the Company's share registry to issue 19,385,230 additional fully paid shares in the Company between 21 January 2014 and 20 February 2014 without proper authorisation.

To date, the Company has not received any payment or other form of consideration from any of the holders of these unauthorised shares. Further, the issue of these shares exceeded the maximum number of shares that the Company was entitled to issue without obtaining Board and shareholder approval.

Following an in-depth investigation, the Company has confirmed the identity of the majority of the holders of the unauthorised shares and the number of shares held by each.

After discussions with certain holders of the unauthorised shares, it was agreed that the unauthorised shares should be cancelled by way of a selective capital reduction pursuant to the relevant provisions of Part 2J.1 of the *Corporations Act 2001* (Cth). As no consideration was received by the Company for the unauthorised shares, the Company proposes to effect the selective capital reduction for no consideration.

In the opinion of the Directors, the proposed selective capital reduction is fair and reasonable to the Company's shareholders as a whole as:

- (iv) Mr Howard did not at any time have authority to order the Company's share registry to issue the unauthorised shares and did not seek Board or shareholder approval for the relevant share allotments;
- (v) no consideration for the 19,385,230 unauthorised shares was ever received by the Company from the holders of the unauthorised shares and it is therefore inappropriate that they remain unpaid and on issue; and
- (vi) the Company's share capital has been substantially diluted, namely, by the addition of the 19,385,230 unauthorised shares.

In addition, the Directors consider that the proposed selective capital reduction will not materially prejudice the Company's ability to pay its creditors as the unauthorised shares will be cancelled for no consideration. The Directors also note that the cancellation of the unauthorised shares and the resulting correction of the Company's share register are essential steps in the Company's plan to return to trading as soon as possible.

Finally, in accordance with Section 256C(2) of the *Corporations Act 2001* (Cth), the Directors note that the proposed selective capital reduction was subject to:

- (iii) a special resolution being passed at a Class Meeting of the holders of the unauthorised shares; and
- (iv) a special resolution being passed at a General Meeting by the Company's ordinary shareholders, not including the holders of the unauthorised shares.

The Company is pleased to advise that at both the Class Meeting and the General Meeting (which were held on 23 January 2015 at 9:00am and 10:00am respectively, each of the required special resolutions were passed. As a consequence, the Company filed a notice with ASIC to cancel 19,385,230 shares, the effective date of which will be 9 February 2015.

3. Claim against Elsmore Resources Ltd and Mr Joseph Chung by Mr Domenico Minniti

As announced on 21 July 2014, proceedings were commenced against the Company on 1 July 2014 in the Federal Court of Australia, styled 'Domenico Minniti v Elsmore Resources Limited & Tong Hong Chung' with proceedings number WAD191/2014.

The claim alleges various contraventions of the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commissions Act 2001* (Cth), and the *Competition and Consumer Act 2010* (Cth) said to arise from the reversal of a transfer of shares in the Company to Mr Minniti in or around November 2013.

Damages in respect of the alleged contraventions are claimed at large, but include a particularised claim for \$1,212,345.

The Company has reviewed the claim and confirms that it will defend the proceeding. The Company served a Defence on 1 September 2014 and has cross-claimed against the Applicant, Domenico Minniti, in respect of the relevant share transfers. In its cross-claim, the Company is primarily seeking declaratory relief and costs.

A directions hearing for this matter was held on 20 November 2014 and a further directions hearing is scheduled for 5 February 2015 at 10:45am.

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014****4. Amendment to Asset Sale Agreement with Torian Resources Ltd**

As announced on 19 August 2014, the Company agreed to vary the terms of the Asset Sale Agreement ("the Agreement") between it and Torian Resources Ltd ("Torian") for the sale of the Mining Leases ("MLs") at Copeton, NSW and Emerald, QLD.

The parties agreed to vary the terms of the Agreement due to ongoing delays in the transfer of the MLs to the Company.

The variation will enable Torian to sell the MLs at Copeton, NSW to a third party, while the 1,428,760 shares issued to Torian on 13 January 2014 will be retained as consideration for the purchase by the Company of the MLs in Emerald, QLD.

Note 22: Company Details

The principal place of business of the company is:

Suite 141, 243 Pyrmont Street
Pyrmont NSW 2009
Australia

Note 23: Parent Company Disclosure

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	30 June 2014	30 June 2013
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	124,207	14,428
Non-current Assets	3,452,468	2,882,533
TOTAL ASSETS	3,576,675	2,896,961
LIABILITIES		
Current liabilities	450,134	61,340
Non-current liabilities	264,600	264,600
TOTAL LIABILITIES	714,734	325,940
EQUITY		
Issued capital	5,945,868	3,079,116
Retained earnings	(3,083,927)	(508,095)
TOTAL EQUITY	2,861,941	2,571,021

ELSMORE RESOURCES LIMITED AND CONTROLLED ENTITY ABN 35 145 701 033**Notes to the Financial Statements****For the year ended 30 June 2014**

Statement of Profit or Loss and Other Comprehensive Income

	30 June 2014	30 June 2013
	\$	\$
Total loss	<u>(2,575,832)</u>	<u>(184,276)</u>
Total comprehensive income	<u>(2,575,832)</u>	<u>(184,276)</u>

Guarantees

Elsmore Resources Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiary.

Contractual commitments

At 30 June 2014, Elsmore Resources Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

**Independent Auditor's Report
To the Members of
Elsmore Resources Limited
A.B.N. 33 145 701 033
And Controlled Entities**

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Elsmore Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Opinion

Going Concern

The company is currently involved in litigation as disclosed in Note 21: After Balance Date Events. The company as at 30 June 2014 has current assets of \$63,338 and current liabilities of \$1,005,500. Due to these factors, we are unable to form an opinion on the going concern of the company as noted in Note 1: Summary of Significant Accounting Policies.

The company must rely on shareholder support to maintain operations and meet its debts when they fall due in addition to funding legal expenses to defend current and future litigation.

Business operations

As a result of legal proceedings against the company and directors, as well as its failure to enforce actions against previous directors as noted in Note 21: After Balance Date Events, we have been unable to form an opinion on the continuation of the company and its operations.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, 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

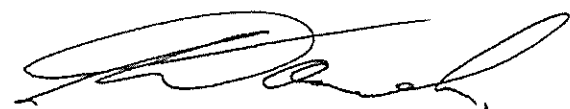
We have audited the remuneration report included on page 36 of the attached report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

KS Black & Co

Chartered Accountants



Sam Danieli

Registered Company Auditor

Sydney

Date 30 January 2015

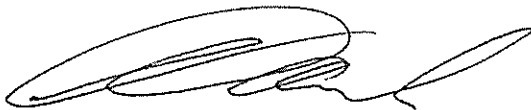
Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ELSMORE RESOURCES LIMITED
A.B.N 35 145 701 033

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

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

KS Black & Co
Chartered Accountants



Sam Danielli
Registered Company Auditor
Sydney
Date 30 January 2015

Elsmore Resources Ltd
 Fully Paid Ordinary Escrowed ASX Imposed (24 months) exp 19.12.15
 Fully Paid Ordinary Shares
 Top 20 Holdings as at 27-01-2015

Holder Name	Balance at 27-01-2015	%
TONG HONG CHUNG	31,697,168	27.294
MR JOHN GAFFNEY & MRS LYNETTE GAFFNEY <GAFFNEY SUPER FUND A/C>	8,515,630	7.333
MS JENNIFER CAO	6,889,000	5.932
TERRY CHUN-AN LU	5,980,452	5.150
MEGA SUPER FUND PTY LIMITED <MEGA SUPER FUND A/C>	4,835,230	4.164
MR ANDREW WESLEY ROACH & MRS CARRIE JANE ROACH <CARAND FAMILY A/C>	4,309,228	3.711
ROJAN TRADING PTY LTD <JESSEX FAMILY A/C>	3,410,000	2.936
COLONIAL METALS PTY LTD	2,660,000	2.291
MR DOUG ZIPEVSKI	2,250,000	1.937
ANDREW LEWIS CATE	1,797,000	1.547
TAG COMMERCIAL LAW PTY LTD	1,763,805	1.519
MR GREGORY HILTON ARTUP	1,690,055	1.455
J DUGAS PTY LTD <DUGAS SUPERFUND A/C>	1,550,000	1.335
BOURSE SECURITIES PTY LTD	1,500,000	1.292
MR ROBERT EDWARD DUBLER	1,487,500	1.281
OH & ASSOCIATES PTY LTD	1,471,430	1.267
WIGMOORE PTY LTD	1,461,641	1.259
TORIAN RESOURCES NL	1,428,760	1.230
MR JOSHUA SOUTHWELL	1,380,000	1.188
MR JOHN GAFFNEY	1,314,425	1.132
	87,391,324	75.252
Total IC	116,130,860	