

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

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

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- With Escrowed ASX imposed

**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED
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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 earlier years 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

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, the Company 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.

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.

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

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 but no such committee has been constituted during the financial year given 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 but no such committee has been constituted during the financial year given that the Company 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.

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Remuneration Committee

The Board has established a Remuneration Committee but no such committee has been constituted during the financial year given that the Company 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.

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

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.

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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 two 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.

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

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.

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.

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 ABN 35 145 701 033 AND CONTROLLED
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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 2015 ('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)

Richard Stewart Langley Hill (appointed 20 November 2014)

Phillip Bruce Kimber (Non Executive Director, appointed 7 May 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 and miner focused on the exploration of tin and sapphires.

Operating Results

The results of the Company for the financial year after providing for income tax were a loss of \$978,462 (2014: a loss of \$3,140,286).

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 2015.

Review of Operations

The trading results for 2015 were after interest charges in the amount of \$161,101 payable to Joseph Chung for loans to the Group and legal fees of \$383,457 incurred in relation to rectification of unauthorised share issued and IPO proceeds recovery and related matters.

2014 operating results were 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 the matters by \$168,543).

Financial position

The Net liabilities of the Group at 30 June 2015 were \$380,905 (2014: Net assets of \$ 597,557).

The Directors made reference to the conditions imposed regarding deferral of loan and interest repayment to Joseph Chung (see Note 21e) in order to maintain the Group as a going concern entity.

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

Events after the balance sheet date

The Directors of Elsmore Resources Ltd (the “Company”) are not aware of any matter or circumstance that has arisen since 30 June 2015 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 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 is continuing, unfortunately with limited success to date.

It should be noted that Mr Howard was formally declared bankrupt on 11 September 2014 as a result of proceedings against him by a party unrelated to the Company. The Company is liaising with Mr Howard’s bankruptcy Trustees to ensure that the judgment against Mr Howard is accounted for appropriately.

Investors will also recall from previous announcements that the proceedings by the Company against Mr Harry Fung are ongoing. The Company advises that the parties to this dispute attended a mediation on 28 July 2015 before a Registrar of the Supreme Court of New South Wales. Unfortunately, however, the Company’s attempts to resolve this matter at mediation without the need to proceed to a hearing were unsuccessful.

Following the mediation, the matter was listed for a directions hearing on 17 August 2015 where the Court set this matter down for hearing on 2, 3, 4, 5 and 9 February 2016.

2. Issue of unauthorised shares by Mr Ashley Howard

As outlined in previous announcements, 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.

At the Company’s Extraordinary General Meeting and Annual General Meeting held on 23 January 2015, shareholders approved the cancellation of those unauthorised shares by way of a selective capital reduction in accordance with Section 256B of the Corporations Act 2001 (Cth).

On 17 March 2015, the Company confirmed that 17,162,230 of the unauthorised shares had been cancelled, thereby reducing the Company’s issued share capital to 98,968,630.

The Company is taking steps to cancel the remaining 2,223,000 unauthorised shares.

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

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

The proceedings against the Company which were commenced 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 are also ongoing.

As investors will recall, the claim alleges various contraventions of the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commissions Act 2001* (Cth), and the *Australian Competition and Consumer Law Act 2010* (Cth) that are 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 \$1,212,345.00.

The Company is defending this proceeding and notes that the next directions hearing is scheduled for 15 September 2015.

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.

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Directors' Report**

Future Developments

The Company remains in suspension till the beginning of March 2016, 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 matters 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 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.

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% (directly and indirectly)

Joseph Chung

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

Interest in shares: 32.80% (directly and indirectly)

Richard Hill

Professional accountant with extensive experience in public companies.

Interest in shares: Nil.

Phillip Kimber (resigned 20 November 2014)

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.

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

Meetings of Directors

	Directors' Meetings		Remuneration Committee		Audit Committee	
	No. eligible	No. attended	No. eligible	No. attended	No. eligible	No. attended
John Gaffney	4	4	1	1	0	0
Joseph Chung	4	4	1	1	0	0
Richard Hill	3	3	1	1	0	0
Phillip Kimber	1	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 body corporate 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

Other than as disclosed, 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. The Company has taken out life insurance policies for Joseph Chung and Simon McVeigh, who are officers of the Company. The life insurance policy with Simon McVeigh has been terminated upon his resignation in October 2014.

Proceedings on Behalf of Company

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

Remuneration Report

This report outlines the remuneration arrangements in place or the key management personnel of Elsmore Resources Limited (the Company) or 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:

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

(i) Directors

J Gaffney (Non executive Chairman)

J Chung (Managing Director)

Mr Richard Hill (appointed 20 November 2014)

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

(ii) Other executives

Mr Simon McVeigh – Operations Manager from 15 February 2014 to 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.

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.

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

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 ABN 35 145 701 033 AND CONTROLLED
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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 2015 are set out in the following tables.

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 to performance.

Remuneration of key Management Personnel for year ended 30 June 2015

Name		Primary Benefits			
		Salary	Director Fees	Superannuation	Share based payments
J. Gaffney	2015	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil
J. Chung	2015	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil
R. Hill (appointed 20 November 2014)	2015	Nil	\$35,000	Nil	Nil
	2014	Nil	Nil	Nil	Nil
P. Kimber (resigned 20 November 2014)	2015	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil
S. McVeigh (terminated 15 September 2014)	2015	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil

Director fees payable to Richard Hill are subject to approval of the shareholders and an agreement for this expense to be satisfied by the issued of the Company's ordinary shares. In addition consultancy and secretarial fees of \$39,940 were paid to DFK Richard Hill, a public accounting practice of Richard Hill.

C. Employment contracts/Consultancy agreements

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. Unless otherwise disclosed no payments have been made in regard thereto for the period under review.

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

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

Dated: 30 September 2015

Director:.....

John Gaffney

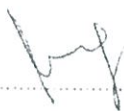
**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED
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Directors' Declaration**

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 2015 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.

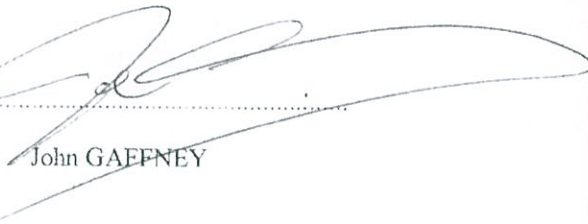
This declaration is made in accordance with a resolution of the Board of Directors.

Director:



Joseph CHUNG

Director:



John GAFFNEY

Dated: 30 September 2015

**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED
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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015**

	Note	Consolidated 30 June 2015 \$	Consolidated 30 June 2014 \$
Other income	2	503	5,664
Administration expenses		(801,328)	(806,878)
Occupancy expenses		(16,537)	(48,658)
Finance costs		(161,100)	(160,242)
Impairment of goodwill on acquisition	7	-	(300,000)
Provision for doubtful debts	3	-	(1,830,172)
Loss before income tax		(978,462)	(3,140,286)
Income tax (credit) attributable to operating profit (loss)	4	-	-
Loss after income tax		(978,462)	(3,140,286)

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	(978,462)	(3,140,286)
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Earning per share

From continuing operations

Basic earnings/(loss) cents per share	(0.01)	(0.03)
Diluted earnings/(loss) cents per share	(0.01)	(0.03)

**ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED
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Consolidated Statement of Financial Position As At 30 June 2015

	Note	Consolidated 30 June 2015 \$	Consolidated 30 June 2014 \$
Current Assets			
Cash and cash equivalents	5	13,662	10,586
Trade and other receivables	6	<u>72,625</u>	<u>52,752</u>
Total Current Assets		<u>86,287</u>	<u>63,338</u>
Non-Current Assets			
Plant and equipment	8	782,404	870,786
Other assets	9	<u>936,058</u>	<u>933,533</u>
Total Non-Current Assets		<u>1,718,462</u>	<u>1,804,319</u>
Total Assets		<u>1,804,749</u>	<u>1,867,657</u>
Current Liabilities			
Trade and other payables	10	716,929	434,102
Financial liabilities	11	<u>1,204,125</u>	<u>571,398</u>
Total Current Liabilities		<u>1,921,054</u>	<u>1,005,500</u>
Non-Current Liabilities			
Deferred tax liabilities	12	<u>264,600</u>	<u>264,600</u>
Total Non-Current Liabilities		<u>264,600</u>	<u>264,600</u>
Total Liabilities		<u>2,185,654</u>	<u>1,270,100</u>
Net (Liabilities) Assets		<u>(380,905)</u>	<u>597,557</u>
Equity			
Issued capital	13	5,945,868	5,945,868
Accumulated losses		<u>(6,326,773)</u>	<u>(5,348,311)</u>
Total Equity (Deficiency)		<u>(380,905)</u>	<u>597,557</u>

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2015

Consolidated	Ordinary Shares \$	Retained Earnings \$	Total \$
Balance at 1 July 2014	5,945,868	(5,348,311)	597,557
Loss for the year	-	(978,462)	(978,462)
Balance at 30 June 2015	5,945,868	(6,326,773)	(380,905)

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

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

Consolidated Statement of Cash Flows For the year ended 30 June 2015

	Note	Consolidated 30 June 2015 \$	Consolidated 30 June 2014 \$
<hr/>			
Cash Flows From Operating Activities			
Receipts from customers & others		-	664
Interest received		503	5,000
Payments to suppliers and employees		(626,233)	(632,957)
Net cash provided by (used in) operating activities	15	<u>(625,730)</u>	<u>(627,293)</u>
 Cash Flows From Investing Activities			
Payment for:			
Payments for investments		(2,525)	(735,752)
Payments for performance bonds and MLA		<u>-</u>	<u>(30,000)</u>
Net cash provided by (used in) investing activities		<u>(2,525)</u>	<u>(765,752)</u>
 Cash Flows From Financing Activities			
Proceeds of issue of shares		-	1,036,580
Proceeds/(repayment) of borrowings		<u>632,727</u>	<u>366,733</u>
Net cash provided by (used in) financing activities		<u>632,727</u>	<u>1,403,313</u>
 Net increase in cash and cash equivalents held		 4,472	 10,268
 Cash and cash equivalents at the beginning of the year		 9,190	 (1,078)
 Cash and cash equivalents at the end of the year	 14	 <u><u>13,662</u></u>	 <u><u>9,190</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 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 ABN 35 145 701 033 AND CONTROLLED ENTITY

Notes to Financial Statements For the year ended 30 June 2015

Accounting Policies

(a) Property, Plant and Equipment

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 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 ABN 35 145 701 033 AND CONTROLLED ENTITY

**Notes to Financial Statements
For the year ended 30 June 2015**

(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 or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that 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 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.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

Notes to Financial Statements For the year ended 30 June 2015

(d) Exploration 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.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

**Notes to Financial Statements
For the year ended 30 June 2015**

(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) De-recognition

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 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.

(l) 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.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

	Consolidated 30 June 2015	Consolidated 30 June 2014
	\$	\$
Note 2: Revenue		
Interest	503	5,000
Other revenue	<u>503</u>	<u>664</u>
	<u>503</u>	<u>5,664</u>
Note 3: Loss		
Charging as Expense:		
Provision for:		
IPO proceeds:		1,830,172
Proceeds from unrealised share capital (Note 131b)		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>
		1,830,172
Depreciation of non-current assets	88,382	98,515
Legal fees related to proceedings	383,457	168,543
Interest - related parties (Note 10)	161,101	150,000
Auditors remuneration	<u>21,507</u>	<u>18,068</u>

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****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 2015	Consolidated 30 June 2014
	\$	\$
Loss before income tax	(978,462)	(3,140,286)
Income tax at 30%	(293,539)	(942,086)
Impairment of goodwill	-	90,000
Deferred tax asset not recognised	293,539	852,086
Income tax expense	-	-

(c) Unrecognised deferred tax balances

Tax losses available to the company	2,578,058	1,599,596
Potential tax benefit at 30%	773,417	479,879

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 2015	Consolidated 30 June 2014
	\$	\$

Note 5: Cash and cash equivalents

Cash at bank	6,000	2,924
Cash on hand	7,662	7,662
	13,662	10,586

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

Consolidated	Consolidated
30 June 2015	30 June 2014
\$	\$

Note 6: Trade and other receivables**Current**

Other receivable	64,913	28,682
GST receivable	7,712	24,070
	<u>72,625</u>	<u>52,752</u>

Other receivables include \$40,000 security for costs in connection with a legal proceedings for the recovery of IPO proceeds.

Other receivables also include an amount of \$19,598 (2014: \$20,600) due from Mr Kerridge representing payments made by the Company on his behalf.

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

	Principal place of business	Country of Incorporation	Percentage owned (%)
(a) Controlled Entity			
Auramatrix P/L (100% at 30 June 2014)	Sydney, Australia	Australia	100%

(b) Acquisition of Controlled Entity

The Company acquired all the share capital (\$1.00) and the vendor's loan of the Auramatrix Pty Ltd on 18 February 2013 at a fair value of \$1,750,000. Total number of shares issued by the Company are as follow:

	Number of shares issued	\$
Opening at beginning of the year	8,750,000	1,750,000
Add: Changes in the year	-	-
Closing at end of the year	<u>8,750,000</u>	<u>1,750,000</u>

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

	Consolidated 30 June 2015	Consolidated 30 June 2014
	\$	\$
Fair value of purchase consideration	<u>1,750,000</u>	<u>1,750,000</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	2,281,486	2,281,486
Less: Amount provided for in prior years	<u>(2,281,486)</u>	<u>(1,981,486)</u>
Impairment of goodwill for the year	<u>-</u>	<u>300,000</u>

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

(c) Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets ,and settle liabilities, of the Group.

(d) Summarised Financial Information of Subsidiaries with Material Non-controlling Interests

There are no material non-controlling interest as Auramatrix P/L is a wholly owned subsidiary.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

	Consolidated 30 June 2015	Consolidated 30 June 2014
	\$	\$
Note 8: Plant and Equipment		
Plant and Equipment		
- At valuation, by directors (2014: independent value)	853,740	948,600
- Less: Accumulated depreciation	(85,375)	(94,860)
	<u>768,365</u>	<u>853,740</u>
Office plant and equipment:		
- At cost	3,361	3,361
- Less: Accumulated amortisation	(1,644)	(1,341)
	<u>1,717</u>	<u>2,020</u>
Motor vehicles:		
- At cost	31,756	31,756
- Less: Accumulated depreciation	(19,434)	(16,730)
	<u>12,322</u>	<u>15,026</u>
Net carrying amount	<u><u>782,404</u></u>	<u><u>870,786</u></u>

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 at the beginning of the year, net of accumulated depreciation and impairment	870,786	969,301
Depreciation	<u>(88,382)</u>	<u>(98,515)</u>
Closing at end of year	<u><u>782,404</u></u>	<u><u>870,786</u></u>

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

	Consolidated 30 June 2015	Consolidated 30 June 2014
	\$	\$
Note 9: Other Assets		
Performance bonds & licence application	72,525	70,000
Tenements acquired		
- third parties	445,752	445,752
- related parties	289,313	289,313
Other exploration assets	123,885	123,885
Formation cost	<u>4,583</u>	<u>4,583</u>
	<u>936,058</u>	<u>933,533</u>

Note 10: Trade & Other Payables

Unsecured:

- Trade and other creditors	603,429	349,102
- Due to related parties	113,500	75,000
	<u>716,929</u>	<u>434,102</u>

Included in trade and other creditors were interest of \$309,978 accrued to Joseph Chung (2014: \$150,000) in accordance with the terms of Agreements.

Note 11: Financial Liabilities**Current**

Unsecured:

- Bank overdrafts	-	1,396
- Loan from directors (note 18)	<u>1,204,125</u>	<u>570,002</u>
	<u>1,204,125</u>	<u>571,398</u>

Note 12: Deferred Tax Liabilities

Balance at beginning	<u>264,600</u>	<u>264,600</u>
Net change in the year	<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 ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****Note 13: Issued Capital****a) Issued capital**

96,745,630 ordinary shares (30 June 2014:

96,745,630 ordinary shares @\$0.20)

5,945,868

5,945,868

b) Movements in shares on issue

Balance at beginning of the year

5,945,868

3,079,116

Share placement

Consideration shares - acquisition of

Auramatrix P/L

-

300,000

Share placement - 23 December 2013

-

2,206,000

Share placement - 18 February 2013

-

-

Share issue costs

-

(455,650)

Consideration shares - tenements acquired

-

360,750

Shares issued for pre IPO corporate services

-

455,652

Share issued under instruction from a former
director

-

3,877,048

Shares to be cancelled following class shareholders
meeting and EGM held on 23 January 2015

-

(3,877,048)

Balance at end of the year

5,945,868

5,945,868

c) Number of issued Ordinary Shares during the year*(a) Ordinary Shares*

Issued

96,745,630

96,745,630

(b) Movements in ordinary shares on issue

Balance at beginning of the year

-

80,133,620

Consideration shares - acquisition of

Auramatrix P/L

-

1,500,000

Share placement - 23 December 2013 (2013:

18 February 2013/30 June 2013)

-

11,030,000

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

-

(19,385,230)

Closing number of shares at end of year

96,745,630

96,745,630

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****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	13,662	10,586
Bank overdrafts (note 11)	-	(1,396)
	<u>13,662</u>	<u>9,190</u>

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

Loss for the year	(978,462)	(3,140,286)
Goodwill	-	300,000
Provision for doubtful debts (Note 3)	-	1,830,172
Depreciation	<u>88,382</u>	<u>98,515</u>
	<u>(890,080)</u>	<u>(911,599)</u>

Changes in assets and liabilities, net of acquisition of subsidiary

(Increase)/Decrease in trade and other receivable	(19,873)	(47,485)
Increase in trade and other creditors	284,223	331,791
Net cash (outflow)/inflow from operating activities	<u>(625,730)</u>	<u>(627,293)</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)

Phillip Bruce Kimber (Non Executive Director, appointed 7 May 2014)

Directors have not been paid any remuneration during the year ended 30 June 2015 (2014: \$ Nil), other than the following:

	<u>2015</u>		<u>2014</u>	
	Holder of office	Secretarial and Consultancy	Holder of office	Secretarial and Consultancy
Richard Hill	<u>\$35,000</u>	<u>\$43,759</u>	<u>N/A</u>	<u>N/A</u>

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015**

Note 17: Contingent Assets and Liabilities**Contingent liabilities**

As at 30 June 2015, 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'). As of 30 June 2015, a security for costs of \$40,000 has been paid.

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 payable to directors:

	Consolidated 30 June 2015	Consolidated 30 June 2014
	\$	\$
Joseph Chung		
Unsecured Loans, current		
Opening at the beginning of the year	570,002	203,269
Net additions in the year	634,123	366,733
Balance at 30 June 2015	<u>1,204,125</u>	<u>570,002</u>

On 2 April 2015, the Group has entered in to a Deed of variation in which Joseph Chung undertook not to demand for repayment of the amount injected for the Group's working capital requirement. Conditions for repayment at the amounts due to him are, however, set out in note 21e.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****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 205	Consolidated 30 June 2014
	\$	\$
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>

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 2015	Consolidated 2014
Cash and cash equivalents	13,662	10,586
Receivables	<u>72,625</u>	<u>52,752</u>
	<u>86,287</u>	<u>63,338</u>
Financial liabilities		
Trade and other payables	716,929	102,311
Amount payable to related parties	<u>-</u>	<u>434,102</u>
	<u>716,929</u>	<u>536,413</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.

Note 20: Financial Risk Management (cont'd)**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.

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	72,625	72,625	7,712	1,915		62,998	
Total	72,625	72,625	7,712	1,915		62,998	

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****(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.

	Within 1 Year		1 to 5 year		Over 5 Years		Over 5 Years	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Financial liabilities due for payment								
Bank overdraft	-	1,396						
Trade and other payables	257,306	434,102	459,623					
Loans	1,204,125	570,002						
Total expected outflows	1,461,431	1,005,500	459,623					

(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 LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****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

			2015		2014	
			Carrying	Fair	Carrying	Fair
	Level	Note	Value	Value	Value	Value
Financial assets						
Cash and cash equivalents	1	(i)	13,662	13,662	10,586	10,586
Trade and other receivables	1	(i)	72,625	72,625	52,752	52,752
Total financial assets	1		86,287	86,287	63,338	63,338
Financial liabilities						
Trade and other payables	1	(i)	1,921,054	1,921,054	1,005,500	1,005,500
Total financial liabilities	1		1,921,054	1,921,054	1,005,500	1,005,500

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.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****Note 20: Financial Risk Management (cont'd)**

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follow, and base on the lowest level input that is significant to the fair value measurements as a whole;

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of assets and liabilities:

		As at 30 June 2015		As at 30 June 2014	
	Level	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
Assets					
Cash and cash equivalents	1	13,662	13,662	10,586	10,586
Trade and other receivables	1	72,625	72,625	52,752	52,752
Other assets	1	936,058	936,058	933,533	933,533
Liabilities					
Trade and other payables	1	1,921,054	1,921,054	1,005,500	1,005,500

The assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 of the Annual Report.

The Company considers that the carrying amount of assets and liabilities recognised in the consolidated financial statements approximate to their fair value.

Note 21: After Balance Date Event

The Directors of Elsmore Resources Ltd (the “Company”) are not aware of any matter or circumstance that has arisen since 30 June 2015 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:

a. IPO Litigation

Further to previous announcements, the Company advises that enforcement action 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 is continuing, unfortunately with limited success to date.

It should be noted that Mr Howard was formally declared bankrupt on 11 September 2014 as a result of proceedings against him by a party unrelated to the Company. The Company is liaising with Mr Howard’s bankruptcy Trustees to ensure that the judgment against Mr Howard is accounted for appropriately.

Investors will also recall from previous announcements that the proceedings by the Company against Mr Harry Fung are ongoing. The Company advises that the parties to this dispute attended a mediation on 28 July 2015 before a Registrar of the Supreme Court of New South Wales. Unfortunately, however, the Company’s attempts to resolve this matter at mediation without the need to proceed to a hearing were unsuccessful.

Following the mediation, the matter was listed for a directions hearing on 17 August 2015 where the Court set this matter down for hearing on 2, 3, 4, 5 and 9 February 2016.

b. Issue of unauthorised shares by Mr Ashley Howard

As outlined in previous announcements, 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.

At the Company’s Extraordinary General Meeting and Annual General Meeting held on 23 January 2015, shareholders approved the cancellation of those unauthorised shares by way of a selective capital reduction in accordance with Section 256B of the Corporations Act 2001 (Cth).

On 17 March 2015, the Company confirmed that 17,162,230 of the unauthorised shares had been cancelled, thereby reducing the Company’s issued share capital to 98,968,630.

The Company is taking steps to cancel the remaining 2,223,000 unauthorised shares.

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

The proceedings against the Company which were commenced 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 are also ongoing.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY

Notes to Financial Statements For the year ended 30 June 2015

As investors will recall, the claim alleges various contraventions of the *Corporations Act 2001* (Cth), the *Australian Securities and Investments Commissions Act 2001* (Cth), and the *Australian Competition and Consumer Law Act 2010* (Cth) that are 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 \$1,212,345.00.

The Company is defending this proceeding and notes that the next directions hearing is scheduled for 15 September 2015.

d. 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.

e. Deed of Variation with Joseph Chung

The Company and its subsidiary, Auramatrix have entered into a Deed of Variation on 2 April 2015 with Joseph Chung in respect of amounts due to him (\$1,130,955 at balance date) in respect of working capital support and interest of 15% p.a. over the past 2 years. The Deed provides for

- (i) Subject to Clause (iii) below, the debt to be deferred for repayment until 30 days after the Company achieves re-quotation of its shares on ASX.
- (ii) An election by Mr Chung at any time to convert part or all of its debt to equity at a price equivalent to 80% of any fund raising carried out by the Company prior to re-quotation.
- (iii) Mr Chung has also agreed to provide funding for the payment of legal fees (approximately \$250,000 at balance date, included in Trade Creditors) to the Company’s Solicitors in relation to litigation costs already incurred as well as the payment of other creditors as agreed with the Company from time to time. This obligation will cease in the event the Company receives a substantial equity injection (new capital in excess of \$250,000).
- (iv) The Company has agreed to a floating Charge over its assets to secure the funding by Mr Chung.

Both matters recited in items (ii) and (iv) above are subject to shareholder approval and the Company is required to take all steps necessary to secure shareholder approval, or otherwise a waiver is sought from ASX without shareholder approval in accordance with ASX listing rules 10.1.

ELSMORE RESOURCES LIMITED ABN 35 145 701 033 AND CONTROLLED ENTITY**Notes to Financial Statements
For the year ended 30 June 2015****Note 22: 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 2015	30 June 2014
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	200,141	124,207
Non-current Assets	<u>3,464,182</u>	<u>3,452,468</u>
TOTAL ASSETS	<u><u>3,664,323</u></u>	<u><u>3,576,675</u></u>
LIABILITIES		
Current liabilities	419,553	188,194
Non-current liabilities	<u>1,256,112</u>	<u>526,540</u>
TOTAL LIABILITIES	<u><u>1,675,665</u></u>	<u><u>714,734</u></u>
EQUITY		
Issued capital	5,945,868	5,945,868
Retained earnings	<u>(3,957,210)</u>	<u>(3,083,927)</u>
TOTAL EQUITY	<u><u>1,988,658</u></u>	<u><u>2,861,941</u></u>
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	<u><u>(873,283)</u></u>	<u><u>(2,575,832)</u></u>
Total comprehensive income	<u><u>(873,283)</u></u>	<u><u>(2,575,852)</u></u>

Guarantees

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

Contingent liabilities

At 30 June 2015, the Company was not responsible for any contingent liabilities for itself and its subsidiary.

Contractual commitments

At 30 June 2015, the Group had not entered into any contractual commitments for the acquisition of property, plant and equipment.

Note 23: Company Details

The principal place of business of the Company is:

Suite 141, 243 Pyrmont Street
Pyrmont NSW 2009
Australia

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ELSMORE RESOURCES LIMITED
A.B.N. 35 145 701 033**

Report on the Financial Report

We have audited the accompanying financial report of Elsmore Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion,

- a. the financial report of Elsmore Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter Continuing as a Going Concern

Without qualifying our opinion, we draw attention to Note 1: Going concern in the financial report. The group incurred a net loss of \$978,462 during the period ended 30 June 2015 and as of that date the group had current assets of \$86,287 and current liabilities of \$1,921,054.

These conditions indicate the existence of a material uncertainty which may cast doubt on the group's ability to continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Elsmore Resources Limited for the year ended 30 June 2015 complies with s300A of the *Corporations Act 2001*.

K.S. Black & Co
Chartered Accountants



Sam Danieli
Partner

Sydney, 30 September 2015

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

**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**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

K.S. Black & Co
Chartered Accountants



Sam Danieli
Partner

Sydney, 30 September 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 30-06-2015

Group or Holder No	Holder Name	Balance at 30-06-2015	%
Group - TONG			
HONG CHUNG	TONG HONG CHUNG	32,697,168	33.038
S00041002255	MR JOHN GAFFNEY & MRS LYNETTE GAFFNEY <GAFFNEY SUPER FUND A/C>	8,515,630	8.604
S00041002450	MS JENNIFER CAO	6,889,000	6.961
S00041002468	TERRY CHUN-AN LU	5,980,452	6.043
S00041003693	COLONIAL METALS PTY LTD	2,660,000	2.688
S00027576877	MR ANDREW WESLEY ROACH & MRS CARRIE JANE ROACH <CARAND FAMILY A/C>	2,079,228	2.101
S00041002280	TAG COMMERCIAL LAW PTY LTD	1,763,805	1.782
S00041002263	MR GREGORY HILTON ARTUP	1,690,055	1.708
S00061517910	J DUGAS PTY LTD <DUGAS SUPERFUND A/C>	1,550,000	1.566
S00010909023	BOURSE SECURITIES PTY LTD	1,500,000	1.516
S00041003448	MR ROBERT EDWARD DUBLER	1,487,500	1.503
S00041002531	OH & ASSOCIATES PTY LTD	1,471,430	1.487
S00041002433	WIGMOORE PTY LTD	1,461,641	1.477
S00061564276	TORIAN RESOURCES NL	1,428,760	1.444
S00041002221	MR JOHN GAFFNEY	1,314,425	1.328
S00041002247	MS LYNETTE GAFFNEY	1,064,425	1.076
S00041003961	LIBERTY INVESTING PTY LTD	1,000,000	1.010
S00044779749	LI MING SHENG	1,000,000	1.010
S00025572858	MR PAUL HUGGINS	994,000	1.004
S00010485185	RHB SECURITIES SINGAPORE PTE LTD <CLIENTS A/C>	910,400	0.920
		77,457,919	78.265
	Total IC	98,968,630	