EXALT RESOURCES LIMITED ANNUAL REPORT

ABN 17 145 327 617

FOR THE YEAR ENDED 30 JUNE 2013

REVIEW OF OPERATIONS

INDONESIAN PROJECTS

ODNI ACQUISITION

On 27 November 2012, Exalt Resources Limited (“Exalt”) acquired ODNI Pte Ltd (“ODNI”). Through the acquisition of ODNI, Exalt has the rights to acquire an interest in a number of coal mining projects in Indonesia including BIG, Karin and MMBP.

Since the completion of ODNI acquisition Exalt has undertaken exploration activities on these and other prospective projects outlined below.

In addition to these activities, in January 2013 Exalt implemented a dual strategy within Indonesia to include near term production projects along with longer term exploration.

The focus of the strategy is to identify projects with the following characteristics:

- Able to generate short term cash flow;
- Progress a pipeline of good quality assets capable of staged expansion;
- Minimal infrastructure and logistical hurdles;
- High quality coal; and
- Local partners

As a result of this strategy Exalt has developed a Due Diligence process, which has been successful in advancing several projects to the final stage. Exalt has signed three exclusive arrangements relating to two Indonesian near term production assets and one exploration project adjacent to the production asset which are subject to acquisition finance. Exalt continues to review finance options for these projects including senior debt financiers, strategic investors and commodity trading houses to attempt to secure sufficient acquisition and working capital financing.

EXPLORATION ACTIVITY TO DATE

PROJECT BIG

Project BIG consists of a concession area covering a total area of 4,969 hectares in the Antutan region of the Bulungan Regency in the East Kalimantan Province of Indonesia. The area is approximately 40 kilometres from the nearest river jetty point. The main coal bearing formation of potential economic significance is the Sembakung Formation. 100% of the concession area overlies the Sembakung Formation.

In June 2013 a verification mapping and sampling study was undertaken by the Exalt geological team. Mapping studies identified 24 outcrops of which 12 outcrops have been assessed to have a reasonable thickness. Sample results are summarised below.

	TM	IM	ASH	VM	FC	TS	CV adb	CV arb
Average	**8.9**	**2.3**	**21.0**	**16.5**	**58.6**	**3.59**	**6,192**	**5,684**
Maximum	16.9	6.4	51.2	22.4	74.4	9.44	7,740	7,317
Minimum	5.0	0.9	6.1	13.3	32.0	0.44	3,048	2,829

Table 1: BIG average coal quality table

REVIEW OF OPERATIONS

The final analysis, due in October 2013, will combine the results from the verification mapping; the JORC exploration target and coal quality with a full assessment on logistical and geographical hurdles in developing this concession. A decision will then be made on proposed future exploration expenditure.

PROJECT KARIN

The Project Karin concession is located in the Barito Utara Regency, approximately 150 kilometres northeast of Palangkaraya, the provincial capital of the province of Central Kalimantan, Indonesia. The main coal bearing formations of potential economic significance are the Tanjung, Warukin and Montalat Formations. Approximately 50% of the project area overlies the coal bearing Warukin Formation.

During the year work was undertaken on the Karin concession Initial results were not conclusive due to high moisture on samples collected during a heavy rain period. Exploration drilling would provide clear coal quality results, however expenditure on such drilling must be assessed against the likely returns from development of nearer term and potentially more prospective concessions. This analysis is currently underway and will dictate the future direction in relation to the Karin concession.

PROJECT MMBP

The Project MMBP consists of a concession area covering 5,312 hectares and is located in the Antutan, Central Tanjung Palas sub districts, Bulungan Regency, approximately 340 kilometres north of Samarinda, the capital of the East Kalimantan Province in Indonesia. The main coal bearing formation of potential economic significance is the Sembakung Formation. Approximately 27% of the total concession area overlies the Sembakung Formation.

During the year work there was a mapping study completed with inconclusive results and future expenditure must be assessed against the likely returns from development.

OTHER PROJECTS

During the year, Exalt has been actively pursuing acquisitions of several attractive coal assets with near-term production potential in Indonesia to complement the existing suite of exploration phase projects.

Preliminary legal, geological and commercial due diligence has been completed. Geological due diligence has included site visits, field mapping, detailed coal quality testing for existing and new outcrops, development of borehole/outcrop databases, geological model verification and resource statement clarification.

Exalt has been advancing the acquisition of several attractive coal assets with near-term production potential in Indonesia in a small number of selected ‘hub” locations.

During the June 2013 quarter Exalt progressed towards the acquisition of three near-term production concessions in Kalimantan and West Sumatra. A non-binding Memorandum of Understanding (including an exclusivity period for the benefit of Exalt) has been signed on each of three concessions, and due diligence is currently underway on all concessions.

REVIEW OF OPERATIONS

NSW Projects

Exalt holds two exploration licenses in the Central West NSW. The Mineral Hill South Project covers 112km^2 3km to the south of the Mineral Hill Mine and the Nyngan Project covers 160km^2 12km south-west of Nyngan.

Mineral Hill South Project (EL 7945)

The Exalt Mineral Hill South Project is adjacent to the Mineral Hill Project owned by KBL Mining. On the 7 June 2012 EL7663 was replaced by EL7945. EL7945 expires in 7 June 2014.

EXPLORATION ACTIVITY IN THE YEAR

Yellow Shaft Prospect

Results from soil sampling undertaken during the year have revealed a lead anomaly at Bolwarra.

The anomaly forms a coherent south-west oriented soil anomaly very similar to the anomalism seen at Elura Pb-Zn deposit, 50km north-west of Cobar. The Elura ore zone is well represented in geophysics as a significant anomaly and a coherent lead soil anomaly draining away to the south-west (figure 1).

A single subcrop rockchip sample from the core of the lead anomaly returned - **2,580ppm lead, 512ppm copper and 12g/t silver**.

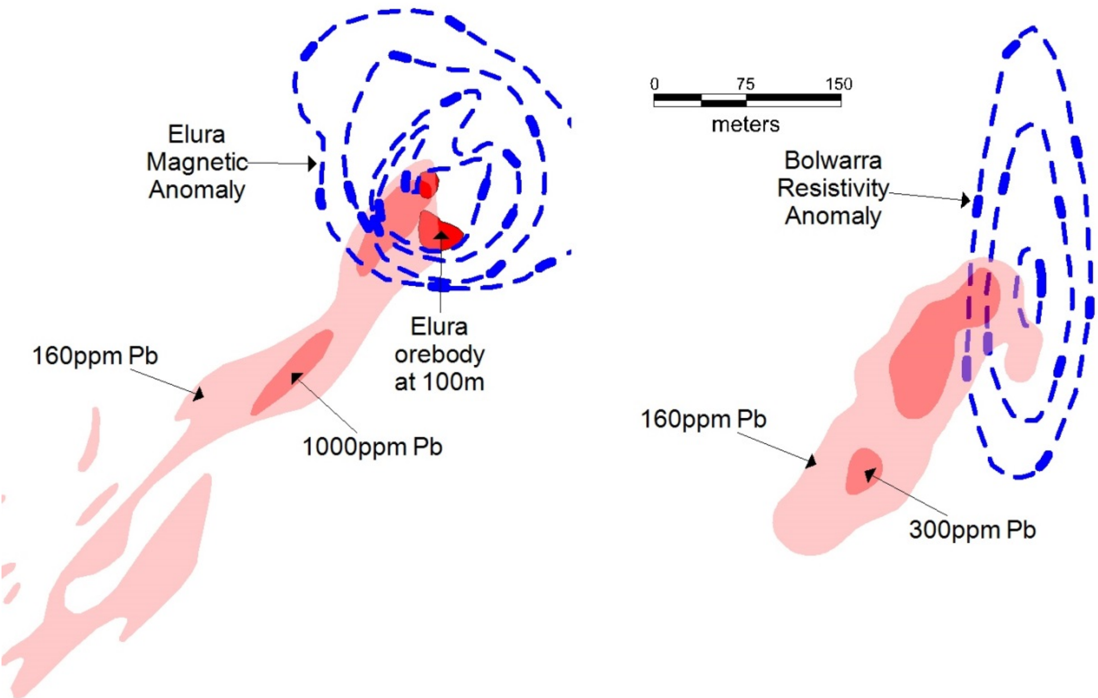

Figure 1 – Left = Elura soil Pb and coincident geophysical anomalies (Schmidt 1990).
Right = Bolwarra Soil Pb and coincident geophysical anomalies, at the same scale.

Plans to drill test the lead anomaly and DSO iron and basemetal potential at Brooklyn in the June 2013 quarter were hampered by record rainfalls, drilling and down hole electromagnetic testing of the anomalism are expected to resume in Spring 2013 weather permitting.

REVIEW OF OPERATIONS

Brooklyn Prospect

Five surface samples were collected in March 2013 from the Brooklyn Ironstone and sent for XRF Fusion analysis. The samples averaged 55.7% Fe. These samples were collected at surface approximately 200m north-west of the significant widths of iron intersected in drill hole BNRC004.

Following up on the iron results from BNRC004 and the surface samples, a drilling program was commenced in June 2013 at Brooklyn for the purpose of defining the size of and distribution of the goethite for its potential to be exploited as a DSO iron project.

Two vertical reverse circulation (RC) holes were completed before record June rainfall restricted access to site.

HoleID	From	To	Interval (m)	Fe%	Mn%	SiO2%	Al2O3%	P%	S%	TiO2%	LOI%
BNRC005	0	92	92	50.4	2.6	8.6	3.1	0.1	0.0	0.1	11.2
BNRC006	2	88	86	47.0	3.0	9.4	6.7	0.1	0.0	0.2	10.6

Table 2 – Results for ZBNRC005 and BNRC006 analysed by ALS using XRF Fusion
(Calculated using a Internal Dilution of 2x Sample interval or 4m and a cut-off of CaFe >50%)

Geologically the two holes revealed that the iron is colluvial material shedding downslope off vertical 'lodes' of competent goethite; opening up the possibility of 'free dig' material that could be processed simply with dry sieving.

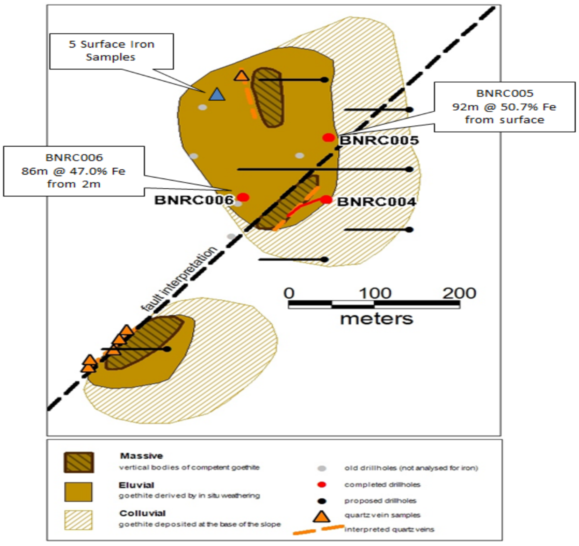

Figure 2 – Brooklyn Known Surface Iron and Drill hole Locations

A ground magnetic survey at Brooklyn was undertaken in March 2013 to provide an accurate definition of the discrete magnetic high visible in the regional aeromagnetics and to define a porphyry style drill target.

Dry Sieve Test work

A simple test work project was conducted on the bulk samples from holes BNRC005 and 006.

20 test samples were collected at regular intervals from the two holes and sieved into four fractions; <1mm, 1mm – 3.35mm, 3.35mm – 6.3mm and >6.3mm. It was found that below 20m ~ 65% of the material was caught in the 1mm sieve and 33% caught in the 3.35mm sieve. This percentage is expected to be higher in practice as the samples used would have been partially crushed already due to the RC drilling process.

REVIEW OF OPERATIONS

Each size fraction has been and sent for analysis. It is expected that the sieving will beneficiate the iron values and reduce the Al_2O_3 and SiO_2 to a produce a similar result to the analysis on the surface samples.

Brooklyn Basemetal / Sulphide Potential

Detailed mapping of the ironstone took place in conjunction with the June 2013 drilling (figure 2), an additional 'lode or massive' botryoidal goethite was discovered approximately 300m to the south-west of the main outcrop, an open costean has exposed a quartz vein with boxwork (open spaces left after weathering out of sulphides).

The open spaces have been replaced by goethite, suggesting that all the larger bodies of massive goethite at surface are likely to be the result of weathering of massive sulphides.

Although extremely weathered the quartz veins returned elevated sulphur to 0.16% and along with elevated copper, arsenic and bismuth. BNRC006 also returned elevated copper of 16m @ 0.14% Cu from 77m(Max internal dilution of 4m with a cut-off of 0.1%), zinc (to 823ppm), arsenic (to 158ppm) and bismuth (to 67ppm) supporting the interpretation of the goethite replacing base metal sulphides in the weathered zone.

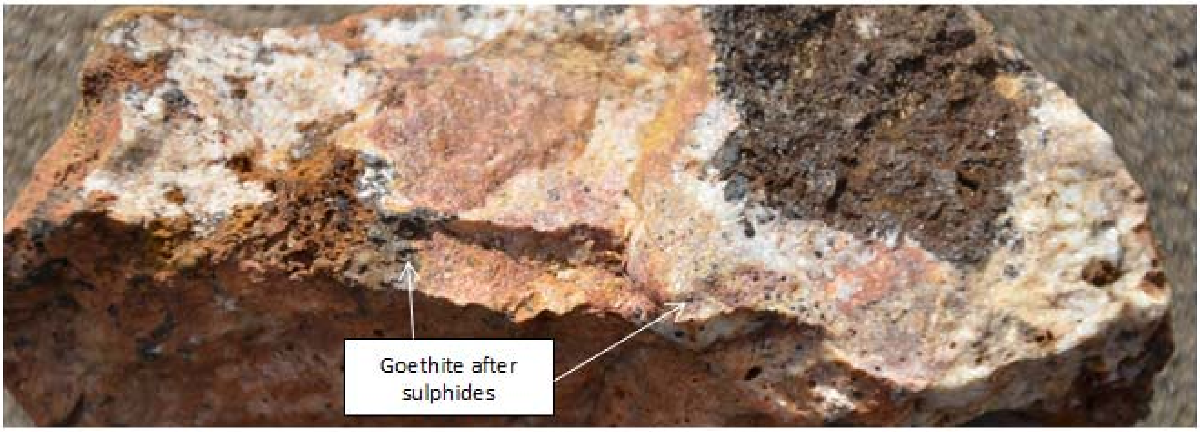

Figure 3 – Brooklyn Quartz vein – Goethite filling boxwork

Nyngan Project (EL 7667)

The Nyngan Project comprises 160km² of land located approximately 12km south of Nyngan, in central-west NSW. EL 7667 has replaced EL 3957 and expires on 10 December 2014.

There is currently a registered native title claim overlapping the areas covered by EL 7667. A registered native title claim allows claimants to access certain procedural rights set out in the Native Title Act 1993 (Cth) including the right to be consulted on or be involved in future acts or negotiations about certain proposed developments or activities in the claim area while their native title application is underway.

DIRECTORS' REPORT

The Directors present their report, together with financial statements, on the consolidated entity consisting of Exalt Resources Limited (referred hereinafter as "company") for the year ended 30 June 2013.

DIRECTORS

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

Robert Whitton, Non-Executive Director, Appointed 30 November 2012 and Non-Executive Chairman Appointed 2 September 2013
Member of Audit Committee

Mr Whitton is a Chartered Accountant with in excess of 25 years of corporate re-organisation, financial analysis, strategic planning, people management and risk management experience.

Mr Whitton currently serves as head of Business Recovery at William Buck, Chartered Accountants & Advisors. He is Non-Executive Chairman AUV Enterprises Limited and a Non-Executive Director Tempo Australia Limited and Australian Wine Consumers Co-Operative Ltd (Chairman 2008-2011).

He has a Bachelor of Business and Graduate Certificate Forensic Studies (Accounting) and is a Fellow of the Institute of Chartered Accounts, the Australian Institute of Management and the Australian Institute of Company Directors. He is also a member of the Insolvency Practitioners Association of Australia and the Association of Fraud Examiners.

William Moss AM, Non-Executive Chairman, Appointed on 22 October 2012 and Resigned 2 September 2013.

William Moss is an Australian businessman and philanthropist with expertise in real estate, banking, funds and asset management.

William Moss' career in finance and banking spans 35 years, with 22 years spent with the pre-eminent Australian investment bank, Macquarie Group. During this time, he founded, grew and led the Banking and Property Group to a point where it managed in excess of $23 billion worth of real estate assets across the world.

During his career, William Moss was instrumental in leading many of the businesses he managed into new markets such as Europe, the United States of America and Asia – developing strong relationships and networks with governments and business leaders throughout this time.

William Moss is a member of the ASIC External Advisory Panel, Chairman of Moss Capital and the FSHD Global Research Foundation.

William Moss regularly features in the Australian media, providing comment on the finance and banking sectors, the global economy, and the ongoing need for Australia to do more to advance the interests of the country's disabled and disadvantaged.

In 2006, William was awarded one of Australia's highest honours, the Order of Australia (AM), for services to the banking, charity, and finance sectors.

Barry Tudor, CEO & Managing Director, Appointed 3 May 2012 and Resigned 17 September 2013.

Mr Tudor was most recently the Managing Director of Noble Resources Australia, responsible for Noble's operations and investments in Australia. He was also Senior Vice President – Strategy for the Energy Coal & Carbon Complex division of the Noble Group.

Prior to this, Mr Tudor was CEO and Managing Director of Gloucester Coal Ltd, an ASX-listed coal producer with operations in NSW and Queensland. During his time as CEO the market value of the company increased more than 300% to more than 1.8 billion dollars and Mr Tudor was named as a "top 100 value creator" in 2007 for his role in the executive leadership of Gloucester Coal.

DIRECTORS' REPORT

Mr Tudor has extensive experience in a variety of senior leadership roles in Australian and International coal mining. He has led significant acquisitions, capital raisings and mining expansions, and has demonstrated his ability to formulate strategic vision and advance expansion plans with proven value creation.

Peter Dykes, Non-Executive Director, Appointed 30 November 2012
Member of Audit Committee

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

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

He is currently a Non-Executive Director of Tempo Australia Limited, Chapmans Limited, AUV Enterprises Limited and RKS Consolidated Limited.

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

Shane Hartwig, Non-Executive Director, Appointed on 21 July 2010
Member of Audit Committee

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

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

Shane is also Company Secretary of Anteo Diagnostics Limited, and Forge Resources Limited.

Edward Lee, Non-Executive Director, Appointed on 30 November 2012

Before his retirement from diplomatic service, Mr Edward Lee Kwong Foo had a distinguished career with the Foreign Service Branch of the Singapore Administrative Service in various senior positions across the Asia-Pacific, including as Singapore's Ambassador to Indonesia.

Since his first posting to Indonesia in 1974, Mr Lee served a total of 18 years in the Singapore Embassy in Jakarta. Among his many honours received, in 2007 he was conferred the highest civilian award by the Indonesian Government, the Bintang Jasa Utama for his contribution towards building stronger and closer relations with Indonesia. Mr Lee currently serves on a couple of listed company boards in Singapore, Keppel Land and Indofood Agri Resources, and is a member of the National University of Singapore President's Advancement Advisory Council. He is also Senior International Adviser of Harsono Strategic Consulting in Jakarta."

Romy Soekarno, Non-Executive Director, Appointed on 30 November 2012

Mr Soekarno is a grandson of first President of Indonesia Soekarno and a nephew of fifth President of Indonesia Megawati Soekarno. Since the mid-1990s, he has had a successful business career in Indonesia where he continues to be involved with a number of private and public sector interests, including the National Demokrat Cultural Department and the Party Demokrasi Indonesia Perjuangan. He is currently President Director of 1945 Nuswantara Investama.

DIRECTORS' REPORT

Robert Crossman, Non-Executive Director, Appointed on 23 July 2013

Mr. Crossman is the Managing Director of Corpac Partners which he founded in 2001. He has over 20 years of experience in mergers and acquisitions, equity capital markets, project finance, and corporate advisory, principally in the mining and energy sectors.

Mr. Crossman has acted as lead adviser in several landmark transactions across the energy, resources, infrastructure, and telecommunications sectors. He has strong business relationships in Australia and has significant knowledge of the Indonesian mining and energy sectors.

Prior to founding Corpac, Mr. Crossman was Head of Investment Banking at Hartley Poynton, the Managing Director of ABN Amro Rothschild and a Managing Director in Investment Banking at N.M. Rothschild & Sons.

Emmanuel Correia, B.Bus ACA, Non-Executive Chairman, Appointed on 21 July 2010 and Resigned on 30 November 2012

Jim Malone, Non-Executive Director, Appointed on 21 July 2010 and Resigned on 30 November 2012

COMPANY SECRETARY

Shane Hartwig, Company Secretary

Details of the current Company Secretary's qualifications are set out on page 8 of the Annual Report.

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

The net loss of the company after income tax for the year was $3,747,017 (2012: $ 993,412)

DIVIDENDS

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

REVIEW OF OPERATIONS

Corporate

- At the General Meeting held on 24 August 2012 it was resolved to
    - Issue 25,000,000 shares, 66,000,000 performance shares and 30,000,000 options to the sellers of ODNI.
    - Issue 3,000,000 options and 18,000,000 performance shares to Mr Tudor as part of the completion of the ODNI acquisition.
    - Issue shares as part of a Public Offer.
- An initial prospectus was issued 7 September 2012 to raise up to $20M. This was subsequently revised and a supplementary prospectus issued 24 October 2012 to raise up to $10M through the issue of up to 50 million shares.
- A capital raise of $5,000,000 was concluded on 16 November 2012.
- On 30 November 2012, a further $500,000 was raised via a private placement to Mr William Moss AM the then Non-Executive Chairman.
- Exalt was reinstated to Official Quotation on the ASX on 28 November 2012 after the completion of the Public Offer.

DIRECTORS' REPORT

Financial Position

As at 30June 103, there was $2,974,105 in cash following a net cash movement of $418,155 for the year.

The net assets of the company at 30 June 2013 were $11,109,810 they have increased by $8,329,252 since 30 June 2012. This increase has largely resulted from the acquisition of ODNI for a consideration of $6,989,958 and payment of Exploration Expenses of $1,109,428 which includes payments for ODNI projects $686,379, $355,046 in the project pipeline and $68,003 in NSW Asset exploration.

Operations

Refer to Review of Operations on Page 2-6 of the Annual Report.

STATE OF AFFAIRS

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

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL ISSUES

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

MEETINGS OF DIRECTORS

Attendances by each Director to meetings of Directors (including committee of Directors) during the year to 30th June 2013 were as follows:

	Directors Meetings		Audit Committee Meetings	
2013	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
W Moss*	8	8		
B Tudor	10	10		
S Hartwig	10	9	2	2
R Whitton*	5	5	1	1
P Dykes*	5	5	1	1
E Lee*	5	5		
R Soerkano*	5	5		
E Correia**	5	5	1	1
J Malone**	5	5	1	1

* Appointed 30 November 2012
** Retired 30 November 2012

DIRECTORS' REPORT

INDEMNIFYING OFFICERS OR AUDITORS

During the financial year, the Company has paid a premium of $8,517 (2012: $8,425) in respect of a contract insuring the Directors and officers of the Company against a liability incurred by such Directors and officers to the extent permitted by the Corporations Act 2001. The Company has not otherwise, during or since the end of the period, indemnified or agreed to indemnify the auditor of the Company, or of any related body corporate, against a liability incurred by such the auditor.

PROCEEDINGS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 22 July 2013 Robert L Crossman was appointed as a Non-Executive Director

On 2 September 2013 William Moss AM resigned as Non-Executive Chairman and Robert Whitton was appointed Non-Executive Chairman. Due to Mr Moss's resignation 2,000,000 options have lapsed.

On 17 September 2013, Barry Tudor resigned as CEO and Managing Director. Due to Mr Tudor's resignation his 3,000,000 options have immediately vested and will expire on 16 March 2014 and 18,000,000 Performance Shares will be redeemed by the Company in accordance with their terms of issue

NON-AUDIT SERVICES

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

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

	2013	2012
	$	$
(a) Advisory Services		
Corporate services	1,500	3,000
Total remuneration for non-audit services	1,500	3,000

In accordance with section 307C of the Corporations Act 2001 the auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 23 of the Annual Report and form part of this report.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2013 has been received and can be found on page 21 of the financial report.

DIRECTORS' REPORT

SHARE AND OPTIONS –Issued

	Shares	Options	Performance shares
Balance at beginning of the period	28,875,003	16,008,568	-
Issue of shares via public placement at 20c	25,000,000	-	-
Issue of shares and options in consideration for ODNI acquisition	16,666,667	30,000,000	66,000,000
Issue of Options in relation to Prospectus	-	10,000,000	-
Issue of Shares via placement to William Moss at 20c	2,500,000	-	-
Issue of Options to Directors as part of LTI Plan as outlined below	-	5,000,000	18,000,000
Issue of shares in relation to supplier services provided in lieu of payment at 20c	163,625	-	-
Balance at end of the period	73,205,295	61,008,568	84,000,000

SHARES

Delayed shares of 8,333,333 remain unissued to the ODNI Sellers pursuant to the ODNI Share Purchase Agreement. The delayed shares will be issued following the re-instatement of the BIG IUP to the 'clean and clear' list issued by ESDM. The latest 'clean and clear' list was issued on 16 July 2013 and Project BIG remains excluded from the list.

PERFORMANCE SHARES

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

A) Summary of share

On 30 November 2012, the following numbers of shares were allotted for nil consideration pursuant to the completion of the ODNI acquisition ("2012 Plan"):

2012 Plan is measured from the Completion Date of ODNI transaction being the 27 November 2012 to the expiry date above by each individual class. These shares are subject to the Performance Criteria set out below and approved on 24 August 2012.

The 84,000,000 performance shares issued include 66,000,000 to ODNI Vendors and 18,000,000 to Barry Tudor. The shares have 3 classes as listed below.

Grant date	Expiry Date	Exercise Price	Number of Performance Shares	Class
21 November 2012	27 November 2014	0.00	28,000,000	A
21 November 2012	27 November 2015	0.00	28,000,000	B
21 November 2012	27 November 2015	0.00	28,000,000	C
Total			84,000,000	

On 17 September 2013 Mr Barry Tudor resigned and as a result18,000,000 of these Performance Shares will be cancelled in accordance with the terms of the employment contract.

DIRECTORS' REPORT

B) Performance Criteria

Class A

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 ordinary shares (**Shares**) in Exalt if a minimum of 500,000 tonnes of coal production and coal sales from ODNI projects is achieved by 27 November 2014.

Class B

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 Shares in Exalt if a minimum JORC measured and indicated coal resource of 50 million tonnes (MT) from ODNI projects by 27 November 2015.

Class C

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 Shares in Exalt if a minimum JORC inferred coal resource of 400 million MT from ODNI by 27 November 2015.

C) Valuation

Barry Tudor Performance shares

Based on the appropriate accounting treatment required under AASB 2: Share Based Payment, a value for the Mr Tudor Performance Shares has been recognised in the financial statements of the Company reflecting the portion of the service component attaching to the vesting conditions which has expired. During the second half of the year the company has reassessed this strategy and approved a strategy that includes dual focus on ODNI Exploration and near term production. As a result of this re-assessment the fair value of Tudor Performance shares amounts to $116,667.

ODNI Performance Shares

The Company has assigned probabilities of occurrence to each performance criteria in order to value the performance shares being granted to Odni. The value of Class A of the 66,000,000 ODNI Performance Shares has been discounted by 90%. The value of Class B and Class C have been discounted by 70% and 80% respectively. The Company believes the probabilities assigned best reflect the likelihood of the performance based criteria being met based on information currently available for all the proposed Indonesian Projects.

The fair value of the ODNI performance shares is $2,640,000.

D) Performance Milestones

As at the date of this report none of the milestones subject to all classes of the performance shares had been met and therefore Nil shares has been issues as a result.

OPTIONS

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

Grant date	Expiry Date	Exercise Price	Number of Option	Class
15 September 2011	31 December 2015	0.20	16,008,568	listed
21 November 2012	06 December 2014	0.20	10,000,000	Unlisted
21 November 2012	21 November 2014	0.20	10,000,000	W
21 November 2012	21 November 2015	0.50	20,000,000	X
21 November 2012	21 November 2016	0.20	2,600,000	Y
21 November 2012	21 November 2016	0.50	2,400,000	Z
Total			61,008,568	

DIRECTORS' REPORT

During the year ended 30 June 2013, there were no ordinary shares issued due to the exercise of options granted.

No further shares have been issued since year-end.

Subsequent to end of the year Messrs Moss and Tudor have resigned and as such;

- On 2 September 2013 Mr Moss's 2,000,000 options have lapsed.
- On 17 September 2013 Mr Tudor's 3,000,000 options have vested and will expire on 16 March 2014.

REMUNERATION REPORT

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

Remuneration Philosophy

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

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

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

Remuneration Structure

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

(i) Non-executive Directors

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

The maximum aggregate annual remuneration of non-executive Directors is subject to approval by the shareholders in general meeting. The shareholders have determined at a general meeting held on 30 November 2012 the maximum aggregate remuneration amount to be $600,000 per year.

(ii) Key management personnel

To pursue the Company's objectives, the Company has assembled a group of Directors which we believe have extensive experience in the exploration and finance industries. The Company will recruit appropriate key executive management personnel commensurate with the Company's growth in activity. The remuneration structure for key executive management, including executive Directors will be based on a number of factors, including qualifications, particular experience, general past performance of the individual concerned, overall performance of the Company and general human resources market pricing. There is no predetermined equity compensation element within the remuneration structure or predetermined performance conditions to be satisfied.

DIRECTORS' REPORT

Key Terms of Employment contracts

Managing Director/CEO

Mr Barry Tudor Managing Director and CEO, was appointed 3 May 2012 and has resigned 17 September 2013,on terms as set out below.

A Fixed Remuneration: Mr Tudor's base salary is $925,000 plus superannuation at the commencement of Year two of his employment with the Company;

B Short Term Incentive: The short term incentive is determined annually at the absolute discretion of the Board and will be based on the CEO's performance against key performance indicators and the Company's performance generally;

C Long Term Incentive: Longer term incentive package (subject to shareholder and ASX approval) comprising options to acquire ordinary shares in the Company ("Options") and Performance Shares with the following key terms:

The Options will vest on the basis of one third of each class of Options vesting at the expiration of each full year of employment with the Company;

- 600,000 Options with an exercise price of $0.20, and Expiry of 4 years from issue date;
- 2,400,000 Options to acquire ordinary shares in the Company with an exercise price of $0.50 per Option and Expiry of 4 years from the date of issue;
- 18,000,000 Performance Shares (comprising 3 tranches of 6 million shares), which will convert into 18,000,000 ordinary shares in the Company subject to the satisfaction of various performance related hurdles and remaining an employee of Exalt. These performance shares will not vest due to the dual strategy adopted by the Board in January 2013.

D Term of contract: The term of the contract is 3 years.

Exploration Director

Mr Attila Kovago, Exploration Director ("ED"), is based in Indonesia and is responsible for all exploration and development of the Indonesian coal assets. Mr Kovago has worked for a variety of leading coal companies including South Gobi (Ivanhoe), Oxbow Coal BV, BHP Billiton Indonesia, PT Kaltim Prima Coal (KPC), Macarthur Coal, Peabody as a consultant, and Rio Tinto. He has extensive exploration experience in Indonesia, where he has overseen numerous exploration programs in Kalimantan and Sumatra, including technical due diligence, resource modelling and the issuance of JORC compliant statements as a "Competent Person".

A. Fixed Remuneration: contract is for minimum of $144,000 per annum with additional days to be agreed between the parties;

B Short Term Incentive: The short term incentive is determined annually at the absolute discretion of the Board. No short term incentive is currently included in Mr Kovago's remuneration;

C Long Term Incentive: The long term incentive is determined annually at the absolute discretion of the Board. No long term incentive is currently included in Mr Kovago remuneration; and

D Term of contract: There is no set duration and the contact is terminable by giving 1 month notice

DIRECTORS' REPORT

The Chief Financial Officer

Mr Richard Sheridan the Chief Financial Officer is based in head office and is responsible for all financial and commercial aspects of the company's strategy. Mr Sheridan qualified as CPA in 2003 and advanced to FCPA in 2010. He holds a Master Degree in Management and Bachelor degree in Commerce major in accounting. Mr Sheridan has extensive experience in rapidly expanding businesses and also has ten years senior executive experience in various industries including resources, construction contracting services and coal mining transportation.

A Fixed Remuneration: Mr Sheridan contract is a maximum of $221,000.

B Short Term Incentive: The short term incentive is determined annually at the absolute discretion of the Board. No short term incentive is currently included in Mr Sheridan's remuneration.

C Long Term Incentive: The long term incentive is determined annually at the absolute discretion of the Board. No long term incentive is currently included in Mr Sheridan's remuneration; and

D Term of contract: There is no set duration and the contact is terminable by giving 3 months' notice.

Employee Share Scheme

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

The Plan is designed to:

- provide eligible participants with an ownership interest in Exalt;
- provide additional incentives for eligible participants; and
- attract, motivate and retain eligible participants.

As at the date of this Report, 300,000 Options have been granted under the Plan.

Share Options – Directors and Executives

On 30 November 2012, 2,000,000 options were granted to Mr W Moss AM with an exercise price of 20 cents and expiry date of 30 November 2016. Each option entitles the holder to one ordinary share per option exercised. The fair value of the option is $149,648 with an amount of $29,015 treated as vested in the 2013 year.

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

On 30 November 2012, 600,000 options were granted to Mr B Tudor with an exercise price of 20 cents and expiry date of 30 November 2016. Each option entitles the holder to one ordinary share per option exercised. The fair value of the option is $45,775 with an amount of $9,301 treated as vested in the 2013 year.

Fair value at grant date	Cents	7.6
Share price at grant date	Cents	20.0
Exercise price	Cents	20.0
Expected volatility	%	70%

DIRECTORS' REPORT

Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	4
A discount rate due to the illiquid nature of the options	%	30%

On 30 November 2012, 2,400,000 options were granted to Mr B Tudor with an exercise price of 50 cents and expiry date of 30 November 2016. Each option entitles the holder to one ordinary share per option exercised. The fair value of the option is $156,200 with an amount of $22,220 treated as vested in the 2013 year.

Fair value at grant date	Cents	4.6
Share price at grant date	Cents	20.0
Exercise price	Cents	50.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	4
A discount rate due to the illiquid nature of the options	%	30%

Remuneration of Directors for the year ended 30 June 2013

Remuneration costs included in the financial report for Directors and key management personnel in the year are as follows:

A) Remuneration information

Cash paid to Mr Tudor in the year was Salary and Superannuation of $681,251. Contained within remuneration below of $1,183,938 is an additional $354,500[e] which was due but has not been paid at 30 June 2013. The unpaid amounts relates to a bonus achieved of $300,000 and an accrual of $50,000 for contract salary increases from 1 May 2013 and $4,500 in superannuation related to contract salary increases. These amounts were paid subsequent to the year end.

Cash paid to Mr Hartwig in the year was Director Fees and Consulting Fees of $39,000. Contained within remuneration below of $76,649 is an accrual of $37,648 which is due but has not been paid and relates to $17,501 for Director Fees and $20,147 for Company Secretary Fees.

DIRECTORS' REPORT

B) Remuneration Details

	Short-term				**Post-Employment**	**Share-based payments**	**Total In respect to current service**
	Director Fees	Salary	Bonus	Consulting	Super-annuation	Share Based Options	
2013							
Directors							
W Moss[a]	100,000	-	-	-	-	29,015	129,015
B Tudor	-	706,251[e]	300,000[e]	-	29,500[e]	148,187[e]	1,183,938
P Dykes[c]	20,417	-	-	-	-	-	20,417
S Hartwig	35,001[f]	-	-	41,648[f]	-	-	76,649
E Lee[c]	28,000	-	-	-	-	-	28,000
R Soekarno[c]	28,000	-	-	-	-	-	28,000
R Whitton[c]	20,417	-	-	-	-	-	20,417
E Correia[b]	14,584	-	-	-	-	-	14,584
J Malone[b]	14,584	-	-	-	-	-	14,584
Subtotal	**261,003**	**706,251**	**300,000**	**41,648**	**29,500**	**177,202**	**1,515,604**
Executives							
A Kovago	-	-		237,000	-	-	237,000
R Sheridan[d]	-	-		68,850	-	-	68,850
Total	**261,003**	**706,251**	**300,000**	**347,498**	**29,500**	**177,202**	**1,821,454**

[a] Appointed 22 October 2012
[b] Retired 30 November 2012
[c] Appointed 30 November 2012
[d] Appointed 25 February 2013
[e] $354,500 in Remuneration for B Tudor was due but has not been paid and includes Salary $50,000, Bonus $300,000, Superannuation $4,500. Remuneration in relation to share based payments options includes performance shares $116,667 and Options $31,520 determined by the Black-Scholes option pricing model.
[f] $38,999 in remuneration for S Hartwig was due but has not been paid and includes $17,501 in Director Fees and $21,498 in Company Secretary Fees.

DIRECTORS' REPORT

	Short term benefits			Post - employment benefits	Share based payments	Total remuneration represented by options and rights
2012	Cash and Fees	Salary	Non-cash Benefits	Super-annuation	Options	Total
Directors						
E Correria	35,000	-	-	-	-	35,000
B Tudor[g]	-	113,542	-	-	-	113,542
J Malone	35,000	-	-	-	-	35,000
S Hartwig	107,000	-	-	-	-	107,000
	177,000	**113,542**	**-**	**-**	**-**	**290,542**

[g]Appointed 3 May 2012

Directors' and Executives' securities holdings

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

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

* Mr W.Moss AM resigned on 2 September 2013 and as a result, Mr Moss's Options have lapsed
** Mr B Tudor resigned on 17 September 2013 and as a result these Performance Shares will be redeemed by the Company in accordance their terms of issue.
***Mr R Crossman was appointed on 22 July 2013

DIRECTORS' REPORT

	Number		
2012	**Fully paid ordinary shares**	**Options**	**Performance Shares**
Directors			
E Correia	1,206,251	1,702,085	-
B Tudor	175,000	-	-
J Malone	120,000	40,004	-
S Hartwig	1,350,001	1,550,001	-
	2,851,252	**3,292,090**	

Details	**2013** **$**	**2012** **$**
Employee Share scheme	-	-
Performance rights	116,667	-
Share options	60,536	-
Total	**177,203**	**-**

End of audited Remuneration Report

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

Robert Whitton
Director

Dated this 27 September 2013

HALLCHADWICK
Chartered Accountants and Business Advisers

EXALT RESOURCE LIMITED
ABN 17 4532 7617
AND CONTROLLED ENTITY

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013 there have been:

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

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

Hall Chadwick

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

Graham Webb
Partner
Dated: 27 September 2013

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PARRAMATTA

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PENRITH

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PERTH

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BRISBANE

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GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

CORPORATE GOVERNANCE STATEMENT

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

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

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

Recommendation 1 Lay solid foundations for management and oversight;

Recommendation 2 Structure the Board to add value;

Recommendation 3 Promote ethical and responsible decision making;

Recommendation 4 Safeguard integrity in financial reporting;

Recommendation 5 Make timely and balanced disclosures;

Recommendation 6 Respect the rights of shareholders;

Recommendation 7 Recognise and manage risk;

Recommendation 8 Remunerate fairly and responsibly;

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

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

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

Principles & Recommendation	Compliance
Recommendation 1: Lay solid foundations for management and oversight	
Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Y
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Y
Recommendation 1.3: Companies should provide the information indicated in the Principles & Recommendations to reporting on Principle 1.	N/A
Recommendation 2: Structure the Board to add value	
Recommendation 2.1: A majority of the Board should be independent Directors.	Y

Recommendation 2.2: The chair should be an independent Director.	Y
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Y
Recommendation 2.4: The Board should establish a nomination committee.	Y
Recommendation 2.5: The Company should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	Y
Recommendation 2.6: Companies should provide the information indicated in the Principles & Recommendations to reporting on Principle 2.	N/A
Recommendation 3: Promote ethical and responsible decision making	
Recommendation 3.1: The Company should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity; • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Y
Recommendation 3.2: The Company should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.	Y
Recommendation 3.3: The Company should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Y
Recommendation 3.4: The Company should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Y
Recommendation 3.5: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 3.	N/A
Recommendation 4: Safeguard integrity in financial reporting	
Recommendation 4.1: The Board should establish an audit committee.	Y
Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive Directors; • consists of a majority of independent Directors; • is chaired by an independent chair, who is not chair of the Board;	Y

and • has at least three members.	
Recommendation 4.3: The audit committee should have a formal charter.	Y
Recommendation 4.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 4.	N/A
Recommendation 5: Make timely and balanced disclosures	
Recommendation 5.1: The Company should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Y
Recommendation 5.2: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 5.	N/A
Recommendation 6: Respect the rights of shareholders	
Recommendation 6.1: The Company should design a communications policy for promoting effective communication with Shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Y
Recommendation 6.2: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 6.	N/A
Recommendation 7: Recognise and manage risk	
Recommendation 7.1: The Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Y
Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Y
Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Y
Recommendation 7.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 7.	N/A
Recommendation 8: Remunerate fairly and responsibly	
Recommendation 8.1: The Board should establish a remuneration committee.	Y
Recommendation 8.2: The remuneration committee should be structured	Y

so that it: • consists of a majority of independent Directors; • is chaired by an independent chair; and • has at least three members.	
Recommendation 8.3: The Company should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	Y
Recommendation 8.4: The Company should provide the information indicated in the Principles & Recommendations to reporting on Principle 8.	N/A

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

A copy of the Company's 2013 Annual Report (which incorporates our most recent 'if not, why not' analysis) is available on the Company's website under 'Exalt ASX Announcements' and the Company's most recent 'if not, why not' analysis is separately available on the Company's website under 'Exalt Resources Limited Corporate Governance Statement'.

Recommendation 3.3 and 3.4 Diversity Policy

The Board has adopted a Diversity Policy which is publically available on the Company's website at www.exaltresources.com.au.

The Board will look to value and manage diversity by:

- Facilitating equal employment opportunities based on relative ability, performance or potential;
- Help to build a safe work environment by taking action against inappropriate workplace and business behaviour that does not value diversity including discrimination, harassment, bullying, victimisation and vilification;
- Develop flexible work practices to meet the differing needs of our employees;
- Attract and retain a skilled and diverse workforce ;
- Make a contribution to the economic, social and educational well-being of the communities it serves;
- Improve the quality of decision-making, productivity and teamwork; and
- Create an inclusive workplace culture.

During the year the Company employed 1 fulltime female administrative employee in the Australian operations which at that stage represented 33% of the full time work force. The Company, through its Indonesian operations also employed the services of women through its consulting geological services. As at the date of this report there are no women on the Board or in senior executive positions.

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	2013	2012
		$	$
Revenue	4	93,019	119,708
Employee benefits expense	5a	(1,283,990)	(155,861)
Share based payments		(209,928)	-
Consultancy Expenses		(696,367)	(417,578)
Directors Fees		(264,253)	(104,999)
Exploration Costs		(132,550)	-
Occupancy Costs		(96,659)	(58,770)
Legal, Professional and Compliance Fees		(114,664)	(175,891)
Depreciation and amortisation		(1,434)	(155)
Due Diligence Expenses:	5b	(744,591)	-
Other Expenses		(295,600)	(199,866)
Loss before income tax	5	(3,747,017)	(993,412)
Income tax expense	6	-	-
Loss after income tax		(3,747,017)	(993,412)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Other comprehensive income for the year		-	-
Total comprehensive loss for the year attributable to members of the Parent Entity		(3,747,017)	(993,412)
		Cents	**Cents**
Loss per share			
From continuing operations:			
Basic and diluted loss per share	22	6.84	3.91

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013 $	2012 $
CURRENT ASSETS			
Cash and cash equivalents	8	2,974,105	2,555,950
Trade and other receivables	9	151,145	58,026
TOTAL CURRENT ASSETS		3,125,250	2,613,976
NON-CURRENT ASSETS			
Plant and equipment	10	9,670	2,539
Other non-current assets	11	8,771,255	671,869
TOTAL NON-CURRENT ASSETS		8,780,925	674,408
TOTAL ASSETS		11,906,175	3,288,384
CURRENT LIABILITIES			
Trade and other payables	12	733,057	497,135
Short term provisions	13	63,308	10,691
TOTAL CURRENT LIABILITIES		796,365	507,826
TOTAL LIABILITIES		796,365	507,826
NET ASSETS		11,109,810	2,780,558
EQUITY			
Issued capital	14	14,359,616	3,820,859
Reserves	15	1,560,852	23,340
Accumulated losses		(4,810,658)	(1,063,641)
TOTAL EQUITY		11,109,810	2,780,558

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2013

	Issued Capital $	Performance Shares	Share-based Payments Reserve $	Accumulated Losses $	Total $
For the year ended 30 June 2013					
Balance at 30 June 2012	3,820,859	-	23,340	(1,063,641)	2,780,558
Total comprehensive loss for the period	-	-	-	(3,747,017)	(3,747,017)
Transactions with owners in their capacity as owners:					
Ordinary Shares issued during the period	8,866,058		-	-	8,866,058
Performance Shares issued during the period		2,756,666			2,756,666
Options granted	-		1,537,512	-	1,537,512
Transaction costs	(1,083,967)		-	-	(1,083,967)
Balance at 30 June 2013	**11,602,950**	**2,756,666**	**1,560,852**	**(4,810,658)**	**11,109,810**
For the year ended 30 June 2012					
Balance at 30 June 2011	3,105,359	-	23,340	(70,229)	3,058,470
Total comprehensive loss for the period	-	-	-	(993,412)	(993,412)
Transactions with owners in their capacity as owners:					
Shares issued during the period	675,000	-	-	-	675,000
Transaction costs	(40,500)	-	-	-	(40,500)
Balance at 30 June 2012	3,820,859	-	23,340	(1,063,641)	2,780,558

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Note	2013 $	2012 $
CASH FLOW FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(3,423,254)	(697,434)
Interest received		93,019	119,708
Net cash used in operating activities	20(b)	(3,330,235)	(577,726)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(1,119,428)	(632,666)
Purchase of plant and equipment		(8,565)	(2,694)
Net cash used in financing activities		(1,127,993)	(635,360)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		5,500,000	675,000
Payments relating to capital raising		(623,617)	(144,750)
Net cash provided by/(used in) financing activities		4,876,383	530,250
Net increase / (decrease) in cash and cash equivalents held		418,155	(682,836)
Cash at beginning of year		2,555,950	3,238,786
Cash at end of year	20(a)	2,974,105	2,555,950

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 1 - Statement of Significant Accounting Policies

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

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

The financial statements were authorised for issue on the 27 September 2013 by the directors of the Company.

Basis of preparation

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

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

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

Going concern basis of accounting

The financial statements have been prepared on a going concern basis. The Company has incurred an operating loss during the year of $3,747,017 (2012: $993,412). The Directors are managing the Company's cash flows carefully to meet its operational commitments. The Company has been successful in raising capital of $5,500,000 during the year and has $2,974,105 in cash and cash equivalents at the end of the period.

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

1) Operating expenses are budgeted to reduce by 218% from $2,400,000 to $1,100,000 for the 2014 financial year.
2) The Company has plans to raise at least $500,000 in capital to fund ongoing working capital requirements. Exalt was successful in raising $5,500,000 in the current financial year.
3) The cash balance 12months from the date of this report is forecast to be $610,000 based on the assumptions above.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

controlled by Exalt Resources Listed Public Limited at the end of the reporting period. A controlled entity is any entity over which Exalt Resources Listed Public Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 16 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statements showing profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

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

(b) Revenue

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

Other revenue is recognised as it accrues.

(c) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

(d) Cash and cash equivalents

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

(e) Exploration and development expenditure

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

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

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

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

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.

(f) Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

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

(g) Foreign currency transactions and balances

Functional and presentation currency

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

Transactions and balances

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

Group Companies

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

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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

(h) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(i) Financial instruments

Recognition

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

Loans and receivables

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

Financial liabilities

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

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expenses. Receivables and payables are stated with the amount of GST included.

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

(k) Employee benefits

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

(l) Provisions

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

(m) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

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

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

(n) Equity-settled compensation

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

(o) Segment reporting

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

(p) Critical Accounting Estimates and Judgments

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

(q) New Accounting Standards for Application in Future Periods

AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012–10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

AASB 2011–4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

AASB 2012–2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012–2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group’s financial statements.

AASB 2012–5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009–2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members’ Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 2 – Business Combinations

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

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

	2013	2012
Purchase Consideration:	**$**	$
Equity issued (16,666,666 Ordinary Shares @ $0.20)	**3,333,333**	-
30,000,000 Options issued	**1,016,625**	-
66,000,000 Performance Shares issued	**2,640,000**	-
Fair Value of Indonesian Mining Project Rights	**6,989,958**	-
Represented by : Mining Rights (note 11)	**6,989,958**	-

Note 3 – Segment information

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 3 – Segment information (continued)

2012	Australian Operations $	Indonesian Operations $	Corporate $	Total $
Segment performance				
Revenue	119,708	-	-	119,708
Net loss before tax	149,011	-	844,401	993,412
i) Segment Assets				
Total Assets	485,411	247,022	2,555,951	3,288,384
ii) Segment Liabilities				
Total Liabilities	76,173	50,783	380,870	507,826

Note 4– Revenue

	2013 $	2012 $
Non – operating activities		
- interest income	**93,019**	119,708
	93,019	119,708

Note 5– Loss for the Year

Loss before income tax includes the following specific expenses:

a) Employee benefits expense

	2013	2012
Salary and Wages	**1,149,068**	136,248
Superannuation	**37,374**	1,098
Other	**97,548**	18,335
Total Employee benefits expense	**1,283,990**	155,861

b) Significant expenses

Expenses relating to Due Diligence and preparing the prospectus.

	2013	2012
Legal fees	**288,464**	-
Consulting fees	**263,837**	-
Road Show and travel costs	**192,290**	-
Total	**744,591**	-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 6 – Income tax expense	2013	2012
	$	$
(a) The components of income tax expense comprise:		
Deferred tax	**962,492**	298,024
Deferred tax assets not recognised	**(962,492)**	(298,024)
	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on the loss from ordinary activities	**1,124,105**	298,024
Less:		
Tax effect of:		
Share options expensed during period	**(53,160)**	-
Non-deductible offshore exploration costs	**(101,297)**	-
Other Non-deductible costs	**(7,156)**	-
Tax effect of:		
Deferred tax assets not recognised	**962,492**	298,024
Income tax expense	-	-
	-	**-**

Tax losses

Unused tax losses for which no tax loss has been recognised as a deferred tax asset adjusted for non-temporary differences at 30%	**1,176,269**	553,862

The taxation benefits will only be obtained if:

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

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

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

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

Note 7 – Auditor's remuneration

	2013	2012
	$	$
Remuneration of the auditor for:		
- auditing or reviewing the financial reports	**37,000**	31,586
- corporate services	**1,500**	3,000
	38,500	34,586

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 8– Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	**2,974,105**	2,555,950

Note 9 – Trade and other receivables

	2013 $	2012 $
Current		
Other receivables	**151,145**	58,026

(a) Effective interest rates and credit risk

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

All amounts past due are considered impaired and provided against. All other receivables are within credit terms and not considered impaired. There is an $84,275 term deposit used as to security against a rental bond for the company's lease expiring May 2014.

Note 10 – Non-current assets – Plant and Equipment

	Furniture Fittings and Office Equipment	Total
Year ended 30 June 2013		
Opening net book value	**2,539**	**2,539**
Additions	**8,565**	**8,565**
Depreciation charge	**(1,434)**	**(1,434)**
Closing net book value	**9,670**	**9,670**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 10– Non-current assets – Plant and Equipment (continued)

	Furniture Fittings and Office Equipment	Total
At 30 June 2013		
Cost	**11,259**	**11,259**
Accumulated depreciation	**(1,589)**	**(1,589)**
Net book amount	**9,670**	**9,670**
Year ended 30 June 2012		
Opening net book value	-	-
Additions	2,694	2,694
Transfer from investments	-	-
Disposals	-	-
Depreciation charge	(155)	(155)
Closing net book value	2,539	2,539
At 30 June 2012		
Cost	2,694	2,694
Accumulated depreciation	(155)	(155)
Net book amount	2,539	2,539

Note 11 – Exploration Assets

	2013	2012
	$	$
Exploration and evaluation expenditure - Australia	**492,849**	424,846
Exploration and evaluation expenditure – Other Indonesia	**355,046**	-
Exploration and evaluation expenditure - ODNI	**933,402**	247,023
Acquisition of ODNI Mining Rights (note 2)	**6,989,958**	-
Total	**8,771,255**	671,869

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

	2013	2012
	$	$
Note 12 – Trade and other payables		
Trade payables	**192,121**	410,549
Accrued wages	**354,400**	-
Sundry payables and accrued expenses	**186,536**	86,586
	733,057	497,135

Note 13- Provisions

Employee benefits - annual leave	**63,308**	10,691

	Employee benefits annual leave	
	2013	2012
Opening balance 1 July	**10,691**	-
Additional provisions	**55,273**	10,691
Amounts used	**(2,656)**	
Balance as at 30 June	**63,308**	10,691

Provisions of Annual Leave

A provision has been recognised for employee benefits relating to annual leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

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Note 14 – Issued capital

	2013	2012
	$	$
73,205,295 (2012: 28,875,003) fully paid ordinary shares	**14,359,616**	3,820,859

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 14 – Issued capital (continued)	2013 No of shares	2013 $'s	2012 No of shares	2012 $'s
(a) Fully paid ordinary shares				
Balance at beginning of reporting period	**28,875,003**	**3,820,859**	25,125,003	3,504,503
Issue of shares during the period:				
Shares issued during the period				-
-31 May 2012			3,750,000	675,000
-30 November 2012	**25,000,000**	**5,000,000**	-	-
- 2 December 2012	**2,500,000**	**500,000**	-	-
- 2 December 2012	**16,666,667**	**3,333,333**	-	-
- 6 June 2013	**163,625**	**32,725**	-	-
- Transaction costs	**-**	**(1,083,967)**	-	(358,644)
Subtotal Ordinary Shares	**73,205,295**	**11,602,950**	28,875,003	3,820,859
b) Performance shares				
Balance at beginning of reporting period				
-30 November 2012	**66,000,000**	**2,640,000**	-	-
-30 November 2012	**18,000,000**	**116,666**	-	-
Subtotal Performance Shares	**84,000,000**	**2,756,666**	-	-
Total Issued Capital	**157,205,295**	**14,359,616**	-	-

Ordinary shares

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

Ordinary shares have no par value.

Performance shares

On 30 November 2012, the following numbers of shares were allotted for nil consideration pursuant to the completion of the ODNI acquisition ("2012 Plan") and are subject to performance criteria. Each Performance share is entitled to one ordinary share. Performance shares are not entitled to a vote until performance criteria is achieved.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 14– Issued capital (continued)

Performance Criteria

Class A

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 ordinary shares (**Shares**) in Exalt if a minimum of 500,000 tonnes of coal production and coal sales from ODNI projects is achieved by 27 November 2014.

Class B

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 Shares in Exalt if a minimum JORC measured and indicated coal resource of 50 million tonnes (MT) from ODNI projects by 27 November 2015.

Class C

28,000,000 Performance Shares with terms approved by the ASX, which will convert into 28,000,000 Shares in Exalt if a minimum JORC inferred coal resource of 400 million MT from ODNI by 27 November 2015

b) Options over unissued shares

	2013 Number	2012 Number
Balance at beginning of reporting period	**16,008,568**	16,008,568
Issued during the period		
ODNI Vendors	**30,000,000**	
Peloton	**10,000,000**	
B. Tudor	**3,000,000**	
W. Moss AM	**2,000,000**	
Balance at end of reporting period	**61,008,568**	16,008,568

Options exercisable at $0.20

10,000,000 options were issued on 30 November 2012 to ODNI in relation to acquisition of ODNI Holdings Pte Ltd as disclosed in note 2 of this Financial Report. The options expire on 21 November 2014 and are escrowed until 21 November 2013.

10,000,000 options were issued on 30 November 2012 to Peloton Capital Limited in relation to professional fees relating to the prospectus. The options expire on 6 December 2014 and are escrowed until 21 November 2013.

2,000,000 options were issued it to William Moss in three tranches (1/3 on 30 November 2013, 1/3 on 30 November 2014 and 1/3 on 30 November 2015) as part of Long Term Incentive ("LTI") Plan. The options expire on 21 December 2016.

600,000 options were issued to B Tudor in three tranches (1/3 on 30 November 2013, 1/3 on 30 November 2014 and 1/3 on 30 November 2015) as part of LTI Plan. The options expire on 21 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 14 – Issued capital (continued)

Options exercisable at $0.50

20,000,000 options were issued on 30 November 2012 to ODNI in relation to the acquisition of ODNI Holdings Pte Ltd as disclosed note 2 of this financial report. The options expire on 21 November 2014 and are escrowed 21 November 2013.

2,400,000 options were issued to B Tudor in three tranches (1/3 on 30 November 2013, 1/3 on 30 November 2014 and 1/3 on 30 November 2015) as part of Long Term Incentive Plan. The options expire on 21 December 2016.

(c) Capital management

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

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

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

Note 15 – RESERVES

	2013	2012
	$	$
Share option reserve	**1,560,852**	23,340
Total Reserves	**1,560,852**	23,340

Share option reserve

The share-based payments reserve is used to recognise the fair value of options granted but not exercised.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 15 – RESERVES (continued)

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

	2013	2012
	$	$
Share option reserve		
Balance at the beginning of the year	**23,340**	23,340
Share options issued to Directors	**60,536**	-
Share options issued to third parties	**1,476,976**	-
Balance at the end of the year	**1,560,852**	23,340

Share option reserve

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

The model inputs for options granted during the year ended 30 June 2013 included:

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

Class W Options issued for 20c

Fair value at grant date	Cents	4.60
Share price at grant date	Cents	20.0
Exercise price	Cents	20.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	2
A discount rate due to the illiquid nature of the options	%	30%

Class X Options issued for 50c

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 15 – RESERVES (continued)

Class Y Options issued for 20c		
Fair value at grant date	Cents	7.6
Share price at grant date	Cents	20.0
Exercise price	Cents	20.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	4
A discount rate due to the illiquid nature of the options	%	30%
Class Z Options issued for 50c		
Fair value at grant date	Cents	4.6
Share price at grant date	Cents	20.0
Exercise price	Cents	50.0
Expected volatility	%	70%
Risk free interest rate based on government bonds	%	3%
Expected life in years of option	Years	4
A discount rate due to the illiquid nature of the options	%	30%

Note 16 – Controlled entity

	Country of Incorporation	**Percentage Owned (%)***	
		2013	2012
Subsidiaries of Exalt Resources Limited:			
ODNI Pte Ltd	Singapore	**100**	0

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

Note 17 - Related party transactions

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

During the year a sum of $41,648 (2012: $72,000) was paid or accrued to SWEL Consulting Pty Limited for the provision of Company Secretarial services. Shane Hartwig is a Director of SWEL Consulting Pty Limited.

During the year a sum of $540,865 was paid to Peloton Capital Pty Limited for corporate advisory services and capital raising fees and a sum of $38,610 to Peloton Administration Pty Ltd for occupancy expenses. Emmanuel Correia and Shane Hartwig are Directors of Peloton Capital Pty Ltd and Peloton Administration Pty Ltd. Mr Correia and Mr Hartwig each have a beneficial interest in 25% of the issued capital of Peloton Capital. Neither Mr Correia nor Mr Hartwig received directly any financial benefit from professional fees relating to equity raising fees paid to Peloton Capital.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 18 – Interests of key management personnel (KMP)

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

Name	Date of Change	Role
W Moss [a]	22 October 2012	Non-Executive Chairman
B Tudor		Managing Director
S Hartwig		Non-executive Director
E Lee [a]	30 November 2012	Non-executive Director
P Dykes [a]	30 November 2012	Non-executive Director
R Soekarno [a]	30 November 2012	Non-executive Director
R Whitton[a]	30 November 2012	Non-executive Director
E Correia[b]	30 November 2012	Non-executive Director
J Malone[b]	30 November 2012	Non-executive Director
R Sheridan Chief Financial Officer[a]	25 February 2013	Chief Financial Officer
A Kovago (appointed 15 June 2012)[a]	15 June 2012	Exploration Executive

[a] KMP appointed in the year
[b] KMP retired in the year

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the period ended 30 June 2013.

(a) KMP share holdings

The number of ordinary shares in Exalt Resources Limited held directly and indirectly by each key management personnel of the Company during the year is as follows:

(a) KMP share holdings

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 18 – Interests of key management personnel (KMP) (continued)

2012	Balance at beginning of year or date of appointment	Granted as compensation	Appointment / (Retirement)	Other changes	Balance at end of year or date of resignation or cessation
E Correia	1,206,351	-	-	-	1,206,351
B Tudor *	-	-	-	175,000	175,000
J Malone	120,000	-	-	-	120,000
S Hartwig	1,350,001	-	-	-	1,350,001
Total	2,676,352	-	-	175,000	2,851,352

(b) KMP Option holdings

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

* appointed effective 22 Oct 12
**resigned effective 30 Nov 12

2012	Balance at beginning of year or date of appointment	Granted as compensation	Appointment /(Retirement)	Other changes	Balance at end of year or date of resignation or cessation
E Correia	1,702,085	-		-	1,702,085
B Tudor	-	-	-	-	-
J Malone	40,004	-	-	-	40,004
S Hartwig	1,550,001	-	-	-	1,550,001
Total	**3,292,090**	**-**	**-**	**-**	**3,292,090**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 19 - Employee benefits

Superannuation

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

Employee incentive plan

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

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

As at the date of this Report, 300,000 Options have been granted under the Plan.

Key management personnel

Details of the compensation of key management personnel are included in Remuneration Report section of the Directors' Report.

Note 20 - Notes to statement of cash flows

	2013	2012
	$	$
(a) Reconciliation of cash		
Cash at bank and on hand	2,974,105	2,555,950
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss from ordinary activities after income tax	**(3,747,017)**	(993,412)
Depreciation	**1,434**	155
Non-cash expense – share-based payments	**209,928**	-
Changes in assets and liabilities relating to operations:		
- Increase/(Decrease) in creditors and accruals	**235,922**	434,876
- (Increase)/Decrease in receivables	**(83,119)**	(30,036)
- Increase/(Decrease) in provisions	**52,617**	10,691
Net cash used in operating activities	**(3,330,235)**	(577,726)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 21- Financial risk management

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

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

	2013	2012
	$	$
Financial assets		
Cash and cash equivalents	**2,974,105**	2,555,950
Trade and other receivables	**151,145**	58,026
Total	**3,125,250**	2,613,976
Trade and other payables	**733,057**	497,135
Total	**733,057**	497,135

Specific financial risk exposures and management

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

Interest rate risk

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

	2013	**2012**
	$	**$**
Cash at bank and in hand	**2,974,105**	2,555,950
Total	**2,974,105**	2,555,950

The Company's main interest rate risk arises from cash and cash equivalents. The cash in the investment account earns a floating interest rate between 2.75 % and 3.25% (2011: 3.25% and 3.50%)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 21- Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

Credit risk

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

Liquidity risk

The Company maintains sufficient liquidity by holding cash in readily accessible accounts. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company has no access to borrowing facilities at the reporting date. The Company's financial assets $3,125,250 (2012: $2,613,976) and financial liabilities $733,057 (2012: $497,135) have a maturity within 12 months of 30 June 2013.

Fair value

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

Sensitivity analysis

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

	Profit	**Equity**
	$	**$**
	+/-	+/-
Year ended 30 June 2013	**24,660**	24,660
+/-1% in interest rates		
Year ended 30 June 2012		
	+/-	+/-
+/-1% in interest rates	**25,560**	25,560

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

Note 22 - Earnings per share

	2013	2012
	$	$
Operating loss after income tax used in the calculation of basic and diluted loss per share	**3,747,017**	993,412
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	**54,760,640**	25,433,222

Note 23- Events occurring after the reporting period

On 22 July 2013 Mr Crossman was appointed as a Non-Executive Director.

On 2 September 2013 Mr Moss AM Non-Executive Chairman resigned and was replaced by Robert Whitton.

On 17 September 2013 Mr Tudor resigned as Managing Director/CEO.

Other than the following, the Directors are not aware of any significant events since the end of the reporting period.

Note 24– Commitments	**2013**	2012
	$	$
a) Minimum expenditure commitments for mining tenements:		
Within one year	**88,500**	89,500
Later than one year but not later than five years	**64,042**	89,500
Later than five years	**-**	-
	152,542	179,000
b) Minimum expenditure commitments for Operating lease		
Within one year	**148,158**	-
Later than one year but not later than five years	**15,150**	-
Later than five years	**-**	-
	163,308	-

The company has prepaid rent of $84,275 that can be deducted from the within one year commitment as per note 8a in this financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

NOTE 25- Parent Information

	2013 $	2012 $
ASSETS		
Current assets	**3,125,250**	2,613,976
Non-current assets	**8,784,775**	674,407
TOTAL ASSETS	**11,910,025**	3,288,383
LIABILITIES		
Current liabilities	**730,057**	497,134
Non-current liabilities	**63,308**	10,691
TOTAL LIABILITIES	**796,365**	507,825
EQUITY		
Issued capital	**14,359,616**	3,820,859
Retained earnings	**1,560,852**	23,340
Option reserve	**(4,806,808)**	(1,063,642)
TOTAL EQUITY	**11,113,660**	2,780,557
Statement of Profit or Loss and Other Comprehensive Income		
Total profit	**(3,743,166)**	(993,412)
Total comprehensive income	**(3,743,166)**	(993,412)

Guarantees

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

Contingent liabilities

Nil

Contractual commitments

At 30 June 2013, Exalt Resources Limited a Listed Public Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2012: $0).

Note 26 - Company Details

REGISTERED OFFICE
Level 39 Australia Square
264-278 George Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS
Level 39 Australia Square
264-278 George Street
Sydney NSW 2000

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 27 to 58, are in accordance with the Corporations Act 2001 and:

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

   (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Consolidated Group;

2. the Chief Executive Officer and Chief Financial Officer have each declared that:

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

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

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

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

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

Dated this 27 September 2013

Robert Whitton
Director

HALLCHADWICK
Chartered Accountants and Business Advisers

EXALT RESOURCES LIMITED
ABN 17 4532 7617
AND CONTROLLED ENTITY

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

SYDNEY
Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE
Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA
Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH
Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE
Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH
Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE
Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST
Ph: (617) 5538 2322
Fx: (617) 5526 8599

Report on the Financial Report

We have audited the accompanying financial report of Exalt Resources Limited which comprises the consolidated statement of financial position as at 30 June 2013,the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

HALLCHADWICK

EXALT RESOURCES LIMITED
ABN 17 4532 7617
AND CONTROLLED ENTITY

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

Auditor's Opinion

In our opinion:

a. the financial report of Exalt Resources Limited is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $3,747,017 during the year ended 30 June 2013. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Exalt Resources Limited for the year ended 30 June 2013 complies with section 300A of the Corporations Act 2001.

Hall Chadwick

Hall Chadwick
Level 29, St Martins Tower
31 Market Street, SYDNEY NSW 2001

Graham Webb
Partner
Date: 27 September 2013

ADDITIONAL INFORMATION

Additional Australian Securities Exchange information as at 25 September 2013.

Number of holders of equity securities

Fully Paid Ordinary Shares

73,205,295 fully paid ordinary shares are held by 318 individual shareholders (16,666,667 subject to ASX escrow).

All issued ordinary shares carry one vote per share.

Options

16,008,568 Options ($0.20 Ex Price, 31st December 2015 Expiry) held by 336 individual shareholders

Distribution of holders of equity securities.

Category (size of Holdings)	Ordinary Shares holders	Option holders
1 - 1,000	4	2
1,001 - 5,000	1	133
5,001 - 10,000	57	97
10,001 - 100,000	162	84
100,001 and over	94	20
	318	336
Holding less than a marketable parcel	**110**	**275**

Substantial shareholders

The names of the substantial shareholders listed in the Exalt Resources Limited register as at 25 September 2013 were:

Holders	Fully paid ordinary shares	
	Number	Percentage
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,602,629	6.29
KENDREW PTE LTD	3,735,632	5.10
	8,338,261	11.39

ADDITIONAL INFORMATION

Twenty largest holders of quoted ordinary shares	Total ordinary Shares Number	%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	4,602,629	6.29
KENDREW PTE LTD	3,735,632	5.10
SANDFORD PTE LTD	2,969,349	4.06
AUSTCORP NO 214 PTY LTD <WILLIAM J MOSS S/F A/C>	2,500,000	3.42
UNIVERSAL COAL HOLDINGS LTD	2,250,958	3.07
VICEROY INVESTMENTS PTE LTD	2,250,958	3.07
RUCK PTY LTD	2,203,065	3.01
CANGU PTY LTD <CANGU FAMILY A/C>	2,085,000	2.85
CORPAC PARTNERS PTY LIMITED	2,011,494	2.75
GXB PTY LTD	2,000,999	2.73
CBN CAPITAL PTY LTD	1,800,000	2.46
SPOFFORTH PTY LTD	1,445,902	1.98
MR STEVEN WOODHAM + MRS ELIZABETH WOODHAM <ALPHA FAMILY A/C>	1,350,000	1.84
CHAPMANS LTD	1,250,000	1.71
ZIMBALI NOMINEES PTY LTD	1,245,211	1.70
GEBA PTY LTD <GEBA FAMILY A/C>	1,233,334	1.68
MR MERVYN IAN LEO BASSETT + MRS SHIRLEY ETHEL BASSETT <Y-Z SUPERANNUATION FUND A/C>	1,200,000	1.64
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	1,130,000	1.54
SHAMROCK MACHINE TURF COMPANY LTD	1,004,098	1.37
AUSTRALIAN GLOBAL CAPITAL PTY LTD	1,000,000	1.37
Total	**39,268,629**	**53.65**
Remainder	33,936,666	46.35
Grand Total	**73,205,295**	**100.00**

Twenty largest holders of quoted options	Fully Paid Ordinary Shares Number	%
CANGU PTY LTD <CANGU FAMILY A/C>	2,521,667	15.75
GEBA PTY LTD <GEBA FAMILY A/C>	2,411,112	15.06
MR SHANE HARTWIG	1,158,334	7.24
MR EMMANUEL CORREIA	1,058,334	6.61
MR JONATHON CHARLES KOOP	750,000	4.68
MADEIRA NOMINEES PTY LTD	622,500	3.89
MS NYREE CORREIA	621,528	3.88
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	489,188	3.06
GEBA PTY LTD <GEBA FAMILY A/C>	450,000	2.81
MR MARK WILLIAM BRYCKI + MRS NICOLA JANE BRYCKI <BRYCKI PENSION FUND A/C>	400,000	2.50
MRS LOUISE JANE HARTWIG	391,667	2.45
MR DAVID ANTHONY WARD	316,667	1.98
MR CHRISTOPHER BRYCKI	300,000	1.87
BIMEDENT PTY LTD <DISCRETIONARY A/C>	250,001	1.56
DR ALASTAIR ROWLAND BROWN <HIPIKI STAFF FUND A/C>	248,336	1.55
BJS ROBB PTY LTD	133,334	0.83
MS NICOLE GALLIN + MR KYLE HAYNES <GH SUPER FUND	133,334	0.83

ADDITIONAL INFORMATION

A/C>		
ARCHFIELD HOLDINGS PTY LTD	125,004	0.78
JALONEX INVESTMENTS PTY LTD	116,000	0.72
DR ALASTAIR ROWLAND BROWN <HIPIKI STAFF FUND A/C>	111,112	0.69
Total	**12,608,118**	**78.76**
Remainder	3,400,450	21.24
Grand Total	**16,008,568**	**100.00**

ADDITIONAL INFORMATION

DIRECTORS

Mr Robert Whitton	Non-Executive Chairman
Mr Edward Lee	Non-Executive Director
Mr Romy Soekarno	Non-Executive Director
Mr Peter Dykes	Non-Executive Director
Mr Shane Hartwig	Non-Executive Director

COMPANY SECRETARY
Mr Shane Hartwig

REGISTERED OFFICE
Level 39 Australia Square
264-278 George Street
Sydney NSW 2000

PRINCIPAL PLACE OF BUSINESS
Level 39 Australia Square
264-278 George Street
Sydney NSW 2000

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

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

LAWYERS
Gadens Lawyers
Skygarden Building
77 Castlereagh Street
Sydney NSW 2000