

**MINERALS CORPORATION LIMITED**  
ACN 002 529 160

**FINANCIAL REPORT**  
30 JUNE 2014

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## **CORPORATE DIRECTORY**

### **Directors**

Daniel Smith  
Executive Director

Nicholas Ong  
Non-executive Director

Andrew Tunks  
Non-executive Director

### **Company Secretary**

Nicholas Ong

### **Registered Office**

Office J, Level 2, 1139 Hay Street  
West Perth, Western Australia 6005  
Telephone: 08 9486 4036  
Facsimile: 08 9486 4799

### **Share Registry**

Computershare Investor Services Pty Limited  
Level 2 / 45 St Georges Terrace  
Perth Western Australia 6000  
Telephone: 1300 850 505  
Overseas: +61 3 9415 4000  
Facsimile: +61 8 9323 2033

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco Western Australia 6008  
Telephone: 08 6382 4600

### **Stock Exchange Listing**

Minerals Corporations Limited shares are listed on  
the Australian Securities Exchange, home branch,  
Perth

Code: MSC

### **Company Website**

[www.mineralscorp.com.au](http://www.mineralscorp.com.au)

Your directors present their financial report on Minerals Corporation Limited ("MSC" or the "Company") for the year ended 30 June 2014.

## **DIRECTORS**

The names of each person who has been a director during the year and continues in office at the date of this report are:

**Daniel Smith** (Executive Director);

**Nicholas Ong** (Non-executive Director) appointed 24 June 2014; and

**Andrew Tunks** (Non-executive Director) appointed 3 September 2013.

## **FORMER DIRECTORS**

Murray Ward was Managing Director of the Company during the year and resigned on 24 June 2014.

Patrick Burke was Non-executive Chairman of the Company during the year and resigned on 2 December 2013.

## **COMPANY SECRETARY**

The Company Secretary is Nicholas Ong. Mr Ong was appointed to the position of Company Secretary on 14 October 2011. Mr Ong is a member of the Governance Institute of Australia is currently a director of ASX-listed Excelsior Gold Limited (since May 2011), Fraser Range Metals Group Ltd (since July 2013), Auroch Minerals NL (since 31 May 2014) and Segue Resources Limited (since June 2011). Mr Ong holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

## **PRINCIPAL ACTIVITIES**

The principal continuing activities of the Company are the evaluation of mineral exploration projects.

## **REVIEW OF OPERATIONS**

### **Skardon Kaolin Project, Queensland**

Subsequent to the reporting period, the Company announced its planned activities in relation to the Skardon Kaolin Project in Cape York Peninsula, Queensland (the **Project**).

EPM 4068 has been the main focus of the Company's exploration within the Project to date. Works previously undertaken include an air core drilling programme, which was designed to test the potential for further kaolin outside of the known resource areas. A total of seven holes for 116.5 metres were previously drilled at two areas within the tenement. The full results in relation to the drill programme referred to above are available in MSC's ASX announcement dated 2 November 2012.

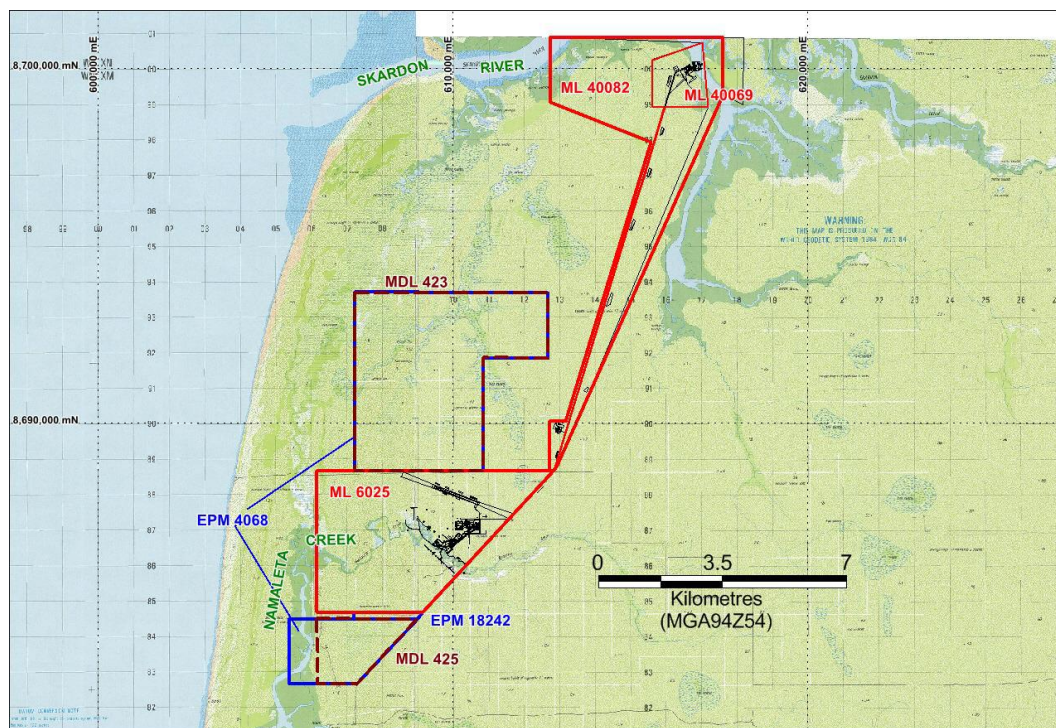


Figure 1: Skardon Project - Location Plan



Figure 2: Samples from 2012 drilling programme

Sample Number	Hole ID	Sample From	Depth (m) To	Priority
255508	SK537	3.5	4	1
255514	SK537	6.5	7	1
255526	SK537	12	12.5	2
255527	SK537	12.5	13	2
260891-2	SK612	8	9	1

Table 1 - Samples recommended for further analysis

In 2013 the Company began the process of analysing the results obtained from this drilling programme. Samples selected for assay were selected to represent the best quality kaolin. Of the fifteen samples that were selected for initial assay, including one composite sample, the Company identified a number of samples which appear to be suitable for further brightness testing, mineralogy and further particle size testing based on their colour and chemistry. Some of these samples have a low estimated kaolin value and have a majority quartz value, indicating wet refining would be required to give an acceptable industrial product. The holes and depths that each sample is from can be found in Table 1. The location of their corresponding holes can be found in Figure 3.



Figure 3 - Location of samples recommended for further analysis

### Recent drilling

Subsequent to the reporting period, MSC completed three sonic drill holes on EPM 4068. This drilling was carried out in conjunction with Gulf Alumina's bauxite sonic drilling for the Skardon River Project between 5th and 28th August 2014. Geological supervision was provided by Geos Mining. The drilling aimed to provide samples of sufficient quality and quantity in areas where potential existed for the development of economic kaolin outside the known resource areas on the adjacent MLs.

Field exploration consisted of three holes for 32.15m completed along a north to south seismic line in the north portion of EPM 4068 (approx. 609500E – AGD84). The three holes sampled both bauxite and kaolin intervals. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Several thin intervals (<1m) of kaolin bearing clays were intersected in SK761 and SK763 while SK762 was dominated by clay rich sands.





Figure 4: Photo of the sonic drill rig set up



Figure 5: Photo of the rig in operation

## Drilling results

Drilling of the three holes took place on the 22nd and 23rd of August 2014. The three holes totalled 32.15m and sampled both bauxite and potential kaolin material (Table 2). Bauxitic material from the upper 3 - 4 metres of each hole was sampled for later analysis by Gulf Alumina. Below the bauxite/laterite a total of 27 samples were taken from kaolin bearing and non-kaolin lithologies.

Hole ID	Easting (AGD84_Z54)	Northing (AGD84_Z54)	RL (m)	Total Depth (m)	Dip	Azi-muth	Comments
SK761	609492	8691684	8.102	11.25	-90°	0°	Minor bauxite intersected; Interbedded ferruginous clays and potential kaolin beds
SK762	609483	8690502	8.335	10.25	-90°	0°	Intersected mostly clayey sands. Potential kaolin in the clay fraction however. Water at 4.8m depth.
SK763	609474	8689430	10.058	10.65	-90°	0°	Minor bauxite intersected; Few potential kaolin units;

Table 2 Summary of drilling on EPM 4068 in 2014

Contamination by iron stained material on the surface of the core and in drilling induced fractures were noted on several occasions. Bauxitic clays and silts were intersected with thicknesses varying from 0.25 – 2m. No significant intervals of good quality bauxite were encountered. Kaolin bearing clays were encountered in SK761 and SK763 while SK762 was dominated by clay rich sands. The level of cementation within the bauxite layers was generally weak with some moderately cemented clay matrix encountered in SK762. Bauxitic laterite was variably cemented between 1.25 – 2.75m in SK761. Full lithological logs are provided in the ASX announcement dated 23 September 2014.

## Follow up work

All 27 samples from the kaolin holes were brought back to Sydney by plane with the site geologist. Further inspection of the quality and potential for good kaolin in the samples took place. Fifteen of the 27 samples were considered suitable for further analysis (Table 3). The best sample from each hole has been denoted as priority 1 with the remaining prospective samples as priority 2.

Geos Mining has recommended sample test work as follows:

- 1) Wet screening, plus/minus 45 µm, retain minus 45 µm
- 2) XRF chemistry on minus 45 µm
- 3) XRD mineralogy on minus 45 µm
- 4) Particle size distribution, 1 – 45 µm



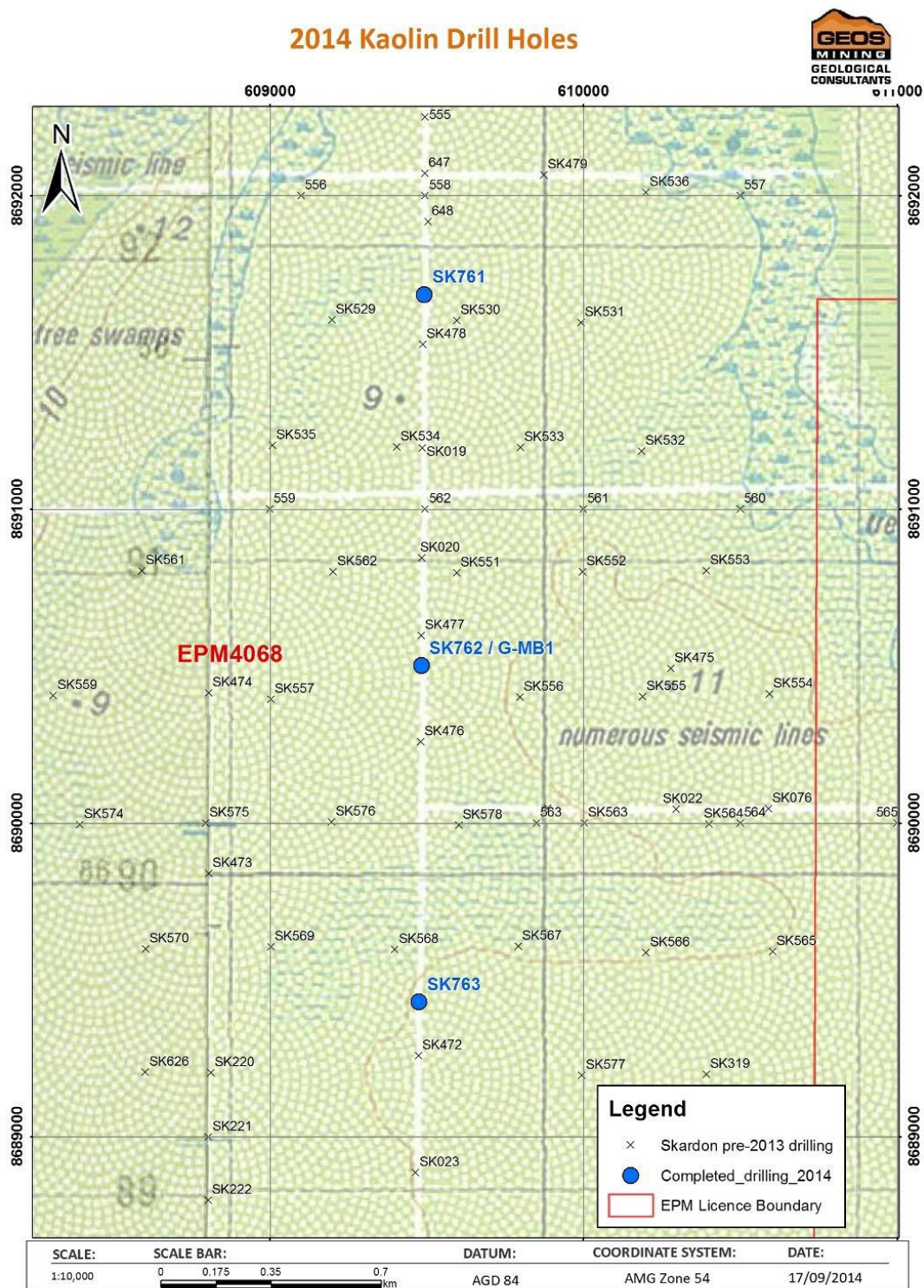


Figure 6 – Drillhole locations

Hole ID	From (m)	To (m)	Int	Lith Major	Lith Minor	Minor%	Colour	Sample ID	Sand		Munsell	Priority for Testing
									Grainsize	%		
SK761	5.15	5.7	0.55	CY	KL	30	WH	MC03-03	VF	5	5YR 8/1	2
SK761	6.5	7.4	0.9	CY	KL	15	RD	MC03-05			10YR 8/1	2
SK761	7.6	8	0.4	KL	CY	40	WH	MC03-07			5Y 8.5/1	1
SK761	8	8.4	0.4	CY	KL	20	WH	MC03-08	VF	10	5Y 8/1	2
SK761	9.15	9.75	0.6	CY	KL	10	WH	MC03-10	VF	5	10YR 8/1	2
SK761	10.9	11.25	0.35	CY			WH	MC03-12	VF	5	2.5Y 8/2	2
SK762	4.6	5.15	0.55	CY	SL	20	WH	MC02-01	VF	25	2.5Y 8.5/1	2
SK762	5.55	7.15	1.6	SN	CY	20	WH	MC02-03	M-F	80	10YR 8/1	2
SK762	7.15	9.9	2.75	SN	CY	30	WH	MC02-04	M	70	2.5Y 8.5/1	1
SK762	9.9	10.25	0.35	CY			WH	MC02-05	F	15	7.5YR 8/1	2
SK763	2.5	3.65	1.15	CY	IR	15	RD	MC04-01			2.5YR 8/2	2
SK763	3.65	4.5	0.25	CY	IR	5	WH	MC04-02	VF	10	2.5Y 8.5/2	1
SK763	4.5	5.05	0.55	CY			GY	MC04-03	VF	20	2.5Y 8/1	2
SK763	5.05	5.6	0.55	KL	CY		WH	MC04-04	VF	5	5YR 8/1	2
SK763	6.45	7.1	0.65	CY	SN	2	WH	MC04-06	VF	25	2.5Y 8/1	2

Table 3: Summary of the 15 samples with kaolin potential recommended for further test work

Together with the activities being undertaken on the Project, the Company also continues to actively review a number of investment opportunities. Should MSC identify a suitable transaction with the potential to create value for the Company and its shareholders then it will present the opportunity for the approval of the Company's shareholders as and when appropriate.

### Copper Joint Venture in the Democratic Republic of Congo

During the reporting period, the Company announced results of a number of exploration activities in relation to a Joint Venture in the Katanga Province, DRC.

Later in the period, the Company concluded discussions with the vendors of the DRC Copper projects regarding exiting the joint venture to enable the Company to focus on the proposed acquisition of PRM Cloud Solutions Ltd ("PRM"). The conditions to the completion of the acquisition of the Company's interest in the DRC Copper JV were not found to have been satisfied and accordingly the joint venture agreement was terminated and is no longer of any force and effect.

### PRM Cloud Solutions Transaction

During the reporting period, the Company announced the proposed acquisition of PRM, a cloud-based software application development company. Subsequent to the reporting period, the Company advised that the proposed vendors of PRM had issued a notice of termination to the Company in relation to the share sale agreements (SSA). The SSA consequently terminated and the Directors withdrew the public offer made under the prospectus issued during the period. All application money received in relation to the public offer was returned to applicants.

## Corporate

### Rights Issue

During the reporting period, the Company completed a non-renounceable pro-rata rights issue ("Rights Issue") to raise approximately \$756,569 before costs. The funds raised were used to underpin ongoing exploration, working capital and business development activities.

Under the Rights Issue, all eligible shareholders on the Company's register at the close of business on or about 2 September 2013 (the "Record Date"), had the right to subscribe for five (5) new shares for every eight (8) shares held at an issue price of \$0.003 per share together with one (1) free attaching option for every new share subscribed for.

The Rights Issue subsequently closed on 20 September 2013 (the "Closing Date"). Applications under the Rights Issue totalled \$274,687 representing approximately 37% of all shares offered. In addition MSC received pre closure commitments to the shortfall for a further 29 million shares representing approximately 11% of the shares offered. This brought the support for the issue to approximately 48%.

The Rights Issue shortfall of 160,627,032 shares and 160,627,032 options was placed by the Directors to underwriters or other parties consistent with the process outlined within the Rights Issue Prospectus.

### **Placement**

During the period, MSC conducted a placement raising approximately \$625,000 (before costs) by placing 250,000,000 shares at \$0.0025 per share in two tranches (**Placement**). The first tranche, totalling 164,000,000 shares, was completed pursuant to the Company's placement capacities under ASX Listing Rules 7.1 and 7.1A. The remaining 86,000,000 shares were issued subsequent to shareholder approval.

Funds raised under the Placement were used to fund MSC's existing projects and for working capital purposes.

### **Board Changes**

During the reporting period, the Company advised of the resignation of Mr Patrick Burke as a Director of MSC and the appointment of Dr Andrew Tunks, a geologist with over 25 years' experience, as a Non-executive Director. Andrew holds a B.Sc. (Hons) from Monash University and a Ph.D. in geology from the University of Tasmania.

The Company also announced the appointment of Mr Nicholas Ong as a Non-executive Director of the Company. Mr Ong spent seven years as a Principal Adviser at the ASX overseeing the listings of over a hundred companies. Mr Ong has acted as Company Secretary of MSC since October 2011 and the Directors are pleased to welcome him to the Board.

The Company also advised of the resignation of Mr Murray Ward as a Director and Executive of the Company during the period.

### **DIVIDENDS**

No dividends were paid or are proposed to be paid to members during the financial year.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Company will continue the advancement of its mineral exploration projects.

### **FINANCIAL POSITION**

The loss for the financial year after providing for income tax amounted to \$1,985,620 (2013: \$645,002).

### **AFTER BALANCE DATE EVENTS**

On the 2<sup>nd</sup> of July, the Company announced that the proposed vendors of PRM had issued a notice of termination to the Company in relation to the SSA. The SSA consequently terminated and the Directors withdrew the public offer made under the prospectus issued earlier in the period. All application money received in relation to the public offer has been returned to applicants.

On the 30<sup>th</sup> of July, the Company provided an update on its activities in relation to the Skardon Kaolin Project.

On the 14<sup>th</sup> of August, the Company advised that it had engaged Geos Mining to assist the Company in its review of the Skardon Kaolin Project and to design a drilling program to follow up on the priority target areas determined by the drilling undertaken in 2012.

On the 5<sup>th</sup> of September, the Company announced an Employee Share Scheme Buy Back for 227,273 shares.

On the 23<sup>rd</sup> September, the Company announce an update on drilling results at the Skardon Kaolin Project.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

#### **ENVIRONMENTAL REGULATIONS**

The Company's operations are subject to the environmental regulation under the laws of the Commonwealth and the states in which it operates. The Board is of the view that all requirements have been met.

#### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There have been no other significant changes in the state of affairs of the Group during the financial year.

#### **DIRECTORS**

The following persons were Directors of Minerals Corporation Limited during the period and up to the date of this report unless otherwise stated:

		<b>In office from</b>	<b>In office to</b>
<b>Daniel Smith</b>	Executive Director	1 April 2013	present
<b>Andrew Tunks</b>	Non-executive Director	3 September 2013	present
<b>Nicholas Ong</b>	Non-executive Director	24 June 2014	present
<b>Murray Ward</b>	Managing Director	16 January 2013	24 June 2014
<b>Patrick Burke</b>	Non-executive Chairman	17 February 2011	2 December 2013

#### **INFORMATION ON CURRENT DIRECTORS**

##### **Daniel Smith (Executive Director)**

Daniel is a member of the Governance Institute of Australia with a strong background in finance. He is a founding director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services. His previous career was in the securities industry but more recently in a corporate finance role inclusive of negotiations, technical due diligence and business development. He has primary and secondary capital markets expertise, having been involved in a number of IPOs and capital raisings.

Daniel is also currently a director of ASX listed Fraser Range Metals Group Limited.

##### **Former Directorships in the Last Three Years**

Daniel did not serve as Director on any other listed companies in the last three years.

**Interests in Shares and Options at the date of signing of this report:** 54,167 ordinary shares and 20,834 listed options.

##### **Nicholas Ong (Non-executive Director)**

Nicholas was a Principal Adviser at the Australian Securities Exchange (ASX) in Perth and brings nine years' experience in compliance and corporate governance to the board. He has overseen the admission of over 100 companies on to the official list of the ASX. Nicholas is a member of the Governance Institute of Australia and is Managing Director of Minerva Corporate, a corporate advisory firm that specialises in providing transaction advisory, financial reporting and company secretarial services. Nicholas holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Nicholas is currently a director of ASX-listed Excelsior Gold Limited (since May 2011), Fraser Range Metals Group Ltd (since July 2013), Auroch Minerals NL (since 31 May 2014) and Segue Resources Limited (since June 2011).



### Former Directorships in the Last Three Years

Nicholas did not serve as Director on any other listed companies in the last three years.

**Interests in Shares and Options at the date of signing of this report:** 30,304 ordinary shares and 15,152 listed options.

### Dr Andrew Tunks (Non-executive director)

Andrew holds a B.Sc (Hons) from Monash University and a Ph.D. in Geology from the University of Tasmania. He is a geologist with over 25 years' experience, and has led numerous successful exploration campaigns in Africa, leading to the discovery of several gold deposits in Ghana, as well as Botswana's largest Uranium deposit.

Andrew is not currently a director of any other ASX listed company.

### Former Directorships in the Last Three Years

1. A-Cap Resources Ltd 17 October 2006 to 27 May 2013.
2. Emergent Resources Limited 27 June 2013 to 26 November 2013.

**Interests in Shares and Options at the date of signing of this report:** 11,364 ordinary shares and nil options.

### INFORMATION ON FORMER DIRECTORS

Patrick holds a Bachelor of Law degree from the University of Western Australia. He has approximately twenty years' experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

Murray has over 20 years' experience in capital markets including the stockbroking industry both in Perth and Melbourne. Murray has most recently been involved managing a private company that negotiates project financing and concluding off-take deals for various ASX listed Australian mining companies.

### MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors held during the financial year, and the numbers of meetings attended by each director were:

Name of Director	Number Eligible to Attend	Number Attended
Daniel Smith	5	5
Nicholas Ong <sup>1</sup>	0	0
Andrew Tunks <sup>2</sup>	4	4
Murray Ward <sup>3</sup>	5	5
Patrick Burke <sup>4</sup>	3	3

<sup>1</sup>Mr Nicholas Ong was appointed on 24 June 2014

<sup>2</sup>Mr Andrew Tunks was appointed on 3 September 2013

<sup>3</sup>Mr Murray Ward resigned on 24 June 2014

<sup>4</sup>Mr Patrick Burke resigned on 2 December 2013

## REMUNERATION REPORT - AUDITED

The remuneration report is set out under the following main headings:

- (1) Principles used to determine the nature and amount of remuneration;
- (2) Details of remuneration;
- (3) Employment contracts of Directors and Senior Executives;
- (4) Performance based remuneration; and
- (5) Share based compensation.

The information provided under headings 1 to 5 above includes remuneration disclosures that are required under Accounting Standard AASB 124, *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

### 1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- (i) focuses on sustained growth in shareholder wealth; and
- (ii) attracts and retains high calibre executives.

Alignment to program participants' interests:

- (i) rewards capability and experience; and
- (ii) provides a clear structure for earning rewards.

#### *Executive and Non-executive Directors*

Fees and payments to directors, including the Chairman where one is appointed, reflect the demands which are made on, and the responsibilities of, the directors. Directors' fees and payments are reviewed annually by the Board. The Board also ensures that directors' fees and payments are appropriate and in line with the market. The total aggregate fixed sum per annum payable to non-executive directors in accordance with the constitution of the Company is \$250,000.

#### *Retirement allowances and benefits for directors*

There are no retirement allowances or other benefits paid to non-executive directors.

Statutory superannuation is provided for the executive director and managing director.

#### *Use of Remuneration Consultants*

There was no use of Remuneration Consultants during the period

## 2 Details of Remuneration

The amount of remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) is set out below:

Name	Short term employee benefits		Post-employment benefits	Share based payments	Total
	Salary	Consulting fees	Superannuation	Shares <sup>5</sup>	
	\$	\$	\$	\$	\$
Murray Ward <sup>1</sup> (Managing Director)	106,452	82,000	8,479	114,786	311,717
Daniel Smith (Executive Director)	79,746	-	7,377	45,000	132,123
Patrick Burke <sup>2</sup> (Non-Executive Director)	-	14,000	-	-	14,000
Andrew Tunks <sup>3</sup> (Non-Executive Director)	-	30,000	-	-	30,000
Nicholas Ong <sup>4</sup> (Non-Executive Director)	-	-	-	-	-
<b>TOTAL</b>	<b>186,198</b>	<b>126,000</b>	<b>15,856</b>	<b>159,786</b>	<b>487,840</b>

<sup>1</sup>resigned 24 June 2014

<sup>2</sup>resigned 2 December 2013

<sup>3</sup>appointed 3 September 2013

<sup>4</sup>appointed 24 June 2014

<sup>5</sup> Refer to Section 5 of the Remuneration Report for details of share based payments.

Name	Short term employee benefits		Post-employment benefits	Share based payments	Total
	Salary	Consulting fees	Superannuation	Shares	
	\$	\$	\$	\$	\$
Murray Ward (Managing Director)	101,821	-	9,164	-	110,985
Daniel Smith (Executive Director)	21,000	-	1,890	-	22,890
Patrick Burke (Non-Executive Director)	-	36,000	-	-	36,000
Bevan Tarratt <sup>1</sup> (Non-Executive Director)	24,771	-	2,229	-	27,000
Robert van Zyl <sup>2</sup> (Non-Executive Director)	-	19,548	-	-	19,548
<b>TOTAL</b>	<b>147,592</b>	<b>55,548</b>	<b>13,283</b>	<b>-</b>	<b>216,423</b>

<sup>1</sup> resigned 1 April 2013

<sup>2</sup> resigned 16 January 2013

## 3 Employment Contracts of Directors and Senior Executives

### Daniel Smith (Executive Director)

#### Term of Agreement – commencing 1 April 2013 for 2 years

Agreement – provision of contract services between the Company and Mr Daniel Smith for an amended fee of \$12,000 per year from 1 August 2014 (previously \$84,000 per year plus superannuation) on a total employment cost basis and is to be reviewed after 1 year. The service agreement stipulates a two months' notice period and no termination benefits are payable. The Company may at its sole discretion terminate the Employment by giving two (2) months written notice to the Executive. If the Company elects to pay the Executive the equivalent of two (2) months' Salary and dispense with the notice period, the total payment will be the equivalent of two (2) months' Salary.

### Mr Nicholas Ong (Non-Executive Director)

There is no formal agreement for provision of board services between the Company and Mr Ong for a standard board remuneration fee of \$1,000 per calendar month. Mr Ong serves on a month to month basis and there are no termination payments payable.

### Dr. Andrew Tunks (Non-Executive Director)

There is no formal agreement for provision of board services between the Company and Dr Andrew Tunks for a standard board remuneration fee of \$2,000 per calendar month. Mr Tunks serves on a month to month basis and there are no termination payments payable.

#### 4 Performance based Remuneration

There is currently no performance based remuneration for Directors.

#### Company performance, shareholder wealth and director and executive remuneration.

The following table shows gross revenue, profits/losses and share price of the Group at the end of the current and previous financial years since incorporation.

	30 June 2014 \$	30 June 2013 \$	30 June 2012 \$
Revenue from continuing operations	7,821	21,777	52,845
Net profit/(loss)	(1,985,620)	(645,002)	(502,916)
Share price	\$0.002	\$0.01	\$0.01

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. This will be achieved via offering performance incentive bonuses to deliver long-term shareholder returns.

#### *Voting and comments made at the company's 2013 Annual General Meeting*

At the 2013 Annual general Meeting the Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

#### Remuneration Governance

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives. The remuneration committee, composed of the full Board, reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

The employees of the Group receive a superannuation guarantee contribution required by the government, which is currently 9.25%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed. Options (if applicable) given to Directors and Key Management Personnel are valued using an appropriate option pricing methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The remuneration committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice is sought when required. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the Company. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the Board as part of the review of executive remuneration. The Board can exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria.

During the year the company did not seek the advice of remuneration consultants.



## 5 Share based remuneration

The Minerals Corporation Limited Employee Share Plan (the "Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. Approved by Shareholders 28 November 2013, the Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

### Shares

Details of ordinary shares in the Group provided as remuneration to each director of Minerals Corporation Limited are set out below:

Name	Share-based compensation benefits						
	Year granted	Number of shares granted during the year	Number of shares vested during the year	Vested %	Forfeited %	No of shares yet to vest	Financial Years in which shares may vest
Murray Ward	2014	(i) 5,529,218	5,529,218	100%	-	-	-
Daniel Smith	2014	(ii) 227,273	227,273	100%	-	-	-

- (i) 5,000,000 shares issued to Mr Ward on 28 January 2014 at \$0.002 on completion of 12 months service pursuant to an executive services agreement. Mr Ward also received 454,546 bonus shares and 74,672 shares in lieu of his annual leave entitlement on 20 May 2014 at \$0.198.
- (ii) 227,273 bonus shares issued to Mr Smith on 20 May 2014 at \$0.198.

Refer to Note 19 for further details of share based payments.

### Options

There were no options issued to Directors or employees by the Group during the year (2013: Nil).

### DIRECTORS' INTERESTS IN SHARES AND OPTIONS

At the date of this report, Directors held a relevant interest in the following securities of the Company:

Name	Ordinary Shares	Options
Daniel Smith	54,167	20,834
Andrew Tunks	11,364	Nil
Nicholas Ong	30,304	15,152

At 30 June 2014, Directors held a relevant interest in the following securities of the Company:

2014 - Shares Name	Held at 1/7/2013	Shares acquired	Other changes <sup>1</sup>	Balance	Balance held nominally
Murray Ward <sup>1</sup>	3,000,120	10,404,293	(13,404,413)	-	-
Daniel Smith	2,200,000	1,556,818	(3,520,833)	235,985	-
Patrick Burke <sup>2</sup>	17,500,000	1,333,340	(18,833,340)	-	-
Andrew Tunks <sup>3</sup>	-	750,000	(738,636)	11,364	-
Nicholas Ong <sup>4</sup>	-	30,304	-	30,304	-

<sup>1</sup> Includes consolidation of capital

22,700,120	14,074,755	(36,497,222)	277,653	-
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<b>2014 - Options Name</b>	<b>Held at 1/7/2013</b>	<b>Options acquired</b>	<b>Other changes<sup>1</sup></b>	<b>Balance 30/6/2014</b>	<b>Vested and exercisable</b>
Murray Ward <sup>1</sup>	-	1,875,075	(1,875,075)	-	-
Daniel Smith	-	1,375,000	(1,354,166)	20,834	-
Patrick Burke <sup>2</sup>	5,000,000	1,333,340	(6,333,340)	-	-
Andrew Tunks <sup>3</sup>	-	-	-	-	-
Nicholas Ong <sup>4</sup>	-	15,152	-	15,152	-
	5,000,000	4,598,567	(9,562,581)	35,986	-

<sup>1</sup>resigned 24 June 2014

<sup>2</sup>resigned 2 December 2013

<sup>3</sup>appointed 3 September 2013

<sup>4</sup>appointed 24 June 2014

On resignation, former directors cease to be a Key Management Personnel. Therefore, there is no need to disclose share and option holdings beyond the date of resignation.

## TRANSACTIONS WITH DIRECTORS, KEY MANAGEMENT PERSONNEL AND THEIR RELATED ENTITIES

Director Mr Daniel Smith is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provides corporate consultancy services (including office accommodations) to Minerals Corporation Ltd. Payments to Minerva Corporate Pty Ltd during the relevant period total \$102,500 (2013: \$39,865).

Former Director Mr Murray Ward is a current director of Rosemead Consulting Pty Ltd. Rosemead Consulting Pty Ltd provided consultancy services to Minerals Corporation Ltd. Payments to Rosemead Consulting Pty Ltd during the relevant period total \$82,000 (2013: \$nil).

Director Mr Andrew Tunks is a current director of Tunks Geo Consulting Pty Ltd. Tunks Geo Consulting Pty Ltd provided consultancy services to Minerals Corporation Ltd. Payments to Tunks Geo Consulting Pty Ltd during the relevant period total \$30,000 (2013: \$nil).

This is the end of the audited remuneration report.

## OPTIONS

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

	<b>No. of Options Outstanding</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
	4,351,291	31/12/2015	\$0.66
	757,576	30/6/2017	\$0.30
	757,587	31/12/2015	\$0.99
	227,274	31/12/2015	\$0.2244
<b>TOTAL</b>	<b>6,093,728</b>		

The names of persons who currently hold options are entered in a register pursuant to Section 170 of the Corporations Act 2001. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been exercised.

## INDEMNIFICATION AND INSURANCE OF OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer, auditor or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. During the period the Company paid \$16,076 in premiums for Directors and Officer Insurance.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

## AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

The Board of Directors advises that non-audit services were provided by the Group's auditors during the year. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professionals Accountant.

	2014 \$	2013 \$
<b>Audit Services</b>		
BDO (WA) Audit Pty Ltd	36,155	37,480
<b>Non-Audit Services</b>		
BDO (WA) Pty Ltd (Taxation)	5,490	-
<b>Total</b>	<b>41,645</b>	<b>37,480</b>

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20 of the annual report.

## CORPORATE GOVERNANCE

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement included with this report.

Signed in accordance with a resolution of the board of directors



Daniel Smith  
 Director  
 Perth  
 26 September 2014

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF MINERALS CORPORATION LIMITED

As lead auditor of Minerals Corporation Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2014



**Minerals Corporation Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**As at 30 June 2014**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Revenue from continuing activities	3	7,821	21,777
General administration costs	4	(148,346)	(202,073)
Accounting fees	4	(59,740)	(42,113)
Audit fees	4	(36,155)	(37,480)
Company secretarial fees	4	(31,000)	(49,944)
Corporate compliance costs	4	(67,744)	(23,314)
Directors fees	4	(328,054)	(216,423)
Impairment costs	4	(770,421)	-
Settlement Fees	4	(197,494)	-
Share-based payment – Options	19	(87,917)	-
Share-based payment – Shares	19	(201,518)	-
Occupancy costs	4	(49,939)	(48,663)
Project evaluation fees	4	(14,035)	(46,489)
Loss before depreciation, amortisation and income tax expense		(1,984,542)	(644,722)
Depreciation and amortisation expense	8	(1,078)	(280)
Loss before income tax		(1,985,620)	(645,002)
Income tax expense	5	-	-
<b>Loss after income tax</b>		<b>(1,985,620)</b>	<b>(645,002)</b>
Other comprehensive loss for the year-revaluation decrement		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,985,620)</b>	<b>(645,002)</b>
Basic loss per share for the year attribute to the members of Minerals Corporation Ltd	13	(\$0.194)	(\$0.117)
Diluted loss per share from continuing operations	13	N/A	N/A

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

**Minerals Corporation Limited**  
**Statement of Financial Position**  
**As at 30 June 2014**

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Current assets</b>			
Cash and cash equivalents	6	362,421	277,679
Trade and other receivables	7	93,797	34,418
Total current assets		<u>456,218</u>	<u>312,097</u>
<b>Non-current assets</b>			
Property, plant & equipment	8	540	1,618
Exploration and evaluation assets	9	246,062	724,370
Total non-current assets		<u>246,602</u>	<u>725,988</u>
<b>Total assets</b>		<b><u>702,820</u></b>	<b><u>1,038,085</u></b>
<b>Current liabilities</b>			
Trade and other payables	10	239,168	128,299
Total current liabilities		<u>239,168</u>	<u>128,299</u>
<b>Total liabilities</b>		<b><u>239,168</u></b>	<b><u>128,299</u></b>
<b>Net assets</b>		<b><u>463,652</u></b>	<b><u>909,786</u></b>
<b>Equity</b>			
Issued capital	11	136,948,230	135,496,661
Reserves	11(d)	88,917	1,000
Accumulated losses	12	(136,573,495)	(134,587,875)
<b>Total equity</b>		<b><u>463,652</u></b>	<b><u>909,786</u></b>

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

**Minerals Corporation Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2014**

	Share Capital - Ordinary	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 01.07.13	<b>135,496,661</b>	<b>1,000</b>	<b>(134,587,875)</b>	<b>909,786</b>
Loss attributable to members of parent entity	-	-	(1,985,620)	(1,985,620)
Total comprehensive loss for the year	-	-	(1,985,620)	(1,985,620)
Transaction with owners in their capacity as owners				
Shares Issued	1,580,690	87,917	-	1,668,607
Equity raising costs	(129,121)	-	-	(129,121)
<b>Balance at 30.06.14</b>	<b>136,948,230</b>	<b>88,917</b>	<b>(136,573,495)</b>	<b>463,652</b>

	Share Capital - Ordinary	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 01.07.12	<b>134,923,067</b>	<b>1,000</b>	<b>(133,942,873)</b>	<b>981,194</b>
Loss attributable to members of parent entity	-	-	(645,002)	(645,002)
Total comprehensive loss for the year	-	-	(645,002)	(645,002)
Transaction with owners in their capacity as owners				
Shares Issued	580,000	-	-	580,000
Equity raising costs	(6,406)	-	-	(6,406)
<b>Balance at 30.06.13</b>	<b>135,496,661</b>	<b>1,000</b>	<b>(134,587,875)</b>	<b>909,786</b>

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

Minerals Corporation Limited  
**Statement of Cash Flows**  
For the year ended 30 June 2014

		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(956,336)	(696,362)
Interest received		6,101	18,280
GST received/(paid)		(20,830)	5,045
Net cash used in operating activities	16	<b>(971,065)</b>	<b>(673,037)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration & evaluation expenditure		(299,881)	(500,929)
Net cash used in investing activities		<b>(299,881)</b>	<b>(500,929)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares & options		1,383,089	500,000
Payment for equity issue costs		(129,121)	(6,406)
Proceeds from borrowings		100,000	-
Net cash provided by financing activities		<b>1,353,968</b>	<b>493,594</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>83,022</b>	<b>(680,372)</b>
Cash and cash equivalents at the beginning of the year		277,679	958,051
Effects of exchange rates on cash held in foreign currency		1,720	-
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>362,421</b>	<b>277,679</b>

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

## **1 Statement of Significant Accounting Policies**

### **Basis of Preparation**

The financial statements of Minerals Corporation Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of directors' on 26 September 2014.

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

Minerals Corporation Limited is a listed public company, incorporated and domiciled in Australia. Minerals Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report of Minerals Corporation Limited complies with all the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### **Adoption of new and revised accounting standards**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, other than for the adoption of AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interests in Other Entities, AASB 13 Fair Value Measurement and AASB 119 Employee Benefits which came into effect on 1 July 2013. Minerals Corporation Limited have reviewed the impact of applying these new standards compared to the previous standards and concluded that there is no material impact on the Group's performance and position arising from the initial application of these standards and, apart from additional note disclosures required under AASB 13, they are therefore immaterial in the context of the Group's financial report for the year reporting period ended 30 June 2014 or the comparative information.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### *Reporting Basis and Conversions*

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### **Going Concern**

The company has incurred a net loss of \$1,985,620 (30 June 2013 \$645,002) and has net current assets of \$217,050 at 30 June 2014 (30 June 2013 \$183,797).

The ability of the company to continue as a going concern is dependent on the Company's ability to raise funds through successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements, and/ or sale of non-core assets in the future to allow continuation of the Company's work programmes. The Directors believe the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis.

## **1 Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(a) Income Tax**

The charge for current income tax expenses is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or any substantially enacted at the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Minerals Corporation Limited and its previously wholly-owned Australian subsidiaries did not form an income tax consolidated group under the Tax Consolidation Regime.

#### **(b) Property, Plant and Equipment**

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

The 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 these assets' 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 Company 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

#### *Depreciation*

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity 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.



## 1 Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (b) Property, Plant and Equipment (continued)

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Leasehold improvements	10.00%
Plant and equipment	5.0% - 33.3%
Leased plant and equipment	6.7% - 20.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings or accumulated losses.

#### (c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest.

These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

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

Costs incurred on identifiable areas of interest where the Company has not been granted rights to tenure as at reporting date are capitalised when the Company are confident that it is probable the Company will be granted rights in the near future. If the Company is subsequently not granted rights to tenure, costs capitalised to affected areas of interest are written off in the profit and loss in the year in which this decision is known.

#### (d) Trade and other receivables

Trade and other receivables are recorded at amounts due less any allowance for doubtful debts. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

#### (e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including

## **1 Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(e) Leases (continued)**

any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Profits arising from sale and leaseback transactions are recorded as deferred income. Deferred income is amortised on a straight-line basis to the Statement of Profit or Loss and Other Comprehensive Income statement over the term of the lease.

#### **(f) 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.

##### *Fair value*

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

##### *Impairment of Financial Assets*

At each reporting date, the company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged and significant decline in the value of the instrument is considered to be an indicator of impairment. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### **(g) Impairment of Non-Financial Assets**

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

## **1 Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(g) Impairment of Non-Financial Assets (continued)**

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

#### **(h) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be 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.

#### **(i) 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.

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 are 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 for 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 costs are determined on the basis that the restoration will be completed within one year of abandoning the site.

#### **(j) Cash and Cash Equivalents**

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

#### **(k) Revenue Recognition**

Revenue from the sale of goods is recognised upon the delivery of goods to customers, which is the date of transfer of significant risks and rewards.

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

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of service is recognised upon the delivery of the service to the customers, which is the date that no continuing involvement is required.  
All revenue is stated net of the amount of goods and services tax (GST).

## **1 Statement of Significant Accounting Policies (continued)**

### **Accounting Policies (continued)**

#### **(l) Trade and other payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(m) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(n) Earnings per share**

##### **(i) Basic earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

##### **(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

#### **(o) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for the intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in expense in the period in which they are incurred.

#### **(p) Goods and Services Tax (GST)**

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

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

#### **(q) Comparative Figures**

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

#### **(r) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

## 1 Statement of Significant Accounting Policies (continued)

### Accounting Policies (continued)

#### (s) Share Based Payment Transactions

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

#### (t) Joint Ventures

##### *Jointly controlled assets*

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

##### *Joint venture entities*

The interest in a joint venture partnership is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the partnership is recognised in the profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the company's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

#### (u) Critical Accounting Estimates and Judgments

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

##### *Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment has been recognised for the year ended 30 June 2014.

##### *Exploration and evaluation expenditure*

The company's accounting policy for exploration and evaluation expenditure is set out at note 1(c). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances. If, after having capitalised expenditure under the policy it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

## 1 Statement of Significant Accounting Policies (continued)

### (v) New Standards Issued but not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2014. They have not been adopted in preparing the financial statements for the year ended 30 June 2014 and are expected to impact the entity in the period of initial application.

In all cases the entity intends to apply these standards from application date as indicated in the table below.

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	<p>Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:</p> <ul style="list-style-type: none"> <li>• Amortised cost</li> <li>• Fair value through profit or loss</li> <li>• Fair value through other comprehensive income.</li> </ul> <p>The following requirements have generally been carried forward unchanged from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> into AASB 9:</p> <ul style="list-style-type: none"> <li>• Classification and measurement of financial liabilities; and</li> <li>• Derecognition requirements for financial assets and liabilities.</li> </ul> <p>However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.</p>	Annual reporting periods beginning on or after 1 January 2018	<p>Adoption of AASB 9 is only mandatory for the year ending 30 June 2019.</p> <p>The entity does not currently have any financial instruments.</p>

# 1 Statement of Significant Accounting Policies (continued)

## (v) New Standards Issued but not yet effective (continued)

AASB reference	Title and Affected Standard(s):	Nature of Change	Application date:	Impact on Initial Application
AASB 2013-9 (issued December 2013)	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	<p>Makes three amendments to AASB 9:</p> <ul style="list-style-type: none"> <li>• Adding the new hedge accounting requirements into AASB 9</li> <li>• Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017, and</li> <li>• Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.</li> </ul> <p>Under the new hedge accounting requirements:</p> <ul style="list-style-type: none"> <li>• The 80-125% highly effective threshold has been removed</li> <li>• Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable</li> <li>• An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure</li> <li>• When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI</li> </ul>	Annual reporting periods beginning on or after 1 January 2018	<p>The application date of AASB 9 has been deferred to 1 January 2018. The entity has not yet made an assessment of the impact of these amendments.</p> <p>The entity does not currently have any hedging arrangements in place.</p>



## 2 Segment Information

The Company operates in one industry, being the mining and minerals exploration and processing industry. The Company operated in one geographical segment, that being Australia. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of Directors. Intersegment pricing is on an "arms-length" basis.

	Australia		Company	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>Revenue</b>				
Other revenue	7,821	21,777	7,821	21,777
Total sales revenue	7,821	21,777	7,821	21,777
<b>Total segment</b>	7,821	21,777	7,821	21,777
<b>Expenses</b>				
Operating activities	(1,993,441)	(666,779)	(1,993,441)	(666,779)
Total expenses	(1,993,441)	(666,779)	(1,993,441)	(666,779)
<b>Total segment</b>	(1,993,441)	(666,779)	(1,993,441)	(666,779)
<b>Result</b>				
<b>Segment result</b>	(1,985,620)	(645,002)	(1,985,620)	(645,002)
Loss before income tax expense	(1,985,620)	(645,002)	(1,985,620)	(645,002)
Income tax expense	-	-	-	-
<b>Net loss</b>	(1,985,620)	(645,002)	(1,985,620)	(645,002)
<b>Assets</b>				
Segment assets	702,820	1,038,085	702,820	1,038,085
<b>Total assets</b>	702,820	1,038,085	702,820	1,038,085
<b>Liabilities</b>				
Segment liabilities	239,168	128,299	239,168	128,299
<b>Total liabilities</b>	239,168	128,299	239,168	128,299

## 3 Revenue from continuing operations

	2014	2013
	\$	\$
Interest revenue – deposits at call	7,821	21,777
<b>Total revenue</b>	<b>7,821</b>	<b>21,777</b>

## 4 Expenses

Loss before income tax expense includes the following expenses:	2014	2013
	\$	\$
Corporate compliance costs	67,744	23,314
Company secretarial fees	31,000	49,944
Directors fees	328,054	216,423
Share based payments (shares)	201,518	-
Share based payments (options)	87,917	-
Occupancy costs	49,939	48,663
Accounting fees	59,740	42,113
Audit fees & disbursements	36,155	37,480
Project evaluation fees	14,035	46,489
Impairment costs	770,421	-
Settlement Fees	197,494	-
Travelling expenses	24,884	51,724
Other administration costs	123,462	150,349
	<b>1,992,363</b>	<b>666,499</b>

## 5 Income Tax

	2014 \$	2013 \$
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
The prima facie tax payable / (benefit) on profit / (loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from continuing activities before income tax at 30% (2013:30%)	(595,686)	(193,500)
Add / (subtract) tax effect of:		
Revenue losses and other deferred tax balances not recognised	170,353	114,917
Discontinued operations	-	-
Non-allowable items	425,333	78,583
Income tax	-	-
Deferred tax liabilities:		
Deferred tax liabilities:		
Exploration and evaluation assets	(73,818)	(58,645)
Deferred tax assets:		
Carry forward revenue losses	73,818	58,645
Net deferred tax	-	-
Unrecognised deferred tax assets:		
Carry forward revenue losses	505,135	261,939
Capital raising costs	42,323	28,674
Provisions and accruals	21,096	14,872
	<b>568,554</b>	<b>305,485</b>

The tax benefits of the deferred tax assets will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in utilising the benefits.

The Directors are of the opinion that none of the losses incurred prior to the settlement of the deed of company arrangement are available to be utilised by the Company.

## 6 Cash and Other Financial Assets

	2014 \$	2013 \$
Cash and cash equivalents	362,421	277,679

The Company's exposure to interest rate risk is discussed in note 14. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand.

## 7 Trade and Other Receivables

	2014 \$	2013 \$
Trade and other receivables	93,797	34,417

These amounts generally arise from transactions relating to operating activities. No interest is chargeable and collateral is not normally obtained. These receivables are not considered to be impaired as repayment is expected to occur or has occurred. Refer to note 14 for the Company's risk management policy. As at 30 June 2014, no trade receivables were past due or impaired.

## 8 Property, Plant & Equipment

	Computer Equip \$	Total \$
<b>2014</b>		
Computer Equipment at cost	1,898	1,898
Less: Accumulated depreciation	(1,358)	(1,358)
<b>Total</b>	<b>540</b>	<b>540</b>
<b>Reconciliation:</b>		
Balance at the beginning of the year	1,618	1,618
Additions	-	-
Depreciation charge	(1,078)	(1,078)
	<b>540</b>	<b>540</b>
<b>2013</b>		
Computer Equipment at cost	1,898	1,898
Less: Accumulated depreciation	(280)	(280)
<b>Total</b>	<b>1,618</b>	<b>1,618</b>
<b>Reconciliation:</b>		
Balance at the beginning of the year	-	-
Additions	1,898	1,898
Depreciation charge	(280)	(280)
	<b>1,618</b>	<b>1,618</b>

## 9 Exploration and Evaluation

	2014 \$	2013 \$
Mineral assets under exploration and evaluation	246,062	724,370
	<b>246,062</b>	<b>724,370</b>
<b>Reconciliation:</b>		
Balance at the beginning of the year	724,370	110,673
Expenditure - Other	292,113	84,810
Impairment – DRC Project	(770,421)	528,887
<b>Balance at the end of the year</b>	<b>246,062</b>	<b>724,370</b>

The ultimate recovery of the value of the entity's mineral tenements is primarily dependent on the success of future development, achievement of sales forecasts or alternatively, realisation by sale.

The Company entered into a joint venture agreement during the year, and has capitalised costs in respect of this agreement. The Company has capitalised exploration expenditure on the basis that it expects to complete the acquisition post year-end. Refer to accounting policy Note 1(c).

## 10 Trade and Other Payables

	2014 \$	2013 \$
Trade and other payables	239,168	128,299
	<b>239,168</b>	<b>128,299</b>

These amounts generally arise from transactions relating to operating activities. No interest is chargeable and collateral is not normally obtained. This payable is not considered to be impaired as repayment is expected to occur or has occurred. Refer to note 14 for the Company's risk management policy. All amounts are expected to be settled within 12 months.

## 11 Issued Capital

	2014 \$	2013 \$
<b>Share capital</b>		
Fully paid ordinary shares (a)	136,948,230	135,496,661
	<b>136,948,230</b>	<b>135,496,661</b>

### (a) Movement in shares 2014

#### (1) Fully paid ordinary shares

	Date	2014 Shares	2014 \$
Opening balance	1/7/2013	403,503,279	135,496,661
Issued to brokers *	16/9/2013	3,630,000	10,890
Conversion of options	19/12/2013	10,516	105
Placement	15/1/2014	416,189,247	1,166,567
Shares issued to management**	28/1/2014	5,000,000	10,000
Consolidation 66:1		(815,781,774)	-
Placement	20/5/2014	1,287,893	212,500
Shares issued to management**	20/5/2014	756,491	149,786
Shares issued to creditors**	20/5/2014	155,768	30,842

Equity raising costs	-	(129,121)
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<b>Closing balance</b>	<b>30/6/2014</b>	<b>14,751,420</b>	<b>136,948,230</b>
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\* The company is unable to estimate the fair value of the services received. Accordingly the company have valued the shares using the share price as at the date of issue.

\*\* Refer to note 19 for details.

### (b) Movement in shares 2013

#### (1) Fully paid ordinary shares

	Date	2013 Shares	2013 \$
Opening balance	1/7/2012	343,503,279	134,923,067
Placement	1/2/2013	50,000,000	500,000
Issued to brokers *	7/5/2013	10,000,000	80,000

Equity raising costs	-	(6,406)
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<b>Closing balance</b>	<b>30/6/2013</b>	<b>403,503,279</b>	<b>135,496,661</b>
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Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### (c) Other equity securities

	Price \$	Expiry date	Number under option
<b>Options 2014</b>			
Listed Options	0.66	31/12/2015	4,351,291
Unlisted Options	0.99	31/12/2015	757,587
Unlisted Options	0.2244	31/12/2015	227,274
Unlisted Options	0.30	30/06/2017	757,576
			<b>6,093,728</b>

	Expiry date	Number under option
<b>Options 2013</b>		
Unlisted Options	31/12/2015	100,000,000
		<b>100,000,000</b>

## 11 Issued Capital (continued)

### (d) Movement in options

2014		Price	2014	2014
<i>Unlisted options</i>	<i>Date</i>	<i>\$</i>	<i>Options</i>	<i>\$</i>
Opening balance		0.01	100,000,000	1,000
Options issued (free attaching)		0.01	252,189,549	-
Consolidation 66:1	02/5/2014		(346,853,397)	-
Options issued*		0.30	757,576	87,917
<b>Closing balance</b>	<b>30/6/2014</b>		<b>6,093,728</b>	<b>88,917</b>

\* Refer to note 19 for details.

2013		Price	2013	2013
<i>Unlisted options</i>	<i>Date</i>	<i>\$</i>	<i>Options</i>	<i>\$</i>
Opening balance		0.01	50,000,000	1,000
Options issued (free attaching)		0.015	50,000,000	-
<b>Closing balance</b>	<b>30/6/2013</b>		<b>100,000,000</b>	<b>1,000</b>

### (e) Option and Share Based Payment Reserve

The option reserve is used to recognise funds received from options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital. The share based payment reserve is used to recognise the grant date fair value of options issued but not exercised.

### (f) Capital Risk Management

The Company's objective is to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure, the Company may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Company defines capital as cash and cash equivalents plus equity. The board of directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital. There are no gearing ratios as the Company has not derived any income from their mineral exploration and currently has no debt facilities in place.

12 Accumulated Losses	2014	2013
Accumulated losses at the beginning of the financial year	(134,587,875)	(133,942,873)
Net loss attributable to members of the Company	(1,985,620)	(645,002)
Accumulated losses at the end of the financial year	<u>(136,573,495)</u>	<u>(134,587,875)</u>

### 13 Loss Per Share

		2014 Shares	2013 Shares
<b>Weighted average number of shares used as the denominator:</b>			
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	(i)	10,241,308	5,538,759
Weighted average number of ordinary shares used as the denominator in calculating diluted loss per share	(i)	10,241,308	5,538,759
<b>Reconciliation of profit / (loss) used in calculating loss per share:</b>		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Basic loss per share from continuing operations:		(0.194)	(0.117)
Net loss from continuing operations		(1,985,620)	(645,002)

(i) The comparative weighted average number of ordinary shares has been updated as a result of share capital consolidation.

At 30 June 2014 the Company had on issue 6,093,728 unlisted options (2013: 100,000,000 (pre consolidation)) that have not been included in the calculation of diluted earnings per shares as the options are anti-dilutive.

### 14 Financial Instruments

#### Financial Risk Management Policy

##### (a) Interest Rate Risk Exposures

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate on classes of financial assets and financial liabilities, is as follows:

2014	Floating interest rate	Fixed interest rate maturing 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	362,421	-	-	362,421	1.99
Trade and other receivables	-	-	93,797	93,797	
Total financial assets	<b>362,421</b>	<b>-</b>	<b>93,797</b>	<b>456,218</b>	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	239,168	239,168	
Total financial liabilities	<b>-</b>	<b>-</b>	<b>239,168</b>	<b>239,168</b>	
2013	Floating interest rate	Fixed interest rate maturing 1 year or less	Non-interest bearing	Total	Weighted average effective interest rate
Financial Instruments	\$	\$	\$	\$	%
<i>(i) Financial assets</i>					
Cash assets	277,679	-	-	277,679	3.25
Trade and other receivables	-	-	34,417	34,417	
Total financial assets	<b>277,679</b>	<b>-</b>	<b>34,417</b>	<b>312,096</b>	
<i>(ii) Financial liabilities</i>					
Trade and other payables	-	-	128,299	128,299	
Total financial liabilities	<b>-</b>	<b>-</b>	<b>128,299</b>	<b>128,299</b>	



## 14 Financial Instruments (continued)

### Financial Risk Management Policy (continued)

#### (a) Interest Rate Risk Exposures (continued)

##### Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

##### *Interest Rate Sensitivity Analysis*

At 30 June 2014, the effect on profit and equity as a result of changes in the interest rate on cash and cash equivalents, with all other variables remaining constant would be as follows:

	2014	2013
	\$	\$
Change in profit		
- Increase in interest rate by 2%	6,165	1,199
- Decrease in interest rate by 2%	(6,165)	(1,199)
Change in equity		
- Increase in interest rate by 2%	6,165	1,199
- Decrease in interest rate by 2%	(6,165)	(1,199)

Trade and Other Payables and Trade and Other Receivables are not subject to interest rate risk.

#### (b) Credit Risk Exposures

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally the carrying amount, net of any provision for impairment. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings. Cash at bank and short term deposits held at Westpac Banking Corporation - Credit rating is -AA.

#### (c) Net fair values

There were no financial assets or liabilities at 30 June 2014 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying value approximate fair value.

#### (d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. There was no liquidity risk at 30 June 2014.

All payables are current and payable within twelve months.

## 15 Remuneration of Auditor

	2014	2013
	\$	\$
Remuneration of the auditor of the parent entity for:		
Auditing and reviewing the financial reports	36,155	37,480
<b>Non-Audit Services</b>		
Taxation Services	5,490	-

## 16 Statement of Cash Flows Information

### (a) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities

	2014 \$	2013 \$
Loss after income tax	(1,985,620)	(645,002)
Adjustments for non-cash income and expense items:		
Impairment costs	770,421	-
Share Based Payments	289,435	
Depreciation and amortisation	1,358	-
Changes in assets and liabilities:		
Receivables (increase) / decrease	(61,100)	2,162
Payables (decrease) / increase	14,441	(30,197)
Net cash outflow from operating activities	<u>(971,065)</u>	<u>(673,037)</u>

## 17 Related Parties

### Directors and key management personnel compensation

The key management personnel compensation is as follows:

	2014 \$	2013 \$
Short-term benefits	312,198	203,140
Post-employment benefits	15,856	13,283
Share-based payments	159,786	-
	<u>487,840</u>	<u>216,423</u>

### Transactions with directors, key management personnel and their related entities

Director Mr Daniel Smith is a current director of Minerva Corporate Pty Ltd. Minerva Corporate Pty Ltd provides corporate consultancy services (including office accommodations) to Minerals Corporation Ltd. Payments to Minerva Corporate Pty Ltd during the relevant period total \$102,500 (2013: \$39,865).

Former Director Mr Murray Ward is a current director of Rosemead Consulting Pty Ltd. Rosemead Consulting Pty Ltd provided consultancy services to Minerals Corporation Ltd. Payments to Rosemead Consulting Pty Ltd during the relevant period total \$82,000 (2013: \$nil).

Director Mr Andrew Tunks is a current director of Tunks Geo Consulting Pty Ltd. Tunks Geo Consulting Pty Ltd provided consultancy services to Minerals Corporation Ltd. Payments to Tunks Geo Consulting Pty Ltd during the relevant period total \$30,000 (2013: \$nil).

## 18 Contingent Liabilities

There are no contingent liabilities as at the date of this report.

## 19 Share based payment transactions

### (a) Employee Option Plan

The Minerals Corporation Limited Share Option Plan is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments listed below have been issued to the company directors under the terms of the Minerals Corporation Ltd Share Option Plan.

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions.

No Employee Options were issued this year (2013: Nil).

Share based payments issued during 2014 are as follows:

Directors	Number of shares Issued	Issue Price	\$
Murray Ward	5,000,000 (i) 454,546 (ii) 74,672 (iii)	\$0.002 \$0.198 \$0.198	10,000 90,000 14,786
Daniel Smith	227,273 (ii)	\$0.198	45,000
Total	<b>5,756,491</b>		<b>159,786</b>

- (i) 5,000,000 ordinary shares were issued to Mr Ward for 12 months service in accordance with his executive services agreement.
- (ii) 681,819 ordinary shares issued as bonus incentives.
- (iii) 74,672 ordinary shares issued in lieu of Mr Ward's annual leave entitlement.

### (b) Shares and Options Issued to Other Parties

(i) Shares	Number of shares Issued	Issue Price	\$
Brokers	3,630,000	\$0.003	10,890
Creditors	155,768	\$0.198	30,842
Total	<b>3,785,768</b>		<b>41,732</b>

### (ii) Options

The table below summarises options granted to Brokers during the period:

Grant Date	Expiry date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at end of the period	Exercisable at end of the period	Value (\$)
			Number	Number	Number	Number	Number	Number	
24/04/2014	30/06/2017	\$0.30	-	757,576	-	-	757,576	757,576	87,917
									<b>87,917</b>

## **20 Commitments for Expenditure**

Minerals Corporation holds a 20% interest in EPM 4068. Gulf Alumina Limited holds the balance of EPM 4068. Minerals Corporation is party to an Agreement with Gulf Alumina where it pays \$50,000 per annum in equal quarterly instalments to Gulf Alumina. Under the Agreement, Gulf Alumina is obliged to keep EPM 4068 in good standing and apply the quarterly payments received from Minerals Corporation directly to activities undertaken on EPM 4068.

On 18 April 2013 EPM 4068 was renewed for a further four year term from 12 August 2012 to 11 August 2016.

## **21 Events Subsequent to Reporting Date**

On the 2<sup>nd</sup> of July, the Company announced that the proposed vendors of PRM had issued a notice of termination to the Company in relation to the SSA. The SSA consequently terminated and the Directors withdrew the public offer made under the prospectus issued earlier in the period. All application money received in relation to the public offer has been returned to applicants.

On the 30<sup>th</sup> of July, the Company provided an update on its activities in relation to the Skardon Kaolin Project.

On the 14<sup>th</sup> of August, the Company advised that it had engaged Geos Mining to assist the Company in its review of the Skardon Kaolin Project and to design a drilling program to follow up on the priority target areas determined by the drilling undertaken in 2012.

Directors' Declaration

- 1 The financial statements and notes as set out on pages 21 to 43 are in accordance with the *Corporations Act 2001*, and
  - (i) comply with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the financial position of the Company as at 30 June 2014 and of its performance for the financial year ended on that date.
- 2 The directors' acting in the capacity of Chief Executive Officer and Chief Financial Officer declare that:
  - (i) the financial records of the Company for the period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - (ii) the financial statements and notes for the period comply with the accounting standards; and
  - (iii) the financial statements and notes for the period give a true and fair view.
- 3 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- 4 In the opinion of the directors' 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.



Daniel Smith  
Director  
Perth  
26 September 2014

## INDEPENDENT AUDITOR'S REPORT

To the members of Minerals Corporation Limited

### Report on the Financial Report

We have audited the accompanying financial report of Minerals Corporation Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

#### 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 gives a true and fair view and 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*.

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

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

## Opinion

In our opinion:

- (a) the financial report of Minerals Corporation Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2014 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 ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Minerals Corporation Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Peter Toll

Director

Perth, 26 September 2014



## CORPORATE GOVERNANCE COMPLIANCE

Minerals Corporation Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The disclosure of corporate governance practices can be viewed on the Company website at [www.mineralscorp.com](http://www.mineralscorp.com)

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

A description of the Company's main corporate governance practices are set out below. The Company has considered the ASX Corporate Governance Principles and the corresponding recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

### Disclosure of Corporate Governance Practices

#### Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3		✓
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 3.3		✓
Recommendation 3.4	✓	
Recommendation 3.5	✓	
Recommendation 4.1		✓
Recommendation 4.2		✓
Recommendation 4.3	✓	
Recommendation 4.4	✓	
Recommendation 5.1	✓	
Recommendation 5.2	✓	
Recommendation 6.1	✓	
Recommendation 6.2	✓	

Recommendation 7.1	✓
Recommendation 7.2	✓
Recommendation 7.3	✓
Recommendation 7.4	✓
Recommendation 8.1	✓
Recommendation 8.2	✓
Recommendation 8.3	✓
Recommendation 8.4	✓

## Disclosure – Principles & Recommendations

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

#### Recommendation 1.1:

Companies should establish and disclose the respective roles and responsibilities of board and management.

#### Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board. Due to the size of the Company and current operations there is no CEO and it is the intention to appoint a CEO when required, however, the Corporate Governance Charter contains a statement of practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities, the matters it has reserved for its own consideration and decision-making, the authority delegated to the CEO, including limits on how the CEO can execute that authority and provides guidance on the relationship between the Board and the CEO.

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Some Board functions are handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

#### Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

#### Disclosure:

The Board (and, when appointed, the CEO) is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

The Board will monitor the performance of senior management, including measuring actual performance against planned performance.

**Recommendation 1.3:**

Companies should provide the information indicated in the Guide to reporting on Principle 1.

**Disclosure:**

The Board Charter is set out in the Corporate Governance Plan which is posted on the Company's website. The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Directors.

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

**Recommendation 2.1:**

A majority of the Board should be independent directors.

**Disclosure:**

The Company does not have a majority of independent directors. Consistent with the size of the Company and its activities, the Board is comprised of three (3) directors, of which only Andrew Tunks is currently considered to be an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

**Recommendation 2.2:**

The Chair should be an independent director.

**Disclosure:**

There is currently no Chairman of the Company however, were the Board to make such an appointment, it would be their intention to appoint an independent director as Chair. It is the Board's intention to comply with its policy at a time when the size of the Company and its activities warrants such a structure.

**Recommendation 2.3:**

The roles of the Chair and CEO should not be exercised by the same individual.

**Disclosure:**

The role of the Chairman and the CEO are not exercised by the same person as neither a CEO or a Chairman have been appointed. The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

**Recommendation 2.4:**

The Board should establish a Nomination Committee.

**Disclosure:**

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Recommendation 2.5:**

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

**Disclosure:**

The Chairman, where appointed, is responsible for evaluation of the CEO, the Board and the committees. As no Chairman is currently appointed, the Board currently conducts an informal self-review which is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman, where appointed, will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

**Recommendation 2.6:**

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

**Disclosure:**

**Skills, Experience, Expertise and term of office of each Director and re-election procedure**

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report. In accordance with the Constitution, one third of the directors retires by rotation each year and may offer themselves for re-election. In determining candidates for the Board the Nomination Committee considers the procedure as detailed in the Board Charter and the skills and qualifications of potential candidates that will best enhance the Board's effectiveness taking into consideration the current composition of the Board.

**Identification of Independent Directors**

The Company has an independent director. Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations.

**Statement concerning availability of Independent Professional Advice**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

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

**Recommendation 3.1:**

Companies 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.

**Disclosure:**

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

**Recommendation 3.2:**

Companies 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 measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

**Disclosure:**

The Company has adopted a diversity policy to address equal opportunities in the hiring, training and career advancement of Directors, officers and employees.

**Recommendation 3.3:**

Companies should disclose in each annual report the measureable objectives for achieving set by the board in accordance with the diversity policy and progress in achieving them.

**Disclosure:**

The Company has not yet set measurable objectives for achieving diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company. Due to the size of the Company, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.

**Recommendation 3.4:**

Companies 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

**Disclosure:**

As at 30 June 2014, the Company has no female employee or Board member.

**Recommendation 3.5:**

Companies should provide the information indicated in the Guide to reporting on Principle 3.

**Disclosure:**

The Company will explain any departures (if any) from ASX Recommendations 3.2, 3.3 and 3.4 in its annual reports.

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

**Recommendation 4.1**

The Board should establish an Audit Committee.

**Disclosure:**

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

**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; and
- has at least three members.

**Disclosure:**

There is no audit committee. However, if one was established the Board policy is that it would have two (2) members who are non-executive directors. This structure would comply with the structure set out in the Board Charter adopted by the Company but not with the ASX Corporate Governance Principles and the corresponding Recommendations.

**Recommendation 4.3:**

The Audit Committee should have a formal charter.

**Disclosure:**

The Company has an Audit Committee Charter although this is currently administered by the Board.

**Recommendation 4.4:**

Companies should provide the information indicated in the *Guide to reporting on Principle 4*.

**Disclosure:**

There is no Audit Committee and the whole Board acts in this capacity in accordance with the Board Charter. When established, the Audit Committee plans to hold a minimum of 3 meetings per year. It is intended that the Company's auditor will be invited to attend all Audit Committee meetings held during the financial year.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee. Candidates for the position of external auditor must demonstrate independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

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

### **Recommendation 5.1:**

Companies 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.

### **Disclosure:**

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

### **Recommendation 5.2:**

Provide the information indicated in Guide to Reporting on Principle 5.

### **Disclosure:**

The Company Secretary who reports directly to the Board has been appointed the disclosure officer and is required to keep abreast of all material information and where appropriate, ensure disclosure of share price sensitive information.

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

### **Recommendation 6.1:**

Companies 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.

### **Disclosure:**

The Company has a Shareholder Communications Policy contained within the Policy on Continuous Disclosure and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

### **Recommendation 6.2:**

Provide the information indicated in the Guide to reporting on Principle 6.

### **Disclosure:**

The Board aims to ensure that Security Holders are informed of all information necessary to assess the performance of the Company.

Information is communicated to the shareholders through:

- The annual report, which is distributed to all shareholders (other than those who elect not to receive it);
- The AGM and other shareholder meetings called to obtain approval for Board action as appropriate;
- Making available all information released to the ASX website immediately following confirmation of receipt by the ASX;
- Encouraging active participation by shareholders at shareholder meetings;
- Encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to the Company.

## **Principle 7 – Recognise and manage risk**

### **Recommendation 7.1:**

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

### **Disclosure:**

The Board has adopted a Risk Management Policy. As detailed in 7.2 no risk management committee has been formed and this role is undertaken by the Board, however, the overall basis for risk management is to provide recommendations about:

Assessing the internal processes for determining and managing key risk areas, particularly:

- non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
  - litigation and claims; and
  - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
  3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
  4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
  5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
  6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

**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.

**Disclosure:**

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of the monthly reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

A Risk Management Committee has not been formed and no internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management as at the date of this report.

**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.

**Disclosure:**

Due to the size of the Company, the Board signed the declaration in accordance with section 295A of the Corporations Act. The declaration is made and 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 risk.

**Recommendation 7.4:**

Provide the information located in Guide to Reporting on Principle 7.

**Disclosure:**

The Company will provide an explanation of any departures (if any) from ASX Recommendations 7.1, 7.2 and 7.3 in its annual reports.



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

### **Recommendation 8.1:**

The Board should establish a Remuneration Committee.

#### **Disclosure:**

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

### **Recommendation 8.2:**

The remuneration committee should be structured so that it:

- (a) consists of a majority of independent directors;
- (b) is chaired by an independent director; and
- (c) has at least three members

#### **Disclosure:**

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

### **Recommendation 8.3:**

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

#### **Disclosure:**

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Company. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation). There are currently no options issued to non-executive directors. Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares options granted at the discretion of the Board and subject to obtaining the relevant approvals.

### **Recommendation 8.4:**

Provide the information indicated in Guide to Reporting on Principle 8.

#### **Disclosure:**

The Board will consider what information to include in the corporate governance section of the Company's annual report in respect of remuneration policies at the relevant time. The Company will explain any departures (if any) from ASX Recommendations 8.1, 8.2 and 8.3 in its future annual reports.

## ASX ADDITIONAL INFORMATION

The ASX additional information set out below was applicable as at the dates specified.

### 1 Distribution of Equity Securities (Current as at 23 September 2014)

Analysis of numbers of ordinary shareholders by size of holding:

	Total holders	Units
1 - 5,000	1,164	387,222
5,001 - 10,000	58	436,456
10,001 - 100,000	114	4,207,969
100,001 - 9,999,999,999	37	9,537,955
<b>Total</b>	<b>1,373</b>	<b>14,569,602</b>

Minimum unmarketable parcel holders at \$ 0.07 per unit is 1186.

### 2 Unquoted Equity Securities – Options (Current as at 23 September 2014)

	Number on issue	Number of holders
Options exercisable at \$0.30 expiring 30 June 2017	757,576	1
Options exercisable at \$0.99 expiring 31 December 2015	757,587	19
Options exercisable at \$0.2244 expiring 31 December 2015	227,274	3
<b>Total</b>	<b>1,742,437</b>	<b>23</b>

#### Holder of 20% or more of unquoted options:

Options exercisable at \$0.30 expiring 31 December 2015

Name:	Number held	Percentage
Zenix Nominees Pty Ltd	757,576	100%

Options exercisable at \$0.99 expiring 31 December 2015

Name:	Number held	Percentage
Nutsville Pty Ltd <Indust Electric Co S/F A/C>	151,516	20%

Options exercisable at \$0.2244 expiring 31 December 2015

Name:	Number held	Percentage
Nigel Tarratt Pty Ltd <Nigel Tarratt S/Fund A/C>	113,637	50%
Mr Bevan Nigel Hugh Tarratt + Mrs Sophie Tarratt	75,758	33.33%

### 3 Substantial Holders of Ordinary Shares (Current as 23 September 2014)

Name	Number held	Percentage of issued shares
Jane Valentine Whiddon	1,891,472	12.82%
N&J Mitchell Holdings Pty Ltd and Linda Steinepreis	1,412,000	9.57%

### 4 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

a) **Ordinary Shares**

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) **Options**

These securities have no voting rights.

**5 Equity Security Holders** (Current as at 23 September 2014)

The names of the twenty largest holders of quoted equity securities are listed below:

**Ordinary Shares**

1.	6466 INVESTMENTS PTY LTD	1,064,027	7.30
2.	OAKHURST ENTERPRISES PTY LTD	633,839	4.35
3.	NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP SUPER FUND A/C>	606,061	4.16
4.	N&J MITCHELL HOLDINGS PTY LTD <SECOND SUPER FUND A/C>	555,929	3.82
5.	N & J MITCHELL HOLDINGS PTY LTD <ORD STREET PROPERTIES A/C>	535,811	3.68
6.	NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	348,485	2.39
7.	ROSEMEAD PTY LTD <M T WARD PERSONAL S/F A/C>	319,322	2.19
8.	JEMAYA PTY LTD <JH FEATHERBY SUPER FUND A/C>	303,031	2.08
9.	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	285,354	1.96
10.	ROSEMEAD PTY LTD <WARD FAMILY A/C>	259,920	1.78
11.	LAGRAL STRATEGIES PTY LTD <THE LAGRAL FAMILY A/C>	258,407	1.77
12.	MED BRAVO SA	252,526	1.73
13.	ASCENT CAPITAL HOLDINGS PTY LTD	234,849	1.61
14.	MR RICHARD STIRLING MICKLE <SCALLYWAG FAMILY NO 2 A/C>	227,274	1.56
15.	SEEFELD INVESTMENTS PTY LTD <THE SEEFELD A/C>	227,273	1.56
16.	MANDOLIN NOMINEES PTY LTD <MANDOLIN SUPER FUND A/C>	212,122	1.46
17.	CATPAR PTY LTD	206,062	1.41
18.	CEN PTY LTD	196,971	1.35
19.	MR BEVAN NIGEL HUGH TARRATT + MRS SOPHIE TARRATT	193,940	1.33
20.	KOBIA HOLDINGS PTY LTD	191,516	1.31
	<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES</b>	<b>7,112,719</b>	<b>48.82</b>
	<b>Total Remaining Holders Balance</b>	<b>7,456,883</b>	<b>51.18</b>
	<b>GRAND TOTAL</b>	<b>14,569,602</b>	<b>100.00</b>

**Listed Options exercisable at \$0.66 on or before 31 December 2015**

1.	6466 INVESTMENTS PTY LTD	664,486	15.27
2.	OAKHURST ENTERPRISES PTY LTD	292,930	6.73
3.	MED BRAVO SA	252,526	5.80
4.	NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	227,273	5.22
5.	MR MALCOLM JAMES COLLIER	196,126	4.51
6.	N&J MITCHELL HOLDINGS PTY LTD <SECOND SUPER FUND A/C>	175,190	4.03
7.	ORCA CAPITAL GMBH	151,516	3.48
8.	MIMO STRATEGIES PTY LTD <MIMO A/C>	151,516	3.48
9.	MS LINDA LOUISE STEINEPREIS	134,071	3.08
10.	MR EDWARD MASON	128,989	2.96
11.	STRICKLAND FINANCE CO PTY LTD <SNOW SUPER FUND A/C>	106,566	2.45
12.	AMBERGATE NOMINEES PTY LTD	106,061	2.44
13.	ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C>	95,960	2.21
14.	MS CARLY LOUISE STEINEPREIS	86,723	1.99
15.	MS ELIZABETH LOUISE STEINEPREIS	86,723	1.99
16.	MR MARK DAVID STEINEPREIS	86,723	1.99
17.	ASCENT CAPITAL HOLDINGS PTY LTD	75,758	1.74
18.	MR MARK JOHN BAHEN + MRS MARGARET PATRICIA BAHEN <MJ BAHEN SUPER FUND A/C>	75,758	1.74
19.	MR GARY CHRISTIAN STEINEPREIS	75,758	1.74
20.	SEATON ROSS HOLDINGS PTY LTD <AJC MCGLEW FAMILY A/C>	66,760	1.53
	<b>Totals: Top 20 holders of LISTED OPTIONS</b>	<b>3,237,413</b>	<b>74.40</b>
	<b>Total Remaining Holders Balance</b>	<b>1,113,878</b>	<b>25.60</b>
	<b>GRAND TOTAL</b>	<b>4,351,291</b>	<b>100</b>

**6 On-Market Buy-Back**

There is no current on-market buy-back.

**7** The name of the Company Secretary is Mr Nicholas Ong.

**8** The address of the principal registered office is Office J, Level 2, 1139 Hay Street, West Perth WA 6005. Telephone (08) 9486 4036.

- 9** Registers of securities are held at Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth WA 6000.

**10 Stock Exchange Listing**

Quotation has been granted for all the ordinary shares and listed options (exercisable at \$0.66 on or before 31 December 2015) of the Company on the Australian Securities Exchange Ltd.

**11 Securities Subject to Escrow**

There are no securities currently subject to escrow.

**12 Tenement Schedule – Queensland**

EPM 4068	-	20%	
MDL 423	-	5%	Application
MDL 423	-	5%	Application
MDL 18242	-	5%	Application