



TRAFFORD
RESOURCES LTD

ABN 93 112 257 299

and

Controlled Entities

Annual Report

For the year ended 30 June 2014

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Corporate Directory

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EXPLORATION DIRECTOR

Mark Le Grange

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Pragiyugi Gouw

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Managing Director's Letter

Dear members,

Who are Trafford Resources and what do they stand for?

Trafford Resources is a dual-focused exploration and minerals sector investment Company seeking to deliver exceptional returns to shareholders by undertaking and/or by funding high-impact exploration ventures globally. We have established a successful exploration track record as a company in its own right, but also through past and present strategic investments and joint ventures in Australia, South-East Asia and South America.

Trafford seeks to deliver value to its shareholders through the following investment outcomes:

- Discovery of new mineral occurrences globally, with current Trafford-managed exploration activities in South Australia, Western Australia and Colombia.
- Advancement of mineral discoveries into resources and economic reserves through ongoing exploration.
- Future mineral project development to establish profitable mining activities.
- Seeding high-impact exploration through strategic investments in other exploration and development companies with current partner companies Orinoco Gold (OGX) and Ironclad Mining (IFE) activities in Brazil and South Australia respectively.
- Joint venturing of mineral exploration properties where the risk-reward potential of a project can benefit from the presence of partner company
- Providing Trafford's exploration expertise to strategic partner companies through technical services provision and board-level guidance

Trafford seeks to differentiate itself from other companies in the junior resources sector in a number of ways:

- Through bold, timely, informed corporate-level decision-making
- By avoiding single project risk through maintaining a number of active investments and exploration programs spanning multiple regions and commodities
- By striving for exploration technical excellence, employing a small highly-motivated team of geoscientists
- Through best practice corporate governance process and by maintaining highly-efficient and economical corporate services, such that Trafford is viewed as a partner of choice both by other companies and also by resources sector investors

Last year I wrote of the *".....weak equity markets worldwide."* that were adversely affecting your Company specifically and our industry in general. Sadly, little has changed over the ensuing year, with many poorly funded exploration companies clinging to the precipice of existence, whilst a few, like Trafford have, through the support of their loyal shareholders, dared to buck the trend and actually explore, increase their asset base and grow.

But when will it all end? When can bruised and battered investors expect a return? What will be the "tipping point"?

Of course, if anyone had the precise answers to those questions, they would be set to become trillionaires! My personal view is that the macro (world) scale of events that caused the problem in the first place can only be

reversed in similar fashion - by the "listing" planet righting itself. No short term event, such as a new discovery will be, in itself, large enough to right the ship! Discoveries and developments such as Anglo / Independence's Tropicana, Sandfire's Degussa and Sirius's Nova have failed to ignite investor confidence. True, they have created a "spark", but the reaction has been temporary and far from industry wide.

The Whale Theory.

For those of you lucky enough to have viewed these magnificent animals at close quarters, you will have seen a rhythmic (cyclical) motion at play. The head (the leading world economy) surfaces first - in all its glory. As it moves forward the main body (the rest of the major world economies) emerge. For a brief period the majority of the whale is visible in the sun!

The Whale dives. The head is closely followed by the massive body. The last thing we see, before final and total immersion - is the tail, or fluke (small and emerging economies like Australia).

As much as our politicians would like to position our economy close to the whale's head – it is not! We are a "trailing indicator" of world markets!

The whale head submerged in 2008 (GFC). The body (Europe etc) followed over the next 4 years or so. (Somewhat amusingly, our politicians have tried to suggest that the tail was keeping this massive animal afloat.). Eventually the tail submerged.

The good news of "Whale Theory" is that the animal is a mammal. It must breathe to survive (like the world economy).

Whilst it can stay submerged for extended periods, it must surface – and the cycle will begin again.

There are signs that the American economy is heading in the right direction. The printing of money is to cease, unemployment is reducing, and equity markets are at all time highs. The major world economy, with the help of China, will drag the body (and the tail) of the whale back into the sunshine.

The whale cannot stay submerged forever!

During the year, a number of new and significant milestones were attained by your Company. In the main they were largely overlooked or ignored in a "who cares" market. In sum, however, they amount to large strides forward, and therefore deserve repeating here.....

- Your Company discovered a new tin province in South Australia. Tin continues to escalate in value on world markets as a clean electronics metal of the future. The discovery has attracted wide attention and 2015 could see major advancement of this exciting project.
- Notwithstanding current soft gold prices, Trafford's investment in Orinoco has moved forward strongly with bonanza gold grades (often measured in ounces not grammes) continually being reported from exploration in Brazil.
- The state government of South Australia approved all aspects of the Lucky Bay port development, clearing the way for iron ore exports by the IronClad / Trafford joint venture once funding is in place.
- Trafford and IronClad signed a joint venture agreement with respect to all Manganese on the Wilcherry Hill tenements.
- Trafford completed its 51% equity acquisition, from the Independence Group, of the Twin Peaks iron ore project in the Mid - West of Western Australia.

These are not small achievements.

They are set against a background of many other ongoing technical successes achieved by our hard working geologists, in several jurisdictions and in numerous different commodities. These are the projects of tomorrow – any one of which could transform your Company positively. It is important that, in these times, that we do not lose sight of the future.

I thank you all sincerely for your continued support in challenging times and, once again, look forward to the coming year with a sense of anticipation and excitement.

Perhaps the whale will surface!

A handwritten signature in dark ink, appearing to read 'Ian Finch', with a stylized, cursive script.

Ian Finch
Managing Director

30th September 2014

Project Overview

Exploration – South Australia

Wilcherry Hill

Trafford is well positioned to capture the future economic potential of the region. The Wilcherry Hill Project was initially comprised of four Exploration Licenses, Trafford has since increased its footprint in the area through the addition of the following tenements; Mount Double (EL4443), Mount Miccollo (EL4748), Pinkawillinie (EL4870), Reid Lookout (EL4945) and Siam (EL4946).

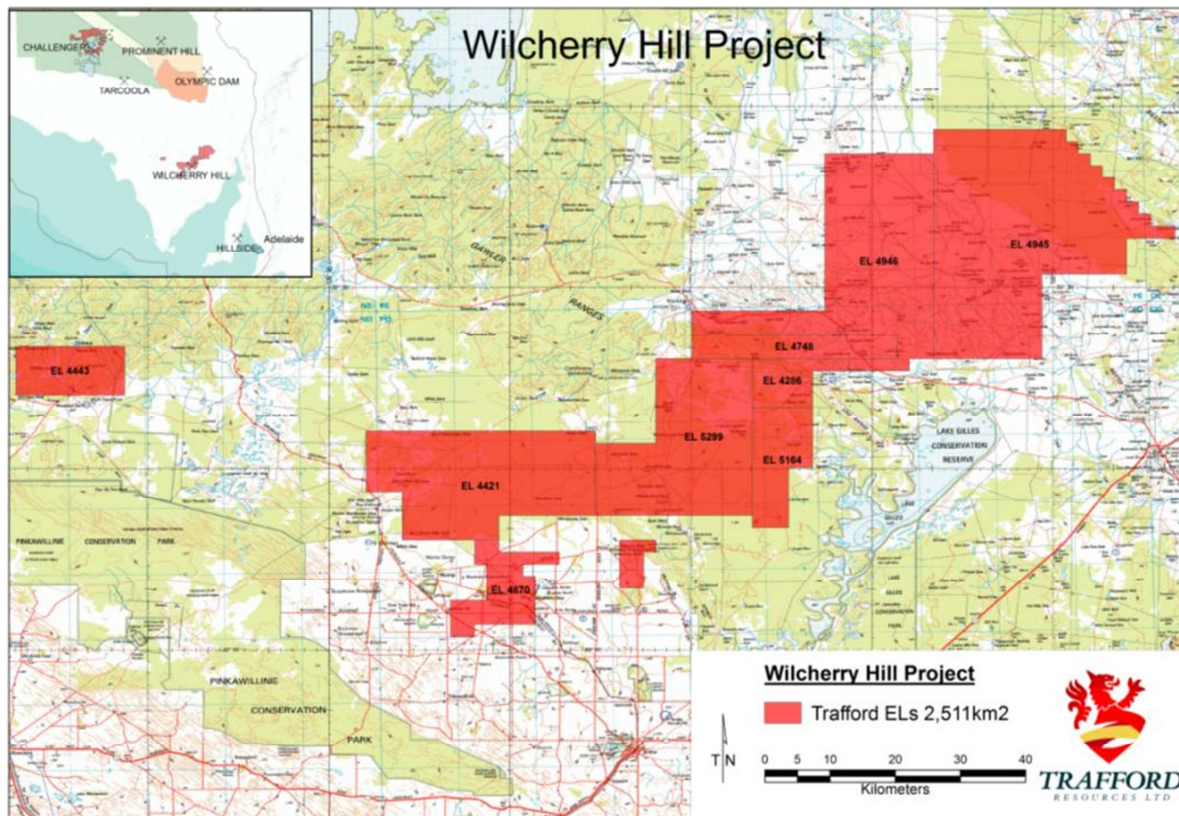


Figure 1: Wilcherry Hill Project (red)

Tin

During a review of Trafford's database, several instances of anomalous Tin have been discovered throughout the Wilcherry Hill Project area. The discovery of these new Tin prospects is exciting as the majority of the Tin mineralisation is near surface with potential for multiple shallow Tin deposits. The prospects identified as having Tin include **Zealous**, **Weednanna**, **Weednanna North**, **Ultima Dam West**, **Telephone Dam**, **Sunday Iron**, and **Oxy's Bore** (Figure 4).

Trafford has identified numerous previously drilled holes that have either not been tested at all or have been tested using sub-optimal analysis for Tin. A regional scale re-assay program is currently being undertaken with some 10,000 samples being prioritised for Tin re-analysis. To date, of the over 80,000 samples assayed at Wilcherry Hill, only 5,400 (7%) have undergone any kind of analysis for Tin.

Since the discovery of the high grade Tin at Zealous (see previous ASX releases 2013), Trafford has been systematically re-evaluating its many prospects across the Wilcherry Hill Project area. The significant intercepts from these prospects were chosen using a cutoff grade of 0.1% Tin and are reported in Table 2. Of the 95 drill holes to date that have reported Tin mineralisation, 47 have intersections greater than 0.1% Tin. Trafford finds itself in the unique and exciting position to have 675 drill holes that can be re-assayed for Tin without having to incur the cost of drilling.

Project Overview

Zealous - High Grade Tin Discovery

The Company carried out a drill program at the high grade tin prospect Zealous at the Wilcherry Hill Project in the Northern Eyre Peninsula of South Australia. The program included 144.8m of HQ Diamond Core in 13ZLDH001 and 1,270m in 9 Reverse Circulation drill holes.

The Diamond hole drilled in December 2013 intersected **12.3m @ 1.10% Tin** from 119m which includes **1.3m @ 4.81% Tin**. The Tin is hosted in an iron rich skarn with the Tin mineralisation species determined analytically as Cassiterite. In the RC program, hole 14ZLRC004 intersected **6m @ 1.15% Tin** from 131m which confirms the down dip extension of the first discovery hole with mineralisation remaining open. The near surface intersection of **47m @ 0.32% Tin** from 31m in hole 14ZLRC005 and **20m @ 0.25% Tin** from 43m in 14ZLRC008, demonstrates the potential for future open pit resources.

These tin assay results include several samples which were previously reported as 3m composites and have since been split into 1m samples for more specific analysis and mineralised boundary determinations. To date drilling at Zealous has produced a total of forty four >0.5% Tin intercepts and twenty six >1% Tin intercepts in just eight holes. In addition to the high grade tin intercepts, seven holes have identified broad, continuous Tin intersections with widths >10metres above a cut off of 0.1% Tin (Table 1). Preliminary wireframe modelling of the Tin mineralisation at Zealous demonstrates the potential robustness and initial dimensions of the mineralisation - which is highlighted by the fact that eight of the seventeen holes drilled to date have intersected high grade (> 1%) Tin.

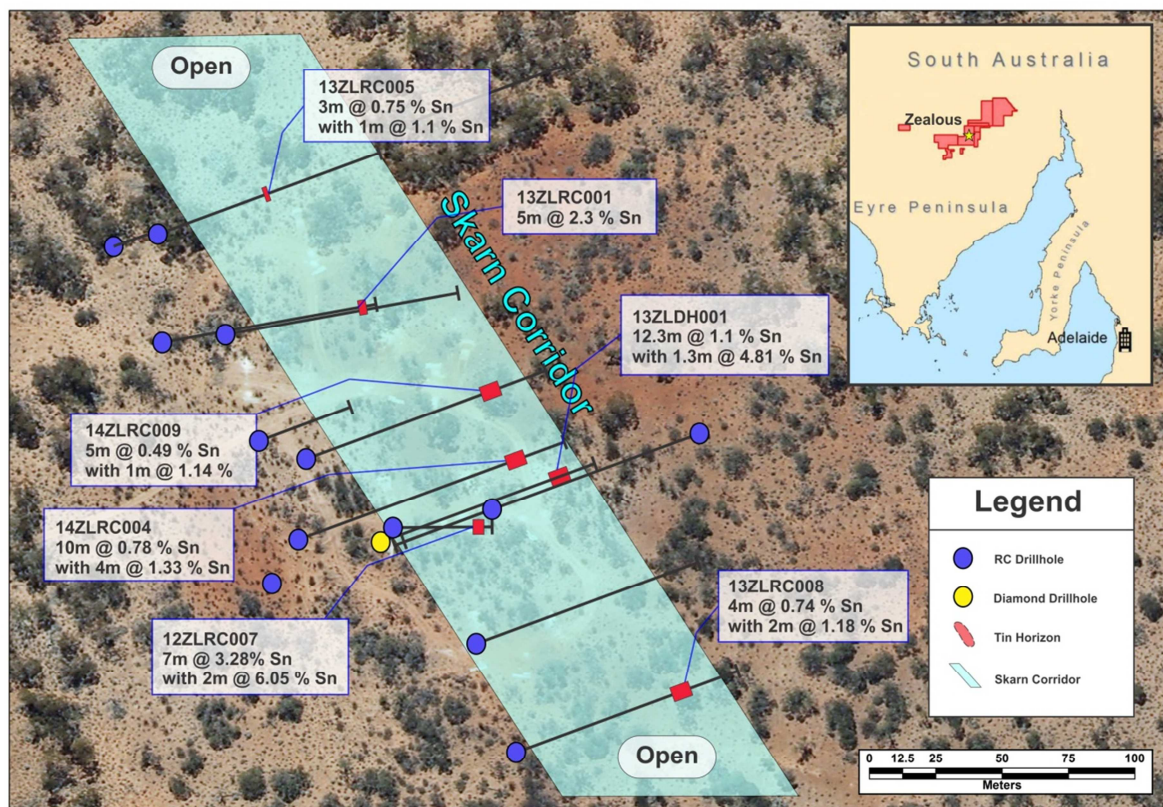


Figure 2: Plan map of Zealous prospect showing significant assay results from drilling

Project Overview

Table 1: Significant intercepts of all drilling to date at the Zealous Tin Prospect discovery

Hole ID	Northing	Easting	Total Depth (m)	Azimuth	Dip	Depth From (m)	Depth To (m)	Intercept Width	Sn (%)
12ZLRC007	6386044	642600	63	90	-60	42	62	20	1.29
	incl					52	59	7	3.28
	incl					55	57	2	6.05
13ZLDH001	6386038	642596	144.8	70	-60	119	131.3	12.3	1.1
	incl					125	127	2	1.97
	incl					130	131.3	1.3	4.81
13ZLRC001	6386114	642528	138	80	-60	76	99	23	0.21
	and					128	138	10	1.23
	incl					128	133	5	2.29
13ZLRC002B	6386039	642591	84	70	-60	60	83	23	0.12
	and					78	83	5	0.21
13ZLRC005	6386150	642513	106	70	-60	101	106	4	0.66
	incl					103	104	1	1.13
13ZLRC006	6386091	642518	144	70	-60	136	144	8	0.11
14ZLRC001	6386078	642698	200	250	-60	105	114	9	0.19
14ZLRC004	6386040	642570	180	70	-60	130	140	10	0.78
	incl					131	135	4	1.33
	and					165	167	2	0.49
14ZLRC005	6386117	642548	150	80	-60	31	78	47	0.32
	incl					32	33	1	1.31
	incl					42	49	7	0.66
	incl					44	46	2	1.12
	and					88	93	5	0.19
	and					109	115	6	0.53
14ZLRC008	6385959	642638	150	70	-60	43	63	20	0.25
	incl					43	47	4	0.74
	incl					44	46	2	1.18
	and					54	63	9	0.21
14ZLRC009	6386070	642573	162	70	-60	60	67	7	0.17
	and					121	126	5	0.49
	incl					122	123	1	1.14

With the Tin bearing mineral at Zealous being determined to be the mining-preferred oxide mineral – Cassiterite, the metallurgical characteristics of the tin are initially deemed favourable but will require further testing. The Company has now established that the most appropriate assay technique for Tin is a lithium borate fusion digest (IC4M). Using this method, a sample is fused with lithium metaborate at high temperature and then digested in nitric acid before being analysed using mass spectrometry. This process provides complete dissolution of most minerals including Cassiterite. Most historic assaying at Wilcherry Hill has been via XRF or a standard 4-acid digest (IC3M) which is unlikely to liberate the full tin endowment of samples. Although XRF is a good indication of the Tin content, all samples that have been assayed by means of IC3M in the database therefore need to be re-assayed using the lithium borate fusion digest (IC4M).

Trafford has identified over 9,000 samples at Wilcherry Hill that were assayed sub-optimally. A further 60,000 samples have been identified that were not assayed for Tin at all but which are highly prospective for new tin occurrences. The Company is in the process of a sequential, regional assaying and re-assaying programme to test for the potential of an exciting new Tin province of which Zealous may only be a part.

Project Overview

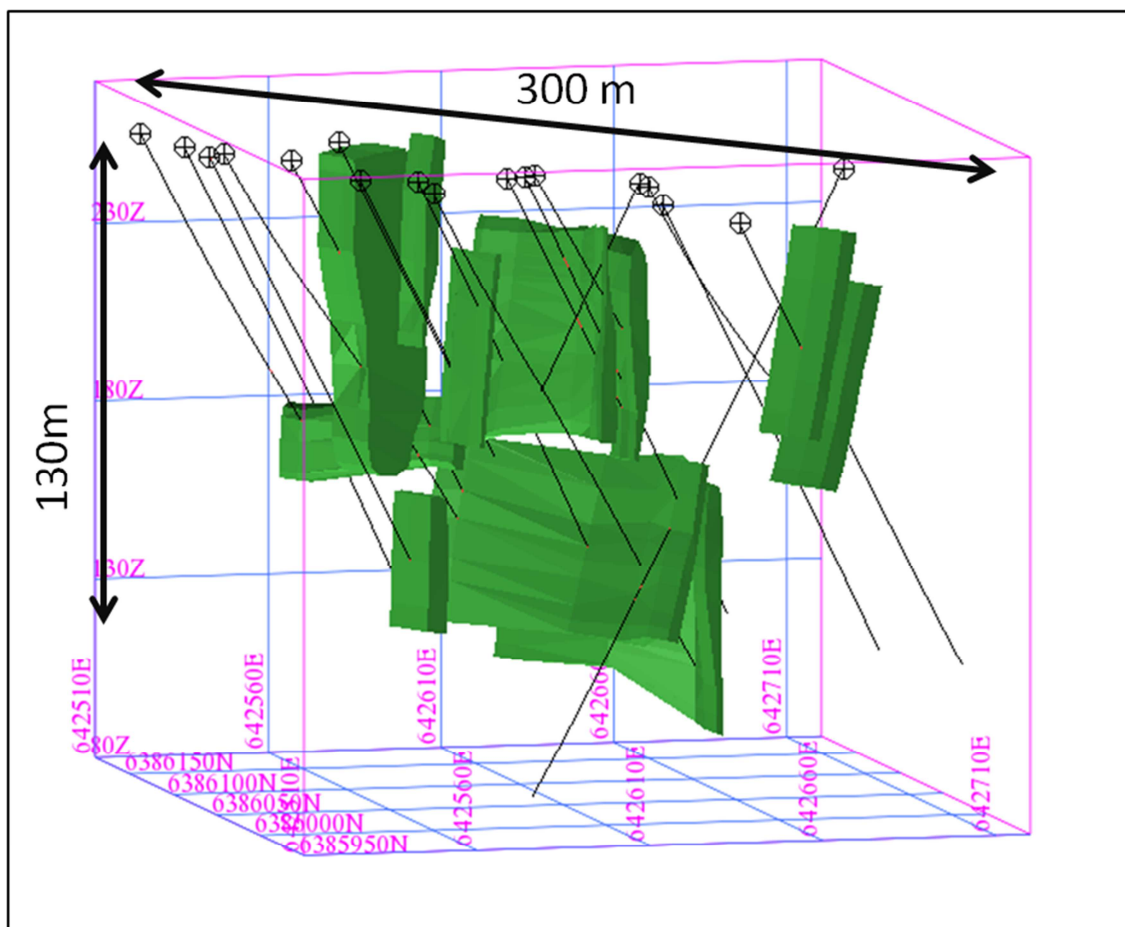


Figure 3: Preliminary Wireframe of the Tin ore at Zealous using a cut off of 0.1% Tin

Project Overview

Table 2: Table of XRF Tin Assays in the Wilcherry Hill and Peterlumbo Projects

Prospect	Hole ID	Northing	Easting	Total Depth (m)	Azimuth	Dip	Depth From (m)	Depth To (m)	Intercept Width	Sn (%)
Weednanna	09WDRC027	6373093	638462	60	270	-55	34	50	16	0.14
Weednanna	09WDRC028	6373095	638488	84	270	-55	42	70	28	0.17
Weednanna		incl					66	70	4	0.41
Weednanna	10WDDH016	6372998	638474	63.9	270	-60	13	16	3	0.61
Weednanna		incl					14	15	1	1.40
Weednanna		and					47	50	3	0.14
Weednanna	10WDDH017	6373022	638475	60.6	270	-60	46	48	2	0.30
Weednanna		and					56	58	2	1.03
Weednanna	10WDDH018	6373121	638497	87.5	272.67	-61	36.9	44	7.1	0.34
Weednanna		incl					39	42.1	3.1	0.49
Weednanna		and					64	69	5	0.22
Weednanna		and					71	81	10	0.24
Weednanna		incl					71	74	3	0.38
Weednanna	10WDDH020	6373296	638446	81.7	270	-60	10	12	2	0.62
Weednanna		and					16	26.2	10.2	0.22
Weednanna		incl					19	22	3	0.33
Weednanna		and					46	50	4	0.17
Weednanna	10WDDH021	6372772	638638	180.5	269.32	-60	75.4	78.4	3	0.38
Weednanna	10WDRC006	6372269	638700	90	265.7	-61	0	22	22	0.16
Weednanna	10WDRC008	6372397	638672	78	262.1	-61	14	22	8	0.15
Weednanna		and					40	48	8	0.15
Weednanna	10WDRC015	6372448	638657	42	268.3	-61	8	34	26	0.18
Weednanna	10WDRC025	6373023	638533	106	266.8	-61	92	98	6	0.20
Weednanna	10WDRC028	6373069	638522	112	0	-90	70	74	4	0.19
Weednanna		and					80	94	14	0.32
Weednanna		incl					90	94	4	0.77
Weednanna	10WDRC029	6373066	638458	52	268.5	-61	2	22	20	0.26
Weednanna		incl					14	20	6	0.50
Weednanna	10WDRC030	6373095	638522	118	271.9	-61	54	60	6	0.31
Weednanna		and					64	70	6	0.42
Weednanna		and					74	84	10	0.18
Weednanna		and					96	104	8	0.29
Weednanna	10WDRC035	6372747	638678	228	268.2	-61	110	116	6	0.14
Weednanna	10WDRC037	6372771	638599	72	267.9	-61	8	12	4	0.24
Weednanna	10WDRC040	6372797	638650	204	268.5	-60	100	106	6	0.26
Weednanna	10WDRC041	6373095	638439	40	272.2	-61	8	20	12	0.16
Weednanna	10WDRC042	6373115	638449	46	266.9	-61	24	34	10	0.28

Project Overview

Table 2 (continued): Table of XRF Tin Assays in the Wilcherry Hill and Peterlumbo Projects

Prospect	Hole ID	Northing	Easting	Total Depth (m)	Azimuth	Dip	Depth From (m)	Depth To (m)	Intercept Width	Sn (%)
Weednanna	10WDRC043	6373146	638477	80	267.6	-60	26	32	6	0.56
Weednanna		and					42	46	4	0.54
Weednanna		and					52	56	4	0.17
Weednanna	10WDRC051	6372821	638649	204	270	-60	96	100	4	0.34
Weednanna	10WDRC055	6372922	638618	180	270	-60	102	108	6	0.37
Weednanna	10WDRC060	6372944	638475	72	270	-60	54	62	8	0.27
Weednanna	10WDRC061	6373296	638423	58	270	-60	16	34	18	0.14
Weednanna	10WDRC063	6373322	638479	96	270	-60	46	54	8	0.29
Weednanna		incl					46	50	4	0.42
Weednanna	10WDRC065	6373343	638478	112	270	-60	102	108	6	0.28
Weednanna	10WDRC074	6372899	638624	168	270	-60	104	112	8	0.36
Weednanna		incl					104	106	2	1.04
Weednanna North	10WNRC016	6374248	637242	90	270	-60	4	12	8	0.17
Weednanna North		and					60	64	4	0.38
Weednanna North	10WNRC024	6374397	637238	222	279	-60	86	90	4	0.18
Ultima Dam East	10UERC048	6377401	638073	72	55	-60	64	66	2	0.11
Ultima Dam East	RUD091	6376646	639137	38	0	-90	22	26	4	0.11
Ultima Dam East	11UEDH004	6377225	638178	90.8	57.2	-83.06	24	27	3	0.10
Ultima Dam West	09UWRC013	6378752	635375	60	0	-55	18	20	2	0.11
		and					40	42	2	0.11
Ultima Dam West	10UWRC007	6378808	635625	108	0	-55	2	4	2	0.10
Ultima Dam West	10UWRC009	6378849	635324	126	0	-55	14	16	2	0.10
Ultima Dam West	RUD008	6379367	633624	66	0	-90	6	16	10	0.17
Ultima Dam West	RUD035	6378958	634831	38	0	-90	16	20	4	0.40
Ultima Dam West	UD2	6379130	634097	224.4	25.138	-57.03	151	152	1	0.11
Telephone Dam	TDAC/05/9	6382170	647328	33	0	-90	27	30	3	0.89
Golden Gate	09GGRC002	6380397	637538	144	270	-55	64	68	4	0.11
Black Hill West	12BWRC018	6379052	602731	97	0	-60	94	97	3	0.11
Black Hill West	12BWRC019	6379066	602710	78	0	-60	17	20	3	0.12
Black Hill West	12BWRC020	6379051	602652	96	0	-60	15	24	9	0.13
		and					60	63	3	0.13
Black Hill West	12BWRC022	6379082	602801	72	0	-60	61	63	2	0.10
Black Hill West	12BWRC023	6379092	602825	60	0	-60	47	58	11	0.11
Black Hill West	13BHRC001	6379122	602655	132	180	-60	60	63	3	0.12
Black Hill West	13BHRC002B	6379000	602652	150	0	-60	141	150	9	0.12
Oxy Bore	13OBDR001	6378365	605469	539.6	225	-60	405	413	8	0.15
		incl					412	413	1	0.49

Project Overview

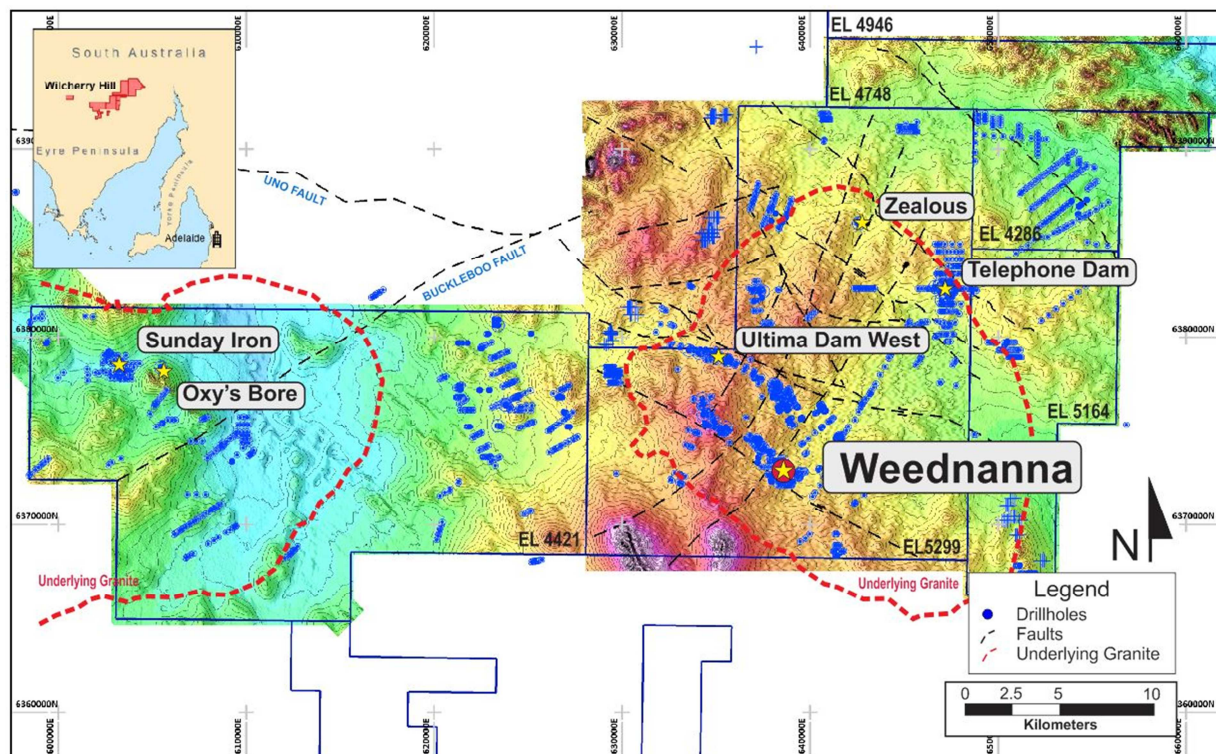


Figure 4: Wilcherry Hill Tin Prospects Map with underlying granites on DTM

Weednanna Prospect – Shallow Tin Discovered

Tin mineralisation at Weednanna occurs in drill holes previously drilled by IronClad Mining (ASX: IFE) targeting magnetite. Additional analysis of base metals and Tin were only occasionally performed during these campaigns. Out of the 421 drill holes drilled at Weednanna, only 60 were assayed for Tin using XRF, with 25 of those reporting mineralisation greater than 0.1% Tin. There are 213 drill holes which still need to be assayed for Tin at Weednanna.

The reported Tin intersections from Weednanna in Table 2 are from reverse circulation (RC) and diamond drill holes. Numerous wide intersections ranging from 10 to 26m at an average grade of 0.2% to 0.3% Tin are encountered in the upper felsic regolith and oxidised iron skarn. It is important to note that most of Tin at Weednanna is very shallow, often intersected less than 50m from surface (Figure 5).

Weednanna North Prospect – Broad Widths of Tin Near-Surface

The Tin mineralisation at Weednanna North also occurs in IronClad (2010) drill holes of which only 6 RC drill holes were assayed for Tin using the XRF method. Two of these holes reported mineralisation, which include 18m at 0.17% Tin from 4 m, including 4m at 0.38% Tin. Another drill hole reports 4m at 0.18% Tin from 86m. There are 115 holes at Weednanna North that need to be re-assayed for Tin.

Project Overview

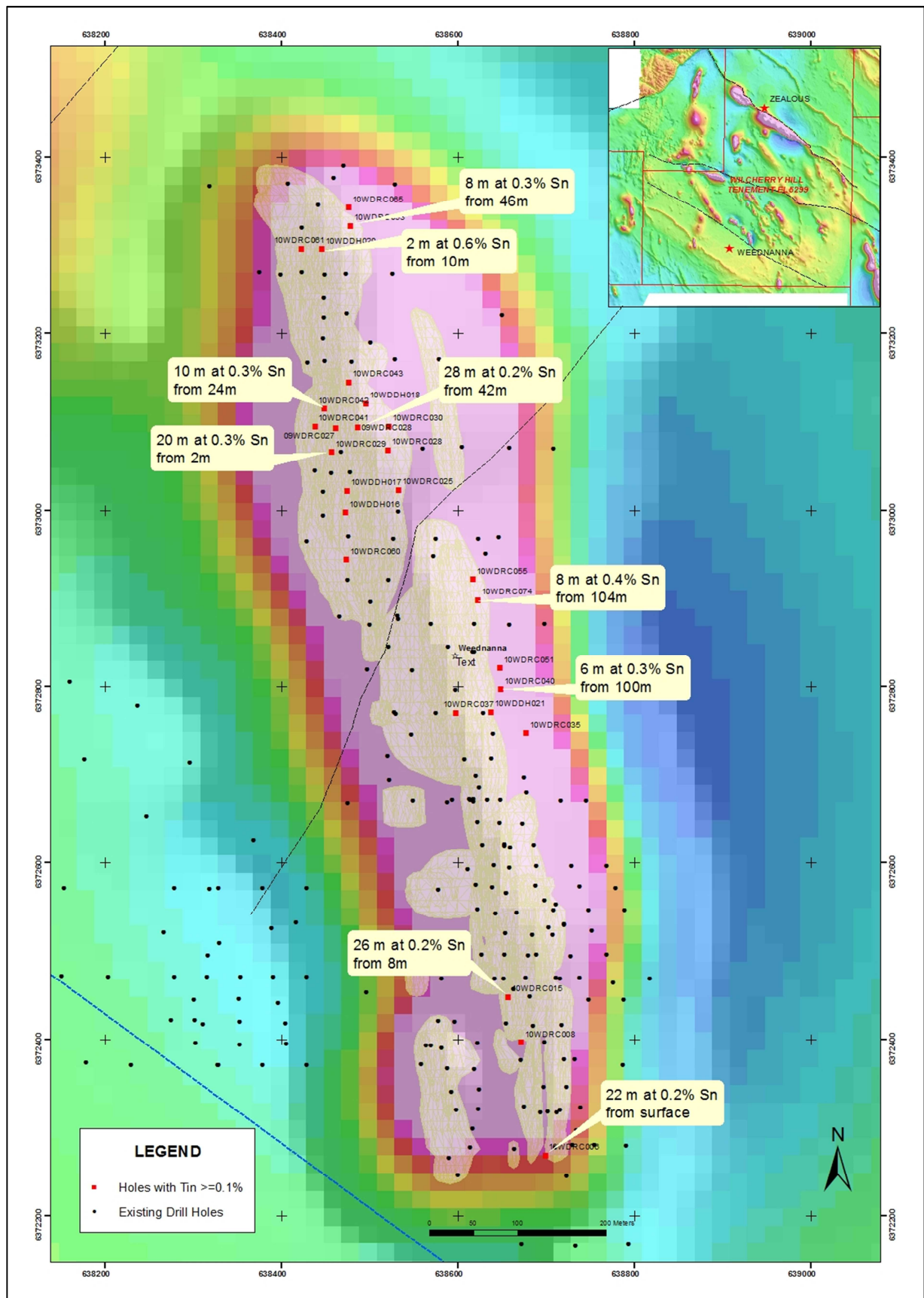


Figure 5: Significant Tin intercepts of the Weednanna Prospect, TMI background with iron mineralisation wireframe

Project Overview

Ultima Dam West and Ultima Dam East Prospects – Tin-Tungsten Association

Historical assays from regional RAB drilling conducted by Shell in the early 80's revealed a 22 m intersection in the upper regolith with 0.20% Tin including 6m at 0.34% Tin (Table 2). This hole also showed 16m at 0.32% Tungsten in the same regolith. A historical diamond hole beneath the anomalous RAB hole showed anomalous Tin as well as Tungsten. There are a total of 49 holes (Table 2) which can be assayed for Tin at Ultima Dam West.

Historical RAB holes as well as recent RC drill holes have intersected Tin mineralisation in the upper regolith at Ultima Dam East (Table 2). There are 176 holes that can be assayed for Tin from this prospect.

Telephone Dam Prospect – High-Grade Tin with Polymetallic Mineralisation

A historical air core hole drilled at Telephone Dam in 1992 contains 3m at 0.89% Tin from 27m. None of the subsequent drilling, totalling 48 holes, at Telephone Dam has been assayed for Tin (Table 2). Telephone Dam has long been known to host significant amounts of Lead, Zinc, Silver, and Manganese, and now Tin.

Black Hill Prospect - Tin-Tungsten in Diamond Core

Recent drilling in 2013 in the Black Hill region of the Peterlumbo tenement (Figure 6) has largely been targeting Silver and Iron Ore. However, Tin was also assayed for using XRF and the main intercept at Black Hill (Sunday Iron) is 11m at 0.11% Tin from 41m and 9m @ 0.12 % Sn from 141m. Another hole intersected Tin of 0.13% over 9m (Table 2).

A diamond hole at The Oxy's Bore Prospect also intersected Tin, showing 8m @ 0.15% Tin including 1m at 0.49% Tin. Tungsten was associated with the Tin in this hole and graded up to 0.59% for 1m directly following to the sample with 0.49% Tin.

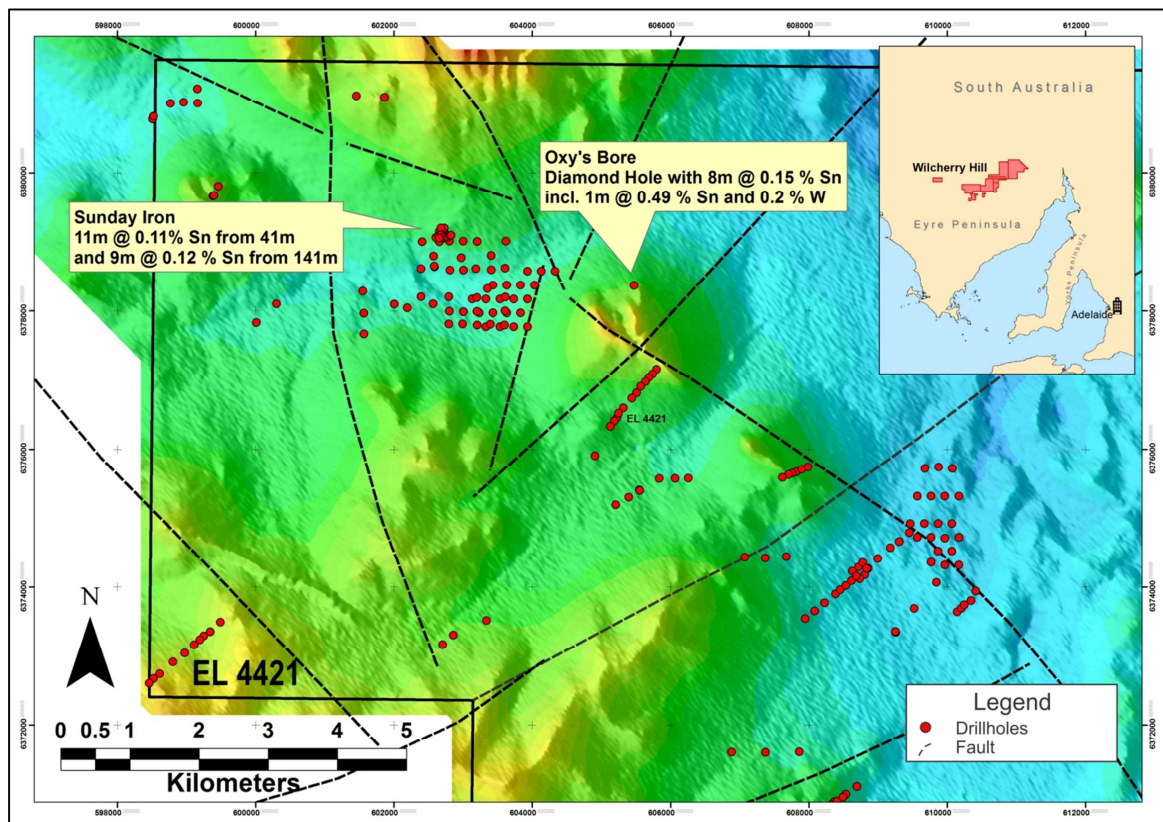


Figure 6: Locality of new Tin Prospects at Peterlumbo with significant Tin intercepts over DTM

Project Overview

Regional Tin Exploration Potential – Widespread Granitic Heat Source

Since the discovery of the Zealous Tin prospect, research of historic assay data has demonstrated that very few other potential skarn prospects at Wilcherry Hill have been adequately tested for Tin using the correct assay method. Trafford's Wilcherry Hill tenements are underlain by Hiltaba Granites (Figure 7), and it has been noted in numerous references that the mineralising source of Tin prospects in South Australia are the Hiltaba Suite Granites. The high grade nature of this Tin discovery strengthens the Southern Gawler Craton Hotspot in which Trafford is well placed with tenement holdings, multi commodity prospects and experience.

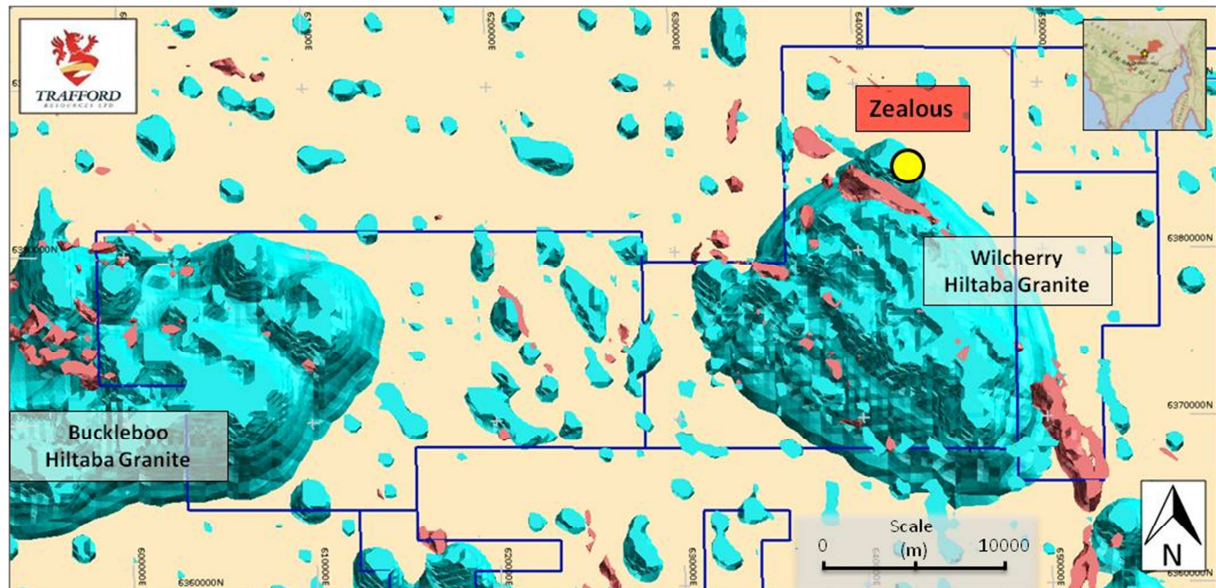


Figure 7: Plan image of EL5299 showing 3-dimensionally modelled underlying Hiltaba Granite (blue) and magnetic occurrences (red) at Wilcherry Hill in relation to the position of the Zealous prospect

High grade, near surface hard rock Tin deposits are rare and grades reported in projects targeted for open pit development are generally less than 0.5% tin. Drilling at Zealous is producing consistent 0.5% Tin intersections with widths in excess of 5m. Demand for Tin worldwide is growing steadily. However the forecasted decrease in production of Tin from alluvial mining and the limited number of new developing mines gives tin the distinction of being the metal that enjoys the highest price amongst the mainstream London Metal Exchange (LME) traded metals at a current price of around \$23,000/tonne. At prevailing prices 1% Tin is equivalent to ~5g/t Gold (Based on prices: Tin \$22,925/t, Gold \$1,326/oz). A combination of these factors makes this maiden discovery by Trafford a very important target for further exploration and development.

Project Overview

Uranium

Zealous

Together with the tin and associated lead identified at Zealous, the assay results have also returned elevated levels of Uranium (U) which occur along a strike length of 150m. Results include 18m @ 246ppm U in hole 12ZLRC002, 18m @ 225ppm U in hole 13ZLRC001 and 6m @ 518ppm U.

This uranium mineralisation coincides with a very distinct uranium anomaly over Zealous. Using imaging from an airborne radiometric survey shows that the Zealous area to be the most prominent uranium anomaly throughout Wilcherry Hill. Uranium has to date been identified by Trafford at the Golden Gate and Weednanna prospects within Wilcherry Hill and it has long been expected that economic amounts would be likely to occur elsewhere. This is the first instance where uranium has been discovered to occur with extensive lateral continuity.

Gold-Copper

Western Gawler Craton Project

In June, Trafford released its findings resulting from an exhaustive review into its Western Gawler Craton Project ("WGCP"). The combined project totals over 7,000km² in area is situated around the Challenger gold mine of South Australia. The review incorporated: collation and integration of all historic data, acquisition and analysis of all publically available technical data from previous explorers, collation of confidential and publically available technical reports, detailed analysis of over 50,000 calcrete samples, analysis of approximately 4,000 RAB / Air Core drill holes, review of a commissioned independent report on regional geophysical and geological trends, collation and analysis of all known geophysics, geochemistry and geology work undertaken in the area.

The Gawler Craton contains one of the largest Iron Oxide Copper Gold (IOCG) provinces in the world, hosting the Prominent Hill deposit, the Olympic Dam deposit, the Carrapateena deposit and the Moonta – Wallaroo district. Several deep, crustal scale faults which are vital to the formation of IOCG deposits have been interpreted to occur in the WGCP. Several ring-like and semi-circular magnetic anomalies, related to this faulting, have been identified in the area and could represent IOCG intrusive centres. For more information see ASX release dated 18 June, 2014.

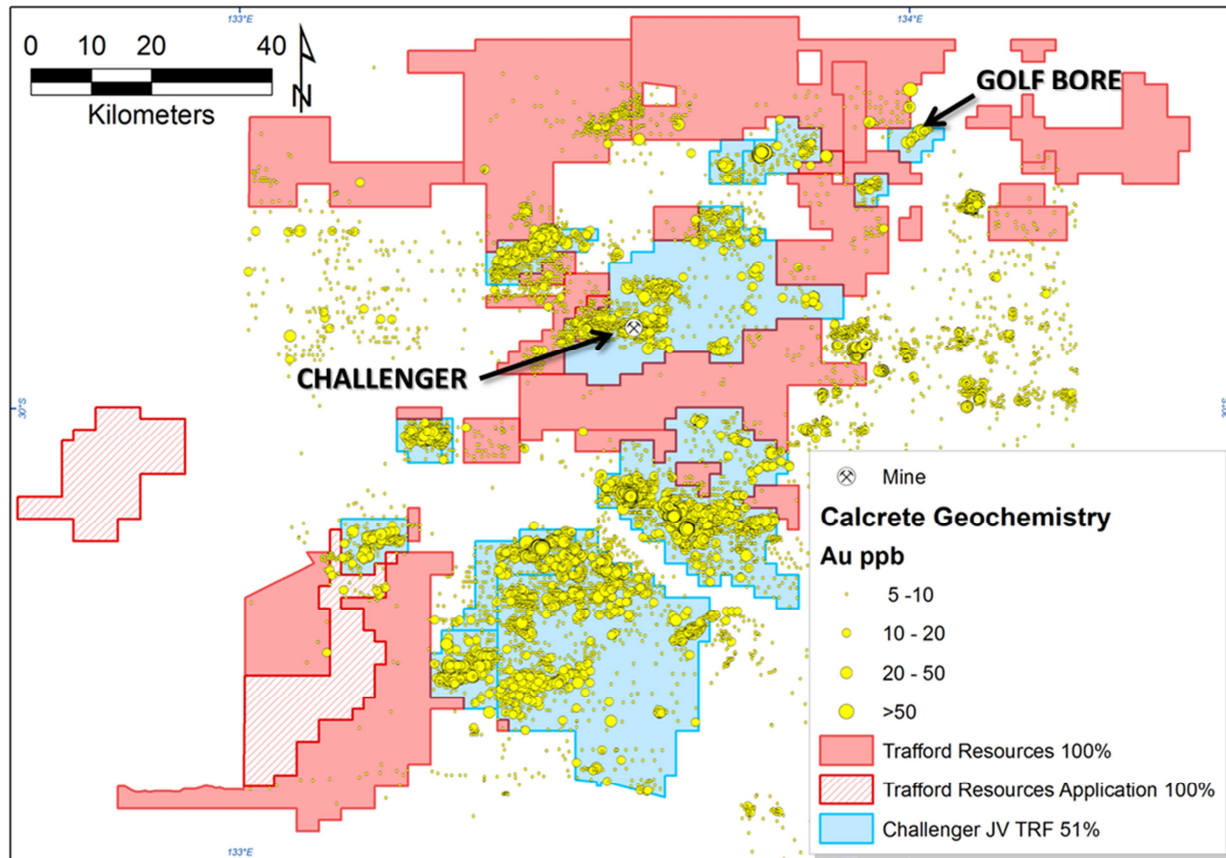


Figure 8: All Gold (Au) in calcrete samples of interest at the Western Gawler Ranges Project

Project Overview

Oxy's Bore

Oxy's Bore is located within Trafford's exciting new Black Hill Project area (on EL4421 Peterlumbo) located within 13km of Investigator Resources' (ASX: IVR) Paris silver discovery and the strong geochemical targets of Alexander and Hector.

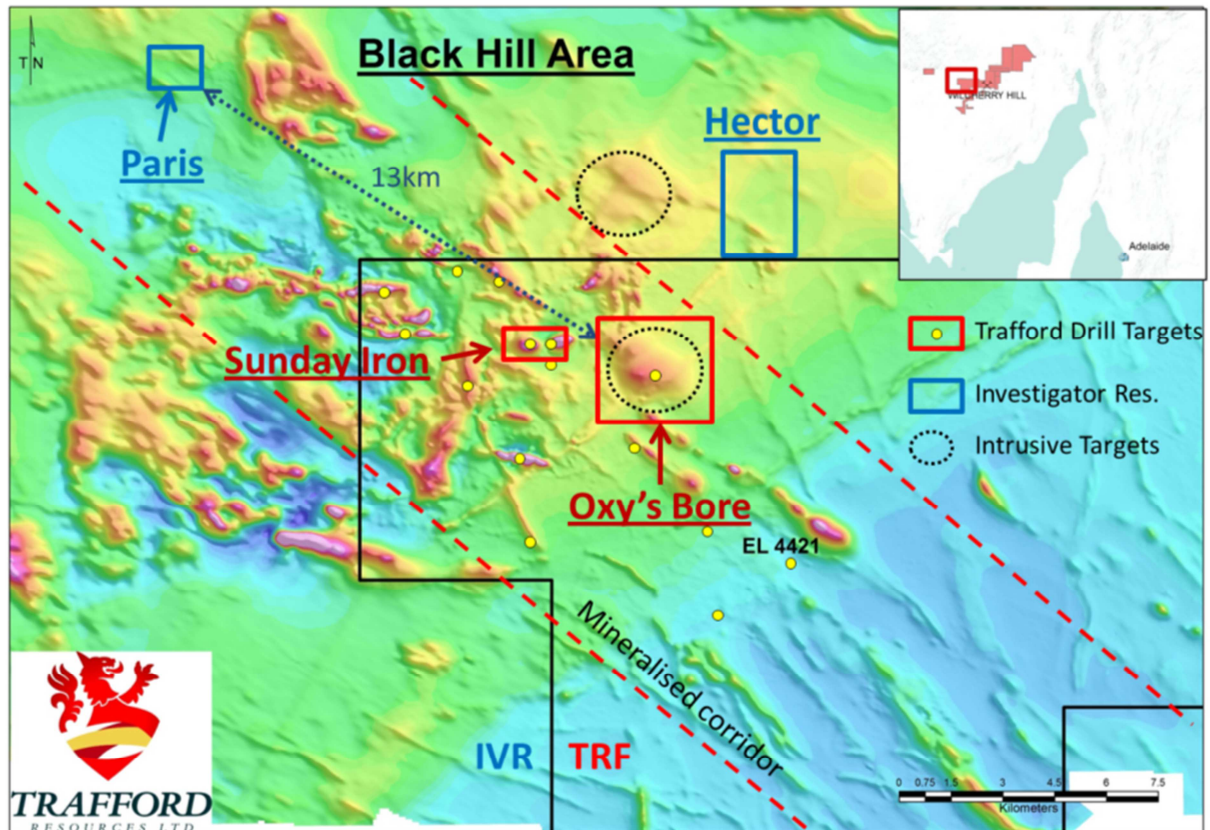


Figure 9: Oxy's Bore location within the Black Hill area - magnetics background

Trafford completed diamond drilling at its 100% owned Oxy's Bore Prospect in the Peterlumbo area of the Northern Eyre Peninsula, South Australia partially funded by the South Australian Government's Plan for Accelerating Exploration (PACE) Initiative.

The diamond drill hole reached a depth of 539.6 metres with the target being a circular, 300m diameter, blind, aeromagnetic anomaly interpreted to have intruded at a three point structural intersection approximately 13 kilometres south-south-east of Investigator Resources' "Paris Project" area. A Carapateena style magnetite iron / copper / gold intrusion was modelled from the geophysical response.

The hole intersected a medium grained, magnetite rich skarn from 408m to 428m down hole interval. The assay results from samples of this skarn mineralisation returned 20m at 31% Fe. Significantly within this skarn zone was elevated gold, up to 0.16g/t, copper, up to 0.10%, zinc, up to 1.34%, tin, up to 0.49%, and tungsten, up to 0.68%.

Geophysical modelling of the magnetite rich intersection adequately explained the targeted aeromagnetic anomaly target zone. A number of alteration zones of varying widths were intersected from 400m to 513m including brick red iron flooded/replacement and epithermal textures.

Geological interpretation of the mineralised structures combined with the geophysical down hole logging will assist Trafford in identifying the strike and size extent of the mineralisation. Additionally the base contact of the magnetite skarn intersected gold over 0.6m at 0.27g/t.

The University of Adelaide's down hole logging contractor (Endeavour Geophysics) completed various down hole logging surveys of the hole as part of a university funded program. Survey tools included were Gyroscope, MST

Project Overview

(resistivity, temperature, deviation, spontaneous potential and gamma radiation), Full Wave Sonic, Acoustic Televiwer, MIG (Magnetic susceptibility and conductivity) and Dual Density calliper, which will assist in analysis of the hole as well as potentially indicate further targets for follow up drilling by Trafford. This is a collaborative program between DMITRE and the South Australian Centre for Geothermal Energy Research (SACGER) at the University of Adelaide, and is funded by AusScope through their Australian Geophysical Observing System (AGOS) project.

The partially funded drill programme further consolidates the relationship between PACE and Trafford in exploring South Australia for minerals.

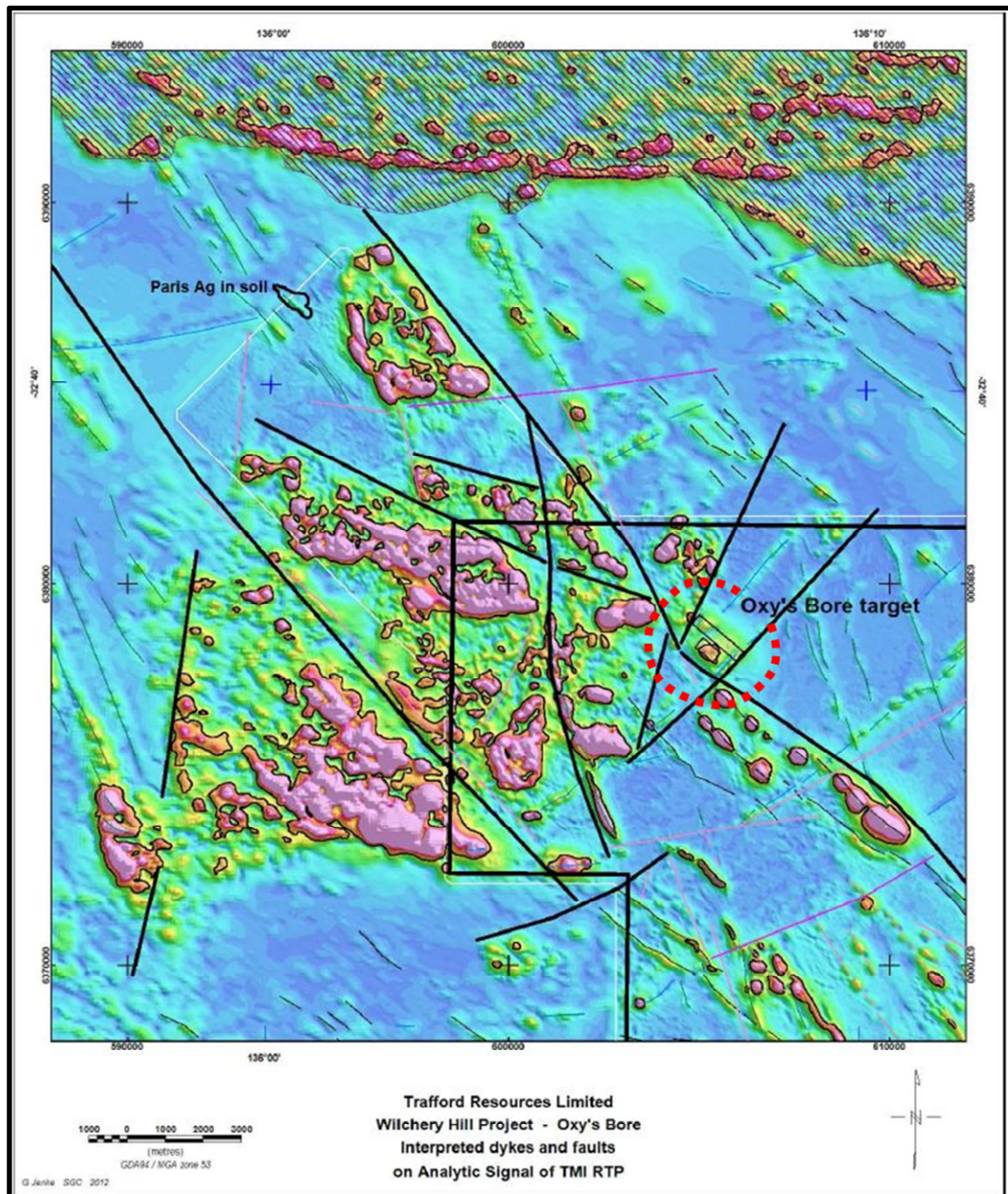


Figure 10: Oxy's Bore Prospect location with respect to major structural features within the Black Hill area

Project Overview

Silver

Sunday Iron Silver Prospect

In June 2013, Trafford announced a drill intersection of **5m @ 493g/t Silver (Ag), 0.58% Lead (Pb) and 0.27% Zinc (Zn) from 71-76m, including 1m @ 950g/t Silver (Ag), 1.08% Lead (Pb) and 0.39% Zinc (Zn) and 3m @ 71g/t Silver (Ag), 0.23% Lead (Pb) and 0.1% Zinc (Zn) from 82-85m, including 1m @ 150g/t Silver (Ag), 0.38% Lead (Pb) and 0.11% Zinc (Zn)** from hole 12BWRC020 which was drilled by IronClad Mining Limited (ASX: IFE) as part of its iron ore exploration in 2012.

This discovery of high grade silver is significant and highly encouraging in this emerging Gawler hot spot. These prospects are along strike from Investigator's Paris silver deposit and other regional targets demonstrating the high level of prospectivity of the Black Hills area on Trafford's 100% owned ground.

Following the June announcement Trafford planned a total of 9 reverse circulation (RC) drill holes to follow up on the high grade silver intersections. In a two week period in July – August, 3 holes were attempted with all 3 holes being curtailed due to adverse drilling conditions and consequent poor sample return. None of the holes reached target depth. As a result, the drilling was abandoned. It is planned to continue the program in 2014 with a more suitable drill configuration.

Manganese

Manganese Joint Venture

The Company signed a formal Joint Venture (JV) agreement with IronClad Mining Limited (ASX: IFE) whereby IronClad has the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area (EL5299 - Wilcherry Hill, EL4286 - Valley Dam, EL4421 – Peterlumbo and EL5164 – Eurilla Dam) in the north of the Eyre Peninsula of South Australia. The terms of the agreement include:

- IronClad to complete 4,000m of reverse circulation (RC) drilling within 12 months of the JV agreement being signed.
- IronClad to pay the Company \$250,000 in cash.
- IronClad can earn 50% in the project tenements by spending \$1 million over 12 months from the date of the agreement.
- IronClad has the right to earn an additional 30% in the project by spending an additional \$2 million over an additional 2 years.
- IronClad will be the manager of the JV.
- Upon earning an 80% interest, Trafford Resources Limited's remaining 20% interest will be free carried up to a decision to mine; at which point if Trafford elects not to contribute, its interest will dilute according to an industry standard formula, to a minimum of 10% before converting to a 2% gross revenue royalty.
- On signing of the JV agreement, both parties will form an exploration committee that will agree upon exploration and development programs during the earn-in period.

Subsequent to the signing of the agreement, both parties agreed to extend the earn-in period by an additional year.

Exploration – Western Australia

Twin Peaks / Moorarie Rocks – Iron Ore Joint Venture

Trafford was pleased to announce in January 2014 that it has satisfied the earning obligation for 51% (Earned Interest) of the Twin Peaks and Moorarie Rocks Iron Ore Joint Venture with Independence Group (IGO: ASX). The Projects are located northeast of Geraldton in the Murchison region of Western Australia (Figure 11).

The terms of the Joint Venture give Trafford the right to earn equity in the project by expending two million dollars within two years for 51% Equity and a further 29% by spending an additional three million dollars over the next three years to a total of 80% equity.

Project Overview

Trafford carried out extensive exploration on the ground with mapping and sampling, detailed magnetic and gravity interpretation, metallurgical test work and over 5000m of drilling. The work has succeeded in defining a previously unknown 20 Km long iron ore trend with 18 new iron ore prospects including high grade (+65% Fe) DSO hematite, extensive hematite and magnetite deposits. Strong potential for channel iron deposits have also been identified by drilling at Twin Peaks.

Drilling at the Woolbung Peak prospect defined continuous DSO hematite from surface to a depth of 145m. All DSO intersections contain very low impurities and indicate a deposit capable of producing a premium product. The style of mineralisation and continuous nature of the DSO hematite intersected at Woolbung Peak is similar to Mt Gibson's Tallaering Peak operation located just 60km's south of Twin Peaks.

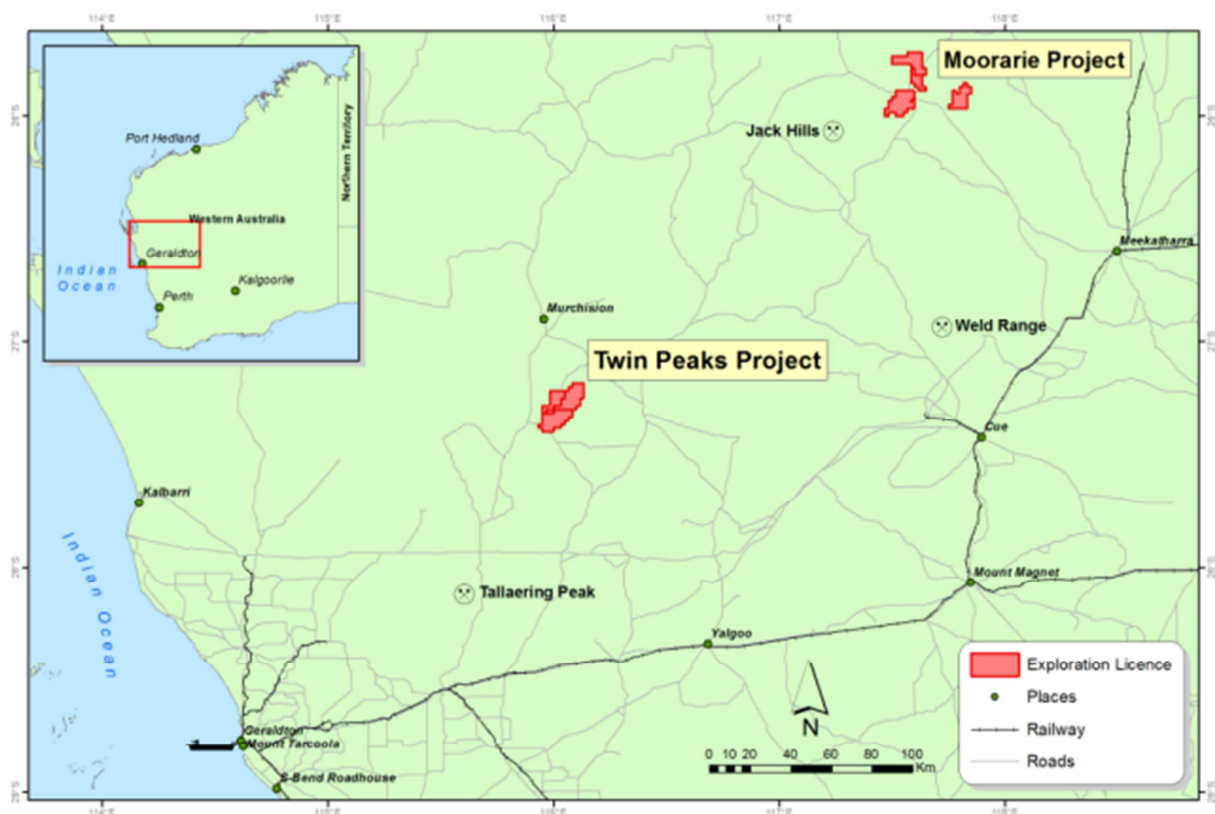


Figure 11: Location of Twin Peaks and Moorarie Project Areas

Investments

IronClad Mining

Approvals

The South Australian Government gave their approval for the development of the multi user port at Lucky Bay, near Cowell on the Eyre Peninsula of South Australia. Following the approval of the port development ore can now be stockpiled at Lucky Bay ready for transhipment by tug and barge to waiting offshore vessels.

The approval marks the last major regulatory hurdle for the Wilcherry Hill Iron Ore Project, a 20% / 80% Joint Venture between Trafford and IronClad Mining Limited (ASX: IFE). Enabling commencement of work on the port is the last link in the infrastructure chain necessary to market the Joint Venture's iron ore.

In addition to Trafford's 20% ownership of the project it is also the major shareholder in IronClad, holding approximately 26.67% of the issued capital.

Project Overview

Manganese Joint Venture

IronClad Mining Limited (IFE) completed an exploration program at the Hercules East Manganese Prospect. Drilling intersected significant Manganese (Mn) in several holes: **17m @ 22.4 % Mn** from 49m in hole 14HCRC007, **12m @ 20.7 % Mn** from 59m in hole 14HCRC001, and **11m @ 29.9 % Mn** from 65m in hole 14HCRC006. These results help confirm manganese mineralisation seen in hole 13HCRC026 from January 2013 drilling and helps confirm and aides in the evaluation of the +3km Manganese Zone previously identified on the Eastern Flank of the Hercules Iron Prospect.

IronClad are currently earning up to 80% interest in the Manganese rights at Wilcherry Hill as per a Joint Venture agreement between Trafford and IronClad, signed in 2013. Manganese could significantly enhance the economics of the second stage of IronClad's iron ore project.

Orinoco Gold

In May 2014, Orinoco Gold Limited (OGX:ASX) released high-grade bulk sampling results from its Cascavel Gold Project in central Brazil. The results have provided further evidence of both the strength and scale of the mineralised system. A 2.5 tonne bulk samples from the Lower Gold Zone was tested and returned 27.2g/t gold. This sample was taken from the Cuca winze, approximately 400m along strike from the Cascavel winze from where Orinoco reported a 24.14g/t Gold assay from a 2.8 tonne sample.

In June 2014, Orinoco commenced drilling at its Tinteiro (IOCG) Project in Central Brazil. Drilling will target a large breccia outcrop and iron formation which recently returned high-grade rock chips grading up to 4,200g/t of Silver, 7g/t Gold, and 0.3% Copper.

Trafford currently holds 10.4% direct equity interest in Orinoco Gold Limited.

Directors' Report

Your directors present their report on Trafford Resources Limited (the "Company") and of the Group being the Company and its controlled entities for the financial year ended 30 June 2014.

Directors

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

Ian D. Finch
Neil W. McKay
Mark Le Grange
Dr. Allan Trench

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Joint Company Secretaries

The following persons held the position of joint company secretary during the financial year:

Neil McKay — Bachelor of Business (resigned on 1 July 2014)
Pragiyugi Gouw — Bachelor of Commerce

Principal Activities

The principal activities of the Group during the financial year were mineral exploration and evaluation.

There were no significant changes in the nature of the principal activities during the financial year.

Operating Results and Financial Review*Profit and loss*

The Group's loss after providing for income tax amounted to \$2,440,383 (2013: \$14,949,564).

Financial position

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations. The Group's net assets as at 30 June 2014 are \$4,740,852 (2013: \$6,756,153).

Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2014 is cash of \$171,680 (2013: \$1,742,429).

Shares issued during the year

During the year, the Company issued 6,840,872 (2013: 28,369,732) ordinary shares from option conversion, share placements, a rights issue and a share purchase plan.

Directors' Report

Dividends Paid or Recommended

No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2014.

Review of Operations

- Discovered high grade tin intersections at Zealous prospect.
- Approval for development of multi user port at Lucky Bay on the Eyre Peninsula of South Australia.
- Entered joint venture agreement with IronClad Mining Limited (IronClad) whereby IronClad has a right to earn an 80% interest in all Manganese over the Wilcherry Hill Project area. A 2,400m reverse circulation drilling program was undertaken in May 2014.
- Earned 51% equity in Twin Peaks iron ore joint venture
- Successful bulk sampling for Orinoco Gold as well as an expansion of the Tinteiro IOCG (Iron Oxide Copper Gold) Project.
- The Company raised \$820,904 via rights issues during the year.
- The company received \$1.4 million in Research and Development (R&D) Rebate.

Significant Changes in State of Affairs

There has been no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

After Balance Date Events

The Company completed its Share Purchase Plan in July 2014, raising \$304,050 by the issuance of 4,343,587 shares. Each share in the SPP entitles the participant to two free attaching options, exercisable at 10 cents on or before 16th February 2015.

Future Developments, Prospects and Business Strategies

- Continue to develop the resource potential of the high grade tin, silver and gold prospects at Wilcherry Hill, South Australia. Examine the potential for joint venture partners to assist and accelerate this development.
- Continue regional exploration for gold over our Challenger Joint Venture and 100% Trafford tenements (~7000Km²) on the Gawler Craton. Negotiate with our partners to expand the search to base metals such as copper and nickel.
- Complete desk top studies in order to identify the most cost effective ways to monetise our 51% share of the Twin Peaks project in WA's mid- west.
- Assist Ironclad Mining Ltd in determining the best way forward for its iron ore operations.
- Develop the acquired assets in Colombia to a form that can be offered for joint venture.
- Continue research in, attractive jurisdictions, for future opportunities.

Directors' Report

Environmental Issues

The Group's operations are subject to environmental regulation under the law of the Commonwealth and State in relation to exploration activities. Details of the Group's performance in relation to environmental regulations follow.

National Greenhouse and Energy Reporting Guidelines

The Group is subject to the conditions imposed by the registration and reporting requirements of the *National Greenhouse Gas and Energy Reporting Act 2007* (the NGER Act), and is registered with the Greenhouse and Energy Data Office. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group either for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

Energy Efficiency Opportunities Guidelines

The Group is not subject to the conditions imposed by the registration and reporting requirements of the *Energy Efficiency Opportunities Act 2006* in the current financial year as its energy consumption was below the 0.5 petajoule registration threshold.

If the Group exceeds this threshold in future reporting periods, it will be required to register with the Department of Resources, Energy and Tourism and complete an Energy Savings Action Plan. This plan assesses the energy usage of the Group and identifies opportunities for the Group to reduce its energy consumption.

Clean Energy Act 2011

In November 2011, the Federal Parliament passed the Clean Energy Act 2011, which implements a carbon pricing mechanism from 1 July 2013. Under the mechanism, entities that produce over the threshold level of carbon emissions will be required to purchase permits to offset their carbon emissions.

The Group is not directly impacted by the carbon pricing mechanism because it does not control facilities that produce emissions greater than the threshold level. However, the Group will be indirectly impacted by the mechanism through increases in the prices it pays for energy and materials purchased from suppliers that are impacted by the introduction of the mechanism. The Group also anticipates that it will experience an increase in expenditures related to waste disposal under the carbon pricing mechanism, although any future increases in such costs are likely to be less significant than the anticipated increases in energy and material costs.

Management of the Group has considered whether the introduction of the carbon pricing mechanism is an impairment indicator and has determined that it is not expected to have a significant impact on the estimated net cash flows of the Group's operations or the recoverability of its assets, principally because the Group has the capacity to pass on any increases in production costs through its contracts with customers.

Directors' Report

Information on Directors

Ian D Finch

Managing Director

Qualifications

BSc (Hons) in Geology from the University of Birmingham (England), a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors

Experience

Mr Finch's career spans 44 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 – from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa.

In 1981 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987.

In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia.

In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia – when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project.

In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005 Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London.

Mr Finch was Chairman of Bannerman Resources Limited from 30 May 2005 until 26 May 2006.

Interest in Shares, Options and Share Rights*

5,336,082 fully paid ordinary shares
125,000 options exercisable at \$0.30 on or before 13 October 2014
275,000 options exercisable at \$0.20 on or before 20 May 2015
428,572 options exercisable at \$0.10 on or before 16 Feb 2015
1,000,000 share rights expiring on 31 October 2015

Directorships held in other listed entities

Director of IronClad Mining Limited since 19 April 2007
Director of Orinoco Gold Limited since 31 October 2012

* Mr Finch's interests are held directly and indirectly through an entity which he controls.

Neil W. McKay

Non-Executive Director

Joint Company Secretary (resigned on 1 July 2014)

Qualifications

Bachelor of Business

Experience

Neil McKay is a former Chartered Accountant and has been involved in the resources industry for more than 28 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions in the resources industry.

Since 1995 he has operated as an independent consultant, specialising in the incorporation and administration of resource companies with special focus on South East Asia. For the last two years, he has divided his time between Australia where he provides consultation to various public companies, and South East Asia where he continues his involvement. Neil resigned as Joint Company Secretary on 1 July 2014.

Directors' Report

Interest in Shares, Options and Share Rights	<p>3,231,569 fully paid ordinary shares</p> <p>176,000 options exercisable at \$0.20 on or before 20 May 2015</p> <p>428,572 options exercisable at \$0.10 on or before 16 Feb 2015</p> <p>500,000 share rights expiring on 31 October 2015</p>
Directorships held in other listed entities	Director of IronClad Mining Limited since 19 April 2007.
Mark Le Grange	Exploration Director
Qualifications	BSc (Hons) in Geology from the University of Johannesburg.
Experience	<p>Mr. Le Grange has 15 years mining and exploration experience in South Africa, Madagascar and Australia, working in gold, platinum, base metals and iron ore.</p> <p>His broad based experience include 8 years of platinum exploration in South Africa where he was an integral part of the team which took the Akanani Platinum Project from initial exploration drilling to a multibillion dollar underground development which was sold, in 2006, to Lonmin PLC. He continued to work for Lonmin as senior development geologist at Akanani which has a resource of 30 million ounces of platinum, palladium and gold.</p> <p>Mr Le Grange joined the Company as Chief Geologist in July 2008, serving also in 2010 as Chief Geologist for the Company's associated entity, IronClad Mining Ltd.</p>
Interest in Shares, Options and Share Rights	<p>279,307 fully paid ordinary shares</p> <p>158,605 options exercisable at \$0.20 on or before 20 May 2015</p> <p>180,000 options exercisable at \$0.10 on or before 16 Feb 2015</p> <p>500,000 share rights expiring on 31 October 2015</p>
Directorships held in other listed entities	None.
Dr. Allan Trench	Director
Qualifications	BSc. (Hons) Geology from the Imperial College, London; PhD Geophysics from the Glasgow University; Master of Science, Mineral Economics from Curtin University and Master of Business Administration from Oxford University.
Experience	<p>Dr Trench is a geologist, geophysicist and business management consultant with over 20 years experience across a broad range of commodities and companies. His minerals sector experience spans strategy formulation, exploration, project development and mining operations.</p> <p>Dr Trench's former roles include management of nickel, gold and base metal exploration teams in the Yilgarn region of Western Australia, initially for WMC, both as a geophysicist and exploration manager, and subsequently for a group of ASX listed companies.</p>
Interest in Shares, Options and Share Rights	<p>190,100 fully paid ordinary shares</p> <p>34,550 options exercisable at \$0.20 on or before 20 May 2015</p> <p>180,000 options exercisable at \$0.10 on or before 16 Feb 2015</p> <p>500,000 options exercisable at \$0.25 on or before 31 Oct 2015</p>

Directors' Report

Directorships held in other listed entities	Director of Pioneer Resources since 8 September 2003
	Director of Navigator Resources since 14 November 2005
	Director of Enterprise Metals since 3 April 2012
	Director of Hot Chili since 19 July 2010

Information on Company Secretary

Pragiyugi Gouw	Company Secretary
Qualifications	Bachelor of Commerce from Curtin University
Experience	Mr Gouw is an accountant with over ten years' experience in both commercial and public practice environment. He has previously worked in senior accounting roles within a listed mining company and various public accountancy firms.

Meetings of Directors

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Held	Attended	Eligible to attend
Ian Finch	9	8	9
Neil McKay	9	9	9
Mark Le Grange	9	9	9
Dr. Allan Trench	9	9	9

Indemnifying Officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The amount of premium paid for this indemnity was \$14,127.

Directors' Report

Options

At the date of this report, the outstanding options are as follows:

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Exercise Price</i>	<i>Number of Options</i>
10 September 2012	13 October 2014	\$0.30	1,250,000
19 September 2012	13 October 2014	\$0.30	75,000
22 October 2012	13 October 2014	\$0.30	594,633
15 January 2013	13 October 2014	\$0.30	1,000,000
27 June 2013	20 May 2015	\$0.20	25,700,963
14 October 2013	31 October 2015	\$0.25	500,000
15 July 2014	16 February 2015	\$0.10	8,687,174

Share Rights

At the date of this report, the outstanding share rights are as follows:

<i>Grant Date</i>	<i>Expiry Date</i>	<i>Number of Rights</i>
14 October 2013	31 October 2015	3,786 500

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any other proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No other fees were paid or payable to the auditors for non-audit services performed during the year except for a fee of \$17,403 (2013: \$15,103) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C for the year ended 30 June 2014 has been received and can be found on page 34 of this report.

Consent of Competent Persons

The information in this announcement that relates to Exploration Results is based on information compiled by Ian D. Finch, who is a Member of The Australasian Institute of Mining and Metallurgy and who has more than five years' experience in the field of activity being reported on. Mr. Finch is the Managing Director of the company.

Mr. Finch has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management personnel of the Group.

Remuneration policy

The remuneration policy of Trafford Resources Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Trafford Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Group, as well as create goal congruence between directors and shareholders.

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Managing Director and approved by the board after seeking professional advice from independent external consultants, where appropriate.
- In determining competitive remuneration rates, the Board seeks, where appropriate, independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or share rights are intended to align the interests of directors and executives of the Group with those of the shareholders.

The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry.

The Board does endorse the use of incentive and bonus payments for directors and senior executives at this point in time. The Board were issued share rights and options. Board members have largely retained these securities which assist in aligning their objectives with overall shareholder value.

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5% (9.25% for the year ended 30 June 2014) and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at the cost to the Group. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology. The share rights were valued using the market value of the ordinary shares but discounted for market based vesting conditions.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board in consultation with independent advisors, where appropriate, determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. 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 and are able to participate in the incentive scheme. Options granted under the scheme do not carry dividend or voting rights.

Directors' Report

Group Performance, Shareholder Wealth and Directors' and Executives Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of shares rights and options to the majority of directors and executives to encourage the alignment of personal and shareholder interest.

The Group has not included the 5-year group performance summary because for a group involved in exploration and evaluation, the information would not reflect the true performance of directors and executives.

Employment Contracts of Directors and Other Executives

The Group has entered into contract with its executives that are unlimited in term but capable of termination with between 1 and 12 months' notice and that the Group retains the right to terminate the contract immediately, by making payment in lieu of notice.

The Managing Director has a contract of employment which specifies his duties and obligation. In general, the terms of that contract are as follows:

- The contract is not for a specific term.
- The personnel may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company is required to give 12 months' notice to terminate the employment agreement if on a without cause basis.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Details of Remuneration for Year Ended 30 June 2014

The remuneration for each director and executive of the Group during the period was as follows:

2014	Salary & Fees	Director's Fee	Cash Bonus	Super- annuation Contribution	Termination	Options / Share Rights	Total	Represented by Options / Share Rights
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Ian Finch	214,724	-	-	19,862	-	10,147	244,733	4.15
Neil McKay	133,964	28,000	-	14,982	-	5,074	182,020	2.79
Dr. Allan Trench	-	52,320	-	-	-	19,408	71,728	27.06
Mark Le Grange	225,333	-	-	20,843	-	5,074	251,250	2.02
Executive								
Pragiyugi Gouw	169,500	-	-	15,679	-	1,781	186,960	0.95
	743,521	80,320	-	71,366	-	41,484	936,691	

Directors' Report

2013	Salary & Fees	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options / Share Rights	Total	Represented by Options / Share Rights
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Ian Finch	250,000	-	-	22,500	-	-	272,500	-
Neil McKay	121,100	48,000	-	15,219	-	-	184,319	-
Dr. Allan Trench	-	52,320	-	-	-	-	52,320	-
Mark Le Grange	260,000	-	-	23,400	-	-	283,400	-
Executive								
Pragiyugi Gouw	176,000	-	-	15,840	-	11,538	203,378	5.67
	807,100	100,320	-	76,959	-	11,538	995,917	

The fair value calculation of share-based payments is detailed in Note 18: Share-based Payments.

Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are issued based on performance or price criteria, and are issued to the majority of directors and executives of the Company to increase goal congruence between executives, directors and shareholders. The options issued to directors have no vesting condition and vest immediately while options issued to executives will generally vest after a two years period. When exercised all options issued will result in the issue of ordinary shares in the Company on a 1:1 basis.

2014	Granted		Fair	Terms and conditions for each grant				Vested
	Number	Date	Value/ Option \$	Exercise Price \$	Expiry Date	First exercise date	Last exercise date	Number
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Mark Le Grange	-	-	-	-	-	-	-	-
Dr. Allan Trench	500,000	14 Oct 13	0.039	0.25	31 Oct 15	12 Nov 13	31 Oct 15	500,000
Executive								
Pragiyugi Gouw	-	-	-	-	-	-	-	-
	500,000							500,000

No options were issued as part of remuneration by the Group in the prior year.

Shares Issued on Exercise of Compensation Options

No options that were granted as compensation in current and prior periods were exercised in the Company during the current year.

Directors' Report**Share rights issued as part of remuneration**

2014	Granted Number	Grant Date	Fair Value per Right \$	Expiry Date	Vested Number
Directors					
Ian Finch	1,000,000	14 Oct 13	0.03	31 Oct 15	-
Neil McKay	500,000	14 Oct 13	0.03	31 Oct 15	-
Mark Le Grange	500,000	14 Oct 13	0.03	31 Oct 15	-
Dr. Allan Trench	-	-	-	-	-
Executive					
Pragiyugi Gouw	264,000	12 Nov 13	0.02	31 Oct 15	-
	<u>2,264,000</u>				<u>-</u>

No rights were issued as part of remuneration by the Group in the prior year.

Shares issued on vesting of share rights

No shares were granted in current and prior periods from the vesting of share rights.

Number of Shares Held by Key Management Personnel

2014	Balance 1.7.2013	Granted As Compensation	Purchased/ (Sold)	Options / Rights Exercised	Net Change Other	Balance 30.6.2014
Ian Finch	4,571,796	-	550,000	-	-	5,121,796
Neil McKay	2,905,283	-	112,000	-	-	3,017,283
Mark Le Grange	172,097	-	17,210	-	-	189,307
Dr. Allan Trench	91,000	-	9,100	-	-	100,100
Pragiyugi Gouw	-	-	-	-	-	-
Total	7,740,176	-	688,310	-	-	8,428,486

2013	Balance 1.7.2012	Granted As Compensation	Purchased/ Sold	Options / Rights Exercised	Net Change Other	Balance 30.6.2013
Ian Finch	3,771,818	-	799,978	-	-	4,571,796
Neil McKay	2,753,773	-	151,510	-	-	2,905,283
Mark Le Grange	12,615	-	159,482	-	-	172,097
Dr. Allan Trench	-	-	91,000	-	-	91,000
Pragiyugi Gouw	-	-	-	-	-	-
Total	6,538,206	-	1,201,970	-	-	7,740,176

Directors' Report

Number of Options held by Key Management Personnel

2014	Balance 1.7.2013	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2014	Unvested and not exercisable
Ian Finch	1,275,000	-	-	(875,000)	400,000	-
Neil McKay	620,000	-	-	(444,000)	176,000	-
Dr. Allan Trench	30,000	500,000	-	4,550	534,550	-
Mark Le Grange	500,000	-	-	(341,395)	158,605	-
Pragiyugi Gouw	-	-	-	-	-	-
Total	2,425,000	500,000	-	(1,655,845)	1,269,155	-

2013	Balance 1.7.2012	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2013	Unvested and not exercisable
Ian Finch	3,000,000	-	-	(1,725,000)	1,275,000	-
Neil McKay	1,500,000	-	-	(880,000)	620,000	-
Dr. Allan Trench	-	-	-	30,000	30,000	-
Mark Le Grange	353,808	-	-	146,192	500,000	-
Pragiyugi Gouw	200,000	-	-	(200,000)	-	-
Total	5,053,808	-	-	(2,628,808)	2,425,000	-

* Net Change Other includes options purchased, allotted, sold or expired during the financial year and the number of options held by directors or executives who have been appointed or have resigned during the year.

The fair value of the options is determined using Black-Scholes option pricing method, using the assumptions detailed in Note 18: Share-based Payments.

Number of Share Rights Held by Key Management Personnel

2014	Balance 1.7.2013	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2014	Unvested and not exercisable
Ian Finch	-	1,000,000	-	-	1,000,000	-
Neil McKay	-	500,000	-	-	500,000	-
Dr. Allan Trench	-	-	-	-	-	-
Mark Le Grange	-	500,000	-	-	500,000	-
Pragiyugi Gouw	-	264,000	-	-	264,000	-
Total	-	2,264,000	-	-	2,264,000	-

Directors' Report**Number of Share Rights Held by Key Management Personnel (continued)**

2013	Balance 1.7.2012	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2013	Unvested and not exercisable
Ian Finch	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-
Dr. Allan Trench	-	-	-	-	-	-
Mark Le Grange	-	-	-	-	-	-
Pragiyugi Gouw	200,000	-	-	(200,000)	-	-
Total	200,000	-	-	(200,000)	-	-

* Net Change Other includes share rights allotted or expired during the financial year and the number of share rights held by directors or executives who have been appointed or have resigned during the year.

The valuation of share rights have considered vesting conditions and share price at the date of issue.

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



Ian D. Finch, Managing Director

Dated this 30th day of September 2014



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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Trafford Resources Limited for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014



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- Accountants
- Auditors
- Advisors

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2014

	Notes	2014 \$	2013 \$
Revenue and other income	2	272,812	124,083
Gain on sale of non-current investments		114,551	229,815
Impairment reversal / (impairment) of investment in associate	10	6,274,966	(11,754,487)
Impairment of other investments		-	(156,883)
Share of net profits / (loss) of associate	10	(6,551,291)	290,940
Administrative expense		(123,925)	(177,276)
Consultancy expenses		(193,230)	(196,904)
Compliance and regulatory expenses		(57,163)	(53,560)
Depreciation and amortisation expense		(61,988)	(72,617)
Directors fees		(88,320)	(100,320)
Share-based payments	18	(51,636)	(80,484)
Legal fees		(64,597)	(43,742)
Occupancy Costs		(229,895)	(252,481)
Public relation costs		(62,361)	(219,609)
Staffing costs		(274,823)	(270,855)
Training costs		(5,248)	(25,910)
Finance Costs		(61,185)	(14,626)
Exploration costs written off		(2,650,750)	(3,804,289)
Other expenses from ordinary activities		(40,888)	(81,153)
Profit/ (Loss) before income tax		(3,854,971)	(16,660,358)
Income Tax Benefit	5	1,414,588	1,710,794
Profit/ (Loss) for the year		(2,440,383)	(14,949,564)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net gain/ (Loss) on revaluation of financial assets		(415,712)	132,340
Total comprehensive income / (loss) for the year		(2,856,095)	(14,817,224)
Basic earnings / (loss) per share (cents per share)	6	(2.07)	(16.19)
Diluted earnings / (loss) per share (cents per share)	6	(2.07)	(16.19)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	171,680	1,742,429
Trade and other receivables	8	89,646	126,034
Financial assets	9	1,211,562	1,598,612
TOTAL CURRENT ASSETS		1,472,888	3,467,075
NON-CURRENT ASSETS			
Plant and equipment	11	56,775	118,763
Investments accounted for using the equity method	10	1,956,730	2,233,158
Exploration and evaluation expenditure	12	1,980,744	1,980,744
TOTAL NON-CURRENT ASSETS		3,994,249	4,332,665
TOTAL ASSETS		5,467,137	7,799,740
CURRENT LIABILITIES			
Trade and other payables	13	492,108	758,964
Provisions	14	199,824	250,170
TOTAL CURRENT LIABILITIES		691,932	1,009,134
NON-CURRENT LIABILITIES			
Provisions	14	34,353	34,453
TOTAL NON-CURRENT LIABILITIES		34,353	34,453
TOTAL LIABILITIES		726,285	1,043,587
NET ASSETS		4,740,852	6,756,153
EQUITY			
Issued capital	15	22,390,272	21,601,114
Reserves	16	1,614,210	1,978,286
Accumulated losses		(19,263,630)	(16,823,247)
TOTAL EQUITY		4,740,852	6,756,153

The accompanying notes form part of these financial statements

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

	Issued Capital	Retained Profits/ Accumulated Losses	Option Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2012	18,061,765	(1,873,683)	1,761,650	-	17,949,732
Profit/(Loss) attributable to owners of the parent	-	(14,949,564)	-	-	(14,949,564)
Other comprehensive income for the period	-	-	-	132,340	132,340
Total comprehensive income for the period	-	(14,949,564)	-	132,340	(14,817,224)
Transactions with owners in their capacity as owners, and other transfers					
Options converted	1	-	-	-	1
Share-based payments	-	-	80,484	-	80,484
Shares issued during the year	3,662,516	-	-	-	3,662,516
Transaction costs	(123,168)	-	3,812	-	(119,356)
Balance at 30 June 2013	21,601,114	(16,823,247)	1,845,946	132,340	6,756,153
Balance at 1 July 2013	21,601,114	(16,823,247)	1,845,946	132,340	6,756,153
Profit/(Loss) attributable to owners of the parent	-	(2,440,383)	-	-	(2,440,383)
Other comprehensive income for the period	-	-	-	(415,712)	(415,712)
Total comprehensive income for the period	-	(2,440,383)	-	(415,712)	(2,856,095)
Transactions with owners in their capacity as owners, and other transfers					
Options converted	1	-	-	-	1
Share-based payments	-	-	51,636	-	51,636
Shares issued during the year	820,904	-	-	-	820,904
Transaction costs	(31,747)	-	-	-	(31,747)
Balance at 30 June 2014	22,390,272	(19,263,630)	1,897,582	(283,372)	4,740,852

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash Flows from Operating Activities			
Payments for exploration activity		(3,099,615)	(3,408,915)
Payments for suppliers and employees		(1,072,359)	(1,296,157)
Research and development rebate		1,414,588	-
Interest received		22,812	127,630
Interest and other charges paid		(57,576)	(3,893)
Net cash (outflows) from operating activities	19 (i)	<u>(2,792,150)</u>	<u>(4,581,335)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(23,287)	(43,573)
Purchase of equity investment		(30,962)	(1,674,334)
Tenement Acquisition Costs		-	(500,000)
Proceeds from disposal of exploration rights		250,000	-
Proceeds from disposal of equity investment		116,954	540,450
Net cash provided by (used in) investing activities		<u>312,705</u>	<u>(1,677,457)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		977,906	3,090,896
Payments for costs of issue of shares and options		(67,750)	(58,032)
Loan repayment from other entities		(1,460)	1,753,662
Net cash provided by (used in) financing activities		<u>908,696</u>	<u>4,786,526</u>
Net (decrease)/increase in Cash Held		(1,570,749)	(1,472,266)
Opening Cash & Cash Equivalents	7	1,742,429	3,214,695
Effect of exchange rates on cash holdings in foreign currencies		-	-
Closing Cash & Cash Equivalents	7	<u>171,680</u>	<u>1,742,429</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report covers the economic entity of Trafford Resources Limited and controlled entities (the "Group"). Trafford Resources Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the directors on 30th September 2014.

Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB.

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

The financial report has been prepared on an accruals basis and is based on historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss before income tax of \$3,854,971 for the year ended 30 June 2014 (2013: \$16,660,358). Included within this loss was exploration costs written off of \$2,650,750 (2013: \$3,804,289).

The net working capital position of the Group at 30 June 2014 was \$780,956 (2013: \$2,457,941) and the net decrease in cash held during the year was \$1,570,749 (2013: \$1,472,266).

The Group has expenditure commitments relating to work programme obligations of their assets of \$1,691,917 which potentially could fall due in the twelve months to 30 June 2015.

The Directors have prepared a cashflow forecast which indicates that the Group will have sufficient cashflows to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The Group intends to finance the future operations through the following actions:

- Additional capital raisings;
- The lodgment and receipt of funds from the Group's research and development rebate for the 2014 financial year;
- Divestment of the Group's financial assets as required;
- Containing cash outflows.

Should the Group not achieve the matters set out above, there is material uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

a. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Research and development costs are claimed as a rebate with the corresponding refund shown as an income tax benefit for the year.

b. Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involved the exercise of significant judgement and estimates of the outcome of future events.

c. Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value as indicated 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 the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment - Office	20 – 33 %
Office Furniture and Equipment	20 – 33 %
Plant and Equipment – Field	20 – 33 %

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

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

d. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but the legal ownership is not transferred to the Company, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

e. **Earnings Per Share**

Basic earnings per share ("EPS") is calculated as the profit / (loss) attributable to the equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus entitlements in ordinary shares issued during the year.

Diluted EPS adjusts the figures used in the determination of basic EPS 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.

f. **Revenue Recognition**

Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest

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

g. **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other 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.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **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 inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

j. **Impairment of Assets**

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

k. **Joint Venture Entities**

A joint venture entity is an entity in which the Group hold a long-term interest and which is jointly controlled by the Group and its controlled entities, and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

The results and assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Notes to the Financial Statements**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****I. Financial Instruments***Recognition and Initial Measurement*

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

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs in relation to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market are subsequently measured at amortised cost.

Loans and Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as current assets).

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held to maturity investment are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

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

Financial liabilities

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

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.

Notes to the Financial Statements**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****Impairment**

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

Derecognition

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

m. Investment in Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture.

Under the equity method, investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates and joint ventures. After application of the equity method the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The reporting dates of the associate and the Group are identical however the associate's accounting policies have been changed where necessary to align them with the policies used by the Group for like transactions and events in similar circumstances.

Details of the Group's investment in associates are shown at Note 10.

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event for which, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the outflow.

Where the Group expects some or all of its provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. **Share-based Payment Transactions**

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').

There is currently an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The Group has also issued share rights to employees pursuant to the incentive scheme approved by shareholders on 29 November 2010.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details of which are given in Note 18.

p. **Trade and Other Payables**

Trade and other payables are carried at cost and represent the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of the Group is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

r. **Other Intangible Assets**

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortisation on a straight line basis over their useful lives.

s. **Critical Accounting Estimates and Judgements**

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgements:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 18.

Exploration and evaluation costs

Exploration and evaluation expenditure in regards to acquisition costs incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting period date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Comparative figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

t. **Fair Value of Assets and Liabilities**

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

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

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Notes to the Financial Statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Application of New and Revised Accounting Standards

New and revised AASB's affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities"	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets"	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities"	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments"	1 January 2014	30 June 2015

Notes to the Financial Statements**NOTE 2: REVENUE AND OTHER INCOME**

	2014	2013
	\$	\$
Interest received	22,812	124,083
Proceeds from disposal of exploration rights	250,000	-
	272,812	124,083

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration to the Group's key management personnel can be in the form of cash, options and share rights. Refer to the Remuneration Report contained in the Directors' Report for further details.

a. Remuneration for Key Management Personnel

Key Management Personnel include Managing Director Ian Finch, Non-Executive Director Neil McKay, Non-Executive Director Allan Trench, Exploration Director Mark Le Grange, and Company Secretary and Financial Controller Pragyugi Gouw.

	2014	2013
	\$	\$
Short term employment benefits	823,841	907,420
Post employment benefits	71,366	76,959
Long-term benefits	-	-
Share-based payments	41,484	11,538
Termination payments	-	-
Total remuneration	936,691	995,917

NOTE 4: AUDITORS' REMUNERATION

	2014	2013
	\$	\$
Remuneration of the auditor for:		
— auditing or reviewing the financial report	37,500	38,500
— other services	17,403	15,103
	54,903	53,603

Notes to the Financial Statements**NOTE 5: INCOME TAX EXPENSE**

	2014	2013
	\$	\$
(a) Income tax expense		
Current tax	(1,414,588)	-
Deferred tax	-	(1,710,794)
	<u>(1,414,588)</u>	<u>(1,710,794)</u>
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	39,702	447,016
Increase/(decrease) in deferred tax liabilities	(39,702)	(2,157,810)
	<u>-</u>	<u>(1,710,794)</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from ordinary activities before income tax	(3,854,971)	(16,660,358)
The prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30%	(1,156,491)	(4,998,107)
Add / (Less) Tax effect of:		
Share-based payments	15,491	25,289
Other deductible expenses	(44,996)	-
Other non deductible expenses	22,217	18,200
Current year tax losses not recognised	1,128,769	1,821,086
Derecognition of previously recognised tax losses	-	281,207
Movement in unrecognised temporary differences	35,010	1,197,435
Under/(Over) provision for the year	-	(55,904)
Income tax attributable to operating loss	<u>-</u>	<u>(1,710,794)</u>
Research and development claim refund	(1,414,588)	-
Income tax benefit	<u>(1,414,588)</u>	<u>(1,710,794)</u>
Applicable weighted average effective tax rates	Nil%	Nil%
Balance of franking account at year end	Nil	Nil

Notes to the Financial Statements**NOTE 5: INCOME TAX EXPENSE (CONTINUED)**

	2014	2013
	\$	\$
(c) Deferred Tax Assets		
Tax losses	-	-
Plant and equipment	13,195	8,484
Investments	349,497	395,888
Provisions	66,476	97,829
Share issue costs	65,856	82,863
Unrealised loss on investments	85,011	-
Other	14,188	48,861
	<u>594,223</u>	<u>633,925</u>
Set-off deferred tax liabilities	(594,223)	(633,925)
Net deferred tax assets	-	-
Less deferred tax assets not recognised	-	-
Net tax assets	<u>-</u>	<u>-</u>
(d) Deferred Tax liabilities		
Plant and equipment	-	-
Unrealised gain on investments	-	39,702
Exploration expenditure	594,223	594,223
Total deferred tax liabilities	<u>594,223</u>	<u>633,925</u>
Set-off deferred tax assets	(594,223)	(633,925)
Net tax liabilities	<u>-</u>	<u>-</u>
(e) Deferred Tax Recognised Directly in Equity		
Fair value adjustment	<u>(85,011)</u>	<u>39,702</u>
(f) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>5,624,024</u>	<u>7,175,236</u>
(g) Unrecognised Temporary Differences		

The Company has unrecognised temporary differences for which no deferred tax asset is recognised on the statement of financial position of \$10,329,807 (2013: 11,166,687) that have not been recognised as the statutory requirements for recognising deferred tax assets in excess of deferred tax liabilities have not been met.

Notes to the Financial Statements**NOTE 5: INCOME TAX EXPENSE (CONTINUED)**

	2014	2013
	\$	\$
Tax losses	1,687,207	2,152,571
Plant and equipment	-	-
Investments	1,411,735	1,197,435
Provisions	-	-
Share issue costs	-	-
Other	-	-
	<u>3,098,942</u>	<u>3,350,006</u>

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- (i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- (ii) the company continues to comply with conditions for deductibility imposed by law; and
- (iii) no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

NOTE 6: EARNINGS PER SHARE**Basic earnings per share**

The calculation of basic earnings per share at 30 June 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2014	2013
	\$	\$
Profit / (Loss) attributable to ordinary shareholders	(2,440,383)	(14,949,564)
	No.	No.
Weighted average number of ordinary shares	117,711,470	92,352,256

Diluted earnings per share

In the current year, since the Group has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

NOTE 7: CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Cash at bank and in hand	2,457	16,975
Short-term bank deposits	169,223	1,725,454
	<u>171,680</u>	<u>1,742,429</u>

Cash at bank earn interest at floating rate based on daily bank deposit rates.

Notes to the Financial Statements**NOTE 8: TRADE AND OTHER RECEIVABLES**

CURRENT		2014	2013
		\$	\$
Related party receivables	22	69,000	67,718
Security Bonds – Site accommodation		2,550	2,550
Security Bond – Joint Venture		-	17,000
Prepayments		16,041	26,282
Other		2,055	12,484
		<u>89,646</u>	<u>126,034</u>

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note.

NOTE 9: FINANCIAL ASSETS**CURRENT**

Available for sale:

Shares in listed corporations - fair value	(i)	1,211,562	1,598,612
		<u>1,211,562</u>	<u>1,598,612</u>

- (i) During the year, the Group purchased 250,000 shares and sold 230,000 shares in Orinoco Gold Limited.

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of investment	
				2014 %	2013 %	2014 \$	2013 \$
IronClad Mining Limited	Exploration & Development	Australia	Ord	26.67	27.78	1,956,730	2,233,158
						<hr/>	
						1,956,730	2,233,158

Notes to the Financial Statements**NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

Summarised financial information in respect of the Group's associate and joint venture is set out below:

	2014	2013
	\$	\$
Financial Position of Associate		
Total assets	12,195,222	36,409,497
Total liabilities	1,316,430	1,506,246
Net assets	10,878,792	34,903,251
Group's share of net assets	2,901,373	9,696,123
Financial Performance of Associate		
Total revenue	95,061	363,495
Total gain / (loss) for the year after tax	(24,060,159)	1,047,309
Opening balance	2,233,158	13,696,705
Shares acquired / (disposed)	(103)	-
Share of associated company's gain/(loss) after income tax	(6,551,291)	290,940
Impairment gain / (loss)*	6,274,966	(11,754,487)
Balance at end of the financial year	<u>1,956,730</u>	<u>2,233,158</u>

* The Group holds 28,775,445 shares in its associate, IronClad Mining Limited (IronClad). Based on the share price of Ironclad as at 30 June 2014 of \$0.068, the value of this investment is \$1,956,730. The Group has therefore adjusted prior year's impairment based on that share price.

NOTE 11: PLANT AND EQUIPMENT

Plant and equipment - office	2014	2013
	\$	\$
At cost	383,202	383,202
Accumulated depreciation	(330,253)	(272,488)
	<u>52,949</u>	<u>110,714</u>
Office furniture and equipment		
At cost	92,869	92,869
Accumulated depreciation	(89,043)	(84,820)
	<u>3,826</u>	<u>8,049</u>
Total Plant and Equipment	<u><u>56,775</u></u>	<u><u>118,763</u></u>

Notes to the Financial Statements**NOTE 11: PLANT AND EQUIPMENT (CONTINUED)**

	Plant & Equipment	Office Furniture & Equipment	Total
	\$	\$	\$
Balance at 1 July 2013	110,714	8,049	118,763
Additions	-	-	-
Disposals – carrying amount			
Depreciation expense	(57,765)	(4,223)	(61,988)
Carrying amount at 30 June 2014	52,949	3,826	56,775

There is no plant and equipment of the Group that has been pledged as collateral.

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	2014 \$	2013 \$
NON-CURRENT		
Carrying amount at beginning	1,980,744	934,444
Additions during the year	-	1,046,300
	<u>1,980,744</u>	<u>1,980,744</u>

Exploration and evaluation expenditure relates to acquisition costs incurred and is accumulated in respect of each identifiable area of interest.

The value of the Group's interest in tenements is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties maybe subject to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 13: TRADE AND OTHER PAYABLES

	2014 \$	2013 \$
CURRENT		
Unsecured liabilities:		
Trade payables	179,686	425,242
Other payables and accruals	312,422	333,722
	<u>492,108</u>	<u>758,964</u>

Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables and accruals are non interest bearing and have an average term of 60 days.

Notes to the Financial Statements

NOTE 14: PROVISIONS

	Employee Benefits (i) \$	Provision for Rehabilitation (ii) \$	Taxes (iii) \$	Total \$
CURRENT				
Opening balance at 1 July 2013	189,136	47,000	14,034	250,170
Additional provisions	198,178	11,000	31,000	240,178
Amount used	(250,081)	(8,000)	(32,443)	(290,524)
Balance at 30 June 2014	137,233	50,000	12,591	199,824
NON-CURRENT				
Opening balance at 1 July 2013	34,453	-	-	34,453
Additional provisions	-	-	-	-
Amount reversed	(100)	-	-	(100)
Balance at 30 June 2014	34,353	-	-	34,353

- (i) Estimate of annual leave and long service leave payable to employees
- (ii) Estimate of environmental rehabilitation required after drilling
- (iii) Estimate of fringe benefit tax payable

Notes to the Financial Statements

NOTE 15: ISSUED CAPITAL

Fully Paid Ordinary Shares

	2014 \$	2013 \$
120,522,975 Fully paid ordinary shares (2013: 113,682,103)	22,390,272	21,601,114
Fully Paid Ordinary Shares		
At the beginning of the reporting period	21,601,114	18,061,765
Shares issued during the year		
2 options exercised at \$0.30	1	1
Rights Issue of 3,189,230 shares at \$0.20	-	637,846
Placement of 2,500,000 shares at \$0.20	-	500,000
Placement of 7,000,000 shares at \$0.10	-	700,000
Share Purchase Plan of 12,530,500 shares at \$0.10	-	1,253,050
150,000 shares issued as placement fee at \$0.17	-	25,320
3,000,000 shares to acquire interest in mineral rights and tenements issued at \$0.18	-	546,300
Rights Issue of 5,840,870 shares at \$0.12	700,904	
Rights Issue of 1,000,000 shares at \$0.12	120,000	
Transaction costs relating to share issues	(31,747)	(123,168)
Balance at 30 June 2014	22,390,272	21,601,114
	2014	2013
	No.	No.
At the beginning of the reporting period	113,682,103	85,312,371
Options converted during the year	2	2
Fully paid ordinary shares issued during the year	6,840,870	28,369,730
At reporting date	120,522,975	113,682,103

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company has fully paid shares of no par value.

For information on relating to share options issued to key management personnel during the financial year, refer Note 3: Key Management Personnel and Note 18: Share-based Payments.

Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Notes to the Financial Statements

NOTE 15: ISSUED CAPITAL (CONTINUED)

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Options And Share Rights

	Quantity	Total \$
Balance at 1 July 2013	24,900,135	1,845,946
Free attaching options issued during the period	6,170,465	-
Other options issued during the period	500,000	19,408
Share rights issued	4,511,000	-
Amortisation of share rights over vesting period	-	32,228
Options exercised during the period	(2)	-
Options lapsed during the period	(2,450,000)	-
Balance at 30 June 2014	33,631,598	1,897,582

The Group's available working capital at 30 June was as follows:

	2014 \$	2013 \$
Current Assets	1,472,888	3,467,075
Current Liabilities	(691,932)	(1,009,134)
Working Capital	780,956	2,457,941

NOTE 16: RESERVES

Option Reserve

The option reserve records the valuation of employee share options.

Financial Assets Reserve

The financial assets reserve records revaluations of financial assets.

Notes to the Financial Statements

NOTE 17: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The Group does not use any form of derivatives as it does have an exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks under procedures approved by the Board of Directors.

Treasury Risk Management

The Group is not of a size nor are its financial affairs of such complexity to justify the establishment of a Finance Committee. However, senior executives of the Group analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts

The main risks arising from the Group's financial instruments are market risk (include interest rate risk) and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group's exposure to market interest rate relates primarily to its cash and cash equivalents.

The Group manages interest rate and liquidity risk by monitoring levels of exposure to interest rate and assessment of market forecast for interest rate. It also monitors immediate and forecast cash requirements to ensure adequate cash reserves are maintained.

The following sensitivity analysis together with mix of financial assets exposed to variable interest rate risk in existence at the end of the reporting period after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the view of market commentators over the next twelve months.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with other variables held constant, post tax loss and equity would have been affected as shown.

		Interest Rate Risk		Interest Rate Risk	
		-1%		+1%	
	Carrying Amount	Net Loss	Equity	Net Profit	Equity
		(\$)	(\$)	(\$)	(\$)
30 June 2014					
Cash	171,680	(1,717)	(1,717)	1,717	1,717
30 June 2013					
Cash	1,742,429	(17,425)	(17,425)	17,425	17,425

Notes to the Financial Statements

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as either available for sale or at fair value through profit and loss.

Listed investments have been valued at the quoted market bid price at the end of reporting period, adjusted for transaction costs expected to be incurred.

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

		Listed Equity Price -10%		Listed Equity Price +10%	
	Carrying Amount	Net Loss (\$)	Equity (\$)	Net Profit (\$)	Equity (\$)
<i>30 June 2014</i>					
Shares in Listed Corporations	1,211,562	(121,156)	(121,156)	121,156	121,156
<i>30 June 2013</i>					
Shares in Listed Corporations	1,598,612	(159,861)	(159,861)	159,861	159,861

(c) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Majority of the Group's receivables are prepayment of services and invoices for the provision of services to its associate, IronClad Mining Limited.

Due to the nature of the Group's business (advanced exploration and development), the Group does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The carrying amount of cash, trade and other receivables, and loan to related entity recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The Group keeps its cash and cash equivalent with financial institution which has ratings AA or better.

Trade and other receivables

As the Group operates primarily in advanced exploration and development activities, it has limited trade receivables and exposure to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management has deemed where necessary to provide for the potential failure of one if its creditors to fail to meet its obligations.

Notes to the Financial Statements

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast, actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk. The Group does not have any external borrowings.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecast operational and development activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate (%)	Less than one month (\$)	1 to 3 Months (\$)	3 Months to one year (\$)	1 to 5 Years (\$)	Total (\$)
2014						
Financial Assets						
Non-interest bearing	-	71,055	-	16,041	-	87,096
Variable interest rate	2.37	171,680	-	-	-	171,680
		242,735	-	16,041	-	258,776
Financial Liabilities						
Non-interest bearing	-	504,699	-	-	-	504,699
		504,699	-	-	-	504,699
Net financial assets / (liabilities)		(261,964)	-	16,041	-	(245,923)
2013						
Financial Assets						
Non-interest bearing	-	106,306	178	-	-	106,484
Variable interest rate	2.72%	1,742,429	-	-	-	1,742,429
		1,848,735	178	-	-	1,848,913
Financial Liabilities						
Non-interest bearing	-	819,998	-	-	-	819,998
		819,998	-	-	-	819,998
Net financial assets		1,027,737	178	-	-	1,028,915

Notes to the Financial Statements

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Net Fair Values

The Group uses various methods in estimating the fair value of a financial instrument. The method comprise of:

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of financial instruments and the methods used to estimate their fair values are as follows:

	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets	3,168,292	-	-	3,168,292	3,831,770	-	-	3,831,770

There were no transfer between Level 1 and Level 2 and no movement in Level 3 during the year.

The fair values of all financial assets and liabilities approximate their carrying amounts.

NOTE 18: SHARE-BASED PAYMENTS

Options

The Company has adopted an Incentive Scheme with the purpose of giving employees, directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors believe the Incentive Scheme will be a significant factor in retaining and attracting skilled and experienced employees, board members and executive officers; and provide them with the motivation to add further value to the Company.

All options granted to employees confer the right to purchase before the expiry date one ordinary share at the exercise price for every option held.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	Grant Date	Grant Date Fair Value	Exercise Price	Number of Options	Expiry Date	Vesting Date
		\$	\$			
Series 1	23 Nov 08	0.05	0.26	2,000,000	28 Nov 12	23 Nov 08
Series 2	23 Nov 08	0.05	0.31	2,000,000	28 Nov 12	23 Nov 08
Series 3	11 Mar 09	0.08	0.11	450,000	10 Mar 14	11 Mar 09
Series 4	22 Dec 10	0.17	0.56	2,000,000	28 Nov 13	22 Dec 10
Series 5	14 Oct 2013	0.04	0.25	500,000	31 Oct 2015	14 Oct 2013

Notes to the Financial Statements

NOTE 18: SHARE-BASED PAYMENTS (CONTINUED)

Movement in share-based payment arrangements during the current and prior periods were as follows:

	2014		2013	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	2,450,000	0.48	6,450,000	0.36
Granted	500,000	0.25	-	-
Exercised	-	-	-	-
Expired	(2,450,000)	0.48	(4,000,000)	0.29
Outstanding at year-end	500,000	0.25	2,450,000	0.48
Exercisable at year-end	500,000	0.25	2,450,000	0.48

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.25 (2013: \$0.48) and a weighted average remaining contractual life of 1.34 years (2013: 0.47 years). Exercise price is \$0.25 in respect of options outstanding at 30 June 2014 (2013: ranged between \$0.11 - \$0.56).

The options that were issued during the year had their price calculated by using a Black-Scholes option pricing model applying the following inputs:

	Option Series
	Series 5
Grant date share price	\$0.12
Exercise price	\$0.25
Expected share price volatility ¹	96.95%
Option life ²	2.05 years
Dividend yield	-
Risk free interest rate	2.71%

¹12-monthly historical volatility from grant date has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

²The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Share rights

Pursuant to the incentive scheme approved by shareholders on 29th November 2010, the Company issued share rights to employees on 14 October 2013 and 12 November 2013. These rights have an expiry date of 31 October 2015 and will vest when the 5 day volume weighted average price ("VWAP") of Company's shares trading on the ASX exceeds the stated levels as noted below:

No of Rights	Grant Date	Expiry Date*	Share Price on Grant Date	5 Day VWAP Hurdle	Share Price Volatility	Discount for vesting price barrier applied to fair value based on price on grant date	Fair Value per Right
2,000,000	14 Oct 13	31 Oct 15	\$0.12	\$0.25	96.95%	75%	\$0.03
2,511,000	12 Nov 13	31 Oct 15	\$0.11	\$0.25	96.95%	80%	\$0.02

* The share rights would lapse prior to the expiry date if termination of employment occurs before expiry date.

Notes to the Financial Statements**NOTE 18: SHARE-BASED PAYMENTS (CONTINUED)**

The share rights were valued based on the price of the Company's shares discounted for market based vesting conditions.

Included in the statement of profit or loss and other comprehensive income is share-based payments of \$51,636 (2013: \$80,484), which relates to the amortisation of the value of share rights over the vesting period.

NOTE 19: CASH FLOW INFORMATION

	2014	2013
	\$	\$
i. Reconciliation from the net loss after tax to the net cash flow from operations		
Profit / (loss) from ordinary activities after income tax	(2,440,383)	(14,949,564)
Non-cash flows in operating loss		
- Depreciation	61,988	72,617
- Share of equity (gain) / loss of investment in associate	6,551,291	(290,940)
- Impairment / (impairment reversal) of investment in associate	(6,274,966)	11,754,487
- Impairment of other investments	-	156,883
- Profit from sale of investments	(114,551)	(229,815)
- Proceeds from sale of exploration rights	(250,000)	-
- Loan interest	-	(2,920)
- Share-based payments	51,636	80,484
Changes in assets and liabilities		
- Decrease (increase) in receivables and prepayments	36,911	135,115
- Increase (decrease) in trade and other creditors and accruals	(363,630)	234,457
- Increase (decrease) in provisions	(50,446)	168,655
- Increase (decrease) in deferred tax assets and liabilities	-	(1,710,794)
Net cash inflows (outflows) from Operating Activities	(2,792,150)	(4,581,335)

Notes to the Financial Statements

NOTE 20: COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2014 \$	2013 \$
Tenement Commitments		
Not longer than one year	1,691,917	2,192,380
Longer than one year, but not longer than five years	644,416	7,055,880
Longer than five years	-	-
	2,336,333	9,248,260
Other Commitments		
Not longer than one year	221,523	279,479
Longer than one year but not longer than five	851,301	1,264,821
Longer than five years	-	160,238
	1,072,854	1,704,538

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

The Company completed its Share Purchase Plan in July 2014, raising \$304,050 by the issuance of 4,343,587 shares. Each share in the SPP entitles the participant to two free attaching options, exercisable at 10 cents on or before 16th February 2015.

NOTE 22: RELATED PARTY INFORMATION

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

Transactions with related entities:

Technical and Administration Services

IronClad Mining Limited entered into an agreement with the Company whereby the Company was engaged to provide technical and administration services. Invoices for these services are issued on a monthly basis and are payable within 30 days from invoice date.

Manganese Joint Venture

The Company signed a formal Joint Venture agreement with IronClad Mining Ltd (IFE: ASX) whereby IronClad has the right to earn an 80% interest in all manganese over the Wilcherry Hill Project area (EL5299 - Wilcherry Hill, EL4286 - Valley Dam, EL4421 - Peterlumbo and EL5164 - Eurilla Dam) in the north of the Eyre Peninsula of South Australia.

Pursuant to the agreement, the Company received \$250,000 from IronClad in relation to the joint venture agreement.

Notes to the Financial Statements**NOTE 22: RELATED PARTY INFORMATION (CONTINUED)***Director Related Entities*

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Company and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in the Remuneration Report and Note 3 to the accounts.

These transactions were made on commercial terms and conditions at market rates.

NOTE 23: CONTINGENT ASSETS AND LIABILITIES*Contingent Assets*

The Group has a 20% free-carried interest of the Wilcherry Hill iron ore project until production of extracted minerals commences.

Contingent Liabilities

As part of the purchase agreement for the Western Gawler Craton Joint Venture, the Company will issue \$1,000,000 worth of shares on a decision to conduct a feasibility study or feasibility studies over a Joint Ore Reserves Committee (JORC) compliant mineral resource or cumulative mineral resource of 500,000 ounces of gold or larger, located within its Western Gawler Craton Joint Venture tenement area.

NOTE 24: SEGMENT INFORMATION**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the tenements are considered to form a single project. This is indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Notes to the Financial Statements

NOTE 24: SEGMENT INFORMATION (CONTINUED)

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

	SA	WA	International	Total
	\$	\$	\$	
(i) Segment performance				
Period ended 30.06.2014				
Segment revenue	250,000	-	-	250,000
<i>Reconciliation of segment revenue to Group's revenue</i>				
Net interest received				22,812
Total revenue				272,812
 Segment result	 (1,422,097)	 (610,136)	 (368,517)	 (2,400,750)
 <i>Reconciliation of segment result to net profit / (loss) before tax</i>				
<i>Unallocated items:</i>				
Net corporate Charges				(1,178,823)
Depreciation				(61,988)
Share-based payments				(51,636)
Impairment reversal of investment in associate				6,274,966
Gain on sale of non-current assets				114,551
Share of net loss in associate				(6,551,291)
Net loss before income tax				(3,854,971)
Income tax benefit				1,414,588
Loss for the year				(2,440,383)
 Period ended 30.06.2013				
Segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to Group's revenue</i>				
Net interest received				124,083
Total revenue				124,083

Notes to the Financial Statements

NOTE 24: SEGMENT INFORMATION (CONTINUED)

	SA	WA	International	Total
	\$	\$	\$	\$
Segment result	(1,452,923)	(2,156,127)	(195,239)	(3,804,289)
<i>Reconciliation of segment result to Group's net profit before tax</i>				
<i>Unallocated items:</i>				
Net corporate Charges				(1,312,353)
Depreciation				(72,617)
Share-based payments				(80,484)
Impairment of investment in associate				(11,754,487)
Impairment of other investments				(156,883)
Gain on sale of non-current assets				229,815
Share of net gain in associate				290,940
Net profit before income tax				(16,660,358)
Income tax benefit				1,710,794
Loss for the year				(14,949,564)
(ii) Segment assets				
Period ended 30.06.2014				
Segment assets	1,983,294	-	-	1,983,294
<i>Reconciliation of segment result to Group's assets</i>				
Inter-segment elimination				
<i>Unallocated items:</i>				
Cash and cash equivalents				171,680
Trade and other receivables				87,096
Plant and equipment				56,775
Financial assets				3,168,292
Total assets				5,467,137
Additions to segment assets for the period:				
Exploration and evaluation	-	-	-	-
Total additions to segment assets	-	-	-	-

Notes to the Financial Statements

NOTE 24: SEGMENT INFORMATION (CONTINUED)

	SA	WA	International	Total
	\$	\$	\$	\$
Period ended				
30.06.2013				
Segment assets	1,983,294	-	-	1,983,294
<i>Reconciliation of segment result to Group's assets</i>				
<i>Unallocated items:</i>				
Cash and cash equivalents				1,742,429
Trade and other receivables				123,484
Plant and equipment				118,763
Financial assets				3,831,770
Total assets				7,799,740
Additions to segment assets for the period:				
Bond	1,046,300	-	-	1,046,300
Total additions to segment assets	1,046,300	-	-	1,046,300
(iii) Segment liabilities				
Period ended				
30.06.2014				
Segment liabilities	31,806	44,767	19,804	96,377
<i>Reconciliation of segment liabilities to Group's liabilities</i>				
<i>Unallocated items:</i>				
Trade and other payables				445,731
Provisions				184,177
Total liabilities				726,285

Notes to the Financial Statements

NOTE 24: SEGMENT INFORMATION (CONTINUED)

	SA	WA	International	Total
	\$	\$	\$	\$
Period ended				
30.06.2013				
Segment liabilities	305,020	205,703	3,963	514,686
<i>Reconciliation of segment liabilities to Group's liabilities</i>				
<i>Unallocated items:</i>				
Trade and other payables				244,278
Provisions				284,623
Total liabilities				1,043,587

NOTE 25: CONTROLLED ENTITIES

Name of Entity	Incorporated	Interest	Interest
		2014	2013
Tyranna Resources Pty Ltd ⁽¹⁾	Australia	100%	100%
Half Moon Pty Ltd ⁽²⁾	Australia	100%	100%

(1) Tyranna Resources Pty Ltd is a wholly owned subsidiary of Trafford Resources Ltd

(2) Half Moon Pty Ltd is a wholly owned subsidiary of Tyranna Resources Pty Ltd.

Directors' Declaration

The Directors of the Group declare that:

1. the financial statements and notes, as set out on pages 35 to 70, and the remuneration disclosure that are contained in pages 28 to 33 of the Remuneration Report in the Directors' report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group;
 - c. the remuneration disclosures that are contained in pages 28 to 33 of the Remuneration Report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
 - d. are in accordance with International Reporting Standards, issued by the International Accounting Standards Board; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Group 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.



Ian D. Finch

Dated this 30th day of September 2014



Independent Auditor's Report

To the Members of Trafford Resources Limited

We have audited the accompanying financial report of Trafford Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the statement of financial position as at 30 June 2014, and 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 of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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Directors Responsibility for the Financial Report

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

Auditor's Responsibility

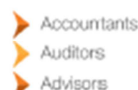
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit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

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

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



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Independent Auditor's Report

To the Members of Trafford Resources Limited (Continued)



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Opinion

In our opinion:

- a. The financial report of Trafford Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial statements also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter on Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Consolidated Entity incurred a loss before income tax of \$3,854,971 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Consolidated Entity to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in 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 Trafford Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

Dated at Perth this 30th day of September 2014

Additional Information for Listed Public Companies

The distribution of members and their holdings of equity securities in the Company as at 25th September 2014 was as follows:

1. Shareholding

a. Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	243	88,364
1001 - 5000	586	1,806,490
5,001 – 10,000	407	3,282,201
10,001 – 100,000	911	30,571,991
100,001 – and over	203	89,117,516
	2,350	124,866,562

b. The number of shareholdings held in less than marketable parcels is 1,088.

c. The name of the substantial shareholder listed in the holding company's register as at 25th September 2014 is:

	Number Ordinary
Shareholder	
Admark Investment Pty Ltd (JS Pinto Super Fund A/C)	10,938,749

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Admark Investments Pty Ltd <JS Pinto Super Fund A/C>	10,000,000	8.00%
2. DBS Vickers Securities (Singapore) Pte Ltd	5,967,925	4.78%
3. Imperial Resources Management Pty Ltd	5,336,082	4.27%
4. Neil McKay Pty Ltd	3,231,569	2.59%
5. HS Superannuation Pty Ltd	2,485,644	1.99%
6. Yendah Pty Ltd	2,200,000	1.76%
7. Dr. Adam Joseph Teague	1,930,000	1.55%
8. Citicorp Nominees Pty Ltd	1,656,918	1.33%
9. Mr. Peter Howells	1,616,405	1.29%
10. Mr. Yee Teck Teo	1,550,000	1.24%
11. Mr. Michael John Williams and Mrs. Katrina Elfreda Williams	1,500,990	1.20%
12. Mr. Malcolm Thom	1,500,000	1.20%
13. Mr. Grant Lindsay Currie	1,200,000	0.96%

Additional Information for Listed Public Companies**e. 20 Largest Shareholders — Ordinary Shares (continued)**

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
14. Optiplus Super Pty Ltd	1,072,500	0.86%
15. Mr. Lionel Cedric Julian Lees & Mrs. Colleen Kerry Lees	1,050,000	0.84%
16. HSBC Custody Nominees (Australia) Ltd	995,931	0.80%
17. Maniciti Pte Ltd	950,000	0.76%
18. Admark Investments Pty Ltd	938,749	0.75%
19. Sanperez Pty Ltd <P Chalmers Partnership A/C>	923,175	0.74%
20. Mr. Lionel Cedric Julian Lees & Mrs. Colleen Kerry Lees	914,286	0.73%
	47,020,174	37.64%

f. 20 Largest Option holders – Exercisable at \$0.30 and Expiring 13 October 2014

Name	Number of Options Held	% of Units
1. Woodhill Holdings Pty Ltd	850,000	29.11%
2. Admark investments Pty Ltd	420,000	14.39%
3. Elysian Fields Investments Pty Ltd	150,000	5.14%
4. Mrs. Fook Lin Chan	137,500	4.71%
5. Imperial Resources Management Pty Ltd	125,000	4.28%
6. Alimatt Pty Ltd	125,000	4.28%
7. Mr. Costa John Poulakis	112,500	3.85%
8. Mr. Gregg Francis	100,000	3.43%
9. National Nominees Ltd	79,051	2.71%
10. Kopel Pty Ltd	75,000	2.57%
11. All Investments Pty Ltd	75,000	2.57%
12. Cooltras Pty Ltd	75,000	2.57%
13. Factor Resources Pty Ltd	62,500	2.14%
14. A Koutzoumis Pty Ltd	62,500	2.14%
15. Mr. George Zagas & Mrs. Penny Zagas	62,500	2.14%
16. Johanne Topping	50,000	1.71%
17. Mr. Athelstane Hardstaff Smith	33,105	1.13%
18. Mr. Brian Dobinson	32,000	1.10%
19. Technica Pty Ltd	25,000	0.86%
20. Kas Developments Pty Ltd	25,000	0.86%
	2,676,656	91.69%

Additional Information for Listed Public Companies**g. 20 Largest Option holders – Exercisable at \$0.10 and Expiring 16 February 2015**

	Name	Number of Options Held	% of Units
1.	Technica Pty Ltd	428,572	4.93%
2.	Mrs Suzanne Louise Daniel & Mr Mark William Daniel	428,572	4.93%
3.	Explore Pty Ltd	428,572	4.93%
4.	Ian Donald Finch	428,572	4.93%
5.	Neil Wilson McKay	428,572	4.93%
6.	Landmark Income Protection Services Pty Ltd	428,572	4.93%
7.	Mr Christopher Lindsay Bollam	428,566	4.93%
8.	Mr Brian Deasy & Mrs Irmtraud Deasy	330,000	3.80%
9.	Mrs Catherine Anne Finch	260,000	2.99%
10.	Mr Neil Verner Ayres	260,000	2.99%
11.	Mr Giovanni Spagnolo	260,000	2.99%
12.	Dr Geoffrey Arnold Rickarby	260,000	2.99%
13.	Prof Keith Leslie Hughes	260,000	2.99%
14.	Lidotray Pty Ltd	260,000	2.99%
15.	Dr Allan Trench & Mrs Suzanne Louise Trench	180,000	2.07%
16.	The Trust Company (Superannuation) Ltd <AMG – Mark Le Grange A/C>	180,000	2.07%
17.	Mr Graham Phillip Jenke	140,000	1.61%
18.	JWB Management Pty Ltd	140,000	1.61%
19.	Mr Italo Pisedda	140,000	1.61%
20.	BT Portfolio Services Ltd	140,000	1.61%
		5,809,998	66.83%

h. **20 Largest Option holders – Exercisable at \$0.20 and Expiring 20 May 2015**

Name	Number of Options Held	% of Units
1. Admark Investments Pty Ltd	2,450,000	9.53%
2. Mr. Richard Kenneth Maish	2,000,000	7.78%
3. Mr. Kwok Kim Cho	1,246,076	4.85%
4. Elysian Fields Investments Pty Ltd	799,998	3.11%
5. Optiplus Super Pty Ltd	698,750	2.72%
6. Kas Investmeents & Development Pty Ltd	647,575	2.52%
7. Australian Mineral & Waterwell Drilling Pty Ltd	630,000	2.45%
8. Alimatt Pty Ltd	554,374	2.16%
9. Roy Spagnolo Pty Ltd <Spagnolo Family Trust>	525,000	2.04%
10. Mr. Reade Freeman	510,559	1.99%
11. Maniciti Pte Ltd	400,000	1.56%
12. Procure to Report Pty Ltd	377,999	1.47%
13. ASB Nominees Ltd	353,643	1.38%
14. Mr Peter Howells	335,050	1.30%
15. Mr. Lionel Cedric Julian Lees & Mrs Colleen Kerry Lees	300,000	1.17%
16. Mrs. Fook Lin Chan	299,998	1.17%
17. Imperial Resources Management Pty Ltd	275,000	1.07%
18. Mr. Richard Kenneth Maish & Mrs. Jessica Anne Maish	267,500	1.04%
19. HS Superannuation Pty Ltd	262,984	1.02%
20. Mr. William James Hoskin	260,000	1.01%
	13,194,506	51.34%

2. The Company Secretary is Praggiyugi Gouw.

3. The address of the principal registered office in Australia is Level 2, 679 Murray Street, West Perth, WA 6005. Telephone + (08) 9485 1040

4. Registers of securities are held by Advanced Share Registry at 110 Stirling Highway, Nedlands W.A. 6009

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. The Company's ASX code is TRF.

6. **Unquoted Securities**

Options over Unissued Shares:

A total of 500,000 options are on issue, all of which held by director(s).

Corporate Governance Statement				
<p>The Board of Directors of Trafford Resources Limited ("Trafford" or "the Company") is responsible for the Corporate Governance of the Company.</p> <p>The Company is committed to and support the implementation of the best practice in corporate governance, applied in a manner that is appropriate to the Company's circumstances.</p> <p>The Company has taken note of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. A second edition titled Corporate Governance Principles and Recommendations with 2010 Amendments was released at 30 June 2010.</p> <p>Further information about the Company's corporate governance practices, including the relevant information on the Company's charters, code of conduct and other policies and procedures are set out on the Company's website at www.traffordresources.com.</p> <p>During the Company's financial year ended 30 June 2014 ("Reporting Period"), unless otherwise stated the Company has followed each of the Principles and Recommendations:</p>				
Principle 1	Lay solid foundations for management and oversight			
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	<p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the company to the Managing Director.</p> <p>Senior executives are responsible for supporting and assisting the Managing Director in implementing the running of the general operations of the Company.</p>			
1.2 Companies should disclose the process for evaluating the performance of senior executives.	<p>Each senior executive is required to participate in an annual review process with the Managing Director, which assesses individual performance.</p> <p>The Managing Director's performance is evaluated by the Board on both informal and formal basis.</p>			
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1	<p>The Board Charter is available on the Company's website. Annual evaluations of senior executives have been conducted in accordance with the process disclosed.</p>			
Principle 2	Structure of the board to add value			
2.1 A majority of the board should be independent directors	Name	Position	Expertise	Term of Office
	Ian D. Finch	Managing Director	Commercial & Exploration	Appointed 1 Dec 2005 103 months
	Neil W. McKay	Non Executive Director	Commercial	Appointed 17 Dec 2004 115 months
	Mark Le Grange	Exploration Director	Exploration	Appointed 24 Jan 2011 41 months
	Dr Allan Trench	Non Executive Director	Commercial & Exploration	Appointed 7 May 2012 26 months
	<p>The Company acknowledges the Board does not constitute of a majority independent non-executive director but believes the Board is of a suitable composition and possesses the necessary skills to govern the Company for its current business size.</p>			
2.2 The chair should be an independent director	<p>Mr. Finch is the Executive Director of the Company and does not meet the Company's criteria for independence. The Board considers Mr. Finch's experience and knowledge of the Company's business make his contribution valuable to the Board such that it is appropriate for him to remain as Chair of the Board.</p>			

Corporate Governance Statement	
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	The company has a Managing Director who also acts as Chairman due to the fact that Mr. Finch's experience and knowledge of the Company's business make his contribution valuable to the Board such that it is appropriate for him to hold the position.
2.4 The board should establish a nomination committee	The Board, as a whole serves as the Company's Nomination Committee. Terms and conditions of employees are negotiated by the Managing Director for recommendation to the Board.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	<p>During the reporting year, the Company conducted evaluation of its Directors and Executives. The Board undertakes an annual review of its own performance with external advice as appropriate.</p> <p>The remuneration policy which sets out terms and conditions for senior executives is set out in the Remuneration Report included in the Directors Report.</p>
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2	<p>The Board is of the view that it is currently structured in such a way so as to add value and its composition is appropriate for the complexity of the business at this time.</p> <p>The Board or individual directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Managing Director.</p> <p>The Board, as a whole, will serve as the Company's nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, subject to shareholder approval, in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction for the Company.</p>
Principle 3	Promote ethical and responsible decision making
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • The practice 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 • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<p>The Company has established the following policies which provide a framework for decisions and actions necessary to maintain confidence in the Company's integrity, and meet its legal obligations and expectations of their stakeholders.</p> <ul style="list-style-type: none"> • Securities Trading Policy • Continuous Disclosure Policy • Code of Conduct for Directors and Key Executives. <p>All of the Company's Corporate Governance Policies are publicly available on the Company's website.</p>

Corporate Governance Statement	
<p>3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy.</p> <p>The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Company has a diversity policy suitable for its operation size and the industry it operates in. It strongly believes that the promotion of diversity on its board, senior executives and within the organisation adds to the strength of the Company.</p> <p>The diversity policy will affirm the existing employment practice where the Company seeks to attract and retain the best people by promoting environment where each employee is treated fairly, with respect and have access to equal opportunities.</p> <p>The current diversity within the Company's workforce includes factors such as religion, race, ethnicity, language, gender, and age.</p>
<p>3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The Corporate Governance guidelines requiring the Company to set measurable objectives for achieving gender diversity and to report against them.</p> <p>Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfill positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation nor detailed policies in this regard.</p>
<p>3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the board.</p>	<p>As at 30 June 2014, the Company had a diverse workforce with 3 females out of 12 employees, representing 25% of its total workforce. Currently it has no women in senior executive positions.</p>
<p>3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3</p>	<p>The Company's Corporate Governance Policies includes the Company's Code of Conduct and Security Trading Policy.</p> <p>The Company has a Diversity Policy in place which affirms its current practice in promoting diversity throughout different level of its workforce.</p>
Principle 4	Safeguard integrity in the financial reporting
<p>4.1 The board should establish an audit committee</p>	<p>Given the size and scope of the Company's operations, the Board of Directors has assumed those responsibilities that are ordinarily assigned to an audit committee.</p> <p>The Board has adopted an Audit Committee Charter which provides that the Board may meet with the external auditor, without management present.</p>
<p>4.2 The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consist of only non-executive directors • Consist of a majority of independent directors <ul style="list-style-type: none"> • Is chaired by an independent chair, who is not chair of the board • Has at least three members. 	<p>The full Board of Directors carries out the duties of the audit committee. Given its size and composition, the Board does not consider that the Company will gain any benefit from the formation of a separate audit committee.</p>

Corporate Governance Statement	
4.3 The audit committee should have a formal charter	The Company has a formal audit charter which the Board of Directors abides by.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	<p>The Board is responsible to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non-financial information.</p> <p>The shareholders in general meeting are responsible for the appointment of the external auditor of the Company and the Board from time to time will review the scope, performance and fees of the external auditor.</p>
Principle 5	Make timely and balanced disclosure
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	The Board has established policy designed to ensure compliance with ASX Listing Rules on disclosure and accountability at senior executive level.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	The Board has designated the Managing Director as the person responsible for overseeing and coordinating disclosure of information to the ASX and the Company Secretaries have the responsibility for communicating with ASX. The Company has a Continuous Disclosure Policy in place.
Principle 6	Respect the rights of shareholders
6.1 Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board has designed a communication policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	The Board is committed to open and effective communications, ensuring all shareholders are informed of all significant developments concerning the Company. The Company has in place an effective Shareholder Communications Policy with dedicated personnel responsible for investor relations.
Principle 7	Recognise and manage risk
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	The Board regularly reviews and determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Corporate Governance Statement	
<p>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.</p>	<p>The Board has the responsibility for undertaking and assessing risk management and internal control effectiveness. The Board is required to assess risk management and associated internal compliance and control procedures and is responsible for ensuring the process for managing risk is integrated within business planning and management activities.</p> <p>The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board which include:</p> <ul style="list-style-type: none"> • Implementation of Board approved annual operating budgets and plans, then monitoring the actual progress against those; and • Regular reporting on the financial position and performance of the Company. <p>The Board continuously seek to develop a more extensive Risk Management Policy, which can be used as a guide throughout the Company in identifying and communicating business risks.</p>
<p>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.</p>	<p>The Board receives regular information about the financial position and performance of the Company. The Managing Director and the Chief Financial Officer equivalent declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This representation is made prior to the Directors' approval of the release of annual and half-yearly accounts.</p>
<p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>The Board has overall responsibility for risk management through the implementation of the Company's systems and procedures. These systems are designed to ensure the effective and efficient business operations, compliance with laws and regulations and managing risk associated with the Company's business. It must be recognised however, that the internal control system can only provide reasonable and not absolute assurance against risk of material loss.</p>
Principle 8	Remunerate fairly and responsibly
<p>8.1 The board should establish a remuneration committee.</p>	<p>The Board of Directors as a whole takes responsibility for the Remuneration Committee.</p>
<p>8.2 The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consist of a majority of independent directors • Is chaired by an independent chair • Has at least three members. 	<p>Due to the small size and structure of the Board, a separate Remuneration Committee is not considered to be effective and efficient to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee. When considering matters of remuneration the Board functions in accordance with its Remuneration Committee Charter and seek professional advice where appropriate.</p> <p>All matters of remuneration continue to be determined in accordance with Corporations Act requirements, especially in relation to related party transactions.</p>

Corporate Governance Statement	
8.3 Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	<p>The Board distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporation Act also provide that the remuneration of non-executive directors should not be more than the aggregate fixed sum determined by a general meeting.</p> <p>The Company does not have any scheme to provide retirement remuneration to non-executive directors.</p> <p>The Board is responsible for determining the remuneration of the executive director (without the participation of the affected director).</p>
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	Full details regarding the remuneration policy of the Company, remuneration of Directors, is included in the Remuneration Report as part of the Directors' Report.

Schedule of Mineral Tenements

South Australia Tenement Schedule			
Exploration License No	Tenement Name	Registered Holder	Beneficial Interest %
4286	Valley Dam	Trafford Resources Limited	100%
5299	Wilcherry Hill	Trafford Resources Limited	100%
5164	Eurilla Dam	Trafford Resources Limited	100%
4421	Peterlumbo	Trafford Resources Limited	100%
4748	Mt Miccollo	Trafford Resources Limited	100%
4443	Mt Double North	Trafford Resources Limited	100%
4870	Pinkawillinie	Trafford Resources Limited	100%
4945	Reid Lookout	Trafford Resources Limited	100%
4946	Siam	Trafford Resources Limited	100%
4942	Irra Outstation (Jumbuck)	Trafford Resources Limited	100%
4943	Garford Outstation West	Trafford Resources Limited	100%
4944	Garford Outstation East	Trafford Resources Limited	100%
5098	Wildingi Claypen	Trafford Resources Limited	100%
5018	Tallaringa	Trafford Resources Limited	100%
5168	Indooroopilly	Trafford Resources Limited	100%
5282	Hilga Crutching Shed	Trafford Resources Limited	100%
5283	Mt Christie	Trafford Resources Limited	100%
5284	Commonwealth Hill	Trafford Resources Limited	100%
5285	Ingomar	Trafford Resources Limited	100%
4465	Isthmus	Trafford Resources Limited	100%
6390	Wilcherry Hill	IronClad Mining Limited	20% of iron ore
5183	Campfire Bore	Challenger Gold Operations Pty Ltd, Coombedown Resources Pty Ltd	51% rights to the gold
5298	Mulgathing	Challenger Gold Operations Pty Ltd	51% rights to the gold
4577	Sandstone JV	Challenger Gold Operations Pty Ltd, Coombedown Resources Pty Ltd	51% rights to the gold
4468	Jumbuck	Challenger Gold Operations Pty Ltd	51% rights to the gold
4532	Mobella	Challenger Gold Operations Pty Ltd	51% rights to the gold
4644	Sandstone	Challenger Gold Operations Pty Ltd	51% rights to the gold
4951	Blowout	Challenger Gold Operations Pty Ltd	51% rights to the gold

Schedule of Mineral Tenements (Continued)

Western Australia Tenement Schedule			
Exploration License No	Tenement Name	Registered Holder	Beneficial Interest %
E45/2375	Lynas Find	Trafford Resources Limited	80% rights to the gold
P45/2628	Lynas Find	Trafford Resources Limited	100%
P45/2629	Lynas Find	Trafford Resources Limited	100%
P45/2764	Lynas Find	Trafford Resources Limited	100%
P45/2765	Lynas Find	Trafford Resources Limited	100%
P45/2766	Lynas Find	Trafford Resources Limited	100%
P45/2767	Lynas Find	Trafford Resources Limited	100%
P45/2768	Lynas Find	Trafford Resources Limited	100%
P45/2769	Lynas Find	Trafford Resources Limited	100%
P45/2770	Lynas Find	Trafford Resources Limited	100%
P45/2771	Lynas Find	Trafford Resources Limited	100%
P45/2772	Lynas Find	Trafford Resources Limited	100%
P45/2773	Lynas Find	Trafford Resources Limited	100%
E59/1910	Twin Peaks	Trafford Resources Limited	100%
E59/1182	Twin Peaks	Jabiru Metals	51% rights to iron ore
E59/1183	Twin Peaks	Jabiru Metals	51% rights to iron ore