



# Zeus Resources Limited

*Consolidated Entity*

## ANNUAL REPORT For the year ended 30 June 2014

*The information contained in this report is to be read  
in conjunction with Zeus Resources Limited's 2013  
annual report and announcements to the market  
Zeus Resources released during the period*



## **CORPORATE DIRECTORY**

### **Directors**

Chuanxi Ding - Chairperson  
Jiangang Zhao - Acting CEO and Director  
Greg Hall - Non-executive Director  
Yong Zhang - Non-executive Director

### **Company Secretary**

Andrew Whitten

### **Principal registered office**

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Email: [info@zeusresources.com](mailto:info@zeusresources.com)

### **Auditor**

William Buck  
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Sydney NSW 2000

### **Share Registry**

Link Market Services  
Level 4, 152 St George's Terrace  
Perth WA 6000

### **Australian Securities Exchange**

ASX Code – ZEU

Website: [www.zeusresources.com](http://www.zeusresources.com)



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## CHAIRPERSON'S REPORT

Dear Shareholder,

It is with great pleasure that I write to you and present the Zeus Resources Limited ("Zeus" or, "the Group") Annual Report for the year ended 30 June 2014.

Over the last 12 months there has been a general downturn of economic activity in relation to mining and resources generally and especially in the junior exploration sector in Australia.

The past 12 months have seen considerable consolidation in Zeus' operations which has seen the Group focussed on three main activities:

1. Conserving cash;
2. Targeted exploration on the most prospective of Zeus' assets; and
3. Project acquisition.

### **Cash Conservation**

The Group has taken a number of initiatives to minimise its cash-burn. Examples of these are: the non-appointment of a full-time CEO (Mr Zhao has continued in the role of interim CEO on a nominal salary); the rationalisation of tenement holdings and the consequential reduction of tenement expenditure; and a reduction in general office expenditure and overheads. Zeus has been and continues to be in a strong cash position with \$6,604,789 as at 30 June 2014 and no debt. This equates to approximately \$0.04 per share.

### **Targeted Exploration**

Throughout the financial year ended 30 June 2014 the Group has conducted a comprehensive review of all of its tenements. Due to various geological and practical reasons the Group has decided to not pursue certain tenement application processes and to focus its exploration endeavours on others. This has had the effect of focussing the Group's resources on areas with the most exploration potential.

### **Project Acquisition**

Over the past 12 months the board of Zeus has examined numerous projects. Unfortunately, to date the Directors have not felt that any of the reviewed projects had sufficient upside to warrant acquisition. The Group is continuing to actively seek and review resource projects of the category whereby a capital injection to the relevant project can create a definitive mineable reserve or operating mine. Quality projects remain hard to find and the board is committed to acquiring the right project with the long term goal of creating shareholder value in mind.





## CHAIRPERSON'S REPORT

I would like to thank my fellow directors for their efforts throughout the year.

Yours Sincerely,

A handwritten signature in black ink, appearing to be '丁伟' (Ding Wei).

Mr. Chuanxi Ding  
Chairperson

Dated this 26<sup>th</sup> day of September 2014



## REVIEW OF OPERATIONS REPORT

### Tenement Status

Transfer applications for eight tenements were lodged during the 2014 financial year. Transfer of two tenements in the Narnoo (North) Project was completed during the reporting period with the remaining six transfers currently being reviewed by the W.A. Office of State Revenue (OSR) prior to being lodged with the W.A. Department of Minerals and Petroleum (DMP). Completion of these transfers is anticipated shortly.

Details of Zeus' tenement holdings are summarised in Table 1.

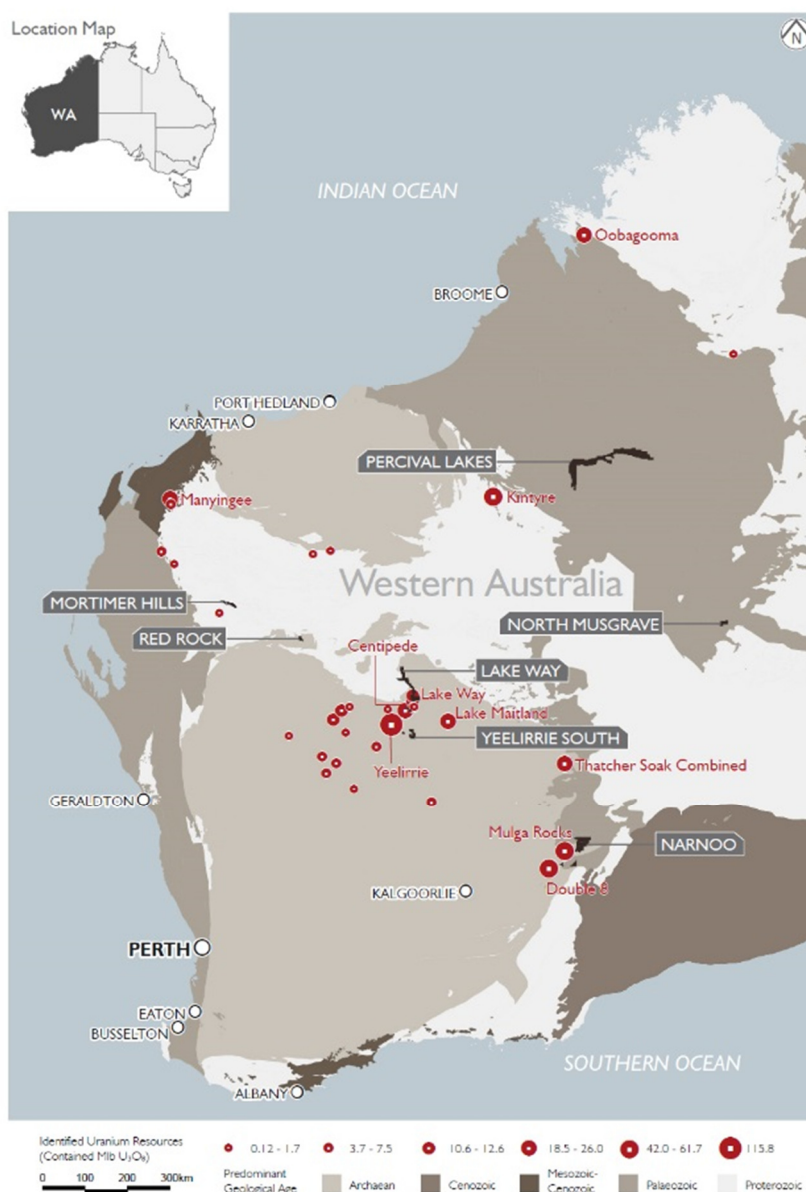


Figure 1 – Zeus Resources –Tenement Location Map



## REVIEW OF OPERATIONS REPORT

Region	Project	Sub-Project	Tenement	Status	Holder	Operator	Comments
Wiluna	Lake Way	Kukububba	E53/1601	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E53/1602	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E53/1603	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
		Lake Gregory	E53/1604	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E53/1600	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
	Hinkler Well	Hinkler Well	E53/1247	Granted	Sammy Resources Pty Ltd	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
	Yeelirrie South	Yeelirrie South	E36/733	Granted	Sammy Resources Pty Ltd	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
			E36/735	Granted	Sammy Resources Pty Ltd	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
Narnoo	Narnoo	Narnoo North	E39/1401	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E39/1683	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E39/1687	Granted	Zeus Resources Ltd	Zeus Resources Ltd	Transferred to 100% Zeus from Geological Resource Solutions Pty Ltd
			E39/1689	Granted	Zeus Resources Ltd	Zeus Resources Ltd	Transferred to 100% Zeus from Geological Resource Solutions Pty Ltd
		Narnoo South	E28/2096	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
			E28/2097	Granted	Zeus Resources Ltd	Zeus Resources Ltd	
Gascoyne	Mortimer Hills	-	E09/1618	Granted	FEC II PTY LTD	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
	Red Rock	-	E52/2122	Granted	FEC II PTY LTD	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
North Musgrave	North Musgrave	-	E69/2362	Granted	Sammy Resources Pty Ltd	Zeus Resources Ltd	Transfer to 100% Zeus in progress.
Percival Lakes	Percival Lakes	-	E45/3027	Application	Northsun Resources Pty Ltd	Kalium Corporation*	100% impaired
			E45/3028	Application	Northsun Resources Pty Ltd	Kalium Corporation*	100% impaired
			E45/3029	Application	Northsun Resources Pty Ltd	Kalium Corporation*	100% impaired
			E45/3030	Application	Northsun Resources Pty Ltd	Kalium Corporation*	100% impaired
			E45/3031	Application	Northsun Resources Pty Ltd	Kalium Corporation*	100% impaired
			E45/3238	Application	River Rock Energy Limited	Kalium Corporation*	100% impaired
* = 100% controlled by Zeus Resources Ltd.							
Table 1 - Zeus Resources Tenement Details.							



## REVIEW OF OPERATIONS REPORT

### **Exploration Program**

Desktop studies and comparative reviews of other Australian economic uranium mining operations have led the Group to prioritise palaeochannel sandstone-hosted uranium mineralisation (similar in style to the Beverley/Four-Mile and Honeymoon Uranium deposits) as its main exploration target. Surficial calcrete-hosted uranium mineralisation represents a secondary target within the Wiluna Project area.

Exploration efforts on Zeus' Projects are summarised below and have focussed primarily on field reconnaissance, surveying and sampling prior to finalising exploration planning, permitting & approvals (including aboriginal heritage surveys) to permit the commencement of exploration drilling on the Narnoo and Wiluna Projects.

The Department of Mines & Petroleum (DMP) has approved Zeus' proposed Program of Works and Radiation Management Plans (RMP's) for the Narnoo and Wiluna Projects with drilling scheduled to be conducted following completion of aboriginal heritage clearances at Wiluna.

#### **1. Narnoo Project**

Work on the Narnoo Project during the year focussed primarily on acquisition and processing of geophysical surveys and the finalising of exploration planning, permitting & approvals prior to commencing drilling.

Zeus commissioned an airborne electromagnetic (HeliTEM System) survey over the three Narnoo North tenements (E39/1683, E39/1687 & E39/1689) not covered by previous ground gravity surveying. HeliTEM surveying overlapped a portion of priority target areas previously identified on E39/1401 to provide independent confirmation of the gravity data and assist in its interpretation.

Compilation and review of relevant historical exploration data within the Narnoo region was ongoing throughout the year in order to assess the uranium potential of the Narnoo palaeochannel systems and refine Zeus' exploration targeting.

Historical data was integrated with Zeus' Ground Gravity and HeliTEM survey data, and regional geophysical data, and delineated a well-developed, structurally-controlled Tertiary palaeodrainage system buried beneath the dunes of the Great Victoria Desert (Figure 2).

Integrated gravity and electromagnetic survey data show prominent NNE-SSW trending structural highs flanked by major palaeochannels feeding into the extension of the Gunbarrel Basin upstream of the Mulga Rocks Uranium Deposits (MRD). Flat-lying conductive zones within these structurally-controlled palaeovalleys (Figure 3) are interpreted to represent prospective reduced, pyritic and carbonaceous sediments and represent Zeus' priority exploration target.





## REVIEW OF OPERATIONS REPORT

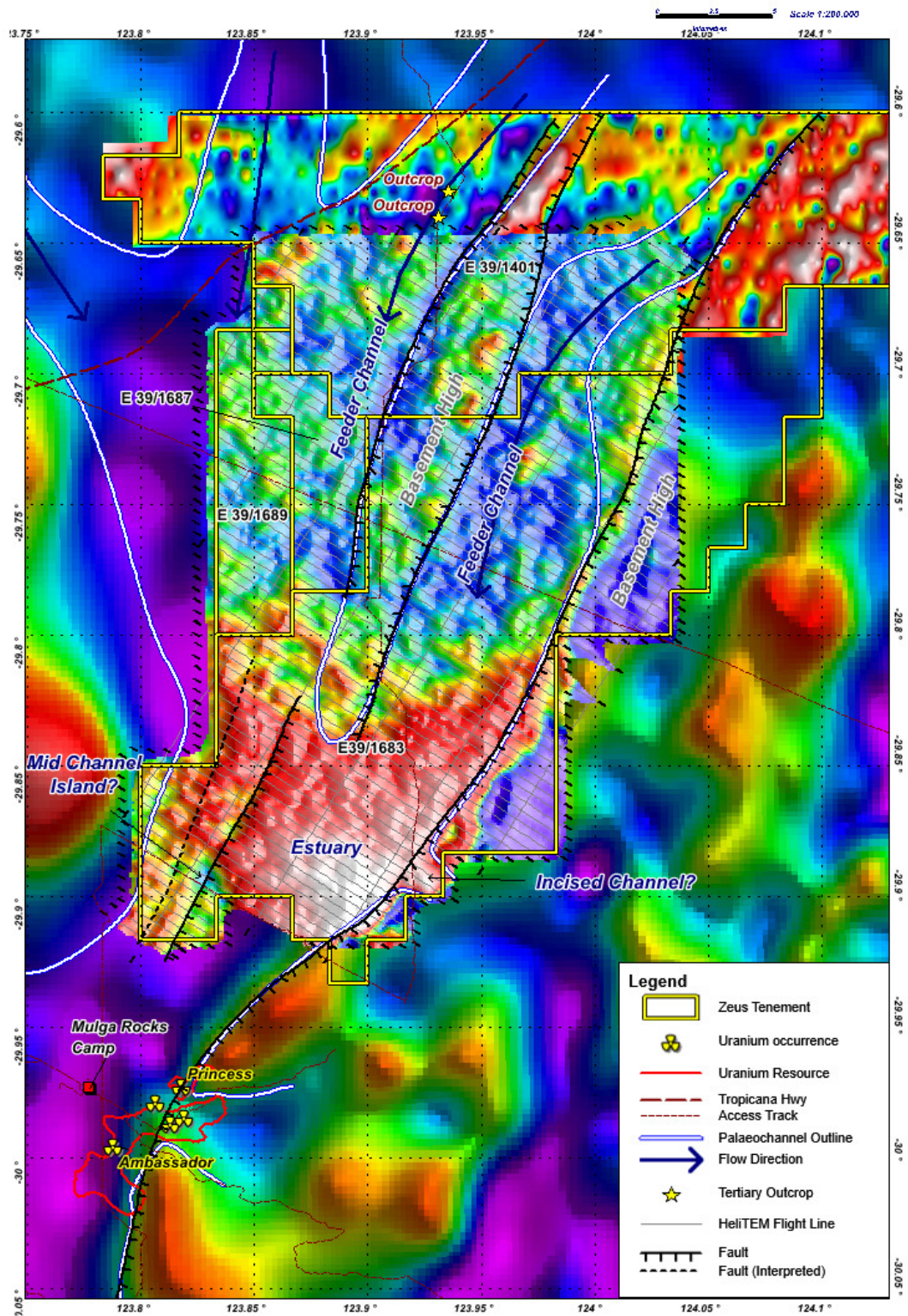
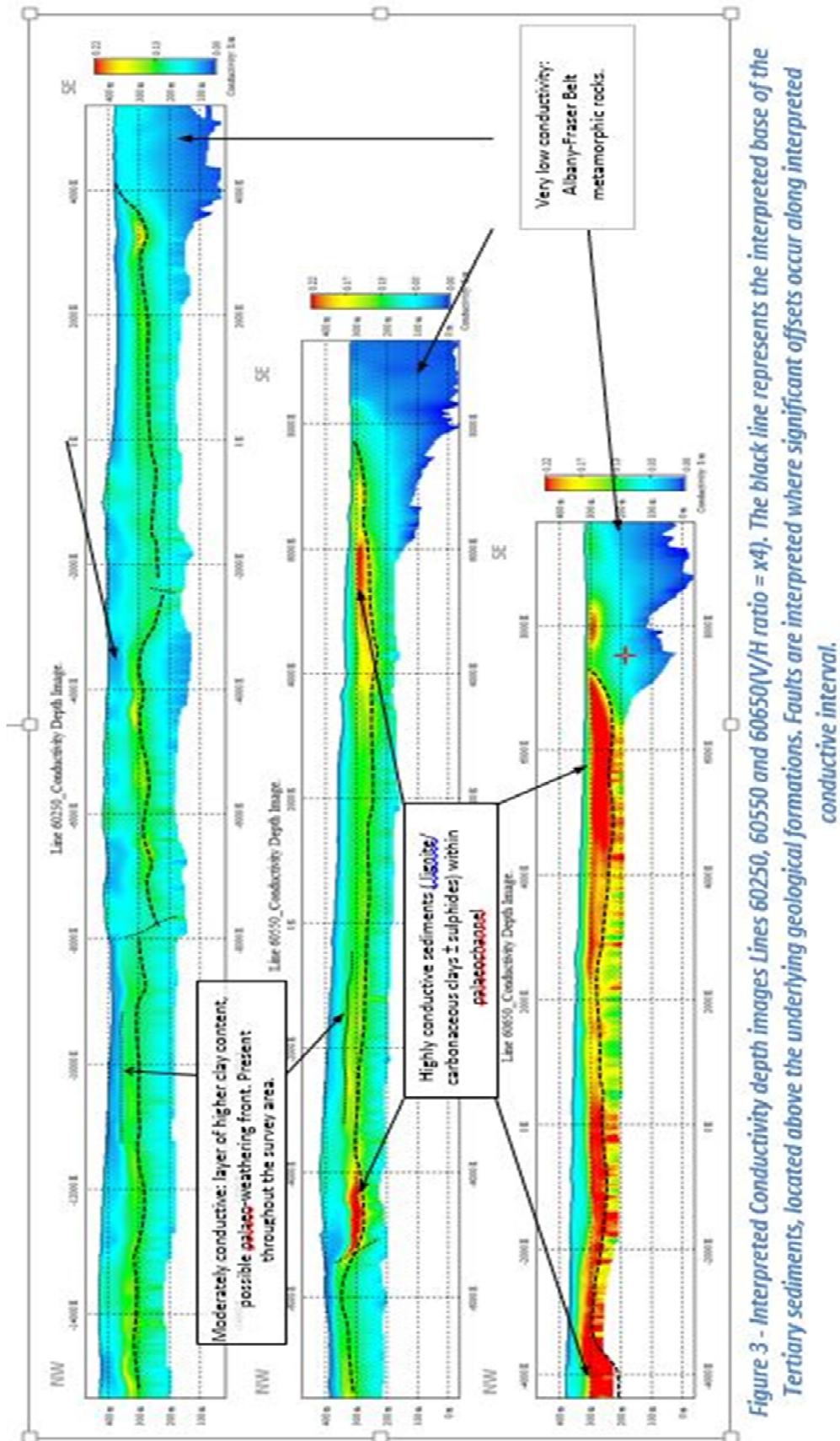


Figure 2 - HeliTEM data superimposed over regional gravity and ground gravity survey data. HeliTEM imagery shows conductive sediments in red and less conductive rocks in blue



## REVIEW OF OPERATIONS REPORT







## REVIEW OF OPERATIONS REPORT

Detailed review of historical exploration data confirmed the presence of substantial thicknesses of Tertiary sediments within the major palaeochannels defined by Zeus' geophysical surveys. Sparse historical drilling within the Narnoo North and South regions indicates the widespread occurrence of prospective Tertiary lignites and reduced, pyritic and carbonaceous coarse- to pebbly- palaeochannel sandstones (frequently containing indications of anomalous radioactivity). Additional exploration potential exists for Cretaceous/Permian palaeochannel sandstones at depth along the southeastern margin of Narnoo North project area.

Target zones identified previously by geophysical surveying within the buried palaeochannel system will be targeted during the coming Quarter by first-stage drilling in order to evaluate the effectiveness of the geophysical survey methods prior to undertaking further drilling.

The Department of Mines & Petroleum (DMP) has approved Zeus' proposed Program of Works and Radiation Management Plans (RMP's) for Zeus' Narnoo Project with drilling contracts being finalised with the drilling contractor at the time of writing, prior to commencing exploration drilling.

### **2. Wiluna Project**

Work on the Wiluna Project during the period focused primarily on processing and interpretation of previously acquired geophysical data, defining and validating exploration target zones and finalising exploration planning, permitting & approvals (including aboriginal heritage surveys) prior to commencing drilling.

Processed ground gravity survey results defined a substantial buried palaeochannel system within the Wiluna Project area that was shown to be associated with several uranium-channel surface radiometric anomalies (Figure 4).

Field work comprising track reconnaissance, geological mapping, rock chip sampling and ground radiometric surveying was undertaken during the reporting period and indicated that surface radiometric anomalism within the palaeochannel system was associated with extensively developed linear valley-fill calcretes, similar in style to Toro Energy's Hinkler Well deposit.

Numerous existing roadside excavations indicated that well-developed calcrete is widespread throughout the Wiluna Project tenements where it is commonly buried by a thin veneer of aeolian sand that frequently masks any surface radiometric response. Opportunistic grab samples taken from these roadside excavations returned background uranium values of 6-50ppm  $U_3O_8$  associated with carnotite mineralisation.

Ongoing review of available geological and historical exploration data was conducted throughout the year in order to investigate the uranium potential of the palaeochannel





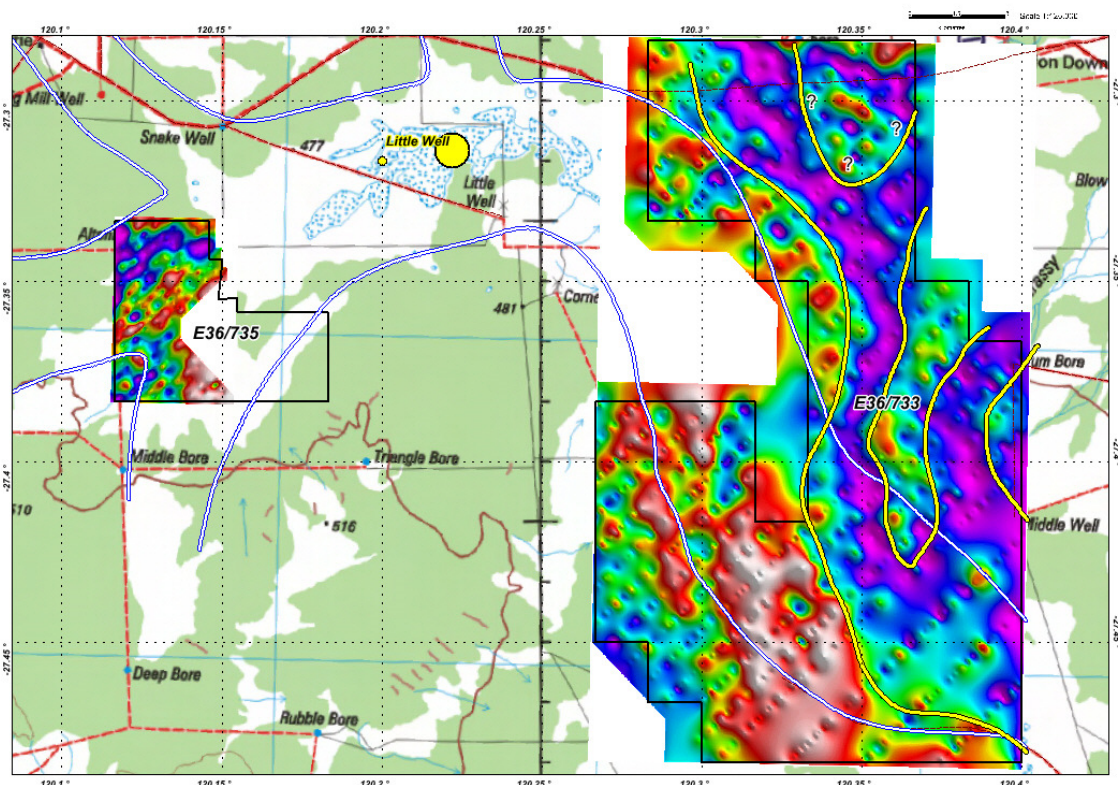
## REVIEW OF OPERATIONS REPORT

systems, to validate the interpreted geophysical survey data, and to refine exploration targeting.

Review of historical water bore data supports Zeus' interpreted substantial buried palaeochannel system with historical drill logs indicating palaeochannel depths of 50->100m within the Wiluna tenement areas (e.g. Figure 4). Significantly historical water bore logs recording anomalous radioactivity and the presence of prospective redox boundaries associated with reduced, pyritic sandstones at depth within the palaeochannels.

Exploration work has defined several target zones within the Abercromby, Kukububba (Lake Way), Lake Gregory and Yeelirrie Palaeochannels that will be targeted by first-stage drilling of up to 25 aircore drill holes (for an estimated 1,500m) in order to evaluate the effectiveness of the geophysical survey methods prior to undertaking further drilling.

Aboriginal heritage clearance of proposed drill sites have been re-scheduled at the time of writing of this report. The Department of Mines & Petroleum (DMP) has approved Zeus' proposed Program of Works and Radiation Management Plan (RMP) for Zeus' Wiluna Project with drilling on the Wiluna Project tenements to be undertaken following completion of first-stage drilling at the Narnoo Project.



**Figure 4 - Yeelirrie South Project - processed ground gravity image showing buried palaeodrainage (purple colours in image, outlined in yellow) significantly offset from the modern drainage (outlined in light blue) as interpreted from topography and surface uranium-channel radiometrics. Historical water bores in the north of E36/733 confirm the presence of substantial thicknesses (<100m) of Tertiary sediments within the palaeochannel.**



## REVIEW OF OPERATIONS REPORT

### 3. Gascoyne Project

Field mapping, ground radiometric surveying and geochemical sampling of the Red Rock (E52/2122) and Mortimer Hills (E09/1618) tenements was undertaken during the reporting period with 62 rock chip samples being submitted for assay. Results are summarised below:

#### a. Red Rock (E52/2122)

Exploration work on ground during the reporting period comprised ground radiometric surveying and geological mapping. Ground radiometric surveying indicated that the main exploration target, the Red Rock Granite, is considerably anomalous with surface counts generally in the 500-800cps range whilst more anomalous zones typically exceeded 1,000cps.

Sixteen rock samples were submitted for assay and returned Uranium values ranging from 2.7 to 19.5ppm U (average 7.5ppm U).

Field mapping also located a large pyritic quartz vein displaying a box-work fabric. Three samples were assayed for gold but no significant gold values were returned.

Geological mapping indicated the Red Rock Granite comprises a massive, relatively under-formed granite batholith and is not prospective for shear-hosted uranium/gold mineralisation similar to that seen within the Despair Granite to the east of the tenement. However, the elevated uranium content of the Red Rock Granite makes it an excellent potential source rock.

Water bore cuttings located during previous field work indicated the development of substantial thicknesses (min. 75m) of palaeochannel sandstones within the tenement and Zeus therefore considers the tenement to be prospective for palaeochannel-sandstone hosted uranium mineralisation.

#### b. Mortimer Hills (E09/1618)

Work on ground comprised ground radiometric surveying and geological mapping with 32 rock samples being submitted for assay. Field mapping indicated the potential for the following mineralisation styles within the region:

##### *i. Calcrete-hosted uranium mineralisation.*

Field work indicated that calcrete development is widespread within the Mortimer Hills region where silicified palaeochannel calcrete deposits have been dissected and exposed by erosion to form prominent ridgelines. Younger calcretes are also present within sediments deposited in the modern alluvial valleys.

Calcrete regolith profiles are associated with widespread weak to moderate Uranium (carnotite) mineralisation. Ground radiometric surveying observed moderate radiometric anomalism (generally in the 400-800cps range) at several outcrops.



## REVIEW OF OPERATIONS REPORT

Zeus considers the tenement to have moderate potential for development of calcrete-hosted Uranium mineralisation.

### *ii. Pegmatite hosted U/REE mineralisation.*

Field mapping indicated that pegmatites are widespread within the southwestern part of the Mortimer Hills tenement. Pegmatite mineralogy typically comprises quartz- tourmaline-feldspar with minor muscovite with occurrences of beryl, aquamarine and poor quality emerald reported in open file data. Columbite-Tantalite mineralisation is also widely reported within pegmatites in the region.

Secondary uranium minerals were observed within a quartz-feldspar-muscovite pegmatite in association with a diffuse 3,500cps radiometric anomaly. Assay results from this location returned a value of 132ppm U<sub>3</sub>O<sub>8</sub>.

Zeus considers the tenement to have potential for pegmatite-hosted uranium, Columbite-Tantalite and potentially REE mineralisation.

### *iii. Granite-hosted uranium mineralisation*

Field mapping located a low-lying outcrop of radiometrically anomalous coarsely crystalline pegmatitic granite within the central western part of the tenement. Five rock samples were submitted for assay with results presented in Table 2.

Ground radiometric surveying indicated the granite averaged 800-1300cps with common higher grade zones >3,000cps generally exhibiting visible yellow secondary uranium minerals. Maximum recorded counts were 8,700cps and were associated with visible yellow secondary Uranophane within weathered granite (Figure 5, Figure 6). Small-scale cross-cutting ferruginous veins were associated with moderate anomalism (Table 2).

Sample #	GDA94_E	GDA94_N	Zone	Surface CPS	U <sub>3</sub> O <sub>8</sub> (ppm)	Description
048348	430011	7282359	50	8,700	638.4	Megacrystic fx-qtz-mus granite. Visible yellow secondary U minerals.
048349	429991	7282376	50	1,500	51.2	Megacrystic fx-qtz-mus granite. Visible yellow secondary U minerals.
048350	429797	7282825	50	5,200	166.3	Megacrystic fx-qtz-mus granite. Visible yellow secondary U minerals.
048351	429798	7282824	50	1,750	97.0	Ferruginous vein within granite.
048352	429925	7282612	50	3,000	112.1	Megacrystic fx-qtz-mus granite.
Note: Surface CPS readings taken using RS-125 Super-SPEC handheld gamma-ray spectrometer.						
<b>Table 2 - Granite hosted Uranium assay results.</b>						





## REVIEW OF OPERATIONS REPORT



Figure 5 - Surface radiometric readings associated with hot spot within coarsely crystalline granite. Site of sample # 048348.

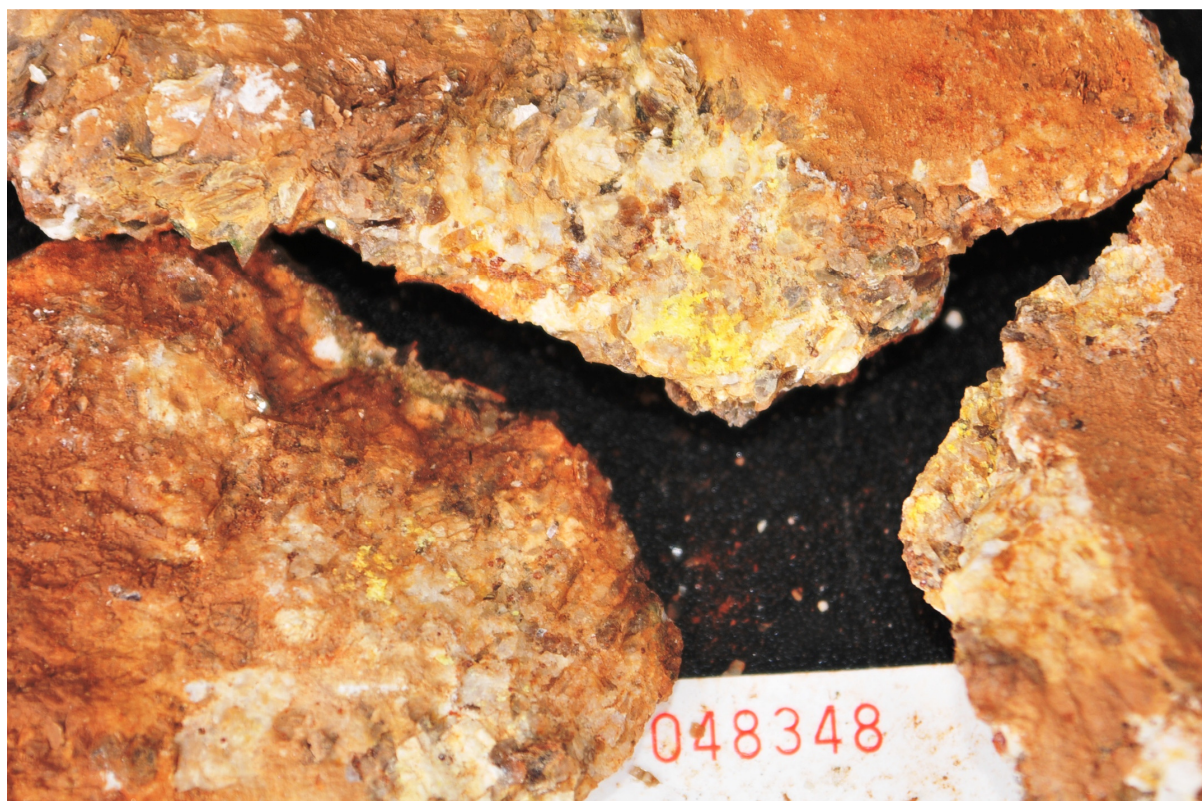


Figure 6 -- Sample # 048348 showing yellow secondary uranium minerals (Uranophane) developed within radiometrically anomalous (8,700cps) weathered granite.





## REVIEW OF OPERATIONS REPORT

### *iv. Base Metal Mineralisation.*

Historical exploration data indicates the potential for base metal mineralisation at the unconformity at the base of the early Proterozoic Bangemall Group. Publically available WAMEX exploration data records a rock chip sample taken from an 'ironstone or gossan' developed at this unconformity located within the centre of the Mortimer Hills tenement. Whilst this outcrop could not be accessed due to heavy rain, field mapping located an occurrence of sub-cropping ironstone (gossan) development ~5km along strike to the northeast. Assay results from a single sample indicated low levels of Cu, Pb, & Zn and the occurrence(s) will be subject to further investigation in the future.

### *v. Skarn-hosted Tungsten mineralisation.*

Field mapping investigated occurrences of patchy scheelite mineralisation within paragneiss developed within a narrow zone of contact metamorphism on the margins of a small outcrop of Davey Well Granite located on the western margins of the tenement. Similar occurrences occur in the southeast of the Mortimer Hills tenement but could not be accessed due to flooding.

Mapping defined an irregular 50-300m wide zone of sub-cropping skarn development on the margins of the granite. Whilst assay results from 4 samples did not return any significant results, the extensive outcrop of the Davey Well Granite is considered to have exploration potential for follow up.

## **4. North Musgrave Project**

The North Musgrave project is located in a very remote setting that represents one of Australia's last exploration frontiers. Work on the North Musgrave project to date has comprised an evaluation of all available water bore and geochemical data in the vicinity of the Project area. Results from this review indicate that the structural setting fulfils the broad requirements to host a Four-Mile style uranium deposit with abundant prospective structurally-controlled targets potentially containing Tertiary palaeochannel sandstones.

The North Musgrave tenement is located on the margins of the Warburton Aboriginal Reserve with primary access routes requiring travel through areas of cultural significance within the Reserve. During the period Zeus conducted an initial reconnaissance of these access routes and held an on ground meeting with the local traditional owners in order to facilitate access to the tenement.

Zeus is continuing to negotiate aboriginal heritage and access agreements with the local traditional owners prior to commencing work on ground. Further reconnaissance field work and ground geophysical surveying is planned for the near future in order to define targets for exploration drilling in the coming tenement year.



## REVIEW OF OPERATIONS REPORT

### 5. Percival Lakes Project

The Percival Lakes project comprised six tenement applications held by Zeus Resources' wholly owned subsidiary Kalium Corporation.

A comprehensive geological review conducted during the reporting period determined that whilst the Percival Lakes palaeochannel was well-developed and likely to contain prospective reduced sediments, its prospectivity was downgraded by the lack of a suitable potential uranium source.

Due to the terrain, lack of infrastructure and access roads within the Great Sandy Desert, access and logistical considerations were considered likely to add considerably to exploration costs.

Discussions with representatives of the relevant land councils regarding reaching a land access agreement prior to the granting of the tenement applications were ongoing during the reporting period and led to requests by the stakeholders for very substantial payments to in order facilitate initial access on ground. These payments alone exceeded the budgeted exploration expenditure for the project area.

After consideration of likely access difficulties, high exploration costs, and extremely high land access costs, Zeus has elected to liquidate Kalium Corporation and relinquish its interest in the Percival Lakes Project. No further work will be conducted on the project.

#### **Competent Person Statement:**

*Information in this report that relates to Exploration Results is based on information compiled by Mr Jonathan Higgins, who is a Member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Higgins is a full-time employee of Zeus Resources Limited. Mr Higgins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Higgins consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.*



## REVIEW OF OPERATIONS

### JORC Code, 2012 Edition – Table 1 Report

#### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC 2012 Code Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>Approximately 1-3kg of sample was selected and was pulverised prior to undergoing multi-element assay.</li> <li>Selected samples were also submitted for 25g Fire Assay (see below).</li> </ul> <p><u>Uranium Minerals:</u></p> <ul style="list-style-type: none"> <li>Assay samples for Uranium were selected with reference to self-calibrating RS-125 Super-SPEC handheld gamma-ray spectrometer.</li> <li>Visual identification of uranium minerals was additionally used in sample selection.</li> <li>Where it was not possible to sample the exact 'hot-spot' location (due to the nature of the outcrop) samples were selected from as near as possible (&lt;0.5m away).</li> <li>Where radiometric anomalies were diffuse and no specific uranium mineral visible a representative bulk sample was selected.</li> <li>Several samples in the were taken from similar geological settings in the vicinity in order to gain an understanding of the nature of the perceived exploration targets within the Red Rock and Mortimer Hills tenements.</li> </ul> <p><u>Gold, Base Metals &amp; Rare-Earth Minerals:</u></p> <ul style="list-style-type: none"> <li>Assay samples for non-radioactive grab samples were selected from outcrop showing visible or potential mineralisation, or significant alteration.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Nil drilling conducted to date.</li> </ul>





## REVIEW OF OPERATIONS

	<p><i>and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i></p>	
<p><i>Drill sample recovery</i></p>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Nil drilling conducted to date.</li> </ul>
<p><i>Logging</i></p>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li>• <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></li> <li>• <i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Nil drilling or downhole logging conducted to date.</li> </ul>
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> <li>• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li>• <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></li> <li>• <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li>• <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Nil drilling conducted to date.</li> </ul>



## REVIEW OF OPERATIONS

	<ul style="list-style-type: none"> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Spectral analysis was conducted on outcrop samples to aid in sample selection but have not been reported due to the inherent inaccuracy of their semi-quantitative analysis.</li> <li>Samples were submitted to Intertek/Genalysis analytical laboratory in Perth and were crushed and pulverised before assaying for 61 elements.</li> <li>Assay techniques comprised : <ul style="list-style-type: none"> <li><u>4A/MS</u> - Four-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes. Analysed by Inductively Coupled Plasma Mass Spectrometry (ICP-MS).</li> <li><u>4A/OE</u> - Four-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon Tubes. Analysed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry (ICP-OES).</li> </ul> </li> <li>Selected samples were additionally subject to: <ul style="list-style-type: none"> <li><u>FA25/OE</u> - 25g Lead collection fire assay. Analysed by Inductively Coupled Plasma Optical (Atomic) Emission Spectrometry (ICP-OES).</li> </ul> </li> <li>5% of Samples were check assayed by the laboratory with laboratory blanks and standards each inserted at 1 in 20 ratio.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>



## REVIEW OF OPERATIONS

	<ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Sample locations were recorded using handheld GPS with co-ordinates reported in GDA94 format.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Rock samples were randomly selected from outcrop wherever appropriate and accessible.</li> <li>Data spacing is not yet sufficient to establish any degree of geological and grade continuity.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Rock samples were randomly selected from outcrop wherever appropriate and accessible to sampling.</li> </ul>



## REVIEW OF OPERATIONS

### JORC Code, 2012 Edition – Table 1 Report

#### Section 2 Reporting of Exploration Results.

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC 2012 Code Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>Zeus Resources holds 11 granted exploration tenements within the Wiluna and Narnoo Regions</li> <li>Zeus operates a further 6 granted exploration tenements within the Wiluna, Gascoyne and North Musgrave regions. Transfer of tenement ownership to 100% of tenement ownership to Zeus Resources Ltd is in progress at the time of writing.</li> <li>Tenement details and status are outlined in Table 1.</li> <li>All tenements are in currently in good standing and no impediments to operating are currently known to exist.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Exploration efforts have been conducted following review of publically available historical exploration data from the WA Department of Mines &amp; Petroleum "WAMEX" dataset.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<p>Potential deposit types/mineralisation styles at the Wiluna, Narnoo &amp; North Musgrave Projects include:</p> <ul style="list-style-type: none"> <li>Calcrete- and sandstone-hosted uranium mineralisation within Mesozoic to Tertiary Palaeochannels and modern drainage systems.</li> </ul> <p>Potential mineralisation styles at Gascoyne Project include:</p> <ul style="list-style-type: none"> <li>Calcrete- and sandstone-hosted uranium mineralisation within Tertiary Palaeochannels and modern drainage systems.</li> <li>Granite-hosted (alaskite) uranium mineralisation, pegmatite-hosted U/REE mineralisation, and skarn-hosted</li> </ul>



## REVIEW OF OPERATIONS

		<ul style="list-style-type: none"> <li>Tungsten mineralisation within Early Proterozoic rocks of the Gascoyne Complex (Capricorn Orogen).</li> <li>Base metal mineralisation related to the unconformity developed at the base of the Middle Proterozoic Bangemall Basin.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</li> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length</li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Nil drilling conducted to date.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>Uranium values have been reported as U<sub>3</sub>O<sub>8</sub> (ppm) derived from laboratory assay. No metal equivalent values have been reported.</li> </ul>



## REVIEW OF OPERATIONS

Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>• These relationships are particularly important in the reporting of Exploration Results.</li> <li>• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>• If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>• Uranium mineralisation reported has been derived from rock chip samples representing point samples.</li> <li>• No mineralisation widths or intercept lengths have been reported.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>• N/A.</li> </ul>
Balanced reporting	<ul style="list-style-type: none"> <li>• Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>• As comprehensive reporting of all exploration results is not practicable, representative reporting of both low and high grades have been conducted.</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>• Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>• Geological observations and geochemical survey results have been accurately reported.</li> </ul>
Further work	<ul style="list-style-type: none"> <li>• The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>• Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>• Planned further work comprises exploration drilling and field mapping as detailed in Quarterly Exploration Report.</li> <li>• Subsequent exploration work will be dependent upon exploration results received.</li> </ul>





## DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30<sup>th</sup> June 2014.

### **Review of operations**

The Group continued to formulate its funding and development options through a strategic review. Through this review process, the Group will be focusing on geological exploration and project acquisitions. The main targets will be uranium and other metals. As the market is in a current downturn, the Group's objective is to take advantage of this economic downturn and actively pursue project acquisitions. The Group currently has under review data and information from several possible project acquisitions.

The last financial year ended 30<sup>th</sup> June 2014 was an important year for Zeus Resources. We undertook exploration work on 17 tenements in varying degrees and prioritised our plan of works according to the potentiality of the tenements. We also looked for acquisition projects very energetically, more than 10 projects were reviewed and analysed. The "Review of Operations Report" section of this annual report contains detailed information about tenement status and the exploration programs undertaken during the year.

We also managed to reduce costs in a number of areas and stabilised cash outflows in order to maintain the Group's liquidity. We reviewed a number of policy areas and confirmed the Group's mission statement and culture.

### **Results of Operations**

For the year ended 30<sup>th</sup> June 2014 the Group recorded a loss of \$1,285,421 (2013: Loss \$5,820,265).

Total exploration expenditure for the year was \$604,471 (2013: \$795,796) of which \$450,061 was capitalised to exploration assets (2013: \$783,721).

### **Significant changes in state of affairs**

1. A number of changes in the board and management occurred during the reporting period. Mr Peter Williamson was terminated as CEO of the Group and Mr Jiangang Zhao was appointed and remains acting CEO. Dr Mike Etheridge resigned as a director and was not replaced. The board approved that Mr Chuanxi Ding be paid director's fees of \$80,000 per annum and Mr Jiangang Zhao and Mr Yong Zhang be paid \$50,000 per annum. Payments of fees commenced from 1<sup>st</sup> December 2013. Mr Yong Zhang also received board approval for consultancy fees to be paid to Ace Win Group Ltd (Hong Kong) to an amount of \$120,000 payable over 15 months for advisory services provided to the Group for providing project information and assistance with identifying investment opportunities.





## DIRECTORS' REPORT

In September 2013 The Group also entered into a sublease arrangement with Heng Ji Investments Australia Pty Limited for the office premises in Sydney. The lease commitment will expire 11<sup>th</sup> September 2017 and equates to a significant financial commitment by the Group of \$1,061,500.

Liquidation of Kalium: The potential Percival Lake tenements, (joint venture partners were at application stage only), have a remote location and very limited access conditions. Regional exploration work remains at very early stage in the area giving us limited knowledge of target mineralisation levels. To continue exploration in the Percival Lakes area would have meant incurring very high exploration costs with unknown potential. The contractual arrangements were considered unfavourable to the Group and required considerable on-going financial commitment. Taking into account logistical and financial reasons, the board decided that the pursuit of the applications and subsequent tenement licencing would not provide any future benefits. The board of Zeus Resources decided not to provide on-going financial support to the company and consequently Kalium Corporation has been placed in liquidation (creditors' voluntary winding up).

The board determined the development strategy and mission statement of Zeus Resources: being to develop Zeus as an integral exploration and mining and resources-based enterprise what will have significant impact in Australia. The main target minerals will be copper, gold, nickel, tin and other metal resources as well as uranium. The Group will promote an open, honest, robust and efficient culture.

### **Principal activities**

The principal activity of the Group during the year was the exploration for uranium and other metal resources and the assessment of options for investment in multi-commodity mining assets.

No change in the principal activity occurred during this period.

### **Likely developments and expected results of operations**

The consolidated entity intends to continue its exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.



## DIRECTORS' REPORT

### **Directors**

The Directors in office during the year and as at the date of this report are:

Mr. Chuanxi Ding  
Mr. Jiangang Zhao  
Mr. Gregory Clifton Hall  
Mr. Yong Zhang

The following directors resigned during the year:

Dr Mike Etheridge (Resigned 5<sup>th</sup> November 2013)

Directors have been in office since the start of the financial year (1 July 2013) to the date of this report unless otherwise stated.

### **DIRECTORS' PROFILES**

#### **Mr Chuanxi Ding - Chairperson**

B. Project Management (University of Science and Technology, Beijing)  
MBA (University of Peking)

From 1986 – 2003, Mr Ding worked at the Shandong Office of the China Metallurgical Geological Bureau where he rose to the position of Deputy General Manager. From 2003 – 2005, Mr Ding was a Director of the Investment Department of the China Metallurgical Geological Bureau in Beijing and from 2005- 2013 has been the Chairperson and Chief Executive Officer of Zhengyuan International Mining Company Limited.

#### **Mr Yong Zhang - Non-Executive Director**

B. Engineering (Shandong Construction College)

Mr Yong Zhang has had an extensive career in property development, real estate sales and investment. Mr Zhang has extensive property interests in China with over 1,600 employees. Mr Zhang was instrumental in securing the cornerstone investment in Zeus by China Metallurgical Geological Bureau, via its subsidiary Zhengyuan International Mining Company Limited.

#### **Mr Gregory Clifton Hall - Non-Executive Director**

B. App Sc. (University of New South Wales)

Mr Greg Hall is a seasoned geologist with over 35 years of international experience. From 1988- 2005, he was employed by the Placer Dome group of companies, serving as Chief Geologist -



## DIRECTORS' REPORT

World Wide during the last five years he was there. Placer Dome was acquired by Barrick Gold Corporation in early 2006.

Over the course of his illustrious career, Mr Hall had a senior role in the discoveries of both Barrick Gold's Granny Smith mine and Rio Tinto's Yandi iron ore mine. In addition, he took part in the discoveries of Keringal and Wallaby in Australia's Eastern Goldfields, as well as the definition of AngloGold Ashanti's Sunrise gold mine.

### **Mr Jiangang Zhao – Acting CEO and Director**

BA Northwest A&F University

MA Research Institute for Fiscal Science

Mr Jiangang Zhao holds a Bachelor of Accounting, a Master of Finance and a Master of Accounting. Presently, Mr Zhao is the Deputy Chief Financial Officer in the Department of Finance of Zhengyuan International Mining Company Limited.

### **Dr Mike Etheridge - Deputy Chairman**

B.Sc (Hons) (University of Sydney University)

PhD (Australian National University)

FTSE, FAIG, FAICD

Mike Etheridge is a geologist who has had a varied career in universities, a government research organisation and in industry. He co-founded the geoscience consultancy business Etheridge & Henley (later Etheridge Henley & Williams – 'EHW') in 1990. EHW grew to over 30 staff on three continents before it merged with the global SRK Consulting group to become SRK's Australasian business in 1997. In 2004 Mike left SRK Australasia, where he was Chairman, to pursue a career as a professional company director in the resources and related R&D sectors.

Mike is currently non-executive Chairman of ABM Resources Ltd (ASX:ABU) and of Clancy Exploration Ltd (ASX:CLY), and non-executive Director of DET CRC Ltd (a collaborative research organisation involving the mining industry, universities and government research bodies).

Mike was previously a non-executive Director of Lihir Gold Ltd prior to its merger with Newcrest Ltd, Consolidated Minerals Ltd prior to its takeover by Palmary plc, Ballarat Goldfields NL prior to its takeover by Lihir Gold, and of Ariana Resources plc (AIM) and Geoinformatics Exploration Inc (TSX-V). He was also Chairman of the Boards of the Predictive Mineral Discovery CRC and AuScope Ltd, in the public sector R&D space.

Mike Etheridge is a Fellow of the Australian Academy of Technological Sciences and Engineering, the Australian Institute of Company Directors, the Society of Economic Geologists and the Australian Institute of Geoscientists. Dr Etheridge resigned on 5<sup>th</sup> November 2013.



## DIRECTORS' REPORT

### **Company Secretary**

Mr Andrew Whitten is the Company Secretary. Mr Whitten is an admitted solicitor with a specialty in Corporate Finance and Securities law and is a Solicitor Director of Whittens & McKeough Pty Ltd. Mr Whitten is currently the company secretary of a number of publicly listed companies. He is a responsible officer of a Nominated Advisor to the National Stock Exchange of Australia Limited. Mr Whitten holds a Bachelor of Arts (Economics UNSW); Master of Laws and Legal Practice (UTS) and a Graduate Diploma in Applied Corporate Governance from the Institute of Chartered Secretaries.

### **Environmental Regulations**

The Group is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

The Group is aware of its responsibility to impact as little as possible on the environment and if and when there is any disturbance, to rehabilitate sites. During the period under review, all field and exploration work was carried out in Western Australia. The Group followed procedures and pursued objectives in line with guidelines published by the WA State Government and granting of exploration license application conditions.

These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives and any local conditions applicable.

During the period ended 30th June 2014 there have been no known material breaches of the environmental obligations of the Group's contracts or licenses. (2013: None).

### **Dividends**

No dividends have been declared in respect of the year ended 30th June 2014 (2013: Nil)

### **Events subsequent to the end of the reporting period**

The final creditors meeting for Kalium Corporation was held on 12<sup>th</sup> September 2014. The company has progressed to final liquidation stages and will be de-registered before the end of December 2014. Apart from liquidating Kalium Corporation, the Directors are not aware of any matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.



## DIRECTORS' REPORT

### Directors' interest

The Directors' beneficial interest in shares and options as at the date of this report are:

	Shares			Options
	Direct	Indirect	Total	
Mr Chuanxi Ding <sup>1</sup>	-	57,650,000	57,650,000	-
Mr Jiangang Zhao <sup>2</sup>	-	57,650,000	57,650,000	-
Mr Yong Zhang <sup>3</sup>	-	57,534,500	57,534,500	-
Mr Gregory Clifton Hall <sup>4</sup>	10,000	10,000	20,000	-
Total	10,000	172,844,500	172,854,500	Nil

1.Mr Chuanxi Ding is a director and controller of Zhengyuan International Mining Company Ltd, which holds the relevant interest in Zeus Resources.

2.Mr Jiangang Zhao is a nominee director appointed to Zhengyuan International Mining Company Ltd and has power to exercise or control the exercise of the voting rights attached to the securities in Zeus Resources.

3.Mr Yong Zhang is a director of and controls Vast Honour Global Limited, which holds a direct relevant interest in Zeus Resources.

4.Mr Gregory Clifton Hall controls Omaroo Pty Ltd ATF Hall Family Trust that owns shares in Zeus.

### Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of the Group and for the key Group executives receiving the highest remuneration.

#### Remuneration Policy

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board. All executives receive remuneration based on factors such as length of service and experience.

The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the consolidated entity's strategic objectives.

The remuneration framework the board established has three components:

- Base pay and benefits, including superannuation,
- Short-term performance incentives and bonuses,
- Long-term incentives through issuances of share options.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the board, based on individual and business unit performance, the



## DIRECTORS' REPORT

overall performance of the consolidated entity and comparable market remunerations. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

At issue date of this report there are no current executives or senior staff receiving benefits other than base pay and superannuation.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board 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.

At the AGM held on 30<sup>th</sup> November 2013 the following remuneration was approved:

Mr Chuanxi Ding – Chairperson \$80,000 per annum  
Mr Jiangang Zhao - Non-Executive Director \$50,000 per annum  
Mr Yong Zhang – Non-Executive Director \$50,000 per annum

The director's fee paid to Mr Greg Hall was previously approved by the Board and remained at \$50,000 per annum.

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

At the 2013 AGM, adoption of the remuneration report for the year ended 30 June 2013 was approved by poll. The company did not receive any specific feedback at the AGM regarding its remuneration practices.



## DIRECTORS' REPORT

### Additional Benefits

In addition to the above, the board has approved payment and provision of additional benefits to:

Mr Jiangang Zhao – approved by the board in June 2014 a monthly salary of \$3,000.00 per month for undertaking the Acting CEO position. The payment will be made on an on-going monthly basis and was payable from commencing duties in November 2013.

As part of the negotiations terminating Peter Williamson's services it was approved by the board that a pro-rata amount of his performance bonus, included in his contract of employment, be paid as part of his termination payment.

### Key Management Personnel (KMP) Payments & Benefits

Your directors, company secretary and key management personnel received the following payments / benefits for services for the year ended 30 June 2014 as indicated below:

Senior Officers	Short-term benefits		Post-Employment Benefits		Long-term benefits (\$)	Share option benefits	Total
	Cash Salary and Fees (\$)	Bonuses (\$)	Super-annuation (\$)	Termination payments (\$)	Long service leave (\$)	(\$)	(\$)
Andrew Whitten (Company Secretary)							
2014	60,000	-	-	-	-	-	60,000
2013	111,332	-	-	-	-	-	111,332
John Higgins (Exploration Manager)							
2014	200,000	-	18,500	-	-	-	218,500
2013 <sup>1</sup>	134,872	-	12,139	-	-	-	147,011
Peter Williamson (Former CEO)							
2014 <sup>2</sup>	106,840	21,000 <sup>3</sup>	11,835	-	-	-	139,675
2013 <sup>4</sup>	36,279	-	3,265	-	-	-	39,544
Total 2014	366,840	21,000	30,335	-	-	-	418,175
Total 2013	282,483	-	15,404	-	-	-	297,887

<sup>1</sup> Employment commenced 30/10/2012.

<sup>2</sup> Employment terminated 22/11/2013.

<sup>3</sup> 2013 reports as an accrual, paid in November 2013.

<sup>4</sup> Employment commenced 8/5/2013.





## DIRECTORS' REPORT

Non-Executive Directors and Directors	Short-term benefits		Post-Employment Benefits		Long-term benefits (\$)	Share option benefits	Total
	Cash Salary and Fees (\$)	Bonuses (\$)	Superannuation (\$)	Termination payments (\$)	Long service leave (\$)	(\$)	(\$)
Gregory Clifton Hall (Non-Executive Director)							
2014 <sup>5</sup>	50,000	-	-	-	-	-	50,000
2013 <sup>6</sup>	75,000	-	-	-	-	-	75,000
Mr Chuanxi Ding (Chairperson)							
2014 <sup>7</sup>	46,667	-	-	-	-	-	46,667
2013	-	-	-	-	-	-	-
Mr Jiangang Zhao (Acting CEO & Director)							
2014 <sup>8</sup>	53,167	-	-	-	-	-	53,167
2013	-	-	-	-	-	-	-
Mr Yong Zhang (Non – Executive Director)							
2014 <sup>9</sup>	29,167	-	-	-	-	-	29,167
2013	-	-	-	-	-	-	-
Dr Mike Etheridge (Former Deputy Chairperson & Acting CEO)							
2014 <sup>10</sup>	26,667	-	2,467	-	-	-	29,133
2013 <sup>11</sup>	105,000	-	9,450	-	-	-	114,450
Mr Ian De Renzie Duncan (Former Director)							
2014	-	-	-	-	-	-	-
2013 <sup>12,13</sup>	210,100	-	11,250	300,000	-	-	521,350
Dr James Zadko (Former Director)							
2014	-	-	-	-	-	-	-
2013 <sup>14</sup>	45,454	-	-	-	-	40,679 <sup>15</sup>	86,133
Total 2014	205,668	-	2,467	-	-	-	208,135
Total 2013	435,554	-	20,700	300,000	-	40,679	796,933

<sup>5</sup> Relates to payments of invoices to Golden Phoenix International Pty Ltd ATF Golden Phoenix International Unit Trust

<sup>6</sup> Relates to payments of invoices to Golden Phoenix International Pty Ltd ATF Golden Phoenix International Unit Trust. Included payment of \$50,000 for Pre-IPO Director fees related to previous periods.

<sup>7</sup> Relates to invoices for director fees (Chair) paid to ZIMC (China) commencing from 1/12/2013.

<sup>8</sup> Relates to invoices for director fees paid to ZIMC (China) commencing from 1/12/2013.

<sup>9</sup> Relates to invoices for director fees paid to Heng Ji Pty Ltd commencing from 1/12/2013.

<sup>10</sup> Resigned 31/10/2013.

<sup>11</sup> Acting CEO duties performed between March and May 2013 amounting to \$25,000 plus salary for deputy chair of \$80,000.

<sup>12</sup> Employment terminated 28/2/2013.

<sup>13</sup> Includes consulting services paid to Duncan Mining Pty Ltd amounting to \$30,100 between March 2013 and May 2013.

<sup>14</sup> Relates to payments of invoices to Claire Energy Pty Ltd for Pre-IPO Director fees related to previous periods.

<sup>15</sup> Interest in the 2013 Options (246,541 options at \$0.401) and 2015 Options (246,541 options at \$0.801) pursuant to the Kalium Agreement/River Rock Option Agreement as outlined in Section 10.14 of the Company Prospectus. Dr Zadko resigned 20<sup>th</sup> September 2012.



## DIRECTORS' REPORT

The total of remuneration paid to the KMP of the company and the Group during the year are as follows:

	Consolidated 30-Jun-2014 \$
Short term employee benefits/Fees	593,508
Post- employment benefits	32,802
Share-based payments	-
Total KMP compensations	626,310

### Key Management Personnel Interests as at 30 June 2014

The number of ordinary shares held by each KMP of the Group during the financial year is as a follows:

Name	Shares held		Balance at start of Year	Received as part of Remuneration	Additions	Disposals	Balance at end of Year
	Direct	Indirect					
Mr Chuanxi Ding <sup>1</sup>	-	57,650,000	57,650,000	-	-	-	57,650,000
Mr Jiangang Zhao <sup>2</sup>	-	57,650,000	57,650,000	-	-	-	57,650,000
Mr Yong Zhang <sup>3</sup>	-	57,534,500	57,534,500	-	-	-	57,534,500
Mr Andrew Whitten	-	5,200,000	5,200,000	-	-	-	5,200,000
Dr Mike Etheridge <sup>4</sup>	10,000	1,000,000	1,010,000	-	-	-	1,010,000
Gregory Clifton Hall <sup>5</sup>	10,000	10,000	20,000	-	-	-	20,000
Total	20,000	174,364,500	174,384,500	-	-	-	174,384,500

1. Mr Chuanxi Ding is a director and controller of Zhengyuan International Mining Company Ltd, which holds the relevant interest in Zeus.
2. Mr Jiangang Zhao as a nominee director appointed to Zhengyuan International Mining Company Ltd, has power to exercise or control the exercise of the voting rights attached to the securities in Zeus.
3. Mr Zhang Yong is a director of, and controls Vast Honour Global Limited, which holds a direct relevant interest in Zeus.
4. Mr Michael Etheridge (jointly with Megan Lesley Etheridge) controls Tectonex Geoconsultants Pty Ltd ATF Etheridge Superannuation Fund that owns shares in Zeus.
5. Mr Gregory Clifton Hall controls Omaroo Pty Ltd ATF Hall Family Trust that owns shares in Zeus.

### Transactions with KMP

Transactions with key management personnel:

*Through ownership:*

Whittens & McKeough Pty Ltd ("Whittens") is an entity related to the Company Secretary, Andrew Whitten. Whittens has provided and continues to provide professional and legal services to Zeus Resources Ltd including the preparation of the prospectus and due diligence in



## DIRECTORS' REPORT

listing Zeus Resources Ltd on the ASX. Andrew Whitten through his nominees is also a shareholder of Zeus Resources Ltd.

*Other transactions with key management personnel and their related parties:*

During the financial year, payments of \$77,324 were made for secretarial and legal services from Whittens & McKeough Pty Ltd in which Mr Andrew Whitten, company secretary, has interest. All transactions were made on normal commercial terms and conditions and at market rates. As at 30 June 2014, there was nil owed to the Whittens & McKeough Pty Ltd. (2013: Payments \$341,988, payable – nil).

In addition, payments of \$56,000 were made for consulting and advisory services in relation to potential investments, from Ace Win Ltd in which Mr Yong Zhang, Non-Executive Director, has interest. All transactions were made on normal commercial terms and conditions and at market rates. Balance owed on the contract at 30<sup>th</sup> June 2014 was \$64,000. (2013: Nil).

### Directors' meetings

The number of directors' meetings of directors of Zeus Resources Limited (including by way of circular resolution) held during the year ended the 30<sup>th</sup> June 2014 and the numbers of meetings attended by each director are as follows:

Director	Directors' Meetings	
	Eligible to attend	Attended
Mr Gregory Clifton Hall	5	5
Mr Chuanxi Ding	5	5
Mr Jiangang Zhao	5	5
Mr Yong Zhang	5	5
Dr Mike Etheridge (resigned)	2	2

### Indemnity and insurance of officers

During the financial period the Group paid premiums to insure all directors and officers of the Group against claims brought against the individual while performing services for the Group and against expenses relating thereto, other than conduct involving a willful breach of duty in relation to the Group.

The amount of insurance premium paid has not been disclosed as it would breach the confidentiality clause in the insurance policy. The Group has indemnified directors to the extent



## DIRECTORS' REPORT

possible under the Corporations Act against any liabilities incurred by the person as an officer of the Group. The Group has not indemnified the auditor.

### **Indemnity and insurance of auditors**

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related company.

### **Non-audit services**

Our appointed auditors, William Buck, did not provide any non-audit services during the year ended 30<sup>th</sup> June 2014 (2013: \$16,530).

### **Proceedings on behalf of the Group**

No person has applied to the Court for leave 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 of those proceedings. The Group was not a party to any such proceedings during the year.

### **Auditor independence declaration**

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found on page 37 of this annual report.

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

A handwritten signature in blue ink, appearing to read 'Jiangang Zhao'.

Mr. Jiangang Zhao  
Director and Acting CEO


Dated this 26<sup>th</sup> day of September 2014



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

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

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck  
Chartered Accountants  
ABN 16 021 300 521



Paul Collins  
Partner  
Dated this 26<sup>th</sup> day of September, 2014

**CHARTERED ACCOUNTANTS  
& ADVISORS**

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# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	Year ended 30-Jun-14	Year ended 30-Jun-13
		\$	\$
<b>Revenue from ordinary activities</b>	2	219,522	131,191
<b>Less expenses:</b>			
Accounting and Audit Fees		120,264	117,790
Business Development		41,740	-
Computers and communications		26,719	7,215
Company secretarial and compliance		60,000	111,332
Depreciation		27,192	5,048
Directors' fees and expenses		355,645	811,560
Employee salaries and benefits		249,261	362,565
Exploration and evaluation costs expensed	6	244,419	247,250
Finance costs	2	10	49,520
Impairment expense	6	96,079	2,916,027
Insurance		4,789	14,809
Legal and consultants' fees		72,427	583,625
Public relations		-	158,374
Rent and utilities		168,279	242,045
Share option expense		-	37,432
Share registry maintenance and listing fees		33,094	93,383
Travel and accommodation		24,209	145,310
Other expenses from ordinary activities		(19,183)	48,171
<b>Total Expenses</b>		1,504,944	5,951,456
<b>Loss before income tax</b>	2	(1,285,422)	(5,820,265)
Income tax expense	3	-	-
<b>Loss for the year attributable to the members of the parent entity</b>		(1,285,422)	(5,820,265)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year attributable to the members of the parent entity</b>		(1,285,422)	(5,820,265)
<b>Earnings per share</b>			
Basic - cents per share	20	(0.007)	(0.047)
Diluted - cents per share		(0.007)	(0.047)

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

	Notes	As at 30-Jun-14	As at 30-Jun-13
<b>CURRENT ASSETS</b>		\$	\$
Cash and cash equivalents	4	6,604,789	8,689,953
Other assets	5	48,446	106,429
<b>TOTAL CURRENT ASSETS</b>		6,653,235	8,796,382
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	6	1,861,461	1,419,054
Property, plant and equipment	7	79,309	62,336
<b>TOTAL NON-CURRENT ASSETS</b>		1,940,770	1,481,390
<b>TOTAL ASSETS</b>		8,594,005	10,277,772
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	322,422	720,767
<b>TOTAL CURRENT LIABILITIES</b>		322,422	720,767
<b>TOTAL LIABILITIES</b>		322,422	720,767
<b>NET ASSETS</b>		8,271,583	9,557,005
<b>EQUITY</b>			
Contributed equity	9	17,398,334	17,398,334
Share option reserve	10	247,500	247,500
Accumulated losses	11	(9,374,251)	(8,088,829)
<b>TOTAL EQUITY</b>		8,271,583	9,557,005

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



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	Contributed Equity (\$)	Share option Reserve (\$)	Accumulated Losses (\$)	Total (\$)
<b>Balance at 1 July 2012</b>	3,398,334	-	(2,268,564)	1,129,770
Loss for the year	-	-	(5,820,265)	(5,820,265)
Issue of shares	15,530,000	-	-	15,530,000
Share issue costs	(1,530,000)	-	-	(1,530,000)
Share based payments	-	247,500	-	247,500
<b>Balance at 30 June 2013</b>	<u>17,398,334</u>	<u>247,500</u>	<u>(8,088,829)</u>	<u>9,557,005</u>
<b>Balance at 1 July 2013</b>	17,398,334	247,500	(8,088,829)	9,557,005
Loss for the year	-	-	(1,285,422)	(1,285,422)
<b>Balance at 30 June 2014</b>	<u>17,398,334</u>	<u>247,500</u>	<u>(9,374,251)</u>	<u>8,271,583</u>

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





**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	<b>Year ended 30-Jun-2014</b>	<b>Year ended 30-Jun-2013</b>
		\$	\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,438,458)	(2,330,678)
Payments for taxes		(3,362)	20,461
Interest received		171,076	131,191
Interest paid		(10)	(49,520)
Net cash used in Operating Activities	12	(1,270,755)	(2,228,546)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for purchase of tenements		(82,346)	(304,545)
Payments for exploration and evaluation		(694,479)	(1,030,971)
Payments for plant and equipment		(37,584)	(50,776)
Net cash used in Investing Activities		(814,409)	(1,386,282)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from share issues		-	13,578,750
Capital raising and listing costs		-	(1,530,000)
Net cash provided by financing activities		-	12,048,750
Net (decrease) / increase in cash and cash equivalents held		(2,085,164)	8,433,912
Cash at beginning of financial year		8,689,955	256,041
<b>Cash and Cash Equivalents at end of financial year</b>	12	<u>6,604,789</u>	<u>8,689,953</u>

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Zeus Resources Ltd and its subsidiaries companies all domiciled in Australia.

The financial statements have been approved by the board on the date of signing.

The principal activity of the Group during the year was the exploration for uranium and other base metals.

#### A. Basis of accounting

This general purpose financial report has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations issued by the Accounting Standards board.

(i) Compliance with IFRS:

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB),

(ii) Historical Cost Convention:

These financial reports are prepared under the historical cost convention.

(iii) Critical Accounting Estimates:

The presentation of financial statements requires the use certain critical accounting estimates. The Group also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree or judgement or complexity or areas where assumptions and estimates are significant to the financial statements is disclosed later. See part I.

#### Changes in Accounting Policies

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current year. The adoption of these standards and interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards or Interpretations are most relevant to the group:

*AASB 10 – Consolidated Financial Statements*

*AASB 13 – Fair Value Measurement*

*AASB 119 – Employee Benefits*

*AASB 12 - Disclosure of Interests in Other Entities*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *AASB10 - Consolidated Financial Statements*

AASB 10 supersedes AASB 127 "Consolidated and Separate Financial Statements" and Interpretation 112 "Consolidation – Special Purpose Entities". AASB 10 revises the definition of control and provides new guidance on its application.

Under the new principles, the group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on any of the Group's investments held during the current or comparative periods covered by these financial statements.

### *AASB 13 – Fair Value Measurement*

AASB 13 defines fair value, sets out in a single standard a framework for measuring fair value and requires disclosures about fair value measurements. The standard requires inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy and enhanced disclosures regarding all assets and liabilities measured at fair value.

The implementation of this standard did not impact the groups accounting policies or the measurement of any amounts recognised on the financial statements. The standard did however introduce additional disclosure requirements.

### *AASB 119 – Employee Benefits*

AASB 119 Employee Benefits includes changes to require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. This has resulted in changes to the accounting policy applied to the group's annual leave obligation as the group does not expect all annual leave to be taken within twelve months of the respective service being provided.

The implementation of this standard did not significantly impact the Consolidated Entity's financial statements.

### *AASB 12 Disclosure of Interests in Other Entities*

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

The implementation of this standard did not significantly impact the Consolidated Entity's financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **B. Management Plan**

The Group has incurred an accumulated net loss after tax of \$1,285,422 to the year ended 30 June 2014. Net cash used in operating activities during the year was \$1,270,754. The directors have prepared cash flow projections to September 2014 that support the ability of the Group to continue as a going concern. The Group had \$6,179,564 as at 24<sup>th</sup> September 2014, therefore the continued operation of the Group beyond that period is not inherently dependent upon raising further capital or acquire debt instruments to fund its current exploration programme for the next 18 months.

### **C. Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Zeus Resources Ltd as at 30<sup>th</sup> June 2014 and the results of all subsidiaries for the year then ended.

In this report the parent entity is Zeus Resources Ltd and the subsidiaries are referred to as a Group or consolidated entity. The statements incorporate the assets and liabilities of the subsidiaries as at 30 June 2014.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions balances and unrealised gains on transactions between the entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **D. Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### **E. Financial instruments**

#### *Cash and cash equivalents*

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

#### *Payables*

Payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally settled between 7 days and 30 days terms.

### **F. Goods and Services Tax (GST)**

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

Cash flows are presented in the statement of cash flows on a gross basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **G. Exploration and evaluation expenditure policy**

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- researching and analysing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- the construction of access roads where necessary for exploration drilling;
- examining and testing extraction and treatment methods; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation expenditure also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Capitalisation of exploration expenditure commences when there is a reasonable level of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Group. Capitalised exploration expenditure is reviewed for impairment at the end of the reporting period. Subsequent recovery of the resulting carrying value depends on successful development of the area of interest or sale of the project. If a project does not prove viable, all unrecoverable costs associated with the project and the related impairment provisions are written off.

Undeveloped properties are mineral concessions where the intention is to develop and go into production in due course. The carrying values of assets are reviewed annually by management and the results of these reviews are reported to the Board and is assessed based on a status report regarding Zeus Resources intentions for development of the undeveloped property. Reviews are performed using the fair value less cost to sell method.

### **H. Share based payments policy**

Equity settled share plans are settled either by the issue of shares by the relevant parent company, by the purchase of shares on market or by the use of shares previously acquired as part of a share buyback. The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to other reserves. If the cost of shares acquired to satisfy the plans exceeds the expense charged, the excess is taken to the appropriate reserve. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award. The estimate of the number of awards likely to vest is reviewed at end of the reporting period up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

### **I. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events,



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Share-based payment transactions*

The consolidated entity 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 using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Recovery of deferred tax assets*

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

### *Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

## **J. Revenue Recognition**

### **(i) Interest earned**

Income from interest earned on investments is recognised on a time proportion using the effective interest rate method.

### **(ii) Net gains on disposal of assets, which is recognised as at the date the control of the asset passes to the entity**

## **K. Foreign currency transactions and balances**

Items included in the financial statements are measured using Australian Dollars (functional currency of Zeus Resources Ltd). Consolidated financial statements of the entity are presented



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in the functional currency of Zeus Resources Ltd as the parent entity. Foreign currency transactions have been translated in the functional currency using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except where they are deferred in equity as a qualifying cash flow or net investment hedge.

### **L. Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in the equity division of the statement of financial position as a deduction net of any tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration and are expensed as incurred.

### **M. Property, plant and equipment**

#### **(i) Acquisition**

Items of property, plant and equipment are recorded at historical cost and, are depreciated as outlined below. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the period in which they are incurred.

#### **(ii) Depreciation and amortisation**

The following indicates the depreciation method for plant and equipment on which the depreciation charges are based:

- straight-line basis over their useful operating life
- Office equipment: computers – three years
- Office equipment: general – five years
- Plant and equipment – five years
- Furniture & fittings – ten years

#### **(iii) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease. Lease improvements are amortised over the shorter of the lease term and useful life of the asset.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### **N. Earnings per share**

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

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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

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

### **O. Impairment of Non-Financial Assets**

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in uses, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit and loss and other comprehensive income. Impairment testing is performed annually for goodwill and other intangible assets not yet available for use. 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.

### **P. Employee Benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date, when it arises, will be recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees.

### **Q. Business Combinations (including goodwill)**

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

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

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

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

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

### **Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Fair value measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other statement of profit or loss and other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

### **R. Accounting Standards and Interpretations early adoption**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

### **New Accounting Standards for application in future periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

—AASB 9: *Financial Instruments*, AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127], AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* [AASB 9, AASB 2009-11, AASB 2010-7, AASB 2011-7 & AASB 2011-8], AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part C]* and AASB 2014-1 *Amendments to Australian Accounting Standards [Part E]* (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets and the accounting requirements for financial liabilities.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's won credit risk to be presented in other comprehensive income
- adding Chapter 6 Hedge Accounting which supersedes the general hedge accounting



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

requirements as they exist in AASB 139 and the addition of new disclosure requirements. The Chapter 6 requirements include a new approach to hedge accounting, intended to more closely align hedge accounting with risk management activities.

Further, in July 2014 the International Accounting Standards Board issued IFRS 9 as a complete standard including the previously issued requirements (as per the above) and additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

The company has not yet assessed the impact of this standard.

—AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (applicable for annual reporting periods commencing on or after 1 January 2014)*

This standard adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. The adoption of this amendment will have no impact on the consolidated entity.

—AASB 1055 *Budgetary Reporting and AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements (applicable for annual reporting periods commencing on or after 1 July 2014)*

AASB 2013-1 removes the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment). All budgetary reporting requirements applicable to public sector entities are now located in a single, topic-based, Standard AASB 1055 Budgetary Reporting. These standards are not expected to impact the company. The adoption of these amendments from 1 July 2014 will have no impact on the consolidated entity.

—AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014)*

This Standard amends the disclosure requirements in AASB 136. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. In addition, a further requirement has been included to disclose the discount rates that have been used in the current and previous measurements if the recoverable amount of impaired assets based on fair value less costs of disposal was measured using a present value technique. The standard is not expected to impact the Group.

—AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Part B] (applicable for annual reporting periods commencing on or after 1 January 2014) and AASB 2014 -1 Amendments to Australian Accounting Standards [Part C] (applicable for annual reporting periods commencing on or after 1 July 2014)*

The changes made to AASB 1031 in respect of materiality withdraw the substantive content contained within the standard and provide signpost references to materiality in other Australian Accounting Standards. These amendments are not expected to impact the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

—AASB 2014 -1 Amendments to Australian Accounting Standards [Part A] (applicable for annual reporting periods commencing on or after 1 July 2014)

Part A of this Standard makes various amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle, including:

- AASB 1 – clarification in the basis of conclusion.
- AASB 2 – amendments to certain definitions contained within the standard.
- AASB 3 – clarification that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date and clarification that AASB 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- AASB 8 – amendments to disclosures.
- AASB 13 – clarification regarding the measurement of short-term receivables and payables and clarification that the scope of the portfolio exception in paragraph 52 of AASB 13 includes all contracts accounted for within the scope of AASB 139 or AASB 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in AASB132.
- AASB 116 and AASB 138 – clarification that when an item of property, plant and equipment or intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- AASB 124 – clarification that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
- AASB 140 – clarification that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 Business Combinations and investment property as defined in AASB140 Investment Property requires the separate application of both standards independently of each other.

These amendments will have no impact on the consolidated entity.

—AASB 2014 -1 Amendments to Australian Accounting Standards [Part B] (applicable for annual reporting periods commencing on or after 1 July 2014)

Part B of this Standard makes amendments to AASB 119 Employee Benefits in relation to the requirements for contributions from employees or third parties that are linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. In contrast, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method applied to the gross benefit. These amendments will have no impact on the consolidated entity

—AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2014)

This standard amends AASB 1053 to:

- clarify that AASB 1053 relates only to general purpose financial statements;
- make AASB 1053 consistent with the availability of the AASB 108 option in AASB 1 First-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

time Adoption of Australian Accounting Standards;

- clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1;
- permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and
- specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

This standard is not expected to impact the Group.

—*AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 July 2016)*

This standard amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11 in accounting for the acquisition. AASB 2014-3 also requires disclosure of the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This standard is not expected to impact the Group.

—*AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 July 2016)*

This standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset and to clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. The standard also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

This standard is not expected to impact the Group.

—*Interpretation 21 Levies (applicable for annual reporting periods commencing on or after 1 January 2014)*

This Interpretation clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This interpretation is not expected to impact the Group.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Consolidated 30-Jun-14	Consolidated 30-Jun-13
	\$	\$
Loss before income tax expense has been determined after:		
a) Income		
- Bank interest	219,522	131,191
b) Expenses		
Bank interest	10	-
- Loan interest (non-bank)	-	49,520
Prima facie income tax credit on loss at 30% (2013: 30%)	(385,627)	(1,746,080)
Tax effect of:		
-Share based payments expense	(11,230)	11,230
-Share issue costs	(122,375)	(122,375)
-Non allowable expenditure for tax purposes	10,542	1,390
Current year tax losses not brought to account	(508,690)	(1,636,325)
(b) Deferred income tax		
Deferred tax assets not brought to account (gross)	(2,062,156)	(425,831)
Tax losses	(508,690)	(1,636,325)
Temporary differences	-	-
Total deferred tax assets not brought to account	(2,571,146)	(2,062,156)

The tax losses and deferred tax assets do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits.

### NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated 30-Jun-2014	Consolidated 30-Jun-2013
	\$	\$
Cash Transaction Account	14,340	10,547
Cash Management Account	475,892	8,678,906
Term deposits 30-90 days	6,113,006	-
Cash on hand	1,500	500
Total	6,604,788	8,689,953

### NOTE 5: OTHER ASSETS

	\$	\$
<b>Current</b>		
Prepaid insurances	-	22,092
Interest receivable	48,446	-
GST receivable	-	84,337
<b>Total current</b>	48,446	106,429
<b>Total Non-current</b>	-	-
<b>Total Other assets</b>	48,446	106,429



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 6a: EXPLORATION AND EVALUATION****ASSETS – NON-CURRENT**

	\$	\$
Opening balance	1,419,054	997,455
Purchase cost of tenements	82,345	547,417
Costs incurred during the year	694,480	1,030,971
Cost Expensed during year	(244,418)	(247,250)
Impairment of Zeus Resources' tenements	-	(666,667)
Impairment of Kalium Corp tenements	(90,000)	(242,872)
Closing Balance	<u>1,861,461</u>	<u>1,419,054</u>

The value of the Group interest in exploration expenditure 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 by their sale.

The Group's exploration properties may be subjected to claim(s) under Native Title (or jurisdictional equivalent), or contain sacred sites, or sites of significance to the indigenous people of Australia.

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

The list of tenements in which the Group has an interest is disclosed on page 70.

**NOTE 6b: EXPLORATION AND  
EVALUATION ASSETS – GOODWILL**

	<b>Consolidated 30-Jun-2014</b>	<b>Consolidated 30-Jun-13</b>
	\$	\$
Opening balance	-	-
Goodwill – acquisition of Kalium Corporation Ltd <sup>1</sup>	-	2,006,488
Impairment of Kalium Corp tenements	-	(2,006,488)
Closing Balance	<u>-</u>	<u>-</u>

<sup>1</sup>The Group acquired Kalium Corporation Ltd in 2010. Kalium Corporation Ltd is now in Liquidation.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 7: PLANT, EQUIPMENT, FURNITURE &amp; FITTINGS

	\$	\$
Plant & Equipment – at cost	68,450	38,180
Accumulated depreciation	(20,922)	(4,775)
Total Plant and Equipment	47,528	33,405
<b>Movements during the year:</b>		
Opening Balance	38,180	4,641
Additions during the year	30,270	33,539
Disposals during the year	-	-
Closing Balance	68,450	38,180
<b>Depreciation</b>		
Opening balance	(4,775)	(2,018)
Charge during the year	(16,147)	(2,757)
Closing depreciation	(20,922)	(4,775)
<b>Net book value</b>	47,528	33,405
 Furniture & Fittings – at cost	34,307	31,293
Accumulated depreciation	(5,968)	(2,362)
Total Furniture and Fittings	28,339	28,931
<b>Movements during the year:</b>		
Opening Balance	31,293	14,056
Additions during the year	3,014	17,237
Disposals during the year	-	-
Closing Balance	34,307	31,293
<b>Depreciation</b>		
Opening balance	(2,362)	(71)
Charge during the year	(3,606)	(2,291)
Closing depreciation	(5,968)	(2,362)
<b>Net Book Value</b>	28,339	28,931
 Leasehold improvements	4,300	-
Accumulated depreciation	(858)	-
Total Leasehold improvements	3,442	-
<b>Movements during the year:</b>		
Opening Balance	-	-
Additions during the year	4,300	-
Disposals during the year	-	-
Closing Balance	4,300	-
<b>Depreciation</b>		
Opening balance	-	-
Charge during the year	(858)	-
Closing depreciation	(858)	-
<b>Net Book Value</b>	3,442	-
 <b>TOTAL</b>	79,309	62,336



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 8: TRADE AND OTHER PAYABLES

	Consolidated 30-Jun-2014	Consolidated 30-Jun-2013
	\$	\$
Trade creditors	85,895	164,929
Other payables		
- Audit expenses	22,366	23,200
- Exploration expenses payable	-	154,960
- Tenement purchases stamp duty payable	127,800	
- Salaries, employee benefits and PAYG payable	-	152,434
- Rent payable (arrears due)	54,187	154,187
- Directors' fees and expenses payable	-	25,000
- Annual leave accruals	20,113	23,179
- Equipment purchases payable	-	4,000
- Sundry payables	12,061	18,877
Total trade and other payables	322,422	720,767

### NOTE 9: CONTRIBUTED EQUITY

#### 2014

#### (a) Ordinary Shares Number

Balance at the beginning of the year	180,150,000	180,150,000
Shares issued during the year	-	-
Balance at the end of the financial year	180,150,000	180,150,000

#### (b) Ordinary Shares Value

	Value (\$)
Balance at the beginning of the year	17,398,334
Shares issued during the year	-
Balance at the end of the financial year	17,398,334

#### 2013

#### (a) Ordinary Shares Number

Balance at the beginning of the year	77,500,000	77,500,000
Shares issued during the year		
Shares issued for investments for nil consideration 21 January 2013	10,000,000	4,410,959
Shares issued to investors for \$0.20 per share 21 January 2013	67,650,000	29,840,137
Shares issued to director for nil consideration 21 January 2013	25,000,000	11,027,397
Balance at the end of the financial year	180,150,000	122,778,493

#### (b) Ordinary Shares Value

	Value (\$)
Balance at the beginning of the year	3,398,334
Share issued during the year	
Shares issued for Investments 21 January 2013	2,000,000
Shares issued to investors 21 January 2013	13,530,000
Share issue costs	(1,530,000)
Balance at the end of the financial year	17,398,334



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 10: SHARE OPTION RESERVE****Share Options Issued**

	<b>Consolidated 30-Jun-2014 Number on Issue</b>	<b>Consolidated 30-Jun-2013 Number on Issue</b>
Balance at the beginning of the year	3,000,000	-
Options issued during the year		-
Options expired during the year 31 December 2013	(1,500,000)	-
Options issued to River Rock shareholders 12 January 2013	-	3,000,000
Balance at the end of the financial year	<u>1,500,000</u>	<u>3,000,000</u>

**Share Option Fair Value**

	<b>Value \$</b>	<b>Value \$</b>
Balance at the beginning of the year	247,500	-
Options issued during the year	-	-
Options issued to River Rock shareholders	-	247,500
Balance at the end of the financial year	<u>247,500</u>	<u>247,500</u>

**NOTE 11: ACCUMULATED LOSSES**

	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(8,088,829)	(2,268,564)
Net loss attributable to members of the entity	(1,285,422)	(5,820,265)
Accumulated losses at the end of the financial year	<u>(9,274,251)</u>	<u>(8,088,829)</u>

**NOTE 12: STATEMENT OF CASH FLOW INFORMATION**

	<b>\$</b>	<b>\$</b>
Cash at bank	490,282	10,546
Term deposit	6,113,006	8,678,906
Cash	<u>1,500</u>	<u>500</u>
Total	<u>6,604,789</u>	<u>8,689,952</u>
Loss from ordinary activities after income tax	(1,285,422)	(5,820,265)
Adjustment for non-cash items		
- depreciation	27,192	5,048
- leave entitlement accrual	20,113	23,179
- share option expense	(37,432)	37,432
- capitalised expenses and provisions	154,071	175,487
- impairment	96,079	2,914,167
Add: Changes in working capital		
(Increase)/decrease in trade and other receivables	(48,446)	(55,219)
(Increase)/decrease in other assets	22,092	35,956
(Decrease) /Increase in trade payables	(79,034)	(48,699)
(Decrease) /Increase in other liabilities	(184,830)	66,207
(Decrease) /Increase in current tax liabilities	3,362	75,680
(Decrease) /Increase in other payables	41,501	362,481
Cash outflow from operations	<u>(1,270,754)</u>	<u>(2,228,546)</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 13: BORROWINGS**

	<b>Consolidated 30-Jun-2014</b>	<b>Consolidated 30-Jun-2013</b>
	\$	\$
Funds raised from debt instruments	-	900,000 <sup>1</sup>
Funds paid to reduce or discharge debt instruments	-	(900,000)
Net Liabilities	-	-
Interest payable on debt instruments	-	49,479 <sup>2</sup>
Interest paid on debt instruments	-	(47,479)
Net Liabilities	-	-

**NOTE 14: AUDITORS REMUNERATION**

	<b>Consolidated 30-Jun-2014</b>	<b>Consolidated 30-Jun-2013</b>
	\$	\$
Auditing or reviewing the financial reports	25,000	16,000
Other Services – Corporate Advisory services	-	16,530
Total	25,000	32,530

**NOTE 15: SEGMENT INFORMATION**

The Group's operations are in one reportable business segment being the exploration of uranium and minerals. The Group operates in one geographical segment being Australia.

**NOTE 16: RELATED PARTY TRANSACTIONS****Key Management Personnel**

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2014. The totals of remuneration paid to the KMP of the company and the Group during the year are as follows:

	<b>Consolidated 30-Jun-2014</b>	<b>Consolidated 30-Jun-2013</b>
	\$	\$
Short term employee benefits/Fees	593,508	708,937
Post- employment benefits	32,802	36,104
Share-based payments	-	40,679
Total KMP compensations	626,310	785,720

<sup>1,2</sup> Funds drawn down from loan agreement with Barbary Coast Investments Pty Ltd from 11 October 2012 in tranches until 26 November 2012 to the value of \$500,000. Loan amount was discharged 7<sup>th</sup> March 2013. Interest was also paid on this date. Funds drawn down from loan agreement with Vast Honor 23 August 2012 to the value of \$400,000. Loan amount was discharged 18<sup>th</sup> March 2013. Interest was also paid on this date





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Other transactions with related parties**

Mr James Zadko – a former director holds 1,643,609 shares and 246,541 2013 Options, which expired in January 2014 and 246,541 2015 Options, expiring January 2015, directly or via nominees (granted 2010 and issued 2013). Interest in the Shares as a result of the acquisition by the Company of all the shares in Kalium Corporation Limited pursuant to the Kalium Share Exchange Agreement between Zeus Resources Ltd, Kalium and the Kalium shareholders dated 12 August 2010 as subsequently amended. Interest in the 2013 and 2015 options pursuant to the River Rock Option Agreement.

The Group subleases offices at 50 Pitt Street Sydney. The head-lease with CBRE for the premises is held with Heng Ji Australia Investments Pty Ltd, which is a related entity to Mr Yong Zhang. The Group pays sublease rental agreed directly to CBRE.

Mr Yong Zhang has been engaged as in a consultative role to provide advice and guidance on investment opportunities as they are introduced to him or the Group. A fee of \$120,000 was approved by the board. Mr Yong Zhang's fee is paid through his company ACE Win Ltd (Hong Kong). Fees paid to date are \$56,000 and Mr Zhang has future payments due to him amounting to \$64,000.

Mr Andrew Whitten - Is the Company Secretary and holds 5,200,000 shares directly or via nominees. Whitten Retainer and Company Secretarial Retainer between Whittens and Zeus Resources for legal advice and company secretarial services – total fees this year of \$77,324 (2013: \$341,998). Mr A Whitten has interest in Whittens & McKeough Pty Ltd who have acted as and continues to act as the solicitors for the Group.

**NOTE 17: COMMITMENTS AND CONTINGENCIES****a) Commitments**

The Group is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

	Consolidated 30-Jun-2014	Consolidated 30-Jun-2013
<i>Projects:</i>	\$	\$
Within 1 year <sup>1</sup>	1,114,583	1,041,054
More than 1 year but not later than five years <sup>1</sup>	4,323,832	3,161,302
More than five years	2,527,000	
Total	7,965,415	4,202,356
<i>Administration:</i>		
Not later than one year <sup>2</sup>	278,778	-
Later than one year but not later than five years <sup>2</sup>	610,984	-
More than five years	-	
Total	889,762	-
Total commitments	8,855,177	4,202,356

<sup>1</sup> Based on current commitment requirements set by Department Mining and Petroleum and blocks licenced.

<sup>2</sup> Lease assignment between Heng Ji Investments Pty Ltd, Zeus Resources and CBRE Pty Ltd executed as at 1 September 2013.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**b) Contingent assets and liabilities***Contingent liabilities*

There are no contingent liabilities as at end of reporting period 30<sup>th</sup> June 2014. (2013: Nil)

*Contingent assets*

There are no contingent assets as at end of reporting period 30<sup>th</sup> June 2014. (2013: Nil)

**NOTE 18: FINANCIAL RISK MANAGEMENT**

The below table summarises interest rate receivable or payable for the Group:

	Effective Interest Rate %	Floating interest rate Amount \$	Non- Interest Bearing \$	Total \$
<b>2014</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.3%	6,603,288	1,500	6,604,789
Trade and other receivables	-	-	-	-
Other financial assets	-	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	0%		(322,422)	(322,422)
<b>2013</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.78 %	8,689,453	500	8,689,953
Trade and other receivables	-	-	-	-
Other financial assets	-	-	-	-
<b>Financial liabilities</b>				
Trade and other payables	0%	-	(720,767)	(720,767)

**a) Credit risk**

The Group has no significant concentrations of credit risk with debtors as the Group has not issued any sales for services or products during the period ending 30<sup>th</sup> June 2014, hence the Group does not insure any outstanding debts.

Credit risk does arise with the Groups' cash holdings. The Group has not taken steps to reduce risk of significant exposure to its cash holdings as the Group currently has all of its funds placed with one financial institution. The institution does however meet stringent banking regulations and the risk to the funds placed therein is minimal.

	Consolidated 30-Jun-2014	Consolidated 30-Jun-2013
<b>(b) Interest rate risk</b>	\$	\$
Potential impact on post-tax loss:		
Effective Interest rate -1%	(68,213)	(156,053)
Effective Interest rate +1%	68,213	156,053

The Group places surplus cash with the bank in term deposit of up 90 days. This rate can vary from rollover period to rollover period. Exposure to variances in interest rates is not controlled by the Group and returns are subject to current interest rates on offer by the banks at the time of rollover of the term deposit(s).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**(c) Liquidity risk**

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern with the ultimate goal of providing returns for shareholders.

Future expansion or cash requirements to fund operations will be funded by future capital raisings.

The limit of risk for the period ending 30<sup>th</sup> June 2014 extended to Trade and other payables amounting to \$322,422 which was due to be paid within the next 90 days at a maximum. The Group has sufficient funds to meet this requirement.

**(d) Fair values**

The financial assets and liabilities of the Group are recognised in the statement of financial position at their carrying amount, which is a reasonable approximation of fair value in accordance with the accounting policies in note 1.

**NOTE 19: EARNINGS PER SHARE**

	Consolidated 30-Jun-2014	Consolidated 30-Jun-2013
Total comprehensive (loss) for the year	(\$1,285,422)	(\$5,820,265)
<b>Earnings per share</b>		
Basic - cents per share	(0.007)	(0.047)
Diluted - cents per share	(0.007)	(0.047)

Basic and dilutive earnings per share are equal because options on issue are considered to be anti-dilutive.

**NOTE 20: PARENT ENTITY INFORMATION**

Financial statements and notes for Zeus Resources Limited, the legal parent entity, are provided below:

	As At 30-Jun-2014	As At 30-Jun-2013
<b>Financial Position</b>		
<b>Current assets</b>	6,653,235	8,796,382
<b>Non-current assets</b>	1,940,770	1,481,391
<b>Total assets</b>	8,594,005	10,277,773
<b>Current liabilities</b>	(320,563)	(718,908)
<b>Total liabilities</b>	(320,563)	(718,908)
<b>Shareholders equity</b>		
Issued capital	17,398,334	17,398,334
Reserves	247,500	247,500
Accumulated losses	(9,372,392)	(8,086,970)
<b>Total equity</b>	8,273,442	9,558,864
<b>Financial Performance</b>		
Loss for the year	(1,285,422)	(5,818,405)
Other comprehensive income/loss	-	-
<b>Total profit and loss and other comprehensive loss</b>	(1,285,422)	(5,818,405)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Guarantees**

Guarantees entered into by the parent entity in relation to the debts of its controlled entities:  
Nil (2013: Nil)

**Commitment liabilities of the parent entity:**

Refer to Note: 18

**Contingent liabilities of the parent entity:**

As at 30 June 2014, the parent entity, Zeus Resources Ltd, had nil contingent liabilities.

**NOTE 21: SHARE-BASED PAYMENTS**

In 2010 Zeus Resources entered into an agreement to acquire Kalium Corporation and Kalium Corporation's joint venture interests.

Pursuant to the agreements between Zeus Resources Ltd, River Rock Energy Ltd, Riverwood Ltd and Kalium Corporation, the joint venture partner River Rock Energy Ltd's shareholders were entitled to be issued options as outlined below:

- (i) On 21<sup>st</sup> January 2013, 3,000,000 share options were issued to shareholders of River Rock Energy Limited (as part consideration) pursuant to the River Rock Option Agreement dated 12 August 2010 whereby Zeus Resources Ltd agreed to acquire River Rocks interest in tenements. The options hold no voting or dividend rights and are not transferable.

- (ii) Options granted to River Rock Shareholders are as follows:

<b>Grant Date</b>	<b>Issue Date</b>	<b>Period</b>	<b>Number</b>	<b>Exercise Price</b>
10 Aug 2010	21 Jan 2013	3.5 years	1,500,000	\$0.401
10 Aug 2010	21 Jan 2013	5.5 years	1,500,000	\$0.801

The options lapse if they are not exercised in accordance with the Option Terms and Conditions and will lapse at midnight on the last day of the Option Exercise period.

- (iii) The Group has not established a Public Employee Share Option Scheme.  
A summary of the movements of all company options issues is as follows:

		Weighted Average Exercise
	Number	Price
Options outstanding as at 30 June 2012	3,000,000	\$0.601
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 30 June 2013	3,000,000	\$0.601
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	1,500,000	\$0.601
Options exercisable as at 30 June 2014	1,500,000	\$0.601



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The weighted average remaining contractual life of options outstanding at year-end was 0.5 years. The exercise price of outstanding shares at the end of the reporting period was \$0.401 and \$0.801 respectively.

These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	Nil exercised
Weighted average life of the option:	4.5 years
Expected share price volatility:	80%-95%
Risk-free interest rate:	4.76% & 4.87%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

### NOTE 22: EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been not matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated group, the results of these operations, or the state of affairs of the consolidated group in future financial years.

The final creditors meeting for Kalium Corporation was held on 12<sup>th</sup> September 2014. The company has progressed to final liquidation stages and will be de-registered before the end of December 2014.

### NOTE 23: COMPANY DETAILS

The registered office of the Group is:

Level 5, 137-139 Bathurst Street  
Sydney NSW 2000

The principal place of business of the Group is:

Level 11, 50 Pitt Street  
Sydney NSW 2000



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 25: CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
		2014	2013
Subsidiaries of Zeus Resources Limited:			
Kalium Corporation Ltd (renamed Kalium Corporation Pty Ltd)	Australia	100%	100%

## Acquisition of Controlled Entities

No acquisitions of companies were made during the financial year 2014

On 21<sup>st</sup> January 2013 the parent entity acquired a 100% interest in Kalium Corporation Pty Ltd. The acquisition was a result of the Company increasing its exploration tenements. The acquisition resulted in Zeus Resources Limited obtaining control of Kalium Corporation Pty Ltd.

Purchase consideration:	Fair Value
	\$
cash	-
ordinary shares in Zeus Resources Limited <sup>(i)</sup>	2,000,000
share options (see Note 22)	247,500
	<u>2,247,500</u>
<b>Less:</b>	
Receivables	-
Inventories	-
Exploration and evaluation assets	242,782
Payables	(1,770)
<b>Identifiable assets acquired and liabilities assumed</b>	<b>241,012</b>
<b>Goodwill <sup>(ii)</sup></b>	<b><u>2,006,488</u></b>

- (i) The consideration paid to acquire Kalium Corporation included 10,000,000 ordinary shares at \$0.20 each issued to the vendors of Kalium Corporation. The fair value of the shares was determined based on the current market price of the shares at the date of acquisition.
- (ii) The goodwill is attributable to the tenement applications of the acquired business. This goodwill was impaired to zero in the financial year end 2013 (see Note 6).  
No amount of the goodwill is deductible for tax purposes.

Revenue of Kalium Corporation included in the consolidated revenue of the Group for this financial year was nil (2013: Nil). Loss of Kalium Corporation included in consolidated loss of the Group for this financial year was nil (2013: Nil).





## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 38 to 67, are in accordance with the *Corporations Act 2001* and:
2.
  - (a) comply with Accounting Standard AASB 101: *Presentation of Financial Statements* and 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 Consolidated Group.
3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

A handwritten signature in black ink, appearing to read 'Jiangang Zhao', written over a light blue rectangular stamp.

Mr. Jiangang Zhao  
Acting CEO and Director

Dated this 26<sup>th</sup> Day of September 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEUS RESOURCES LIMITED AND CONTROLLED ENTITIES**

### **Report on the Financial Report**

We have audited the accompanying financial report of Zeus Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

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

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

#### *Independence*

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

#### **CHARTERED ACCOUNTANTS & ADVISORS**

**Sydney Office**  
Level 29, 66 Goulburn Street  
Sydney NSW 2000  
Telephone: +61 2 8263 4000

**Parramatta Office**  
Level 7, 3 Horwood Place  
Parramatta NSW 2150  
PO Box 19  
Parramatta NSW 2124  
Telephone: +61 2 8836 1500  
**williambuck.com**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEUS RESOURCES LIMITED  
AND CONTROLLED ENTITIES (CONT)***Auditor's Opinion*

In our opinion:

- a) the financial report of Zeus Resources Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Company and 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 (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

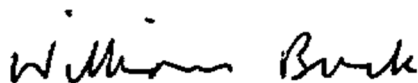
We have audited the Remuneration Report included in pages 30 to 35 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

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

*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This auditor's report relates to the financial report of Zeus Resources Limited for the year ended 30 June 2014 included on Zeus Resources Limited web site. The company's directors are responsible for the integrity of the Zeus Resources Limited web site. We have not been engaged to report on the integrity of the Zeus Resources Limited web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



William Buck  
Chartered Accountants  
ABN 16 021 300 521



Paul Collins  
Partner  
Sydney, 26<sup>th</sup> September 2014



## TENEMENT SCHEDULE

Licence Name	Licence Number	State/ Territory	Area	Project	Date Expires/Note
Harvey Well	E53/1601	W.A.	70	Lake Way	14 Feb 18
Shannon Well	E56/1604	W.A.	48	Lake Way	14 Feb 18
Lake Uramurdah	E53/1603	W.A.	16	Lake Way	14 Feb 18
Cunya	E53/1602	W.A.	57	Lake Way	14 Feb 18
Paroo	E53/1600	W.A.	60	Lake Way	14 Feb 18
Albion Downs	E53/1247	W.A.	13	Lake Way	02 Jan 17 Note 1
Yakabindie	E36/733	W.A.	70	Yeelirrie South	26 Apr 16 Note 1
Yeelirrie	E36/735	W.A.	11	Yeelirrie South	14 Jul 15 Note 1
Van Der Linden	E69/2362	W.A.	50	North Musgrave	20 May 18 Note 1
Great Victoria Desert 2	E39/1687	W.A.	10	Narnoo	09 Oct 17
Great Victoria Desert	E39/1689	W.A.	14	Narnoo	18 Oct 17
Great Victoria Desert	E39/1401	W.A.	105	Narnoo	02 Aug 14 (Extended)
Great Victoria Desert	E28/2096	W.A.	30	Narnoo	08 May 16
Great Victoria Desert	E28/2097	W.A.	11	Narnoo	08 May 16
Scorpion	E39/1683	W.A.	127	Narnoo	04 Sep 17
U20	E09/1618	W.A.	62	Mortimer Hills	15 May 16 Note 2
Red Rock	E52/2122	W.A.	17	Red Rock	23 Jul 17 Note 2

Note 1. The tenements are currently held by Sammy Resources Pty Ltd, with all conditions of the sale contracts being met they will be transferred into the Group's name.

Note 2. The tenements are currently held by FEC II Pty Ltd, with all conditions of the sale contracts being met they will be transferred into the Group's name.



## CORPORATED GOVERNANCE STATEMENT

### Annexure B

#### ASX Corporate Governance Council Principles and Recommendations

#### Verification Worksheet

Name of entity

ZEUS RESOURCES LIMITED

Financial year ended

30 JUNE 2014

Recommendation		The entity complied for the full period
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	The Company has established and disclosed the functions reserved to the board and those delegated to senior executives.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.2	The Company undertakes appropriate checks before appointing a person for election as a director, and provides securityholders with all material information relevant to a decision on electing a director.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.3	The Company has a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.4	The company secretary of the listed Company is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1.5	The Company has established a policy concerning diversity and has disclosed the policy or a summary of that policy. The policy includes requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them. The results are disclosed annually.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
1.6	The Company has disclosed the process for evaluating the performance of the board, its committees and individual directors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



## CORPORATED GOVERNANCE STATEMENT

Recommendation		The entity complied for the full period	
1.7	The Company has disclosed the process for evaluating the performance of senior executives.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	The board has established a nomination committee.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2.2	The board has disclosed a board skills matrix.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2.3	The Company has disclosed the names of the directors considered to be independent, interests, positions and associations that might cause doubts as to the independence of a director and the length of service of each director.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2.4	The majority of the board are independent Directors.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2.5	The chair is an independent director and is not exercising the role of chief executive officer.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2.6	The Company has a program for inducting new directors.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	<p>The Company has established a code of conduct and has disclosed the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> <li>the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;</li> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No





## CORPORATED GOVERNANCE STATEMENT

Recommendation		The entity complied for the full period
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>		
4.1	<p>The board has established an audit committee which is structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman</li> </ul> <p>And has disclosed:</p> <ul style="list-style-type: none"> <li>• the chart of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4.2	The Board has received from its CEO and CFO a declaration that in their opinion, the financial records have been properly maintained and comply with proper standards.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4.3	An AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclosed those policies or a summary of those policies.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



## CORPORATED GOVERNANCE STATEMENT

Recommendation		The entity complied for the full period
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	The listed Company has provided information about itself and its governance to investors via a website.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6.2	The listed Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6.3	The Company has designed a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and has disclosed their policy or a summary of that policy.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6.4	The listed Company has provided the security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
7.1	<p>The board has established a risk committee, structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman.</li> </ul> <p>And has disclosed:</p> <ul style="list-style-type: none"> <li>• the chart of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets.</li> </ul> <p>If no committee satisfying the above exists, it should disclose the fact and the processes it uses to safeguard the integrity of its reporting.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



## CORPORATED GOVERNANCE STATEMENT

Recommendation		The entity complied for the full period
7.2	The board has reviewed the Company's risk management framework at least annually and disclose whether such review has taken place.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7.3	The Company has disclosed if they have an internal audit function or the processes they employ for evaluating and improving the effectiveness of their risk management.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7.4	The Company has disclosed whether they have any material exposure to economic, environmental and social sustainability risks and, if they do, how they manage or intend to manage those risks.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The Board has established a remuneration committee, structured so that it:</p> <ul style="list-style-type: none"> <li>• has at least three members;</li> <li>• consists only of non-executive directors, a majority of whom are independent directors;</li> <li>• is chaired by an independent director who is not the Chairman</li> </ul> <p>And should disclose:</p> <ul style="list-style-type: none"> <li>• the chart of the committee;</li> <li>• the qualifications of the committee;</li> <li>• the number of times the committee meets</li> </ul> <p>If no committee satisfying the above exists, it should disclose that fact and the processes it uses to safeguard the integrity of its reporting.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8.2	The Company has disclosed their policies and practices regarding the remuneration of executive directors and other senior executives.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



## CORPORATED GOVERNANCE STATEMENT

Recommendation		The entity complied for the full period
8.3	Companies which have an equity-based remuneration scheme should: <ul style="list-style-type: none"><li>• have a policy on whether participants are permitted to enter into transactions (whether use the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</li><li>• disclose that policy or summary of it.</li></ul>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

The role and responsibilities of the Board of Directors is for the overall Corporate Governance of the Company and oversight of management, protecting the rights and interests of the shareholders, by adopting systems of control and managed risk as the basis for the administration.

The Board is committed to maintaining high standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors support the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council (Council). Whilst the Company's practices are partly consistent with the Council's guidelines, the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole. When Zeus is not able to implement one of the Council's recommendations the Company applies the "if not, why not" explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Company complies with those recommendations.

Details of all of the Council's recommendations can be found on the ASX website at <http://www.asx.com.au>



## CORPORATED GOVERNANCE STATEMENT

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

The Company has adopted Recommendation 1.1 to disclose the functions reserved to the Board and those delegated to senior executives. This has been disclosed on the Company's website.

### **BOARD OF DIRECTORS – ROLE AND RESPONSIBILITIES**

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance and management oversight of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole.

The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Company;
- the prudential control of the Company's finances and operations and the monitoring of the financial performance of the Company;
- the resourcing, reviewing and monitoring of executive management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

### **ACCOUNTABILITY**

The Company has complied with Recommendation 1.2 by undertaking background checks with regard to each director's character, experience and education prior to their nomination for election. Any material adverse information revealed by these checks is released to securityholders prior to the General Meeting at which they are able to be elected. When an individual is nominated to be a director, their curriculum vitae and their relevant professional history and qualifications is circulated to the securityholders of the Company.



## CORPORATED GOVERNANCE STATEMENT

The Company has complied with Recommendation 1.3 by giving its Directors letters of appointment and/or service agreements.

The Company has complied with Recommendation 1.4 by making the Company Secretary directly accountable to the Board on all matters to do with the proper functioning of the Board.

### **DIVERSITY**

The Company does not comply with Recommendation 1.5. The Company has not found it necessary to establish a diversity policy or annually report on measurable objectives with respect to achieving gender diversity. The nature of the policy for a Company of this size is inappropriate. As the Company develops, the Board intends to review its practices, and if deemed necessary in the future, the Board may consider adopting a policy.

### **PERFORMANCE OF THE BOARD**

The Company does not comply with recommendation 1.6. The Company has not found it necessary to disclose the process for evaluating the performance of the Board and the Company's Directors individually.

However, it is the policy of the Board to ensure that the Directors of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and committees, there is on-going monitoring by the Chairman and the members of the Board.

The Chairman also speaks to Directors individually regarding their role as a Director.

### **PERFORMANCE OF SENIOR EXECUTIVES**

The Chief Executive Officer's key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board at the annual anniversary of the appointment of the CEO.

The Company has adopted Recommendation 1.7 of evaluating the performance of senior executives in accordance with the process described above with the appointment of the CEO.

The Board did not conduct a performance evaluation for the Chief Executive Officer in the financial year. The current Chief Executive Officer is an Acting Chief Executive Officer.





## CORPORATED GOVERNANCE STATEMENT

### ***Principle 2 – Structure the Board to add value***

#### **BOARD OF DIRECTORS - COMPOSITION, STRUCTURE AND PROCESS**

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the Company's current size, scale and nature of its activities.

#### **BOARD NOMINATIONS**

The Board has not established a Remuneration and Nomination Committee Charter. The Board has not implemented a Remuneration and Nomination Committee due to the Company's small size and nature. The Board does consider nominations for the appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the *Corporations Act 2001* (Cth).

During the financial year the Board implemented the functions listed below. Whilst the Company has not adopted Recommendation 2.4, the Board is effectively managing the functions normally expected of such a committee.

The responsibilities assumed by the Board include:

- Board and senior executive functions;
- Board composition;
- criteria for nomination of Directors;
- selection and appointment of the Chairperson;
- selection and appointment of the Secretary;
- determine the frequency of meetings of the Committee;
- seek professional advice when required;
- responsibilities of the Committee; and
- overseeing of Board and executive succession plans.

#### **INDEPENDENT DIRECTORS**

Due to the small size of the Company, the Board is made up of four Directors.

The Company has not adopted Recommendation 2.2, which states that a board skills matrix should be disclosed, nor has it adopted Recommendation 2.3, which states that the majority of the directors should be independent. Because of the small size and nature of the Company, the Company has appointed 1 independent Director on the Board. It is the Board's opinion that all Directors bring to the Board their independent judgement, irrespective of whether they are independent or not.

#### **REGULAR ASSESSMENT OF INDEPENDENCE**

An Independent Director, in the view of the Company, is a Non-executive Director who:



## CORPORATED GOVERNANCE STATEMENT

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company, or has been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Company, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of Directors required for the Board to properly perform its responsibilities and functions.

### CHAIRPERSON AND MANAGING DIRECTOR

The Company does not follow Recommendation 2.5. The office of Chair is held by Mr Chuanxi Ding, a nominee of ZIMC, the largest shareholder of Zeus.

The Chairperson leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

The CEO is responsible and accountable to the Board for the Company's management. Mr Jiangang Zhao is currently Acting Chief Executive Officer of the Company. Mr Zhao was appointed as Acting CEO of the Company following the departure of Mr Peter Williamson in November 2013.

### PERFORMANCE REVIEW AND EVALUATION

The Company does not follow Recommendation 2.5 by disclosing the process for evaluating the performance of the Board, and disclosure requirements under Principle 2.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and executives, there is on-going monitoring by the Chairperson and the members of the Board.

The Chairperson also speaks to Directors individually regarding their role as a Director.



## CORPORATED GOVERNANCE STATEMENT

### INDUCTION AND EDUCATION

The Company does have a policy to provide each new Director or officer with a copy of the following documents:

- Responsibilities of Department Policy;
- Board procedures, rules and responsibilities Policy;
- Salary and Performance Policy;
- Fixed Assets Management Policy;
- Financial Policy;
- Travel and Accommodation Policy;
- Employee Manual;
- Recruitment Policy;
- Delegated Authority of Limits
- Securities Trading Policy; and

The Company does not have the following policies in place as yet due to its size and nature, the content of these policies are enshrined in the above policies and in employment contracts;

- Audit and Risk Charter;
- Remuneration and Nomination Charter; and
- Diversity policy.

### ACCESS TO INFORMATION

Each Director has access to Board papers and all relevant documentation.

### SKILLS KNOWLEDGE AND EXPERIENCE

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board consists of a relevant blend of personal experience in accounting and finance, exploration geology, and, Director-level business or corporate experience required by the Company.

### INDEPENDENT DIRECTORS

The Company considers that as at 30 June 2014 Mr. Gregory Clifton Hall is classified as an Independent Director.

### PROFESSIONAL ADVICE

Board members, with the approval of the Chairperson, may seek from time to time external professional advice.



## CORPORATED GOVERNANCE STATEMENT

### PERIOD OF OFFICE HELD BY EACH DIRECTOR

- Mr Gregory Clifton Hall since 18 August 2010
- Mr Jiangang Zhao since 25 February 2013
- Mr Chuanxi Ding since 25 February 2013
- Mr Zhang Yong since 25 February 2013

### TERMS OF APPOINTMENT AS A DIRECTOR

The Constitution of the Company provides that a Director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (excluding the Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

### MEETINGS OF THE REMUNERATION AND NOMINATION COMMITTEE

The Company has not established a Remuneration and Nomination Committee. However, the members of the Board communicated with each other on regular basis to address any issues which arose in this regard.

### *Principle 3 – Act Ethically and Responsibly*

### CODE OF CONDUCT AND ETHICAL STANDARDS

The Company has adopted recommendation 3.1 by establishing a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. The Company is focused on ensuring that all Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

### ACCESS TO COMPANY INFORMATION AND CONFIDENTIALITY

All Directors have the right of access to all relevant Company books and to the Company's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Company have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.



## CORPORATED GOVERNANCE STATEMENT

### SHARE DEALINGS AND DISCLOSURES

The Company has adopted a Securities Trading Policy. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and Directors are required to consult the Chairperson and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

### CONFLICT OF INTEREST

To ensure that Directors are at all times acting in the best interests of the Company, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself or herself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

### RELATED PARTY TRANSACTIONS

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Company also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

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

#### AUDIT COMMITTEE

The Company has not established an Audit Committee with a corresponding charter. The Audit compliance is managed by the full board of Zeus Resources. The objective of the Board is to make recommendations and implement, among various matters, the adequacy of the external audit and compliance procedures. The Board evaluates from time to time the effectiveness of the financial statements prepared for the Board meetings and to insure that an independent judgement is always exercised.



## CORPORATED GOVERNANCE STATEMENT

### CEO AND CFO DECLARATIONS

The Company has adopted and complied with recommendation 4.2.

Due to the size of the management team, the Board has determined that the Chairperson and the Accountant are the appropriate persons to make the CEO and CFO declarations in respect of the year ended 30 June 2014, as required under section 295A of the Corporations Act and recommended by the ASX Corporate Governance Council. The Board is also satisfied that the internal control system is operating effectively in all material respects.

### AUDITOR PRESENT AT ANNUAL GENERAL MEETING

A representative of the Company's external auditor will be present at the Company's AGM and will be available to answer questions from securityholders relevant to the audit.

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

The Company has not adopted Recommendation 5.1 by putting in place a continuous Disclosure Policy because of the size and nature of the Company.

### CONTINUOUS DISCLOSURE TO THE ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. Accordingly the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities; and
- the announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in Zeus securities.

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

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website. The Company's reports and ASX announcements are made available on the Company's website [www.zeusresources.com](http://www.zeusresources.com) and on the ASX website [www.asx.com.au](http://www.asx.com.au), under ASX code 'ZEU'.





## CORPORATED GOVERNANCE STATEMENT

### COMMUNICATION TO SHAREHOLDERS

The Company does not comply with Recommendation 6.2 and 6.3 due to the size and nature of the Company.

However, the Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. The Company will provide that information will be communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly Directors' and financial statements;
- quarterly activities and cash flow reports;
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing; and
- Rules and other information that may be mailed to shareholders or made available through the Company's website.

The company has complied with Recommendation 6.4 by encouraging Shareholders to register for receipt of announcements and updates electronically.

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

#### RISK COMMITTEE

The Company has not established a Risk Committee with a corresponding charter.

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

Due to the size of the Company, Recommendation 7.2 is not relevant for Zeus because the Board has the oversight function of risk management and internal control systems. Therefore, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.



## CORPORATED GOVERNANCE STATEMENT

### INTERNAL CONTROL AND RISK MANAGEMENT

The primary vehicle for managing corporate risks is regular oversight by the Board. The Board reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels.

The Company has recently put in place a system that appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

### INTERNAL AUDIT FUNCTION

The internal audit function is carried out by the Board. The Company does not have an internal audit department nor has an internal auditor. The size of Zeus does not warrant the cost of appointing an internal auditor.

### ECONOMIC, ENVIRONMENTAL AND SUSTAINABILITY RISKS

All material risks are announced to the market in accordance with the requirements of the ASX Listing Rules and otherwise.

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

The Board of Zeus has not established a remuneration Committee in accordance with Recommendation 8.1. The Board is directed by the Chairperson who operates as the Committee, due to the size and nature of the Company.

The Remuneration and Nomination Committee held no formal committee meetings during the financial year ending 30 June 2014. However, the Board communicated regularly to address any issues that arose during the financial year.

### REMUNERATION COMMITTEE CHARTER AND RESPONSIBILITIES

The Company has established a Salary and Performance Policy along with a Recruitment Policy which operates in a similar fashion to a Remuneration and Nomination Committee charter. The role and responsibility of the Board is to review and make recommendations in respect of:

- executive remuneration policy;
- Executive Director and senior management remuneration;
- Non-executive Directors' Remuneration;
- performance measurement policies and procedures;
- Administration of the Company's Diversity policy;
- Board evaluation and performance of Directors; and
- Issue and allotment of options to Directors and Senior Executives.



## CORPORATED GOVERNANCE STATEMENT

### COMPOSITION OF THE REMUNERATION COMMITTEE

The Company does not fully comply with Recommendation 8.2 because of the current size of the Company. The committee has two members only.

### REMUNERATION POLICY

The Directors remuneration is approved by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. Consultants are engaged as required pursuant to service agreements. The Company ensure that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company. All salaries of Directors and statutory officers are disclosed in the Annual Report of the Company each year.

The Company does follow Recommendation 8.3. The Company does have a policy structure to remunerate Directors differently based on a fixed and incentive component salary packages to reflect the short and long term objectives of the Company.

- The salary component of the Managing Director/CEO remuneration is made up of fixed remuneration and long term incentive;
- The salary component of Non-executive Directors is made up of fixed remuneration.  
The Company has not adopted Recommendation 8.4 as follows due to its size and nature:
- The Company discloses the name of Directors in the Remuneration Committee and the attendance of each Director to the Remuneration Committee meetings, within its Directors' Reports;
- The Company does not provide any schemes for retirement; and
- The Company has not made publicly available a summary of the Remuneration Committee Charter on the Company's website.



## SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 30<sup>th</sup> June 2014:

## (a) Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Range	Ordinary Shares	%	No of Holders	%
100,001 and Over	172,284,507	95.6	71	16.3
10,001 to 100,000	5,595,599	3.11	127	29.2
5,001 to 10,000	2,244,795	1.25	230	52.9
1,001 to 5,000	24,999	0.01	6	1.38
1 to 1,000	100	0	1	0.23
Total	180,150,000	100	435	100

## (b) The names of the twenty largest holders of quoted securities are listed below:

Rank	Shareholder	No of Shares held	% of shares on issue
1	ZHENGYUAN INTERNATIONAL MINING COMPANY LIMITED	57,650,000	32.00%
2	VAST HONOUR GLOBAL LIMITED <sup>1</sup>	57,534,500	31.94%
3	BARBARY COAST INVESTMENTS PTY LTD <sup>2</sup>	14,613,864	8.11%
5	LANDREW INVESTMENTS PTY LTD	5,000,000	2.78%
6	DUNCAN MINING PTY LIMITED	4,600,000	2.55%
8	SAMMY RESOURCES PTY LTD	2,500,000	1.39%
9	YARANDI INVESTMENTS PTY LTD	2,000,000	1.11%
9	MR DAVID HANNON	2,000,000	1.11%
10	JAMES ZADKO & TERRI ZADKO	1,643,609	0.91%
11	RPM SOLUTIONS PTY LTD	1,600,000	0.89%
12	FELIX BAY CAPITAL PTY LTD	1,400,000	0.78%
13	JACOBSON GEOPHYSICAL SERVICES PTY LTD	1,156,953	0.64%
14	MR ROBERT SCOTT PHILLIPS & MRS DODIE SONJA PHILLIPS	1,053,000	0.58%
15	TECTONEX GEOCONSULTANTS PTY LTD	1,000,000	0.56%
16	MR GEORGE ANTHONY WATSON	999,120	0.55%
17	JEFFREY POLOVICK	996,116	0.55%
18	STEPHEN ROGER KING	979,437	0.54%
19	LEET INVESTMENTS PTY LIMITED	800,000	0.44%
20	MS MOOI FAH LEE	779,701	0.43%
	TOTAL	158,306,300	87.87%

<sup>1</sup> Vast Honour Global Limited shares hold shares at Rank # 7 – combined total shown.

<sup>2</sup> Barbary Coast Investments Pty Ltd hold shares at Rank # 4 – combined total shown.



## SHAREHOLDER INFORMATION

(c) Substantial Shareholders

Substantial shareholders in the Company are:

	<b>Ordinary Shares</b>	
	<b>Number Held</b>	<b>Percentage of Issued Shares</b>
Zhengyuan International Mining Company Limited	57,650,000	32.00%
Vast Honour Global Limited	57,534,500	31.94%
Barbary Coast Investments Pty Ltd	14,613,864	8.11%

(d) Voting Rights

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

**Ordinary Shares**

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

**Options**

No Voting Rights.