EPIC RESOURCES LIMITED

ABN 85 146 530 378

FINANCIAL ANNUAL REPORT
FOR THE PERIOD FROM 24 SEPTEMBER 2010
(DATE OF INCORPORATION)
TO 30 JUNE 2011

Perth Office
Suite 2, Level 3

1292 Hay Street
West Perth, WA, 6005

PO Box 1974

West Perth WA 6872

T: +61 (08) 6140 2449
F: +61 (08) 6314 1587

E: info@epicresources.com.au
W: www.epicresources.com.au

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Directors & Officers

Faldi Ismail – Executive Chairman	Appointed 24 September 2010
Noel O'Brien – Non-Executive Director	Appointed 8 November 2010
Morgan Barron – Non-Executive Director	Appointed 15 November 2010
David Reeves – Non-Executive Director	Appointed 24 September 2010; Resigned 4 November 2010
Peter Wall – Non-Executive Director	Appointed 24 September 2010; Resigned 15 November 2010
Francis De Souza – Non-Executive Director	Appointed 4 November 2010; Resigned 15 November 2010
Tanya Woolley - Company Secretary	Appointed 18 February 2011
Sean Henbury - Company Secretary	Appointed 24 September 2010; Resigned on 18 February 2011

Registered Office

Suite 2, Level 3
1292 Hay Street
West Perth WA 6005

PO Box 1974
West Perth WA 6872

T: +61 (08) 6140 2449
F: +61 (08) 6314 1587
E-mail: info@epicresources.com.au
Website: www.epicresources.com.au

Bankers

National Australia Bank
Rockingham Business Centre
Unit 14, 10 Livingstone Road
Rockingham WA 6168

Auditors

Pitcher Partners Corporate & Audit (WA) Pty Ltd
Level 1, 914 Hay Street
Perth WA 6000

Stock Exchange

Australian Securities Exchange Limited (ASX)
Home Exchange – Perth
ASX Symbols – EPC (ordinary shares)

Share Registry

Security Transfers Registrars
770 Canning Highway
Applecross WA 6153

Australian Company Number
ACN 146 530 378

Domicile and Country of Incorporation
Australia

Australian Business Number
ABN 85 146 530 378

The Directors submit their report on Epic Resources Limited (the "Company" or "Epic") for the period from 24 September 2010 (date of incorporation) to 30 June 2011 ("the Period").

1. DIRECTORS

The names and details of the Company's Directors in office during the financial Period and until the date of this report are as follows. Directors were in office for the entire Period unless otherwise stated.

Faldi Ismail, Executive Chairman (appointed on 24 September 2010)
B.Bus, MAICD

Mr Ismail has many years of experience as a corporate consultant specialising in the restructure and recapitalisation of a wide range of ASX-listed companies. Mr Ismail spent +4 years working as a tax supervisor with a major Perth based accounting firm as well as being a senior within their Corporate Restructuring Division.

Mr Ismail is the co-founder of Otsana Capital Pty Ltd, a boutique advisory firm that specializes in mergers & acquisitions, capital raisings and Initial Public Offerings (IPO's). Mr Ismail has many years of investment banking experience covering a wide range of sectors, with a specific focus on the resources sector.

During the past three years, Mr Ismail held the following ASX listed directorships: Minbos Resources Limited (current), Kalimantan Gold Corporation Limited (current), Coventry Resources Limited (current), Kangaroo Resources Limited (ceased), Energio Limited (ceased), Cape Range Limited (ceased) and Sam's Seafood Holdings Limited (now Pan Asia Corporation Limited)(ceased).

Noel O'Brien, Non-Executive Director (appointed on 8 November 2010)
BE(Met), MBA, FAusIMM, MAICD

Mr O'Brien has a broad technical and operational knowledge of processing, logistics and project delivery in the international minerals industry based on 36 years experience in Australia and Africa. He is currently providing technical consulting services to mining companies and advising boards on new prospect evaluation and project definition. Mr O'Brien has previously held senior positions with WestNet Infrastructure Group, GHD, SNC-Lavalin Inc, Anglo American/De Beers and Peko Mines NL.

During the past three years, Mr O'Brien held a directorship position on ASX listed Baraka Petroleum Limited (ceased).

Morgan Barron, Non-Executive Director (appointed on 15 November 2010)
CA, B.Com. Acc.Fin UWA, FINSIA Associate, AICD

Mr Barron is a qualified Chartered Accountant who has worked in various corporate roles both in Australia and across Europe. Mr Barron holds a Bachelor of Commerce Degree, is an Associate of the Securities Institute of Australia, and a graduate of the Australian Institute of Company Directors. Mr Barron has more than 14 years' experience in corporate finance and has been involved in a number of ASX capital raisings, mergers/acquisitions and corporate transactions.

In the past three years Mr Barron held the following ASX listed directorships: Strickland Resources Limited (current) and ZYL Limited (ceased).

David Reeves, Non-Executive Director (appointed 24 September 2010; resigned 4 November 2010)
BSc (Min Eng), F Fin, MAusIMM, MSAIMM

Mr Reeves holds a first class honours degree in mining engineering from the University of New South Wales, a graduate diploma in applied finance and investment from the Securities Institute of Australia, and a Western Australian first class mine managers certificate of competency.

Mr Reeves has been involved with mining precious, base and industrial minerals throughout his 20 year career. Mr Reeves has spent the last 10 years in Southern Africa, most recently at Zimplats and Afplats where he was responsible for the feasibilities and development of the projects.

Currently, Mr Reeves is Managing Director of UK listed company Ferrex Plc, and non-executive director on ASX listed companies Minbos Resources Limited and Southern Crown Resources Limited.

Peter Wall, Non-Executive Director (appointed 24 September 2010; resigned 15 November 2010)
LLB BComm MAppFin FFin

Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). Mr Wall has also completed a Masters of Applied Finance and Investment with FINSIA (formerly the Securities Institute of Australia). Mr Wall was appointed a Partner at Steinepreis Paganin on 1 July 2005.

Mr Wall has a wide range of experience in all forms of mergers and acquisitions (including takeovers and schemes of arrangement) and has also advised on numerous successful IPOs and back door listings on ASX. In addition, Mr Wall specialises in corporate reconstructions and recapitalisations of listed entities, acting as principal or alternatively an adviser to the transaction. Mr Wall's other core areas of practice include energy and resources, capital markets, corporate and strategic advice, securities law, commercial law and contract law.

Mr Wall has held the following directorships in the last three years: NSL Consolidated Limited (current) and Coventry Resources Limited (ceased).

Francis De Souza, Non-Executive Director (appointed 4 November 2010; resigned 15 November 2010)

Mr De Souza has many years experience in financial services, specialising in corporate advisory and equity markets with a specific focus in the resources sector. Mr De Souza is the co-founder of Otsana Capital Pty Ltd, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and Initial Public Offerings (IPO's). Mr De Souza has facilitated a number of resource transactions ranging from reverse takeovers, project evaluations through to IPO's and capital raisings.

Mr De Souza has held no other ASX listed directorships in the past three years.

2. COMPANY SECRETARY

Tanya Woolley (appointed on 18 February 2011)
B.Com, Grad.ICSA

Mrs Woolley's qualifications include a Bachelor of Commerce degree with a triple major (International Business, Finance and Accounting) from Notre Dame University, Perth, Western Australia; and a Graduate Diploma in Applied Corporate Governance that was successfully completed in June 2010 through Chartered Secretaries Australia. Mrs Woolley previously worked as an accountant and company secretary for Kingsrose Mining Limited within the mining industry for three years. Prior to this, Mrs Woolley worked as an auditor for three years with an accounting firm in Perth which included a secondment to an international firm in the United Kingdom.

Mrs Woolley is also company secretary for ASX listed companies Minbos Resources Limited and Conto Resources Limited.

Sean Henbury (appointed on 24 September 2010 and resigned on 18 February 2011)
CA, FTIA

Mr Henbury is a Chartered Accountant with over 13 years experience in public practice with three of Perth's major Accounting firms. Recently, he was a founding director of the accounting firm FJH Solutions Pty Ltd, where he continues to provide client support across a wide range of industries including mining, exploration, research and development, construction and manufacturing.

Mr Henbury has been company secretary of a number of companies and is regularly called upon to advise directors of their duties. Mr Henbury is a former company secretary of ASX listed companies: Environmental Clean Technologies Ltd (formerly Environmental Solutions International Ltd) and Minbos Resources Limited.

Mr Henbury was a director of NSL Health Limited and Computronics Holdings Limited and is still the company secretary of both of these listed public companies, along with Kangaroo Resources Limited.

3. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company or a related body corporate as at the date of this report.

	Fully Paid Ordinary Shares	Unlisted Share Options
Mr Ismail	1,300,000	500,000
Mr O'Brien	-	250,000
Mr Barron	116,875	250,000
	1,416,875	1,000,000

4. DIVIDENDS

No dividend has been paid during the Period and no dividend is recommended for the Period.

5. DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial Period and the number of meetings attended by each Director during the time the Director held office are:

	Directors' Meetings	
	Number eligible to attend	No. Attended
Mr Ismail	8	8
Mr O'Brien	4	4
Mr Barron	3	3
Mr Reeves	4	4
Mr Wall	5	5
Mr Souza	2	2

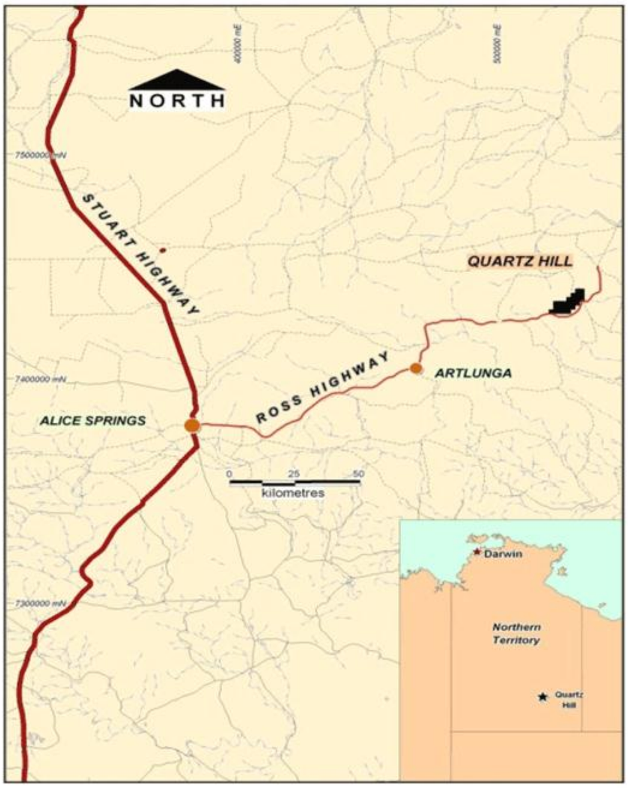
For details of the function of the Board, Audit Committee and Remuneration Committee, please refer to Corporate Governance Statement.

6. PRINCIPAL ACTIVITIES

The Company is an Australian-based exploration company that was initially established to acquire, explore, evaluate and exploit uranium-REE deposits and explore prospective uranium tenements and other minerals. In addition to seeking to earn a 75% interest in the Quartz Hill Project, the Company intends to pursue new projects in the resources sector, both in Australia and overseas, by way of acquisition or investment. These projects may include other types of minerals including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel, potash and tungsten.

7. REVIEW OF OPERATION

The project consists of two granted exploration licenses (EL25296 and EL2483) of which Cazaly Iron Pty Ltd ("Cazaly") is the holder and Epic is the sole operator. The project area is located in the eastern Harts Ranges in the Northern Territory approximately 170km east-northeast of Alice Springs (**Figure 1**).



As detailed in the Prospectus, the Company entered into a Farmin Agreement with Cazaly Iron Pty Ltd (Cazaly), pursuant to which the Company acquired a right to earn a 75% interest in the Quartz Hill Project by completing 2,000 metres of RC drilling within 2 years of the Company listing on the ASX.

During the Period the Company completed its first-pass reconnaissance mapping and sampling campaign at its Quartz Hill Project (Northern Territory) (**Figure 2**).

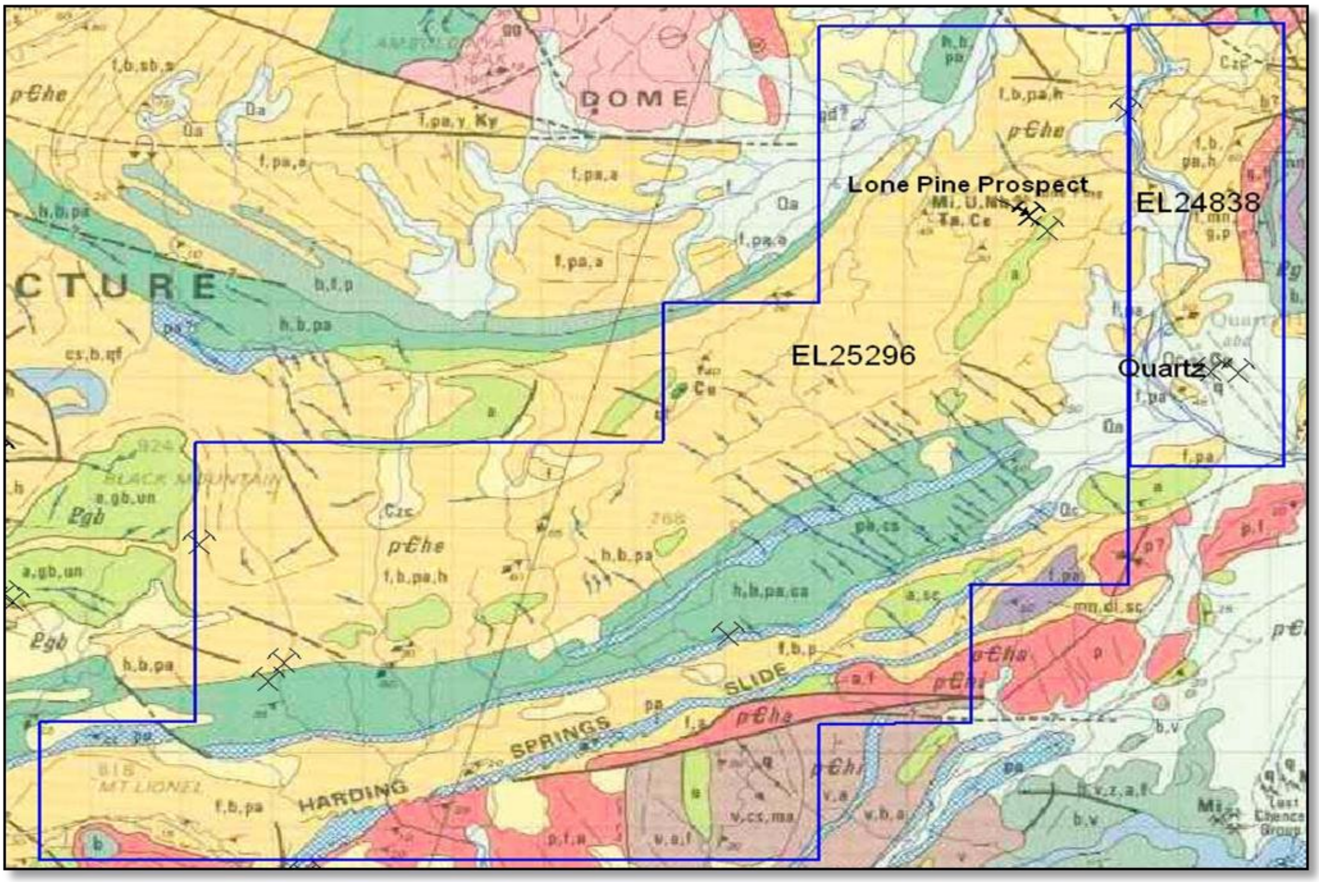


Figure 2: Quartz Hill Project – EL25296 and EL24838, Entia Dome, Northern Territory

Upon review of the historical and recent sampling exploration results disclosed in the Company recent ASX releases (dated 16 August 2011), and as part of their next stage of exploration, the Company intends to pursue further expansion of mapping and sampling at the Lone Pine and Quartz Hill field which is consistent with the budget set out in the Prospectus.

Technical information in this report has been prepared under the supervision of Mr Jonathan King, a director of Weston Consultancy Group Pty Ltd, and a member of the Australian Institute of Geoscientists (AIG). Mr King has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr King consents to the inclusion in this report of the Information, in the form and context in which it appears.

8. FINANCIAL RESULTS

The cash and cash equivalents as at 30 June 2011 totaled $3,818,989. The net asset position as at 30 June 2011 was $4,125,464. The net loss after tax for the Period attributable to the members of the Company was $360,961.

9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

10. AFTER BALANCE SHEET DATE EVENTS

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

11. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors continue to examine other high growth investment opportunities and are also seeking to expedite the rationalisation of non-performing assets to increase the capital base for other investment opportunities.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

12. ENVIRONMENTAL ISSUES

The Company is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company.

13. REMUNERATION REPORT (Audited)

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

- A Remuneration Philosophy
- B Remuneration Structure
- C Details of Remuneration
- D Remuneration Approvals
- E Share-based compensation
- F Equity instruments issued on exercise of remuneration options
- G Value of options to Directors

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. There were no company executives who were not also Directors of the Company for the Period. The remuneration arrangements detailed in this report are for Chairman and Non-Executive as follows:

- Faldi Ismail (Executive Chairman) (appointed on 24 September 2010)
- Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010)
- Morgan Barron (Non-Executive Director) (appointed on 15 November 2010)
- David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)
- Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)
- Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)
- Sean Henbury (Company Secretary)(appointed on 24 September 2010 and resigned on 18 February 2011)
- Tanya Woolley (Company Secretary)(appointed on 18 February 2011)

A Remuneration Philosophy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the Directors of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company does not have an employee share option scheme.

B Remuneration Structure

Executive and Non-Executive remuneration arrangements

The remuneration of Executive and Non-executive Directors (NED) consists of Directors' fees, payable monthly in arrears. They do not receive retirement benefits but are able to participate in share option based incentive programmes in accordance with Company policy.

Currently all Directors, Messrs Ismail, Barron and O'Brien are each paid Director's fees of $36,000 per annum for being a Director of the Company, payment of Directors' fees took effect from the Company's listing date. Since listing on the ASX, the Directors have received fees totalling $16,500 each.

Directors are paid consulting fees on time spent on Company business, including reasonable expenses incurred by them on business of the Company, details of which are contained in the Remuneration Table disclosed as Section C of this Report.

Remuneration of Executive and Non-Executive Directors are based on fees approved by the Board of Directors in the absence of the Remuneration Committee and is set at levels to reflect market conditions and encourage the continued services of the Directors.

The Board has not established a Remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the Directors are responsible. Remuneration to the Directors is by way of Director Fees only, with the level of such fees, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity. There is currently no link between performance and remuneration. Further there are no schemes for retirement benefits in existence.

The following table shows the gross revenue, losses, share prices and dividends of the Company for the Period ended 30 June 2011.

	30-Jun-11
Revenue ($)	**81,392**
Net profit/(loss) ($)	**(360,961)**
Share price (cents)	**(2.56)**
Dividend ($)	**-**

C Details of Remuneration

The key management personnel of the Company are the Directors of Epic Resources Limited. Details of the remuneration of the Directors of the Company are set out below:

30/06/2011	Short-term benefits Salary & fees* $	Bonus $	Non-monetary $	Other $	Post-employment benefits Superannuation $	Share-based payment Options & rights $	Total $	Total Performance related $	Percentage remuneration consisting of options for the year
Directors									
Mr Ismail (i)	**16,500**	**-**	**-**	**-**	**-**	**22,393**	**38,893**	**-**	**58%**
Mr O'Brien (ii)	**16,500**	**-**	**-**	**-**	**-**	**22,393**	**38,893**	**-**	**58%**
Mr Barron (iii)	**16,500**	**-**	**-**	**-**	**-**	**22,393**	**38,893**	**-**	**58%**
Mr Reeves (iv)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Mr Wall (v)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Mr Souza (vi)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total	**49,500**	**-**	**-**	**-**	**-**	**67,179**	**116,679**	**-**	
Other Key Management									
Mrs Woolley (vii)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**49,500**	**-**	**-**	**-**	**-**	**67,179**	**116,679**	**-**	**-**

(i) Faldi Ismail (Executive Chairman) (appointed on 24 September 2010)

(ii) Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010)

(iii) Morgan Barron (Non-Executive Director) (appointed on 15 November 2010)

(iv) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)

(v) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)

(vi) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)

(vii) Tanya Woolley works with Blue Horse Corporate Pty Ltd and the Company has an agreement with, and pays services to, Blue Horse Corporate Pty Ltd. Refer to note 19 to the Financial Statements for further details.

*Directors Fees were paid monthly in arrears and commenced from the Company's official listing date on the ASX, this being 14 February 2011.

D Remuneration Approvals

Remuneration of Executive and Non-Executive Directors are based on fees approved by the Board of Directors in the absence of the Remuneration Committee and is set at levels to reflect market conditions and encourage the continued services of the Directors. The Directors collectively consider the nature and amount of remuneration with reference to relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing directors and executives.

The Board also sets the aggregate remuneration of Non-Executive Directors which is then subject to shareholder approval.

E Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options (the "Plan"). There are no performance requirements to be met before exercise can take place. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

The issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Company's performance.

750,000 options in total, each exercisable at $0.20 and expiring on the 31 January 2014 were granted to the Directors of the Company.

Options granted under the Plan carry no dividend or voting rights. The grant date equals the vesting date for all options. No options were exercised as at the date of this report.

Details of options over ordinary shares in the Company provided as remuneration to the Directors and key management personnel of the Company is set out below. When exercisable, each option is convertible into one ordinary share of the Company.

No shares were issued in exercise of options granted in the Period.

	30/06/2011	Exercise Price	Expiry Date
Directors			
Mr Faldi Ismail	250,000	$0.20	31/01/2014
Mr Noel O'Brien	250,000	$0.20	31/01/2014
Mr Morgan Barron	250,000	$0.20	31/01/2014
	750,000		

F Equity Instruments Issued on Exercise of Remuneration Options

No shares were issued during the Period to Directors or key management as a result of exercising remuneration options.

G Value of Options to Directors

Details of the value of options granted, exercised and lapsed during the Period to Directors as part of their remuneration are summarised below:

Directors	Value of options at grant date	Value of options exercised	Value of options lapsed	Remuneration consisting of options for the year ended 30 June 2011
	$	$	$	%
Mr Faldi Ismail	22,393	-	-	58%
Mr Noel O'Brien	22,393	-	-	58%
Mr Morgan Barron	22,393	-	-	58%
Total	67,179	-	-	

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

End of Remuneration Report

14. OPTIONS

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

Date of Expiry	Exercise Price	Number Under Option
31/01/2014	$0.20	3,500,000

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

15. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

16. INDEMNIFYING OFFICERS

During the financial Period, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial Period, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

17. FUTURE DEVELOPMENT, PROSPECTS AND BUSINESS STRATEGIES

The Directors continue to examine other high growth investment opportunities to increase the capital base for other investment opportunities.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

18. NON-AUDIT SERVICES

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

Non-Audit Services	**$**
Pitcher Partners Corporate & Audit (WA) Pty Ltd	
Remuneration for other services - Independent Accountants Report	8,303
Total	**8,303**

19. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the period from 24 September 2010 (date of incorporation) to 30 June 2011 has been received and can be found on page 13 of the financial report.

Signed in accordance with a resolution of the Board of Directors

Faldi Ismail
Executive Chairman

Perth, Western Australia

Date: Friday, 2 September 2011

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

To: The directors of Epic Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period from 24 September 2010 (date of incorporation) to 30 June 2011 there have been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Pitcher Partners Corporate + Audit (WA) Pty Ltd

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

MARK ENGLISH

DIRECTOR

PERTH, WA

2 SEPTEMBER 2011

The Board of Directors of Epic Resources Limited (the "Company" or "Epic") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Epic on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least three directors and it intends to establish a majority of non-executive directors;
- the Chairman should be a non-executive director, although this has not yet been achieved;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

REMUNERATION COMMITTEE

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

AUDIT COMMITTEE

The Company is not of a size that justifies having a separate Audit Committee. However, matters typically dealt with by such committees are dealt with by the full Board.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the Company is delegated by the Board to the Financial Accountant and Company Secretary ("Officer"). The Board ensures that the Officer is appropriately qualified and experienced to discharge their responsibilities, and has in place procedures to assess the performance of the Company's officers, contractors and consultants.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- Implementation of operating plans and budgets by management and Board monitoring progress against budget; and

- Procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expenses.

MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

The Board of the Company currently has in place a corporate governance policy, but is in the process of adopting a more comprehensive Corporate Governance Plan. The Company's Corporate Governance Plan will, in the near future, be posted in a dedicated corporate governance section on the Company's website.

PRINCIPLES AND RECOMMENDATIONS		COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. The Company's main corporate governance policies and practices are outlined at section 6.2 of the Company's Prospectus dated 22 November 2010.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board reviews the performance in respect of remuneration policies applicable to all Directors and Executive Officers on an as needed basis.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	The Company will explain any departures from best practice recommendations 1.1 and 1.2 in its future annual reports, including whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	A majority of the directors are currently independent.
2.2	The Chair should be an independent director.	The chairman is currently not independent. The Company intends to seek out and appoint an independent chairman in the future, however, due to the current limited size of the Company's operations it may not be appropriate to appoint an independent chairman for some time.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	There is no chief executive officer role being fulfilled. The Company intends to seek out and appoint a chief executive officer in the future, however, due to the current limited size of the Company's operations it may not be appropriate to appoint a chief executive officer for some time.

2.4	The board should establish a nomination committee.	The Company is not of a size at the moment that justifies having a separate Nomination Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Board has not developed a formal process for performance evaluation at this time. The performance of all Executive Directors will be reviewed at least annually by the Non-Executive Directors, with Executive Directors whose performance is unsatisfactory being asked to retire.
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2*.	The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5, in its annual reports. Refer to the Directors Report above.
3.	***Promote ethical and responsible decision-making***	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Board does not consider that the small size of the Board warrants a separate code of conduct. The Board understands the obligations for ethical and responsible decision making.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	The Company adopted a diversity policy on the 1 July 2011 as part of their Corporate Governance Plan.
3.3	Companies should disclose in each annual report the measureable objectives for achieving set by the board in accordance with the diversity policy and progress in achieving them.	The Company has not yet set measurable objectives however these will be considered by the Board and disclosed in the 2011 Annual Report. In addition, the Board will review progress against any objectives identified on an annual basis.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board	The Company's only office holding below the Board level, this being the position of Company Secretary and Financial Accountant, is held by a female contractor to the Company.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3*.	The Board will include in the Annual Report each year: • measurable objectives, if any, set by the Board; and • progress against the objectives. •

4.	***Safeguard integrity in financial reporting***	
4.1	The Board should establish an audit committee.	The Company is not of a size at the moment that justifies having a separate Audit Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors which consists of the executive chairman and two non-executive directors.
4.2	The Audit Committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	With matters typically dealt with the Audit Committee currently dealt with the Board of Directors, this comprises one Execuitve Chairman and two non-executive directors of which two of them are independent.
4.3	The Audit Committee should have a formal charter.	Such a charter is not considered necessary for the proper function of the committee given the composition of the Board of Directors.
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4*.	The Company will explain any departures from best practice recommendations 4.1, 4.2 and 4.3 in future annual reports.
5.	***Make timely and balanced disclosure***	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	The Company will provide an explanation of any departures from best practice recommendation 5.1 in its future annual reports
6.	***Respect the rights of shareholders***	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Given the size of the company, Epic Resources Ltd shall revert all communication with shareholders to that of the Board and its Company Secretary.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6*.	The Company will provide an explanation of any departures from best practice recommendation 6.1 in its future annual reports.
7.	***Recognise and manage risk***	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.
7.2	The Board should require management to	The Board's collective experience will enable accurate identification of

	design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board Meetings.
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2011 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	At this point in the Company's development the Board does not deem it necessary that assurance other than from the Board be provided in regards to the preparation of financial reports.
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	The Company will provide an explanation of any departures from best practice recommendations 7.1, 7.2 and 7.3 (if any) in its annual reports.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	The Board has not established a Remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the directors are responsible. Remuneration to the independent Director is by way of Director Fees only, with the level of such fees, having been set by the Board to an amount it considers to be commensurate for a company of its size and level of activity. The remuneration for the Executive Director is as disclosed in this Report. There is currently no link between performance and remuneration. Further there are no schemes for retirement benefits in existence.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	The Company is not currently of a size to justify the existence of a separate Remuneration Committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company intends to pay Messrs Barron and O'Brien non-executive director fees of $36,000 each per annum. Non-Executive directors do not receive performance based bonuses of the Company nor are they entitled to retirement allowances.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	The Company will provide an explanation of any departures from best practice recommendations 8.1 to 8.3 (if any) in its future annual reports.

	Notes	30-Jun-11
Continuing operations		
Revenue	**6**	**81,392**
Administration expenses	**7**	**(442,353)**
Loss from continuing operations after income tax		**(360,961)**
Loss for the period		**(360,961)**
Other comprehensive loss for the period, net of tax		**-**
Total comprehensive loss for the period		**(360,961)**
Loss for the period is attributable to:		
Owners of the Company		**(360,961)**
		(360,961)
Total comprehensive loss for the period attributable to:		
Owners of the Company		**(360,961)**
		(360,961)
		Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic loss per share – cents per share	**15**	**(2.56)**
Diluted loss per share – cents per share	**15**	**(2.56)**
Loss per share attributable to the ordinary equity holders of the Company		
Basic loss per share – cents per share	**15**	**(2.56)**
Diluted loss per share – cents per share	**15**	**(2.56)**

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 45.

	Notes	30-Jun-11
Current Assets		
Cash & cash equivalents	**9**	**3,818,989**
Trade & other receivables	**10**	**56,782**
Total Current Assets		**3,875,771**
Non-Current Assets		
Exploration and evaluation assets	**11**	**268,824**
Total Non-Current Assets		**268,824**
TOTAL ASSETS		**4,144,595**
Current Liabilities		
Trade & other payables	**12**	**19,131**
Total Current Liabilities		**19,131**
TOTAL LIABILITIES		**19,131**
NET ASSETS		**4,125,464**
EQUITY		
Equity attributable to the equity holders of the Company		
Contributed equity	**13**	**4,172,912**
Reserves	**14**	**313,513**
Accumulated losses		**(360,961)**
TOTAL EQUITY		**4,125,464**

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 45.

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	$	**$**	**$**	**$**
At 24 September 2010 (Date of Incorporation)	-	-	-	-
Loss for the period	**-**	**-**	**(360,961)**	**(360,961)**
Total comprehensive loss for the period	-	-	**(360,961)**	**(360,961)**
Transactions with owners in their capacity as owners:				
Issue of share capital	**4,525,000**	**-**	**-**	**4,525,000**
Capital raising costs	**(352,088)**	**-**	**-**	**(352,088)**
Share-based payments	**-**	**313,513**	**-**	**313,513**
At 30 June 2011	**4,172,912**	**313,513**	**(360,961)**	**4,125,464**

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 45.

	Note	30-Jun-11
		$
Cash flows from operating activities		
Payment to suppliers and employees		(166,491)
Interest received		81,392
Net cash flows used in operating activities	9	(85,099)
Cash flows from investing activities		
Payments for exploration and evaluation assets		(143,824)
Net cash flows used in investing activities		(143,824)
Cash flows from financing activities		
Proceeds from issue of shares/options, net of share issue costs		4,047,912
Net cash flows from financing activities		4,047,912
Net increase in cash and cash equivalents		3,818,989
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	9	3,818,989

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 45.

1. REPORTING ENTITY

Epic Resources Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited ("ASX"). The addresses of its registered office and principal place of business are disclosed in the Corporate Directory of the annual report. The financial statement of the Company is for the period from 24 September 2010 (date of incorporation) to 30 June 2011 (the "Period").

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 2 September 2011.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through the profit and loss and held for trading that measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

In the current year, the Company has adopted all of the applicable new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

- Except for the amendments to AASB 5 and AASB 107, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.

AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions'

- The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'

- The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Company has not entered into any arrangements that would fall within the scope of the amendments.

AASB 2010-3 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

- A collection of non-urgent but necessary improvements to the following accounting standards are AASB 3, AASB 7, AASB 121, AASB 128, AASB 132 and AASB 139.

AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'

- Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements. Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments' This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Company has not entered into transactions of this nature.

4. SIGNIFICANT ACCOUNTING POLOCIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

(a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
(b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(b) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:
Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(ii) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designed as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designed and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designed as at FVTPL upon initial recognition if:

Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a company of financial assets or financial liabilities of both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.
- Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 21.

(iii) Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

(iv) AFS financial assets

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

(v) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(vi) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivable assets could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(vii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantively all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantively all the risks and rewards of ownership and continue to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantively all the risks and rewards of ownership of a transferred financial asset, the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(d) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(f) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then classified to development.

(g) Revenue recognition

Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(h) Trade and other payables

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

(i) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change. Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the income statement. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

(j) Contributed equity

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

(k) 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 Company, 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.

(l) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 8: Income Tax Expenses
- Note 17: Share-Based Payments

(m) New standards and interpretation not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption, but have not been applied in preparing this financial report.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 2010-8 'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'	1 January 2012	30 June 2013
AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9'	1 January 2012	30 June 2013

5. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The Company engages in one business in Australia, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

6. REVENUE

	30/06/2011 $
Revenue	
Interest income	**81,392**
Total revenue	**81,392**

7. EXPENSES

	30/06/2011 $
Administration expenses	
Directors fees and other benefits	**45,000**
Share-based payments	**313,513**
Depreciation expense	**3,778**
Administration costs	**80,062**
Total administration expenses	**442,353**

8. INCOME TAX EXPENSES

	30/06/2011 $
Numerical reconciliation of income tax expenses to prima facie Accounting loss before tax	**(360,961)**
Prima facie tax payable on loss at 30%	**(108,288)**
Add/(less) tax effect of:	
Permanent difference	
- Share based payments	**94,054**
Temporary difference	
- Provisions and accruals	**4,500**
- Other temporary differences	**(21,125)**
Unused tax losses not recognised as Deferred tax assets	**30,859**
Income tax expenses	**-**

The Directors have considered the probability of taxable profits arising in the near future is remote and have therefore determined not to recognise any deferred tax assets relating to unused tax losses.

The Company has estimated income losses of $30,859. The benefit of these losses and timing difference will only be obtained if:

- The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The Company continues to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

9. CASH AND CASH EQUIVALENTS

	30/06/2011 $
Cash at bank and in hand	**3,813,989**
Short-term deposit	**5,000**
	3,818,989

Reconciliation of net loss after income tax to net cash flows from operating activities.	30/06/2011 $
Net loss after income tax	**(360,961)**
Adjustments for:	
Share-based payments	**313,513**
Change in assets and liabilities	
(Increase)/decrease in trade and receivables	**(56,782)**
Increase/(decrease) in trade and other payable	**19,131**
Net cash used in operating activities	**(85,099)**

Non-cash transaction: The Company issued 625,000 fully paid ordinary shares at $0.20 each to Cazaly Iron Pty Ltd in relation to acquisition of tenements during the Period from 24 November 2010 (date of incorporation) to 30 June 2011.

10. TRADE & OTHER RECEIVABLES

	30/06/2011 $
Other receivables	**56,782**
	56,782

(a) Trade receivables past due but not impaired

There were no trade receivables past due but not impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

11. EXPLORATION AND EVALUATION

	30/06/2011 $
Balance at 24 September 2010 (date of incorporation)	-
Movement	**268,824**
Balance at 30 June 2011	**268,824**

The ultimate recoupment of costs carried forward for exploration expenditure phases is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective are of interest.

The Company holds no tenements at present, however, on 29 October 2010, the Company entered into a Farmin Agreement with Cazaly Iron Pty Ltd ("Cazaly"), pursuant to which the Company has a right to earn a 75% interest in the Quartz Hill Project subject to certain commitments being fulfilled. They are as follows:

- paying $125,000 in cash to Cazaly Iron (fulfilled 25 January 2011);
- issuing 625,000 fully paid ordinary shares to Cazaly Iron (fulfilled 25 January 2011); and
- completing 2,000 metres of RC drilling within 2 years of the Company listing on ASX (yet to be fulfilled).

At the Quartz Hill Project there are currently two (2) granted exploration licences held in the name of Cazaly Iron Pty Ltd which cover a total of 79 square kilometres, they are as follows:

- EL25296 69.5 Sq Km, granted 2/11/2006 (expires 1/11/2012)
- EL24838 9.5 Sq Km, granted 5/04/2006 (expires 5/04/2012)

12. TRADE AND OTHER PAYABLES

	30/06/2011 $
Trade creditors (a)	**4,131**
Accruals (b)	**15,000**
	19,131

(a) Trade creditors are non-interest bearing and are predominantly settled on 30-day terms.

(b) Accruals are non-interest bearing and are predominantly settled on 30-day terms.

13. ISSUED CAPITAL

(i) Share Capital

	30/06/2011	
	$	No.
Fully paid ordinary shares	**4,172,912**	**29,125,000**

(ii) Movement in ordinary shares on issue

	30/06/2011		
Issue of ordinary shares during the Period	**$**	**No.**	**Issue price per ordinary share**
On incorporation (24/9/2011)	0.01	1	$0.01
Shares issued to Promoters	49,999.99	4,999,999	$0.01
Shares issued to Seed Investors	350,000.00	3,500,000	$0.10
Shares issued to Vendor	125,000.00	625,000	$0.20
Initial Public Offering	4,000,000.00	20,000,000	$0.20
Share raising costs	(352,088.00)	-	-
Balance at 30 June	**4,172,912**	**29,125,000**	

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

At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(iii) Options

As at 30 June 2011, the following options over unissued ordinary shares were on issue:

	No.	Grant Date	Issued Date	Expiry Date	Exercise Price $
Unlisted Options					
Directors Options	750,000	21/12/2010	31/01/2011	31/01/2014	$ 0.20
Brokers Options	2,750,000	21/12/2010	31/01/2011	31/01/2014	$ 0.20
	3,500,000				

14. RESERVES

	30/06/2011 $
Share-based Payment Reserves	
On incorporation (24/9/2010)	-
Movement	313,513
Balance at 30 June 2011	313,513
Total Reserves	313,513

Nature and Purposes of Reserves

(i) Share-based Payment Reserves

This reserve is used to record the value of equity benefits to Directors as part of their remuneration and various Brokers to the Initial Public Offering. When the options are exercised the amount recorded in the Share-based Payment Reserve relevant to those options is transferred to share capital.

15. EARNINGS PER SHARE

	30/06/2011 $
Net loss attributable to the ordinary equity holders of the Company	(360,961)
Weighted average number of ordinary shares for basis per share	14,100,342
Continuing operations	
- Basic earnings/(loss) per share	(2.56)

16. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of deposits with banks, accounts receivable and payable. The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk.

Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Company's financial risk across its operating units.

(a) Capital risk management

The Company's capital includes share capital, reserves and accumulated losses. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations.

(b) Financial risk management objectives and policies

The Board of Directors co-ordinate domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value and interest rate risk), credit risk and liquidity risk.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(c) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	30/06/2011
	$
Cash and cash equivalents	3,818,989
Receivables	56,782
	3,875,771

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk. All receivables noted above are due within 30 days. None of the above receivables are past due.

(d) Equity price risk exposure

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with the Board established mandate limits and investment strategies.

Equity securities price risk arises on the financial assets at fair value through profit or loss or held for trading.

The Company did not encounter any equity price risk exposure for the Period.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings. The Company's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

The financial receivables and payables of the Company in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors.

	Weighted Average Interest Rate	<6 months	>6 - 12 months	> 12 months	Total Contractual Cash Flows	Carrying Amount
	%	$	$	$	$	$
Financial assets						
Cash and cash equivalents	-	**3,818,989**	-	-	**3,818,989**	**3,818,989**
Non-interest bearing assets	-	**56,782**	-	-	**56,782**	**56,782**
	-	**3,875,771**	-	-	**3,875,771**	**3,875,771**
Financial liabilities						
Non-Interest bearing liabilities	-	**19,131**	-	-	**19,131**	**19,131**
	-	**19,131**	-	-	**19,131**	**19,131**
	-	**3,894,902**	-	-	**3,894,902**	**3,894,902**

(f) Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The Company has no borrowings. The weighted average interest rate is 5% for the Company.

	30/06/2011
Interest bearing financial instruments:	**$**
Financial assets	
Cash and cash equivalents	**3,818,989**
Weighted average effective interest rate	**5%**

(g) Fair value

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Carrying amount	Fair value
	$	$
Assets carried at fair value		
Cash and cash equivalents	**3,818,989**	**3,818,989**
Assets carried at amortised cost		
Loans and receivables	**56,782**	**56,782**
Liabilities carried at amortised cost		
Payables	**19,131**	**19,131**

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial assets	-	-	-	-
Total assets	-	-	-	-
Financial liabilities	-	-	-	-
Total liabilities	-	-	-	-

There were no transfers among levels during the year.

(i) Sensitivity analysis

The Company did not encounter interest rate risk, foreign currency risk and market price risk. No sensitivity analysis was made for the Period.

17. SHARE-BASED PAYMENTS

During the Period the Company issued the following unlisted options over fully paid shares:

- On 31 January 2011, 750,000 unlisted options were issued to Directors. The options are exercisable at any time on or before 31 January 2014 at a price of $0.20 each.
- On 31 January 2011, 2,750,000 unlisted options were issued to Brokers to the Initial Public Offering. The options are exercisable at any time on or before 31 January 2014 at a price of $0.20 each.

The fair value of the equity settled options granted under the options is estimated using Black-Scholes options pricing model taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the model used for the Period:

	Granted 21 December 2010	**Granted 21 December 2010**
Unlisted Options	Directors	Brokers
Number of options granted	750,000	2,750,000
Dividend yield	0%	0%
Share price at date of grant	N/A	N/A
Exercise price	$0.20	$0.20
Volatility (i)	60%	60%
Risk free rate	4.75%	4.75%
Expiration period	3 years	3 years
Expiry date	31/01/2014	31/01/2014
Black & Scholes valuation	$0.09	$0.09

(i) Volatility was determined based on the volatility share price of similar companies listed on the ASX.

a) Recognised share-based payment expense

The expense recognised for director and broker services received during the Period was $67,181 and $246,322, respectively.

The terms of the options issued are described below:

(i) *each Option entitles the holder to one Share in the Company;*

(ii) *the Options are exercisable at any time on or prior to 5.00pm (WST) on or prior to 31 January 2014 (Expiry Date) by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the Options are exercised to the registered office of the Company;*

(iii) *the Option exercise price is $0.20 per Option;*

(iv) *an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;*

(v) *subject to the Corporations Act 2011, the Listing Rules and the Company's Constitution, the Options are freely transferable;*

(vi) *all Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply for quotation of the Options and all Shares issued upon exercise of the Options on ASX;*

(vii) *if the Company undertakes a pro-rata issue (except a bonus issue), the exercise price of an Option may be reduced in accordance with ASX Listing Rule 6.22.2;*

(viii) *there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and*

(ix) *if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules.*

b) Summary of options granted during the Period

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued.

	30/06/2010 Number	WAEP
Outstanding at the beginning of the period	-	-
Granted during the period	3,500,000	0.2
Exercised during the period	-	-
Lapsed/cancelled during the period	-	-
Outstanding at the year end	3,500,000	0.2
Exercisable at the year end	**3,500,000**	**0.2**

The outstanding balance as at 30 June 2011 is as follows:

Grant date	Issue date	Vesting date	Expiry date	Exercise price	Options granted	Options Lapsed/ cancelled	Options exercised	Number of options at end of period On issue	Vested
Directors									
23-Dec-10	**31-Jan-11**	**-**	**31-Jan-14**	**$0.20**	**750,000**	**-**	**-**	**750,000**	**750,000**

c) Acquisition of Interest in Tenements

Apart from the above, on 16 February 2011, the Company and Cazaly Iron Pty Ltd ("Cazaly") entered into an Option and Farmin Agreement for the Company to have the right to earn an initial 75% interests in tenements. In order to earn the initial 75% interest in the Tenements, the Company must fulfil certain commitments, one of which was the issue of 625,000 non-cash consideration shares (valued at $0.20 per share), issued on 26 January 2011.

18. RELATED PARTY DISCLOSURE

(a) Key management personnel

Disclosures relating to Directors and executives are set out in note 19.

(b) Transactions and balances with related parties

Disclosures relating to transactions and balances with related parties are set out in note 19.

(c) Equity Interests in related parties

There are no ordinary shares held in related entities.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel

The following persons were key management personnel of Epic Resources Limited during the Period:

(i) Directors

- Faldi Ismail (Executive Chairman) (appointed on 24 September 2010)
- Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010)
- Morgan Barron (Non-Executive Director) (appointed on 15 November 2010)
- David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)
- Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)
- Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)

(ii) Company Secretaries

- Sean Henbury (Company Secretary) (appointed on 24 September 2010 and resigned on 18 February 2011)
- Tanya Woolley (Company Secretary) (appointed on 18 February 2011)

No other key management personnel were noted for the Period ended 30 June 2011.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the Directors of the Company and Executives of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company does not have an employee share option scheme.

30/06/2011	Short-term benefits Salary & fees* $	Bonus $	Non-monetary $	Other $	Post-employment benefits Superannuation $	Share-based payment Options & rights $	Total $	Total Performance related $	Percentage remuneration consisting of options for the year
Directors									
Mr Ismail (i)	16,500	-	-	-	-	22,393	38,893	-	58%
Mr O'Brien (ii)	16,500	-	-	-	-	22,393	38,893	-	58%
Mr Barron (iii)	16,500	-	-	-	-	22,393	38,893	-	58%
Mr Reeves (iv)	-	-	-	-	-	-	-	-	-
Mr Wall (v)	-	-	-	-	-	-	-	-	-
Mr Souza (vi)	-	-	-	-	-	-	-	-	-
Sub-total	49,500	-	-	-	-	67,179	116,679	-	
Other Key Management									
Mrs Woolley (vii)	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
Total	49,500	-	-	-	-	67,179	116,679	-	-

(i) Faldi Ismail (Executive Chairman) (appointed on 24 September 2010)
(ii) Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010)
(iii) Morgan Barron (Non-Executive Director) (appointed on 15 November 2010)
(iv) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)
(v) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)
(vi) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)
(vii) Tanya Woolley works with Blue Horse Corporate Pty Ltd and the Company has an agreement with, and pays services to, Blue Horse Corporate Pty Ltd.
*Directors Fees were paid monthly in arrears and commenced from the Company's official listing date on the ASX, this being 14 February 2011.

	30/06/2011 $
Compensation by	
Short-term	**49,500**
Share-based	**67,179**
	116,679

(b) Equity instruments disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

750,000 options were provided to key management personnel as remuneration during the financial Period.

(ii) Shares issued on exercise of compensation options

There are no shares issued on exercise of compensation options.

(iii) Option holdings

Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the reporting Period are as follows:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Change Other (iv)	Closing Balance	Not vested and not exercisable	Vested and exercisable
Mr Ismail	**-**	**250,000**	**250,000**	**500,000**	**-**	**500,000**
Mr O'Brien	**-**	**250,000**	**-**	**250,000**	**-**	**250,000**
Mr Barron	**-**	**250,000**	**-**	**250,000**	**-**	**250,000**
Mr Reeves (i)	**-**	**-**	**-**	**-**	**-**	**-**
Mr Wall (ii)	**-**	**-**	**-**	**-**	**-**	**-**
Mr De Souza (iii)	**-**	**-**	**450,000**	**450,000**	**-**	**450,000**
	-	**750,000**	**700,000**	**1,450,000**	**-**	**1,450,000**

(i) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)

(ii) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)

(iii) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)

(iv) These options were issued to directors as options to brokers and were included in share-based payment expenses.

(iv) Shareholdings

The number of shares in the Company or other key management personnel of the Company, including their related parties at any time during the reporting Period are as follows:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Mr Ismail	**-**	**-**	**-**	**1,300,000**	**1,300,000**
Mr O'Brien	**-**	**-**	**-**	**-**	**-**
Mr Barron	**-**	**-**	**-**	**116,875**	**116,875**
Mr Reeves (i)	**-**	**-**	**-**	**87,500**	**87,500**
Mr Wall (ii)	**-**	**-**	**-**	**800,000**	**800,000**
Mr Souza (iii)	**-**	**-**	**-**	**350,000**	**350,000**
	-	**-**	**-**	**2,654,375**	**2,654,375**

(i) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010)

(ii) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010)

(iii) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010)

(c) Material contracts with related parties

(i) Directors' Deeds of Indemnity

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act 2001 against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must also allow the Directors to inspect Company documents in certain circumstances.

(ii) Company Secretary and Financial Accounting Services Agreement

On 24 January 2011, the Company entered into a corporate mandate with Blue Horse Corporate Pty Ltd (Blue Horse) for the provision of a company secretary accounting and financial reporting services, and associated business services by Blue Horse (and its nominee Company Secretary, being Tanya Woolley) to the Company. During the Period Mr Faldi Ismail was a director and shareholder of Blue Horse but ceased to be a shareholder and director from 1 July 2011, after the balance sheet date. From 1 July 2011, Mrs Woolley purchased a 30% ownership in Blue Horse and took on a directorship position on the Board.

Commencing from when Epic listed on the ASX, there is an annual fixed fee of $110,000 (GST exclusive) plus disbursements for the services provided by Blue Horse, which is paid monthly and reviewed annually. The minimum term of the Blue Horse Agreement is 24 months unless otherwise agreed. The Blue Horse Agreement may be terminated by either party giving three months written notice or immediately upon a material breach, gross negligence or wilful recklessness by either party.

The Company is required to take out and maintain public liability, professional indemnity and workers compensation insurance for the company secretary provided by Blue Horse.

(iii) Loans to Directors

There were no loans made to the Directors of the Company, including their related parties during the Period.

(iv) Other Fees Paid to Directors

On the 19 November 2010, the Company entered into a corporate mandate with Otsana Capital Pty Ltd ("Otsana Capital") to act as lead manager and financial arranger to the Company with respect to the Offer. Otsana Capital was co-founded by Mr Faldi Ismail and Mr Francis De Souza, a company in which they are both directors and have a financial interest.

The Company agreed to pay Otsana Capital the following:

- A fixed arranging fee equal to $20,000 for all funds raised pursuant to the offer; and
- The issue of 2,750,000 "broker options" exercisable at $0.20 each on or before 31 January 2014 (of which 2,000,000 options were allocated to other AFSL holders that assisted with the raising of funds under the offer). Of the 2,750,000 options issued to Otsana Capital and later allocated to other AFSL holders that assisted with the raising, Mr Ismail received 250,000 broker options and Mr De Souza received 450,000 broker options.

(v) Other transactions with key management personnel including their related parties

There were no other transactions made to key management personnel, including their related parties during the Period.

There were no other related party transactions between the Company and its Directors and their related parties during the Period ended 30 June 2011.

20. COMMITMENTS AND CONTINGENCIES

Service Agreements

In terms of service agreements, the Company has a commitment to the following expenditure:

	30/06/2011 $
Within one year	$ 121,000
After one year but not more than five years	$ 70,583
After more than five years	-
Total minimum commitment	**$ 191,583**

The service agreement is between the Company and Blue Horse Corporate Pty Ltd (Blue Horse) for the provision of a company secretary accounting and financial reporting services, and associated business services by Blue Horse (and its nominee Company Secretary, being Tanya Woolley) to the Company.

21. SUBSEQUENT EVENTS

There has not been any other matter or circumstance that has arisen since the end of the financial Period has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. CONTINGENT LIABILITIES

In order to earn the initial 75% interest in the Tenements, the Company must pay $125,000 in cash (fulfilled 26 January 2011); issue 625,000 non-cash consideration shares (valued at $0.20 per share) (fulfilled 26 January 2011); and complete a minimum of 2,000m of RC drilling within 2 years of the Company listing on the ASX in relation to Farmin Agreement entered into with Cazaly Iron Pty Ltd on 29 October 2010. On 25 January 2011, $125,000 cash was paid and 625,000 fully paid ordinary shares were issued to Cazaly Iron Pty Ltd.

No other contingent liabilities were noted for the Company for the Period ended 30 June 2011.

23. DIVIDEND

No dividend has been paid during the Period and no dividend is recommended for the Period.

24. REMUNERATION OF AUDITORS

	30/06/2011 $
Amounts received or due and receivable by Pitcher Partners Corporate and Audit (WA) Pty Ltd for:	
(i) An audit or review of the financial report of the Company	**20,980**
(ii) Other services in relation to the Company: Investigating Accountant's Report	**8,303**
(iii) Tax services	**-**
Total auditor remuneration	**29,283**

DIRECTORS' DECLARATION

FOR THE PERIOD FROM 24 SEPTEMBER 2010 (DATE OF INCORPORATION) TO 30 JUNE 2011

The Directors of Epic Resources Limited (the "Company") declare that:

1.
   a) In the Directors' opinion, the financial statements and notes that are contained in pages 19 to 45 and the remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the period from 24 September 2010 (date of incorporation) to 30 June 2011.; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

   b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. The Directors draw attention to Note 2(a) of the financial statements, which included a statement of compliance with International Financial Reporting Standards.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the period from 24 September 2010 (date of incorporation) to 30 June 2011.

On behalf of the Board of Directors

Faldi Ismail

Executive Chairman

Perth, Western Australia

Friday, 2 September 2011

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

Report on the Financial Report

We have audited the accompanying financial report of Epic Resources Limited (the "company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 24 September 2010 (date of incorporation) to 30 June 2011, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the company comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

Auditor's Independence Declaration

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

PITCHER PARTNERS

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

Opinion

In our opinion:

(a) the financial report of Epic Resources Limited (the "company") is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the period from 24 September 2010 (date of incorporation) to 30 June 2011; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2 (a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the period from 24 September 2010 (date of incorporation) to 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Epic Resources Limited for the period from 24 September 2010 (date of incorporation) to 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

Pitcher Partners Corporate + Audit (WA) Pty Ltd.

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

MARK ENGLISH

DIRECTOR

PERTH, WA

2 SEPTEMBER 2011

The following additional information was applicable as at 30 August 2011.

There are a total of 29,125,000 ordinary fully paid shares on issue, 22,000,000 of which are listed on the ASX, with the balance of 7,125,000 being restricted securities.

FULLY PAID ORDINARY SHARES

- Holders of fully paid ordinary shares are entitled to one vote per fully paid ordinary share.
- The number of holders of fully paid ordinary shares is 464.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 11.
- The 20 largest fully paid ordinary shareholders together held 41.41% of the securities in this class.
- Distribution of fully paid ordinary shareholders is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	1
1,001 - 5,000	44
5,001 - 10,000	99
10,001 - 100,000	259
100,001 and above	61

HOLDERS OF NON-MARKETABLE PARCELS

- There are 11 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 22,054.
- There are no shares subject to voluntary escrow.

SUBSTANTIAL SHAREHOLDERS

As at report date, the names of the substantial shareholders and the number of shares to which they are entitled are:

Mr Arif Elbert and Mrs Hameedah Mathee <AH Superfund A/c>	1,800,000	6.18%

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

RESTRICTED SECURITIES

The Company has restricted securities of 7,125,000.

TWENTY LARGEST SHARE HOLDERS (as at 30 August 2011)

	Holder Name	Number Held	Percentage
1	MR ARIF ELBERT & MRS HAMEEDAH MATH	1,800,000	6.18%
2	ROMFAL SIFAT PTY LTD	1,300,000	4.46%
3	BUZZ CAPITAL PTY LTD	1,025,000	3.52%
4	BONE STREET CUSTODIANS LTD	1,000,000	3.43%
5	PHEAKES PTY LTD	925,000	3.18%
6	SEASPIN PTY LTD	808,750	2.78%
7	CAZALY IRON PTY LTD	635,000	2.18%
8	WISEPLAN INVESTMENTS PTY LTD	570,000	1.96%
9	WILGUS INVESTMENTS PTY LTD	557,500	1.91%
10	J P MORGAN NOMINEES AUSTRALIA	419,300	1.44%
11	TREMAIN JUSTIN	387,500	1.33%
12	DESOUZA FRANCIS	350,000	1.20%
13	UNAC WEST END GROUP PTY LTD	350,000	1.20%
14	BOND JASON ALEXANDER	350,000	1.20%
15	VIAVAN PTY LTD	284,500	0.98%
16	READS IT PTY LTD	275,000	0.94%
17	DONNELLY ANDREW PAUL	270,250	0.93%
18	PLAN B TTEES LTD	263,000	0.90%
19	WIDERANGE CORPORATION PTY LTD	250,000	0.86%
20	KINGSREEF PTY LTD	250,000	0.86%

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

OTHER INFORMATION

Epic Resources Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.