EUMERALLA
RESOURCES

ACN 148 860 299

ANNUAL REPORT

For the year ended 30 June 2013

Corporate Directory

DIRECTORS

Jack Robert James
Non-Executive Chairman

Michael John Hynes
Executive Director and Chief Executive Officer

James William Joseph Hyndes
Non-Executive Director

COMPANY SECRETARY

Jack Robert James

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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PERTH WA 6000
Telephone: +61 8 9328 6262
Facsimile: +61 8 9227 6390
Email: info@eumerallaresources.com
Website: www.eumerallaresources.com

AUDITOR

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

BANKER

Westpac Banking Corporation
109 St George Terrace
PERTH WA 6000

SOLICITORS

In Australia:
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

In Mongolia:
Lehman, Lee & Xu Mongolia
Marco Polo Place
Sukhbaatar District
Building 5/3, Rooms 3-1 to 3-6
Jumiyan Gunii Street Ulaanbaatar
210651 MONGOLIA

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

STOCK EXCHANGE

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: EUM

EUMERALLA RESOURCES

ANNUAL REPORT – 30 JUNE 2013

CONTENTS

These financial statements are the consolidated financial statements of the consolidated entity consisting of Eumeralla Resources Ltd and its subsidiaries. The financial statements are presented in Australian currency.

Eumeralla Resources Ltd is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of activities on pages 3 and 4, respectively.

The financial statements were authorised for issue by the Directors on 24 September 2013. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All announcements and financial reports are available on our website: www.eumerallaresources.com.

REVIEW OF ACTIVITIES

The Company is an Australian based mineral exploration company.

The Company has a tungsten project in Mongolia and has been assessing other potential mineral projects in Mongolia and Myanmar.

Myanmar

The Company, in conjunction with a local partner, Myanmar Energy Resources Group (MERG) jointly applied to Myanmar Government's Ministry of Mines for an exploration lease of approximately 400km2 in Kayah State, Myanmar.

The application is the important first step in gaining an exploration licence and has been submitted on the basis of: the Company – 70%; MERG – 30%. The Joint Venture is currently awaiting approvals from the Ministry of Mines and local government for the granting of this strategic lease area. Once approved, final sign off by the Myanmar Investment Commission is required to confirm the joint venture's interest in the exploration lease.

The proposed lease is in the established tin and tungsten producing area Kayah State. Based on historical data and geological mapping, the Company believes this concession has the potential for a primary tin or tungsten discovery. We understand this licence (if granted) will be one of the largest exploration leases in Myanmar.

Southern World Mining Co. Ltd (SWM)

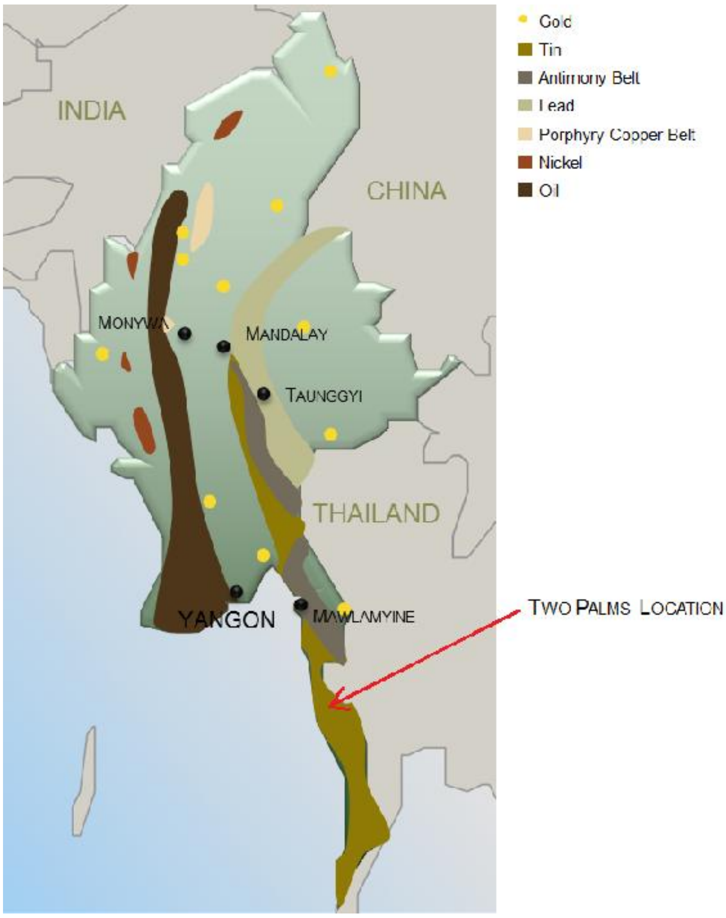
Negotiations continue for three additional exploration properties in Myanmar. This transaction is subject to issuance of the 'licence to explore' by the Myanmar Ministry of Mines. Under the terms of the Joint Venture, SWM will assist with exploration, approvals and any other local permissions. The Joint Venture is also subject to final Myanmar Investment Commission approval.

Myanmar based SWM specialises in identifying large-scale, quality resource assets in the region. The Company will utilise SWM's extensive regional geological expertise to assist in identifying the additional large-scale exploration licenses. The Company expects the four licenses to total approximately 4,000 acres. The Company is encouraged by political and economic developments in Myanmar and considers that the lack of exploration over the last 30 years combined with favourable geology make the country highly prospective for tin and tungsten.

The Company continues to conduct legal and geological due diligence of several sites in Myanmar with the view to increasing its footprint in the region short term.

The southern regions of Myanmar include areas belonging to the South East Asian tin belt which includes parts of Indonesia, Malaysia and Thailand which produces tin and tungsten. The area around the port city of Dawei is the major focus of exploration.

Two Palm Proposed Joint Venture – Exploration license by Ministry of Mines



The Company signed a Memorandum of Understanding with Two Palms in December 2012 for exploration which is subject to Ministry of Mines approval. One potential exploration site has been identified. The company is currently working on establishing a joint venture structure required under Myanmar law to ensure the formal issuance of the licence application. The proposed Joint Venture has been working to identify three additional deposits as per the agreement with Two Palms. The Joint Venture is close to selection of these additional sites and the company looks forward to updating the market once finalised.

Mongolia

Chuluun Khoroot Tungsten Mine

Centreville LLC, a Mongolian domiciled subsidiary holds the Ovoot licence in north-eastern Mongolian. The License covers an area of 12,657 hectares and incorporates the historical Chuluun Khoroot tungsten mine which was active during the period 1945-1955.

The Chuluun Khoroot tungsten deposit was discovered in 1944 and is located in the south-eastern part of the license area. Tungsten and subordinate molybdenum mineralisation are associated with a series of quartz veins within the Chuluun Khoroot granite and surrounding sedimentary rocks.

Approximately 23 quartz veins have been identified with the “main vein” and number 18 vein having been the focus of past exploration. The main vein is approximately 500m long, strikes northwest-southeast and is essentially vertical. The vein has been explored to depths up to 60m and at surface appears to be 1-2m wide. The number 18 vein is approximately 100 metres long, 0.14m wide and has a variable strike from northeast-southwest to north-south. This vein has been explored to a depth of 12m.

The Company engaged a Mongolian contractor to conduct geophysical surveys in the northern area of the Mongolian tenement. This work commenced on 26 June 2013. The survey will also complete the work program required by the Mongolian government.

In September 2013, the Mineral Resource Authority granted an extension of the licence for an additional three years until 26 September 2016.

DIRECTORS' REPORT

30 JUNE 2013

The Directors present their report together with the financial report of Eumeralla Resources Ltd (the **Company** or **Parent Entity**) and its controlled entities (the **Group** or **consolidated entity**) for the year ended 30 June 2013 and the auditor's report thereon.

DIRECTORS AND KEY PERSONNEL

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Jack Robert James
Non-Executive Chairman and Company Secretary – Age 49

Mr James has a Bachelor of Business from the Queensland University of Technology and is a Chartered Accountant.

Mr James provides accounting, secretarial and advisory advice to private and public companies, government and other stakeholders. Mr James has over fifteen years of experience in chartered accounting specialising in corporate advisory and reconstruction. Most recently, he held senior roles in Ernst & Young and KordaMentha.

Mr James will be seeking re-election by shareholders at the 2013 Annual General Meeting.

Mr Michael John Hynes
Executive Director / Chief Executive Officer – Age 45

Mr Hynes has a Bachelor of Business in Economics and Finance from RMIT University.

Mr Hynes has had over 20 years of experience in capital markets. From July 2007 until March 2010, Michael was Head of Australian Equity Sales at Citigroup Singapore. That role also encompassed regional account Management responsibilities. From September 2001 until April 2007, Mr Hynes was Head of Australian Equity Sales at Credit Suisse Singapore. The latter carried with it regional account management responsibilities.

Mr Hynes is currently the Executive Director at Redhill Capital Partners (Singapore) Ltd which focuses on venture capital, private equity, corporate finance and consultancy.

Prior to moving to Singapore, Mr Hynes also worked with ABN AMRO Melbourne (previously BZW Australia) in equity sales.

Mr James William Joseph Hyndes
Non-Executive Director – Age 43

Mr Hyndes has a Bachelor of Economics and Bachelor of Asian Studies from the Australian National University.

Mr Hyndes has around 15 years of experience in capital markets having worked as a Director for Goldman Sachs, JP Morgan and Macquarie Bank. His roles have included working as a Director of Equity Sales in locations such as London, South Korea and Hong Kong. He is currently a partner at a Singapore investment company, Redhill Partners Pte Ltd. Mr Hyndes founded several private companies involved in the resources sector including several in Mongolia.

DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by Directors of the Company during the last 3 years immediately before the end of the year are as follows:

Director	Company	Period of Directorship From	To
Mr Jack James	Sunseeker Minerals Limited	9 August 2012	28 February 2013
	Firestone Energy Limited	5 February 2013	13 June 2013
Mr Michael Hynes	None	-	-
Mr James Hyndes	None	-	-

DIRECTORS' INTERESTS

The relevant interests of each Director in the shares of the Company at the date of this report are as follows:

Director	Shares
Mr Jack James	40,000
Mr Michael Hynes	6,000,001
Mr James Hyndes	6,790,284*

* Of these, 25,723 fully paid ordinary shares are held by Asia Pacific Investment Partners Hong Kong Limited (**APIP**). Mr Hyndes has a 35% interest in the share capital of Redhill Partners Pte Ltd which via its wholly owned subsidiary Redhill Mongolia Pte Ltd owns a 0.9% effective stake in APIP.

DIRECTORS' MEETINGS

In addition to regular board discussions, the number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the year are:

Director	Board Meetings Held	Board Meetings Attended
Mr Jack James	6	6
Mr Michael Hynes	6	6
Mr James Hyndes	6	6

PRINCIPAL ACTIVITY

The principal activity of the consolidated entity during the year was mineral exploration in Mongolia and the review and assessment of project opportunities Myanmar.

OPERATING AND FINANCIAL REVIEW

Operating review

A review of the operating activities undertaken by the consolidated entity during the year is contained in the section entitled Review of Activities in this financial report.

Financial review

The consolidated entity incurred a loss of $626,688 (2012: $667,744) after income tax for the year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the year.

LIKELY DEVELOPMENTS

The consolidated entity will continue to pursue its principal activity of mineral exploration and continue to review and assess project opportunities in the resource sector (with a particular focus in Myanmar and Mongolia).

DIVIDENDS

No dividends have been declared or paid by the Company to the date of this report.

ENVIRONMENTAL REGULATION

The consolidated entity's exploration and mining activities are governed by a range of environmental legislation and regulations including the National Greenhouse and Energy Report Act 2007 and Mining Act 1978 in Australia and the 2006 Minerals Law of Mongolia and the Subsoil Law in Mongolia. To the best of the Directors' knowledge, the consolidated entity has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the year and up to the date of the Directors' Report.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 22 to the attached financial statements, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

REMUNERATION REPORT

The Directors are pleased to present your Company's 2013 remuneration report which sets out remuneration information for Eumeralla Resources Ltd's Non-Executive Directors, Executive Directors and other key management personnel.

For the purposes of this report, key management personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the parent entity.

Key management personnel

The following were key management personnel of the parent entity and the consolidated entity at any time during the year and unless otherwise indicated were key management personnel for the entire year:

Name	Position held
Mr Jack James	Non-Executive Chairman
Mr Michael Hynes	Executive Director / Chief Executive Officer
Mr James Hyndes	Non-Executive Director

Principles of remuneration

The remuneration structures explained below are competitively set to attract, motivate and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the achievement of strategic objectives;
- the Company's performance including:
  - the growth in share price; and
  - the amount of incentives within each key management person's compensation.

Given the evaluation and developmental nature of the consolidated entity's principal activity, the overall level of compensation does not have regard to the earnings of the consolidated entity.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive Directors' remuneration is clearly distinguished from that of executives. Remuneration is determined by the Board as a whole as the Company has not yet established a remuneration committee.

Non-Executive Director remuneration

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Total remuneration for all Non-Executive Directors as determined by the Board is not to exceed $300,000 per annum. Directors' fees cover all main board activities.

Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation.

Level of Non-Executive Directors' fees in addition to consulting fees as at the reporting date is as follow:

Name	Non-Executive Directors' fees
Mr Jack James	Nil
Mr James Hyndes	$60,000 per annum

Executive remuneration

Remuneration for executives is set out in service agreements. Details of the service agreement with the Chief Executive Officer are provided below.

Executive Directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Board through a process that considers individual and overall performance of the consolidated entity.

Short-term incentive

The Company currently has not set any short-term incentives (**STI**) for key management personnel.

Long-term incentive

Long-term incentives (**LTI**) may be provided to key management personnel in the form of options over ordinary shares of the Company. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth. Options may only be issued to Directors subject to approval by shareholders in general meeting.

There were no options issued as LTI during the year.

Use of remuneration consultants

The Board did not engage the services of a remuneration consultant during the year.

Consequences of performance on shareholder wealth

There were no performance related remuneration transactions during the year.

Service agreements

The Company has a consultancy agreement with Mr Michael Hynes (**Hynes Consultancy Agreement**) effective on and from 15 November 2012. Under the Hynes Consultancy Agreement, Mr Hynes is engaged by the Company to provide services to the Company in the capacity of Chief Executive Officer. Pursuant to the Hynes Consultancy Agreement, Mr Hynes receives a consulting fee of $150,000 per annum (exclusive of GST). Mr Hynes is also reimbursed for reasonable expenses incurred in carrying out his duties.

The Hynes Consultancy Agreement has a one year term, with an option to extend for a further term as mutually agreed between the Company and Mr Hynes, unless terminated in accordance with its terms. The Hynes Consultancy Agreement contains standard termination provisions under which the Company must give 3 months notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of service. In addition, Michael Hynes is entitled to all unpaid remuneration and entitlements up to the date of termination.

The Company has also entered into a consultancy agreement with Mr James Hyndes (**Hyndes Consultancy Agreement**) for an initial term of one year effective on and from 15 November 2012. Under the Hyndes Consultancy Agreement, Mr Hyndes is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr Hyndes will be paid a consulting fee of $5,000 per month (exclusive of GST). Mr Hyndes is also reimbursed for reasonable expenses incurred in carrying out his duties.

The Hyndes Consultancy Agreement has a one year term, with an option to extend for a further term as mutually agreed between the Company and Mr Hyndes, unless terminated in accordance with its terms. The Hyndes Consultancy Agreement contains standard termination provisions under which the Company must give 3 months notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of service. In addition, James Hyndes is entitled to all unpaid remuneration and entitlements up to the date of termination.

The Company has a consultancy agreement with Mr Jack James (**James Consultancy Agreement**) effective on and from 15 November 2012. Under the James Consultancy Agreement, Mr James is engaged by the Company to provide services to the Company in the capacity of Company Secretary and Non-Executive Director. Pursuant to the James Consultancy Agreement, Mr James is paid a consulting fee of $8,000 per month (exclusive of GST). Mr James is also reimbursed for reasonable expenses incurred in carrying out his duties.

The James Consultancy Agreement has a one year term, with an option to extend for a further term as mutually agreed between the Company and Mr James, unless terminated in accordance with its terms. The James Consultancy Agreement contains standard termination provisions under which the Company must give 3 months notice of termination (or shorter period in the event of a material breach), or alternatively, payment in lieu of service. In addition, Jack James is entitled to all unpaid remuneration and entitlements up to the date of termination.

Remuneration of key management personnel

		SHORT-TERM EMPLOYEE BENEFITS		POST-EMPLOYMENT	SHARE-BASED PAYMENTS		
		Salary & fees $	Non-monetary benefits	Super-annuation $	Options $	Total $	Proportion of remuneration performance related %
Directors							
Non-Executive							
Mr J James	2013	100,500	-	-	-	100,500	-
	2012	72,000	3,495	-	-	75,495	-
Mr J Hyndes	2013	136,800	-	-	-	136,800	-
	2012	55,000	3,495	-	-	58,495	-
Sub-total Non-Executive Directors	2013	237,300	-	-	-	237,300	-
	2012	127,000	6,990	-	-	133,990	-
Executive							
Mr M Hynes	2013	150,000	-	-	-	150,000	-
	2012	100,000	3,495	-	-	103,495	-
Total key management personnel compensation (group)	**2013**	**387,300**	**-**	-	-	**387,300**	-
	2012	**227,000**	**10,485**	-	-	**237,485**	-

Share-based remuneration

There were no share-based remuneration transactions during the year.

SHARES UNDER OPTION

As at the date of this report, the Company does not have any unissued ordinary shares under option.

There were no options granted or lapsed during the year.

INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

The Company has agreed to indemnify the current Directors and company secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith.

Insurance

The Company paid a premium during the year in respect of Director and officer liability insurance policies, insuring the Directors and secretaries of the Company and its Mongolia based controlled entity against liabilities incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

INDEMNIFICATION AND INSURANCE OF AUDITORS

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

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

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.

NON-AUDIT SERVICES

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

During the year $6,100 in fees were paid or payable for non−audit services provided by the auditor of the parent entity, its related practices and non−related audit firms.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 44 and forms part of the Directors' Report.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Dated at Perth, Western Australia this 24th day of September 2013.

Signed in accordance with a resolution of the Directors:

Michael Hynes

Michael Hynes
Executive Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. During the year, the Board adopted a corporate governance framework for the Company which is underpinned by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2011 Amendments* (2nd Edition) (the **Recommendations**) applicable to ASX-listed entities.

This Corporate Governance Statement provides details of the Company's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

The Company's Corporate Governance Plan is available on the Company's website: www.eumerallaresources.com.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board and management

The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(a) developing initiatives for profit and asset growth;

(b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(c) acting on behalf of, and being accountable to, the Shareholders; and

(d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Board delegates responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer.

On appointment, Non-Executive Directors receive formal letters of appointment setting out the terms and conditions of appointment. The formal letter of appointment covers the matters referred to in the guidance and commentary for Recommendation 1.1. The Executive Director is engaged pursuant to consultancy agreement.

Evaluation of the performance of senior executives

The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The chair will monitor the Board and the Board will monitor the performance of any senior executives who are not Directors, including measuring actual performance against planned performance. The Chairman assesses the performance of the Executive Directors on an informal basis.

The Corporate Governance Plan, which includes the Board Charter, is available on the Company's website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of the Executive Director and two Non-Executive Directors. Details of their skills, experience and expertise and the period of office held by each Director have been included in the Directors' Report. The number of board meetings and the attendance of the Directors are set out in the Directors' Report.

The roles of Chairman and Chief Executive Officer are not exercised by the same individual. The Board Charter summarises the roles and responsibilities of the Chairman, Mr James, and the Chief Executive Officer, Mr Hynes.

Independence of Non-Executive Directors

The Board has assessed the independence of the Non-Executive Directors using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1.

Mr J Hyndes does not satisfy the tests of independence as detailed in the Recommendations. Although Mr James holds 40,000 fully paid ordinary shares in the Company, the Board considers this immaterial. Mr James is regarded as independent as he is not a substantial shareholder as defined by the *Corporations Act*.

The Company is at variance with Recommendation 2.1 in that the majority of Directors are not independent. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. Furthermore, each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.1, all Directors bring an objective judgement to bear on Board decisions.

Nomination Committee

No formal nomination committee has been established by the Company as yet. The Board, as a whole, currently serves as the nomination committee. The Company's Corporate Governance Plan includes a Nomination Committee Charter, which discloses the specific responsibilities of the committee. Where necessary, the Board seeks advice of external advisers in connection with the suitability of applicants for Board membership.

The Company is at variance with Recommendation 2.4 in that the Company does not presently have a nomination committee. The Board considers this arrangement to be appropriate given the current size of the Company.

Board renewal and succession planning

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

(a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and

(b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

No formal nomination committee or procedures have been adopted for the identification, appointment and review of the Board membership, but an informal assessment process facilitated by the Chairman in consultation with the Company's professional advisors has been committed to by the Board.

In accordance with the Constitution of the Company, no Director except a Managing Director shall hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.

The Company has not adopted a policy in relation to the retirement or tenure of Directors.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

Evaluation of the performance of the Board, its committees and individual Directors

The Company's Corporate Governance Plan includes a section on performance evaluation practices adopted by the Company. The Chairman reviews the performance of the Board, its committees (if any) and individual Directors to ensure that the Company continues to have a mix of skills and experience necessary for the conduct of its activities on an informal basis.

Induction and education

When appointed to the Board, a new Director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which Directors may obtain independent professional advice, at the Company's expense, on issues arising in the course of their duties, subject to the Chairman's approval (not to be unreasonably withheld).

The Company's Constitution and Corporate Governance Plan, which includes the Nomination Committee Charter, are available on the Company's website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Company's Corporate Governance Plan includes a 'Corporate Code of Conduct', which provides a framework for decisions and actions in relation to ethical conduct in employment.

Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

Gender Diversity

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The Company currently does not have any female employees.

The Company is at variance with Recommendation 3.3 in that it has not set or disclosed measurable objectives for achieving gender diversity in accordance with its Diversity Policy. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Corporate Governance Plan, which includes a Corporate Code of Conduct and Diversity Policy, is available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

No formal audit committee has been established by the Company as yet. The Board, as a whole, currently serves as the audit committee. Mr J Hyndes will chair the audit committee meetings.

The Company's Corporate Governance Plan includes an Audit and Risk Committee Charter, which discloses its specific responsibilities.

The Company is at variance with Recommendation 4.1 and 4.2 in that it does not presently have an Audit and Risk Committee. The Board is of the view that the experience and professionalism of the persons on the Board is sufficient to ensure that all significant matters are appropriately addressed and actioned. Further, the Board does not consider that the Company is of sufficient size to justify the appointment of additional Directors for the sole purpose of satisfying this recommendation as it would be cost prohibitive and counterproductive.

As the operations of the Company develop the Board will reassess the formation of the audit committee.

External auditor

The Board reviews the external auditor's terms of engagement and audit plan, and assesses the independence of the external auditor. The current practice, subject to amendment in the event of legislative change, is for the rotation of the engagement partner to occur every five years.

The Company's independent external auditor is HLB Mann Judd.

The Corporate Governance Plan, which includes the Audit and Risk Committee Charter, is available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has a Continuous Disclosure Program in place designed to ensure the compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.

The Continuous Disclosure Program reflects the matters set out in the commentary and guidance for Recommendation 5.1.

The Corporate Governance Plan, which includes the Continuous Disclosure Program, is available on the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company's Corporate Governance Plan includes a shareholders communication strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The shareholders communication strategy reflects the matters set out in the commentary and guidance for Recommendation 6.1.

The Corporate Governance Plan, which includes the shareholders communication strategy, is available on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management Policy

The Company's Corporate Governance Plan includes a risk management policy. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

Risk oversight

The Board's collective experience will enable accurate identification of 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.

Reporting and assurance

When considering the review of the Company's financial reports, the Board receives a written statement declaration in accordance with section 295A of the *Corporations Act*, signed by the Chief Executive Officer and Chief Financial Officer (or equivalent), that the Company's financial reports give a true and fair view, in all material respects with, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Chief Executive Officer and Chief Financial Officer (or equivalent) also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

The Corporate Governance Plan, which includes the risk management policy, is available on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee

The Board has not established a formal remuneration committee at this point in the Company's development. The Directors do not view that the size of the Company currently warrants a separate remuneration committee. The Board will decide on remuneration, and in the instance where this is of a Board member, that member will not be included in discussions and be excluded from voting.

The Company's Corporate Governance Plan includes a remuneration committee charter, which discloses its specific responsibilities.

The Company is at variance with Recommendation 8.1 and 8.2 in that it does not currently have a Remuneration Committee. The Board considers this arrangement to be appropriate given the current size of the Company.

Non-Executive Directors' remuneration policy

The structure of Non-Executive Directors' remuneration is clearly distinguished from that of executives. Total remuneration for all Non-Executive Directors as determined by the Board is not to exceed $300,000 per annum. The Company's constitution provides that no Non-Executive Director will be paid as part or whole of his remuneration a commission or on a percentage of profits or a commission on or a percentage of operating revenue, and no Executive Director will be paid as whole or part of his remuneration a commission on or percentage of operating revenue. Neither the Non-Executive Directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Executive Directors' remuneration policy

The Board is responsible for determining the remuneration of Executive Directors and Senior Executives (without the participation of the affected Director). It is the Board's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Executive Directors and Senior Executives fairly and appropriately with reference to relevant employment market conditions and by linking the nature and amount of Executive Directors' and Senior Executives emoluments to the Company's financial and operational performance.

Further details regarding the remuneration arrangements of the Company are set out in the Remuneration Report.

The Corporate Governance Plan, which includes the remuneration committee charter, is available on the Company's website.

The checklist below summarises the Company's compliance with the Recommendations.

	Requirement	Comply Yes/ No	Reference/ Explanation
Pr 1	**Lay solid foundations for management and oversight**		
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	Yes	Website & Page 12
Rec 1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Website & Page 12
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Website & Page 12
Pr 2	**Structure the board to add value**		
Rec 2.1	A majority of the board should be independent Directors.	No	Website & Page 12 & 13
Rec 2.2	The chair should be an independent Director.	Yes	Website & Page 12
Rec 2.3	The roles of Chair and Chief Executive officer should not be exercised by the same individual.	Yes	Website & Page 12
Rec 2.4	The board should establish a nomination committee.	No	Website & Page 13
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.	Yes	Website & Page 13
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2.	Yes	Website & Page 12 & 13

	Requirement	Comply Yes/ No	Reference/ Explanation
Pr 3	**Promote ethical and responsible decision making**		
Rec 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 account of their legal obligations and reasonable expectations of their stakeholders; and ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website & Page 14
Rec 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 measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	Website & Page 14
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	Website & Page 14
Rec 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.	Yes	Website & Page 14
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Website & Page 14
Pr 4	**Safeguard integrity in financial reporting**		
Rec 4.1	The board should establish an audit committee.	No	Website & Page 14
Rec 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 the chair of the board; and ▪ has at least three members.	No	Website & Page 14
Rec 4.3	The audit committee should have a formal charter.	Yes	Website & Page 14
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Website & Page 14
Pr 5	**Make timely and balanced disclosure**		
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Yes	Website & Page 15
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Website & Page 15

	Requirement	Comply Yes/ No	Reference/ Explanation
Pr 6	**Respect the rights of shareholders**		
Rec 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.	Yes	Website & Page 15
Rec 6.2	Company should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Website & Page 15
Pr 7	**Recognise and manage risk**		
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Website & Page 15
Rec 7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Website & Page 15
Rec 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 2001* 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.	Yes	Website & Page 15
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Website & Page 15
Pr 8	**Remunerate fairly and responsibly**		
Rec 8.1	The board should establish a remuneration committee.	No	Website & Page 15
Rec 8.2	The remuneration committee should be structured so that it: ▪ consists of a majority of independent Directors; ▪ is chaired by an independent chair; and ▪ has at least three members.	No	Website & Page 15 & 16
Rec 8.2	Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.	Yes	Website & Page 16
Rec 8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Website & Page 15 & 16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Revenue from continuing operations			
Interest income		129,942	17,479
Total income		129,942	17,479
Administrative expenses		(77,406)	(40,409)
Audit and review fees		(61,508)	(87,716)
Consulting fees		(118,061)	(208,454)
Corporate services		(98,230)	(58,152)
Employee benefit expenses		(210,000)	(55,000)
Legal fees		(34,592)	(181,354)
Other expenses		(71,183)	(54,138)
Impairment expense		(85,650)	-
Loss before income tax		**(626,688)**	**(667,744)**
Income tax expense/(benefit)	4	-	-
Net loss for the year		**(626,688)**	**(667,744)**
Other comprehensive income			
Foreign currency translation differences for foreign operations		825	2,704
Total comprehensive loss for the year		**(625,863)**	**(665,040)**
Loss per share			
Basic and diluted loss per share (cents)	15	(1.34)	(3.04)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,162,373	2,829,586
Receivables	6	2,464	48,974
Prepayments	7	11,751	7,883
Total Current Assets		2,176,588	2,886,443
Non-current Assets			
Receivables	6	85,288	-
Exploration and evaluation assets	8	1,784,573	1,784,573
Total Non-Current Assets		1,869,861	1,784,573
TOTAL ASSETS		4,046,448	4,671,016
LIABILITIES			
Current Liabilities			
Trade and other payables	9	45,890	32,002
Borrowings	10	-	12,593
Total Current Liabilities		45,890	44,595
TOTAL LIABILITIES		45,890	44,595
NET ASSETS		**4,000,558**	**4,626,421**
EQUITY			
Issued capital	11	5,315,160	5,315,160
Reserves	12	3,529	2,704
Accumulated losses	13	(1,318,131)	(691,443)
TOTAL EQUITY		**4,000,558**	**4,626,421**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Balance at 30 June 2011	**-**	**-**	**(23,699)**	**(23,699)**
Loss for the year	-	-	(667,744)	(667,744)
Other comprehensive income	-	2,704	-	2,704
Total comprehensive loss for the year	-	2,704	(667,744)	(665,040)
Transactions with equity holders in their capacity as equity holders:				
Contribution of equity net of transaction costs	5,315,160	-	-	5,315,160
Balance at 30 June 2012	**5,315,160**	**2,704**	**(691,443)**	**4,626,421**
Loss for the year	-	-	(626,688)	(626,688)
Other comprehensive income	-	825	-	825
Total comprehensive loss for the year	-	825	(626,688)	(625,863)
Balance at 30 June 2013	**5,315,160**	**3,529**	**(1,318,131)**	**4,000,558**

The Consolidated Statement of Changes in Equity is to be read in conjunction with accompanying notes.

EUMERALLA RESOURCES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(620,360)	(747,026)
Interest received		129,942	17,479
Net cash (outflow) from operating activities	19	(490,418)	(729,547)
Cash flows from investing activities			
Refundable deposit paid		(78,432)	-
Payments for exploration		(85,650)	-
Cash acquired on acquisition of subsidiary	17	-	99,901
Net cash inflow/(outflow) from investing activities		(164,082)	99,901
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	11	-	3,681,925
Proceeds from borrowings		-	67,385
Repayment of borrowings		(12,593)	(292,783)
Net cash inflow/(outflow) from financing activities		(12,593)	3,456,527
Net increase/(decrease) in cash and cash equivalents		(667,093)	2,826,881
Cash and cash equivalents at the beginning of the financial year		2,829,586	1
Effects of exchange rate differences in translation		(120)	2,704
Cash and cash equivalents at end of year	5	**2,162,373**	**2,829,586**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* Eumeralla Resources Ltd (the **Company**) is a public company limited by shares and incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

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

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Standards and Interpretations issued but not yet effective

None of the new standards and interpretations issued but not yet effective for the current annual reporting period have a material impact on the Group.

Early adoption of standards

The Directors have not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty are noted below:

<u>Impairment</u>
The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

<u>Exploration and evaluation expenditure</u>
The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest's viability and/or the existence of economically recoverable reserves.

<u>Deferred taxation</u>
Deferred tax assets in respect of tax losses have not been brought to account as it is not considered probable that future taxable profits will be available against which they could be utilised.

Comparative information

Comparative information is for the financial year ended 30 June 2012.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumeralla Resources Ltd as at 30 June 2013 (the **Company**) and the results of all subsidiaries for the year then ended. Eumeralla Resources Ltd and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the consolidated entity controls another entity.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Company and are presented separately in the statement of comprehensive income and within equity in the consolidated balance sheet. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The consolidated entity treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the consolidated entity. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Eumeralla Resources Ltd.

When the consolidated entity ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers – being the Board of Directors.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Revenue recognition

Interest income

Interest income is recognised using the effective interest method.

Impairment of Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the end of each reporting period 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.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditure (continued)

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3 Business Combinations.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. Trade accounts payable are normally settled within 60 days. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Issued Capital

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

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the reporting 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:

(a) 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 or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

(a) except where the deferred income tax asset relating to the deductible temporary difference 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 or loss; and

(b) in respect of deductible 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 reporting 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.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be 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 substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The consolidated entity has unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

Other taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Earnings/loss per share

Basic earnings/loss per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

2. FINANCIAL RISK MANAGEMENT

Overview

Risk management is carried out under policies set by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas.

Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the consolidated entity. The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on the financial performance. Risk management is carried out under the direction of the Board.

2. FINANCIAL RISK MANAGEMENT (continued)

The Group holds the following financial instruments:

	Consolidated 2013 $	Consolidated 2012 $
Financial assets		
Cash and cash equivalents	2,162,373	2,829,586
Trade and other receivables	87,752	48,974
	2,250,125	2,878,560
Financial liabilities		
Trade and other payables	45,890	32,002
Borrowings	-	12,593
	45,890	44,595

Market risk

Foreign exchange risk

Exposure to foreign currency risk

The Board does not consider the Group to be materially exposed to changes in foreign exchange rates as all financial instruments and transactions are denominated in the functional currency in which they are measured.

Price risk

The Group is involved in the exploration and development of mining tenements for minerals. Should the Group successfully progress to a producer, revenues associated with mineral sales, and the ability to raise funds through equity and debt, will have some dependence upon commodity prices.

Cash flow and interest rate risk

The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	30 June 2013		30 June 2012	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Variable rate instruments				
Cash at bank	2.49%	262,373	2.73%	329,586
Fixed rate instruments				
Term deposits	4.58%	1,900,000	5.30%	2,500,000
		2,162,373		**2,829,586**

Cash flow sensitivity analysis for variable rate instruments

A change of 75 basis points in interest rates would increase or decrease the Group's loss by $16,218, based on the cash at bank at reporting date and calculated on an annual basis. The Board assessed a 75 basis point movement as being reasonably possible based on short term historical movements. This analysis assumes that all other variables remain constant.

Credit risk

There is a limited amount of credit risk relating to the cash and cash equivalents that the Group holds in deposits. The Group's cash reserves are only placed with major Australian and Mongolian banks.

2. FINANCIAL RISK MANAGEMENT (continued)

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. The Group may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2013 $	2012 $
Cash and cash equivalents	2,162,373	2,829,586
Trade and other receivables	87,752	13,648
	2,250,125	2,843,234

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (Standard & Poor's) if available or to historical information about counterparty default rates:

Cash at bank and short-term bank deposits		
A-1+[1]	2,162,287	2,800,371
B[1]	86	29,215
	2,162,373	2,829,586
Trade and other receivables		
No default[2]	87,752	13,648

[1]The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
[2]Trade and other receivables consist of a refundable deposit for the 49% beneficial interest in the Two Palms Mining Project locate in Southern Myanmar.

Allowance for impairment loss

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired.

Balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments: Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

30 June 2013	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	Between 1 and 2 years
Trade and other payables	45,890	(45,890)	(45,890)	-	-
	45,890	(45,890)	(45,890)	-	-

30 June 2012	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	Between 1 and 2 years
Trade and other payables	32,002	(32,002)	(32,002)	-	-
Borrowings from related parties	12,593	(12,593)	(12,593)	-	-
	44,595	(44,595)	(44,595)	-	-

2. FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

None of the Group's assets and liabilities are measured and recognised at fair value at 30 June 2013 and 30 June 2012.

Capital management

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

The Board are constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Company has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity.

The Company is not subject to any externally imposed capital requirements.

	Consolidated 2013 $	Consolidated 2012 $
3. AUDITOR'S REMUNERATION		
During the year the following fees were paid or payable for services provided by the auditors of the Group and its related practices:		
Audit Services		
HLB Mann Judd Australia		
- audit and review of financial reports	30,000	-
- tax compliance services	6,100	-
BDO Mongolia		
- audit and review of financial reports	15,000	-
PwC Australia		
- audit and review of financial reports	-	39,050
PwC Mongolia		
- audit and review of financial reports	-	48,666
	51,100	**87,716**

	Consolidated 2013 $	Consolidated 2012 $
4. INCOME TAX		
(a) Income tax expense	-	-
(b) Numerical reconciliation between tax expense and pre-tax net loss		
Loss before income tax expense	(626,688)	(667,744)
Income tax benefit calculated at rates noted in (e) below	(188,006)	(200,323)
Non-deductible expenses	43,695	-
Other deferred tax assets and tax liabilities not recognised	52,369	(18,681)
Unused tax losses and tax offset not recognised as deferred tax assets	74,812	-
Increase in deferred tax balances not brought to account	17,130	219,004
Income tax expense	-	-
(c) Deferred tax assets and liabilities not brought to account		
Deferred tax assets comprise:		
Carry forward tax losses	293,817	219,005
Capital raising costs	97,537	80,178
Provisions and accruals	11,830	7,500
Exploration and evaluation assets	8,565	-
	411,749	306,683
Deferred tax liabilities comprise		
Unrealised foreign exchange gains	-	-

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

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

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

(c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

	Consolidated 2013 $	Consolidated 2012 $
(d) Income tax benefit not recognised direct in equity		
Capital raising costs	100,222	100,222

(e) Tax Rates

The potential tax benefit in respect of tax losses not brought into account has been calculated at 30%.

	Consolidated 2013 $	Consolidated 2012 $
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	**2,162,373**	**2,829,586**

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 2.

	Consolidated 2013 $	Consolidated 2012 $
6. RECEIVABLES		
Current		
GST receivable	2,464	35,326
Sundry debtors	-	13,648
	2,464	**48,974**
Non-current		
Refundable deposit*	**85,288**	**-**

6. RECEIVABLES (continued)

*The refundable deposit of SGD$100,000 was for an option agreement to acquire a 49% beneficial interest in the Two Palms Mining Project located in Southern Myanmar.

The initial tenement covers over 1,300 acres and is located in the Dawei Township, Dawei District, Taninthayi Region, Myanmar.

	Consolidated 2013 $	Consolidated 2012 $
7. PREPAYMENTS		
Prepaid insurance	**11,751**	**7,883**

8. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation costs carried forward in respect of areas of interest in the exploration and evaluation phase	**1,784,573**	**1,784,573**
Reconciliation		
Cost as at 1 July	1,784,573	-
Acquisition of Ovoot Tungsten Project	-	1,783,438
Exchange rate differences in translation	3,657	1,135
Exploration expenditure incurred	81,993	-
Impairment	(85,650)	-
Cost as at 30 June	**1,784,573**	**1,784,573**

The value of the exploration and evaluation costs carried forward is dependent upon the continuance of the consolidated entity's rights to tenure of the areas of interest, the results of future exploration, and the recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

9. TRADE AND OTHER PAYABLES

Trade creditors	6,458	7,002
Other creditors and accruals	39,432	25,000
	45,890	**32,002**

The Group's exposure to credit and liquidity risks related to trade and other payables are disclosed in Note 2. The carrying amount of trade and other payables approximates its fair value.

10. BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and liquidity risks, see Note 2.

Unsecured loan	-	12,593
	-	**12,593**

Terms of borrowings

Loans from related parties

For terms and conditions of loans from related parties refer to Note 20.

Unsecured loan

The unsecured loan is interest free, unsecured and has no specified repayment date.

11. ISSUED CAPITAL

	Consolidated 2013 $	Consolidated 2012 $
46,666,168 fully paid ordinary shares	**5,315,160**	**5,315,160**

(a) Ordinary shares

The following movements in ordinary share capital occurred during the year:

	2013 Number of Shares	2013 $	2012 Number of Shares	2012 $
Balance at beginning of year	46,666,168	5,315,160	1	1
Issue of shares at $1.00 each on incorporation	-	-	-	-
Issue of shares at $0.001 each	-	-	16,000,000	16,000
Issue of shares at $0.10 each	-	-	5,000,000	500,000
Issue of shares at $0.20 each[1]	-	-	8,166,167	1,633,234
Issue of shares at $0.20 each	-	-	17,500,000	3,500,000
Share issue costs	-	-	-	(334,075)
Balance at the end of the year	46,666,168	5,315,160	46,666,168	5,315,160

[1]These shares were issued as part consideration for the acquisition of 100% of the issued capital of Centreville LLC. Refer to Note 17 for further details.

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is, entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

There were no options issued or lapsed during the year.

As at 30 June 2013, the Company does not have any unissued ordinary shares under option.

(c) Capital management

The Group's objectives when managing capital are disclosed in Note 2.

12. RESERVES

	Consolidated 2013 $	Consolidated 2012 $
Foreign currency translation reserve		
Balance 1 July	2,704	-
Currency translation differences arising during the year	825	2,704
Balance 30 June	**3,529**	**2,704**

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

13. ACCUMULATED LOSSES

	Consolidated 2013 $	Consolidated 2012 $
Balance 1 July	(691,443)	(23,699)
Net loss for the year	(626,688)	(667,744)
Balance 30 June	**(1,318,131)**	**(691,443)**

14. COMMITMENTS AND CONTINGENCIES

Remuneration commitments

The Company has entered into a consultancy agreement with Mr Michael Hynes (**Hynes Consultancy Agreement**) for an initial term of one year effective on and from 15 November 2012. Under the Hynes Consultancy Agreement, Mr Hynes is engaged by the Company to provide services to the Company in the capacity of Chief Executive Officer. Mr Hynes will be paid a consulting fee of $150,000 per annum (exclusive of GST) and Director's fees as determined by the Board.

The Company has also entered into a consultancy agreement with Mr Jack James (**James Consultancy Agreement**) for an initial term of one year effective on and from 15 November 2012. Under the James Consultancy Agreement, Mr James is engaged by the Company to provide services to the Company in the capacity of Company Secretary and a Non-Executive Director. Mr James will be paid a consulting fee of $8,000 per month (exclusive of GST) and Director's fees as determined by the Board.

The Company has also entered into a consultancy agreement with Mr James Hyndes (**Hyndes Consultancy Agreement**) for an initial term of one year effective on and from 15 November 2012. Under the Hyndes Consultancy Agreement, Mr Hyndes is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr Hyndes will be paid a consulting fee of $5,000 per month (exclusive of GST) and Director's fees as determined by the Board.

Future payables arising from the above service agreements as at 30 June are as follow:

	Consolidated 2013 $	Consolidated 2012 $
Within one year	76,500	74,000
Later than one year but not later than five years	-	-
	76,500	**74,000**

Exploration and project commitments

The Group has certain obligations to perform minimum exploration work on mining tenements held. These obligations may vary over time, depending on the Group's exploration program and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at reporting date, total exploration expenditure commitments of the Group which have not been provided for in the financial statements amount to US$21,215 per annum.

Contingencies

Pursuant to a definitive agreement, amendments and deed of undertaking entered into with Belgravia LLC (**Belgravia**) for the acquisition of share capital in Centreville LLC, the Company has agreed to pay Belgravia (or its nominee) additional consideration (being Shares) for the acquisition of Centreville, at the option of Belgravia (or its nominee), for any Probable Ore Reserve (as defined by the JORC Code) discovered in the exploration License area (**Additional Consideration**). The Additional Consideration will be payable upon the issue of an initial JORC Code compliant report (**Initial JORC Report**) and will be calculated at one percent (1%) of the London Metals Exchange (**LME**) spot rate market value for the mineral in question at the time the JORC compliant report is issued. If a mineral is not traded on the LME, an international pricing standard will be applied instead.

14. COMMITMENTS AND CONTINGENCIES (continued)

Additional Consideration will also be payable in respect of any subsequent JORC compliant reports issued in respect of the exploration License area. If any subsequent JORC compliant reports are issued, the Additional Consideration will be calculated as one percent (1%) of the Incremental Value of the Probable Ore Reserve as determined by the LME spot rate market value for the mineral in question at the time the JORC compliant report is issued. If a mineral is not traded on the LME, an international pricing standard will be applied instead.

The Additional Consideration will cease to be payable by the Company to Belgravia (or its nominee) at the commencement of production in the exploration License area.

The Additional Consideration will be payable to Belgravia (or its nominee) upon the Company providing written notice to Belgravia (or its nominee) and Belgravia (or its nominee) providing written notice to the Company (within 30 calendar days of receipt of the Company's written notice (Notice Period)) stating whether or not it elects to receive the Additional Consideration. If Belgravia (or its nominee) do not provide a written notice to the Company within the Notice Period, Belgravia (or its nominee) will not be permitted to receive the Additional Consideration payable at the relevant time, and will not be permitted to request payment of that Additional Consideration in the future.

If Belgravia (or its nominee) elects to receive the Additional Consideration, the price of each Share will be calculated at the volume weighted average price of the Shares trading on the Australian Securities Exchange for the 20 trading days prior to the date of issue of the Shares to Belgravia (or its nominee). Each issue of Shares to Belgravia (or its nominee) will be subject to shareholder approval, if required, under the ASX Listing Rules and/or the Corporations Act. Each issue of Shares to Belgravia (or its nominee) will also be subject to any escrow provisions required by the ASX Listing Rules or the ASX.

The Group does not have any other contingent liabilities at balance and reporting dates.

15. EARNINGS/LOSS PER SHARE

Basic and diluted earnings/loss per share

	Consolidated 2013 Cents	Consolidated 2012 Cents
Total basic loss per share attributable to the ordinary equity holders of the company	(1.34)	(3.04)

The calculation of basic loss per share at 30 June was based on the following:

	Consolidated 2013 Cents	Consolidated 2012 Cents
Loss attributable to ordinary shareholders		
Net loss for the year	(626,688)	(667,744)

Weighted average number of ordinary shares	Number 2013	Number 2012
Balance at beginning of year	46,666,168	1
Effect of shares issued on 19 January 2011	-	-
Effect of shares issued on 19 October 2011	-	14,728,767
Effect of shares issued on 31 December 2011	-	4,094,270
Effect of shares issued on 26 April 2012	-	3,164,384
	46,666,168	21,987,422

16. KEY MANAGEMENT PERSONNEL

Key management personnel compensation

	Consolidated 2013 $	Consolidated 2012 $
Short-term employee benefits	387,300	227,000
Post-employment benefits	-	-
Other benefits	-	10,485
Total compensation	**387,300**	**237,485**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 8 to 10.

Equity holdings of key management personnel

Shareholdings

The numbers of shares in the company held during the financial year by each Director of Eumeralla Resources Ltd, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2013	Held at 1 July 2012	Held at date of appointment	Purchases	Granted as remuneration	Disposals	Held at date of resignation	Held at 30 June 2013
Directors							
Mr J James	40,000	-	-	-	-	N/A	40,000
Mr M Hynes	6,000,001	N/A	-	-	-	N/A	6,000,001
Mr J Hyndes	6,180,763	N/A	609,521	-	-	N/A	6,790,284

2012	Held at 1 July 2011	Held at date of appointment	Purchases	Granted as remuneration	Disposals	Held at date of resignation	Held at 30 June 2012
Directors							
Mr J James[1]	N/A	-	40,000	-	-	N/A	40,000
Mr M Hynes	1	N/A	6,000,000	-	-	N/A	6,000,001
Mr J Hyndes	-	N/A	6,180,763	-	-	N/A	6,180,763
Mr P Youd[2]	-	N/A	-	-	-	-	N/A

[1]Appointed 22 August 2012.
[2]Resigned 22 August 2012.

Other transactions with key management personnel

Mr J Hyndes, a Director, provided corporate consultancy services in connection with the operation of the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was $76,800 (2012: 15,600), none of which was outstanding at 30 June 2013 (30 June 2012: nil). This amount is included in the remuneration disclosed for Mr Hyndes in the Remuneration Report.

Mandalay Capital SG Pte Ltd, a related party of Mr J Hyndes, a Director, leased an office space to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to the lease agreement was $15,000 (2012: nil), none of which was outstanding at 30 June 2013 (30 June 2012: nil).

Loan from key management personnel

During the year the Company borrowed $67,385 (2012: $96,253) from Mr James Hyndes for the purpose of funding its working capital. In October 2012, the Company repaid $163,638 to Mr J Hyndes resulting in a year-end balance of nil.

17. ACQUISITION OF SUBSIDIARY

Eumeralla acquired 100% of the voting shares of Centreville LLC during the previous year (on 31 December 2011). The total cost of the acquisition was $1,727,237 comprising of an issue of equity instruments and cash paid in advance by way of deposit. Eumeralla issued 8,166,167 ordinary shares with a fair value of $1,633,233, based on the price of the shares of Eumeralla offered in the Prospectus dated 10 February 2012. The acquisition has been accounted for as an "asset acquisition" as opposed to a "business combination" under *AASB 3 Business Combinations* as it is not considered that Centreville LLC meets the definition of "business" under AASB 3.

	$
Net assets acquired:	
Cash and cash equivalents	99,901
Prepayments	7,596
Exploration and evaluation expenditure	1,783,438
Trade and other payables	(21,959)
Borrowings (includes intercompany loans acquired that subsequently eliminate)	(141,739)
	1,727,237
Acquisition date fair value of consideration transferred:	
Shares issued, at fair value*	1,633,233
Consideration transferred	94,004
Direct costs relating to the acquisition	**1,727,237**

*The refundable deposit of US$100,000, paid in accordance with the signed Definitive Agreement dated 16 August 2011 between the Company and Belgravia Mining LLC, as amended on 23 September 2011, 31 December 2011, forms part of the acquisition of Centreville LLC.

Contingent consideration

Refer to Note 14 for details of contingent consideration payable in relation to the acquisition of Centreville

18. SEGMENT INFORMATION

The Board has determined that the Company has two reportable segments, being mineral exploration in Mongolia and Myanmar and other.

30 June 2013	Mineral Exploration $	Other $	Consolidated $
Interest revenue	-	129,942	129,942
Total revenue	**-**	**129,942**	**129,942**
Segment net loss from continuing operations before tax			
Expenses	(112,260)	(644,240)	(756,500)
Segment net loss from continuing operations	**(112,260)**	**(514,428)**	**(626,688)**
Segment assets	235,662	4,147,439	4,413,457
Intersegment eliminations			(367,009)
Total Group Assets			**4,046,448**
Segment asset increases for the period:			
- **Capital expenditure**	85,650	-	85,650
Segment liabilities			
Segment Liabilities	(299,305)	(45,890)	(345,195)
Reconciliation of segment liabilities to the group liabilities:			299,305
Segment liabilities			**(45,890)**

18. SEGMENT INFORMATION (CONTINUED)

30 June 2012	Mineral Exploration $	Other $	Consolidated $
Interest revenue	-	17,479	17,479
Total revenue	**-**	**17,479**	**17,479**
Segment net loss from continuing operations before tax			
Expenses	-	(667,744)	(667,744)
Segment net loss from continuing operations	**-**	**(667,744)**	**(667,744)**
Segment assets	1,784,573	2,886,443	4,671,016
Intersegment eliminations			-
Total Group Assets			**4,671,016**
Segment asset increases for the period:			
- **Capital expenditure**	1,784,573	-	1,784,573
Segment liabilities			
Segment Liabilities	-	(44,595)	(44,595)
Reconciliation of segment liabilities to the group liabilities:			-
Segment liabilities			**(44,595)**

19. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES

	Consolidated 2013 $	Consolidated 2012 $
Loss for the year	(626,688)	(667,744)
Adjustments:		
Exchange gain/loss	(5,910)	(2,864)
Impairment	85,650	-
Operating loss before changes in working capital and provisions	(546,948)	(670,608)
Change in trade and other receivables	46,510	(48,974)
Change in prepayments	(3,868)	-
Change in trade and other payables	13,888	(9,965)
Net cash used in operating activities	(490,418)	(729,547)

20. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Group is Eumeralla Resources Ltd.

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Country of Incorporation	Class of shares	Equity holding* 2013 %	Equity holding* 2012 %
Eumeralla Resources Pte Ltd	Singapore	Ordinary	100%	100%
Centreville LLC	Mongolia	Ordinary	100%	100%
Eumeralla Resources (South East Asia) Pte. Ltd	Singapore	Ordinary	100%	-

* The proportion of ownership interest is equal to the proportion of voting power held.

Eumeralla Resources (South East Asia) Pte. Ltd was incorporated on 18 December 2012.

(c) Key management personnel

Details relating to key management personnel are included in Note 16.

(d) Loans to related parties

Loans are made between the Parent Entity and its subsidiaries for capital purchases and working capital purposes.

	Parent Entity 2013 $	Parent Entity 2012 $
Loan to Eumeralla Resources Pte Ltd		
Beginning of the year	96,253	-
Loans advanced	67,385	96,253
Loans repayments made	(163,638)	-
End of year	-	96,253

	Parent Entity 2013 $	Parent Entity 2012 $
Loan from Centreville LLC		
Beginning of the year	15,700	-
Loans advanced	-	45,666
Loan repayments made	(15,700)	(29,966)
End of year	-	15,700

The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in Note 20 (b).

(e) Dividends

No dividends were received from the subsidiaries in the 2013 or 2012 financial year.

21. PARENT ENTITY INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts. The information presented has been prepared using accounting policies as disclosed in Note 1.

	2013 $	2012 $
Financial Position		
Current assets	2,174,281	2,849,346
Total assets	4,046,448	4,674,708
Current liabilities	45,890	32,002
Total liabilities	45,890	47,702
Shareholder's equity		
Issued capital	5,315,160	5,315,160
Accumulated losses	(1,314,601)	(652,961)
	4,000,558	5,291,461
Financial Performance		
Loss for the year	(661,641)	(664,454)
Total comprehensive loss	(661,641)	(664,454)

Contingencies of the Parent Entity

Contingencies of the Parent Entity are noted in Note 14.

Contractual commitments of the Parent Entity

Included in the commitments in Note 14 are commitments incurred by the Parent Entity as follows:

Remuneration commitments

	2013 $	2012 $
Within one year	76,500	74,000
Later than one year but not later than five years	-	-
	76,500	**74,000**

22. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the year and the date of these financial statements any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 19 to 40 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

Michael Hynes
Executive Director

Dated at Perth, Western Australia this 24th day of September 2013.

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Eumeralla Resources Limited

Report on the Financial Report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

Auditor's opinion

In our opinion:

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

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

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

Auditor's opinion

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
24 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Eumeralla Resources Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Eumeralla Resources Limited and the entities it controlled during the year.

Perth, Western Australia
24 September 2013

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

EUMERALLA RESOURCES LIMITED

SHAREHOLDER INFORMATION

1. *Shareholding*

The shareholder information set out below was applicable as at 23rd September 2013:

(a) ***Distribution of Share Holdings as at 23rd September 2013***

Size of Holding and Option Holdings	Number of Shareholders
1 - 1,000	1
1,001 - 5,000	2
5,001 - 10,000	149
10,001 - 100,000	151
100,001 and over	47
Total Shareholders	350

(b) Of the above total 1 Ordinary Shareholder holds less than a marketable parcel.

(c) ***Substantial Shareholders***

- Asia Pacific Investment hold 8,166,167 ordinary shares representing 17.50% of the Company's equity;
- Director James W Hyndes holds 6,790,284 ordinary shares representing 14.55% of the Company's equity;
- Director Michael J Hynes holds 6,000,001 ordinary shares representing 12.86% of the Company's equity;
- Hudson Bay Investments Ltd hold 2,500,000 ordinary shares representing 5.36% of the Company's equity;
- Nefco Nominees Pty Ltd hold 2,400,000 ordinary shares representing 5.14% of the Company's equity; and
- Celtic Capital Pte Ltd hold 2,370,000 ordinary shares representing 5.08% of the Company's equity.

(d) ***Voting Rights***

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options have any voting rights.

2. The name of the Company Secretary is Mr Jack R. James.

3. The address of the principal registered office in Australia is 22 Lindsay Street, Western Australia 6000, Telephone + 61 (08) 9328 6262.

4. The register of securities is held at;

Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6153, Telephone +61 (08) 9315 2333.

5. **Stock Exchange Listing**

Quotation has been granted for 46,666,168 ordinary shares on all member exchanges of the Australian Stock Exchange Limited ("ASX") and trade under the symbol 'EUM'.

6. There are no unquoted ordinary shares at the date of this report.

7. Detailed schedules of exploration and mining tenements held are included in the operations review.

8. Directors' interests in share capital are disclosed in the Directors' Report.

9. There are no unlisted options at the date of this report.

10. There is currently no on-market buy-back in place.

11. For the current financial year, the entity used its cash and assets in a form readily convertible to cash in a manner consistent with its business activities.

TWENTY LARGEST SHAREHOLDERS
AS AT 23rd September 2013

SHAREHOLDERS (Fully Paid Ordinary)	NUMBER OF SHARES	%
ASIA PACIFIC INVESTMENT PARTNERS HONG KONG LIMITED	8,166,167	17.50
SUPREME CAMILLO CAPITAL LTD	6,100,040	13.07
MR MICHAEL JOHN HYNES	6,000,001	12.86
HUDSON BAY INVESTMENTS LTD	2,500,000	5.36
NEFCO NOMINEES PTY LTD	2,400,000	5.14
CELTIC CAPITAL PTE LTD	2,370,000	5.08
CHEMBANK PTY LIMITED	1,500,000	3.21
BLAMNCO TRADING PTY LTD	1,000,000	2.14
CITICORP NOMINEES PTY LIMITED	626,026	1.34
MR JAMES WILLIAM JOSEPH HYNDES	586,748	1.26
JP MORGAN NOMINEES AUSTRALIA LIMITED	521,300	1.12
PLATINUM PRESTIGE LTD	508,960	1.09
MR ALISTAIR CLARK	500,000	1.07
MR JOHN KEVIN BELL	500,000	1.07
MR JASON AND MRS LISA PETERSON	485,000	1.04
MR EDWARD THOMAS JENNE	375,000	0.80
ABN AMRO CLEARING SYDNEY PTY LIMITED	300,001	0.64
MR ESMOND CHOO LIONG GEE	250,000	0.54
JOMIMA PTY LTD	250,000	0.54
MR RICHARD ROBISON	250,000	0.54
TOP 20 SHAREHOLDERS	35,189,243	75.41
TOTAL ISSUED SHARES as at 23rd September 2013	46,666,168	100

Tenement Schedule Notes

Title Number	Holder	Grant Date	Expiry Date	Area Size	Project Name	Encumbrances / Dealings	Exclusions	Notes
XV-015591	Centreville LLC	26 September 2007	26 September 2016	12,657.72 hectare	Ovoot Project	-	-	-