



EUMERALLA  
RESOURCES

ACN 148 860 299

# ANNUAL REPORT

For the year ended 30 June 2015

## CORPORATE DIRECTORY

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### DIRECTORS

Jack Robert James  
*Non-Executive Chairman*

James William Joseph Hyndes  
*Non-Executive Director*

David Wheeler  
*Non-Executive Director*

### COMPANY SECRETARY

Tim Ryan Slate

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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Subiaco WA 6008  
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Website: [www.eumerallaresources.com](http://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

Automic Registry Services Pty Ltd  
Level 1  
7 Ventnor Ave  
West Perth WA 6005  
Telephone: +61 8 9324 2099  
Facsimile: +61 8 9227 6390  
Email: [info@automic.com.au](mailto:info@automic.com.au)  
Website: [www.automic.com.au](http://www.automic.com.au)

### SECURITIES EXCHANGE

ASX Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

ASX Code: EUM

## ANNUAL REPORT – 30 JUNE 2015

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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 operating and financial review on pages 8 - 10.

The financial statements were authorised for issue by the Directors on 24 September 2015. 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](http://www.eumerallaresources.com).

## DIRECTORS' REPORT

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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 2015 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 (resigned 14 May 2015, appointed 21 May 2015)**  
**Non-Executive Chairman – Age 51**

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 William Joseph Hyndes**  
**Non-Executive Director – Age 45**

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 Mandalay Capital, a Singapore and Hong Kong based private equity company.

**Mr David Wheeler (appointed 1 October 2014)**  
**Non-Executive Director – Age 57**

Mr Wheeler has more than 30 years executive management experience, through general management, CEO and managing director roles across a range of companies and industries. He has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia, and the Middle East (Iran). David has been a Fellow of the Australian Institute of Company Directors (FAICD) since 1990.

**Mr Michael John Hynes (resigned 23 July 2015)**  
**Executive Director – Age 47**

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 2011, 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.

## DIRECTORS' REPORT

### 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
	Lithex Resources Limited	12 December 2013	29 January 2015
	Antares Mining Limited	15 October 2015	Current
	Premiere Eastern Energy Limited	18 March 2015	Current
Mr Michael Hynes	Castillo Copper Limited	13 August 2015	Current
	None	-	-
Mr James Hyndes	None	-	-
Mr David Wheeler	Premiere Eastern Energy Limited	22 August 2014	Current
	Oz Brewing Limited	15 April 2011	Current
	TW Holdings Limited	18 November 2014	Current
	Castillo Copper Limited	13 August 2015	Current
	Antares Mining Limited	12 August 2015	Current

### DIRECTORS' INTERESTS

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

Director	Shares	Performance rights over ordinary shares
Mr Jack James	40,000	65,200
Mr Michael Hynes	6,000,001	130,400
Mr James Hyndes	6,790,284	130,400
Mr David Wheeler	-	-

### COMPANY SECRETARY

Mr. Tim Slate was appointed as Company Secretary on 21 May 2015 following the resignation of Mr. Jack James. Mr. Slate has a Bachelor of Commerce from the University of Western Australian, is a Chartered Accountant and has a Diploma of Applied Corporate Governance from Governance Institute of Australia. Mr. Slate provides accounting and secretarial advice to private and public companies. Mr Slate has eight years' experience in chartered accounting.

### REMUNERATION REPORT

The Directors are pleased to present your Company's 2015 remuneration report which sets out remuneration information for Eumeralla Resources Ltd's Non-Executive Directors, Executive Directors and other key management personnel. The information in this remuneration report has been audited as required by section 308(3c) of the *Corporations Act 2001*.

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 (resigned 14 May 2015, appointed 21 May 2015)
Mr Michael Hynes	Executive Director
Mr James Hyndes	Non-Executive Director (resigned 23 July 2015)
Mr David Wheeler	Non-Executive Director (appointed 1 October 2014)



## DIRECTORS' REPORT

### 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	\$48,000 per annum
Mr James Hyndes	\$48,000 per annum
Mr David Wheeler	\$48,000 per annum

### 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 or performance rights 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 or performance rights 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.

## DIRECTORS' REPORT

### Remuneration of key management personnel

		SHORT-TERM EMPLOYEE BENEFITS		POST- EMPLOYMENT	SHARE-BASED PAYMENTS		
		Salary & fees \$	Non- monetary benefits	Super- annuation \$	Performance rights \$	Total \$	Proportion of remuneration performance related %
<b>Directors</b>							
<i>Non-Executive</i>							
Mr J James	2015	109,000	-	-	25,950	134,950	19.23
	2014	122,250	-	-	19,672	141,922	13.86
Mr J Hyndes	2015	85,600	-	-	51,902	137,502	37.75
	2014	103,200	-	-	39,344	142,544	27.60
Mr D Wheeler	2015	36,000	-	-	-	36,000	-
	2014	-	-	-	-	-	-
<i>Sub-total</i>							
<i>Non-Executive</i>	2015	230,600	-	-	77,852	308,452	25.24
<i>Directors</i>	2014	225,450	-	-	59,016	284,466	20.75
<i>Executive</i>							
Mr M Hynes	2015	133,000	-	-	51,902	184,902	28.07
	2014	150,000	-	-	39,344	189,344	20.78
<b>Total key management personnel compensation (group)</b>							
	2015	363,600	-	-	129,754	493,354	26.30
	2014	375,450	-	-	98,360	473,810	20.76

### Share-based remuneration

During the year ended 30 June 2014 the directors granted 3,000,000 Performance Rights (Rights) to directors following shareholder approval at the November 2013 Annual General Meeting. The Rights were granted in accordance with the long term equity incentive plan as outlined in the Eumeralla Performance Rights Plan. The share based payment expense for the Rights issued has been calculated in accordance with AASB 2: Share Based Payments using a trinomial method to determine the fair value of the Rights. The total fair value for the 3,000,000 Rights issued to date is \$326,000 and this amount will be expensed over the vesting periods of the Rights commencing 21 November 2013. An amount of \$129,754 (2014: \$98,360) has been included in the Statement of Comprehensive Income under Employee benefit expenses for the year ended 30 June 2015 in respect of these Rights.

Date Issued	Issued to	Number of Rights	Fair Value at issue date
21 November 2013	Chief Executive Officer	1,200,000	130,400
	Non-Executive Directors	1,800,000	195,600
	Outstanding at 30 June 2015	3,000,000	326,000
	Expired at 30 June 2015	500,000	-

**DIRECTORS' REPORT****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.

<b>2015</b>	Held at 1 July 2014	Held at date of appointment	Purchases	Granted as remuneration	Disposals	Held at date of resignation	Held at 30 June 2015
<b>Directors</b>							
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	6,790,284	N/A	250,000	-	(73,496) <sup>1</sup>	N/A	6,966,788
Mr D Wheeler	-	-	-	-	-	-	-

Note:

1) During the year, Mr J Hyndes disposed his 35% interest in Redhill Partners Pte Ltd which owned an 0.9% effective stake in Asia Pacific Investments Partners Hong Kong, which holds 8,166,167 shares in the Company.

<b>2014</b>	Held at 1 July 2013	Held at date of appointment	Purchases	Granted as remuneration	Disposals	Held at date of resignation	Held at 30 June 2014
<b>Directors</b>							
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	6,790,284	N/A	-	-	-	N/A	6,790,284

**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 \$27,600 (2014: 43,200), none of which was outstanding at 30 June 2015 (30 June 2014: 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 \$36,000 (2014: 36,000), \$3,000 of which was outstanding at 30 June 2015 (30 June 2014: nil).

Palisade Business Consulting Pty Ltd, a related party of Mr J James, a Director, provided corporate and accounting services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$15,000 (2014: 26,150), none of which was outstanding at 30 June 2015 (30 June 2014: nil). This amount is included in the remuneration disclosed for Mr James in the Remuneration Report.

Pathways Corporate Pty Ltd, a company in which Mr D Wheeler is a director, charged the Group director's fees of \$36,000 (2014: \$Nil). \$Nil (2014: \$Nil) was outstanding at year end. This amount is included in the remuneration disclosed for Mr Wheeler in the Remuneration Report.



## DIRECTORS' REPORT

### OPERATING AND FINANCIAL REVIEW

#### PRINCIPAL ACTIVITIES

##### Myanmar

During the year Eumeralla Resources Ltd's 70% controlled Myanmar subsidiary, Mawsaki Mining Co. Ltd ('Mawsaki'), received State Government approval for its exploration permit in the State of Kayah. The approval came after successful negotiations with the Office of Chief Minister, Kayah State, State Minister, Ministry of Forest and Mines, both the State Forest Department and State Land Records Department in Loikaw and Office of Township Administration, Hpa-hsaung.

Mawsaki held meetings with Department of Geological Survey and Mineral Exploration (DGSE) to discuss and negotiate the terms of the exploration licence, including the commissioning of an Environmental Management Plan (EMP) for approval by DGSE along with a detailed Works Program and Budget. Once approved, Mawsaki held numerous meetings with the Department of Geological Survey and Mineral Exploration (DGSE) aimed at finalising the agreement, regarding the terms and conditions of the exploration area.

Mawsaki progressed with the process towards being granted the required approvals to clear the way for consideration of the proposed exploration terms and conditions by Cabinet of Union Government of Myanmar.

This approval process is the next step following the successful negotiations over the licence area with the Office of Chief Minister, Kayah State Government, Chief Minister, Ministry of Forest and Mines, both the State Forest Department and State Land Records Department in Loikaw and Office of Township Administration, Hpa-hsaung. The Company understands that approval by the Union Government will be the final step in the approval process.

##### Mongolia

In July 2014 the Company engaged Lunda LLC (Lunda) to perform an IP/Res Gradient Survey. Lunda have performed the IP/Res Gradient Survey and completed and submitted the exploration work program to the Mineral Resources Authority (MRAM) of Mongolia as required by the Mongolian government.

##### Corporate

The Company received the notice pursuant to Section 249D of the Corporations Act ('249D Notice') from Mr Michael Hynes on 26 May 2015 seeking the removal of Messrs James Hyndes, David Wheeler and Jack James as directors of the Company and the appointment of Messrs Jeffrey Bennett and Campbell Sallabank as directors of the Company. Subsequent to year end, as announced 24 July 2015, Mr Hynes stepped down from the Board and as CEO, and withdrew his 249D Notice. Accordingly, the resolutions set out in the Notice of General Meeting convening a meeting for Friday, 24 July 2015 were not put before shareholders.

##### Operating review

A review of the operating activities undertaken by the consolidated entity during the year is contained in the section entitled Operating and Financial Review in this Directors' Report.

##### Financial review

A summary of the salient operating results for the year ended 30 June 2015 is as follows:

- Operating loss after tax was (\$1,073,618) representing a 16% decrease on FY2014 (\$1,286,471).
- Net cash outflow from operating activities was (\$614,505) representing an 8% decrease on FY2014 (\$671,092).

The table below sets out summary information about the consolidated entity's results and movement in shareholder wealth for all years to 30 June 2015.

		30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
EBITDA	\$	(756,949)	(744,319)	(541,038)	(667,744)	(23,699)
Net profit/(loss) before tax	\$	(1,073,618)	(1,286,471)	(626,688)	(667,744)	(23,699)
Net profit/(loss) after tax	\$	(1,073,618)	(1,286,471)	(626,688)	(667,744)	(23,699)
Total comprehensive loss for the year	\$	(1,056,010)	(1,301,533)	(625,863)	(665,040)	(23,699)
Share price at start of year	cps	0.08	0.09	0.19	N/A	N/A
Share price at end of year	cps	0.03	0.08	0.09	0.19	N/A
Basic earnings per share (cents per share)	cps	(2.24)	(2.76)	(1.34)	(3.04)	(2,369,882)
Diluted earnings per share (cents per share)	cps	(2.24)	(2.76)	(1.34)	(3.04)	(2,369,882)

## DIRECTORS' REPORT

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### Significant Changes in the State of Affairs

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

### EVENTS SUBSEQUENT TO REPORTING DATE

On 24 July 2015, Mr Michael Hynes resigned as director and chief executive officer.

Other than the event outlined above 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.

### 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).

### 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.

### DIVIDENDS

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

### 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.

## DIRECTORS' REPORT

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### 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	Attended
Mr Jack James	10	10
Mr Michael Hynes	11	11
Mr James Hyndes	11	11
Mr David Wheeler	9	9

### 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

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

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 no fees were paid or payable for non-audit services provided by the auditor of the parent entity.

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 38 and forms part of the Directors' Report.

Dated at Perth, Western Australia this 24<sup>th</sup> day of September 2015.

Signed in accordance with a resolution of the Directors:



Jack James  
Non-Executive Director

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2015

	Note	Consolidated 2015 \$	Consolidated 2014 \$
<b>Revenue from continuing operations</b>			
Interest income		27,749	59,875
<b>Total income</b>		<b>27,749</b>	<b>59,875</b>
Administrative expenses		(85,839)	(137,622)
Audit fees		(6,949)	-
Consulting fees		(114,851)	(77,267)
Corporate services		(99,071)	(109,323)
Employee benefit expenses		(388,854)	(351,560)
Legal fees		(32,777)	(24,051)
Other expenses		(56,356)	(104,371)
Impairment expense – exploration expenditure		(316,670)	(463,720)
Impairment expense – refundable deposit		-	(78,432)
<b>Loss before income tax</b>		<b>(1,073,618)</b>	<b>(1,286,471)</b>
Income tax expense/(benefit)	4	-	-
<b>Net loss for the year</b>		<b>(1,073,618)</b>	<b>(1,286,471)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Exchange (loss)/gain on translation of foreign subsidiaries		17,608	(15,062)
<b>Total comprehensive loss for the year</b>		<b>(1,056,010)</b>	<b>(1,301,533)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)	13	(2.30)	(2.76)

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 2015**

	Note	Consolidated 2015 \$	Consolidated 2014 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	761,667	1,434,868
Receivables	6	5,531	16,373
Prepayments	7	16,774	14,367
<b>Total Current Assets</b>		<b>783,972</b>	<b>1,465,608</b>
<b>Non-current Assets</b>			
Exploration and evaluation assets	8	1,119,292	1,377,265
<b>Total Non-Current Assets</b>		<b>1,119,292</b>	<b>1,377,265</b>
<b>TOTAL ASSETS</b>		<b>1,903,264</b>	<b>2,842,873</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	32,135	45,488
<b>Total Current Liabilities</b>		<b>32,135</b>	<b>45,488</b>
<b>TOTAL LIABILITIES</b>		<b>32,135</b>	<b>45,488</b>
<b>NET ASSETS</b>		<b>1,871,129</b>	<b>2,797,385</b>
<b>EQUITY</b>			
Issued capital	10	5,315,160	5,315,160
Reserves	11	234,189	86,827
Accumulated losses		(3,678,220)	(2,604,602)
<b>TOTAL EQUITY</b>		<b>1,871,129</b>	<b>2,797,385</b>

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 2015

Consolidated	Issued Capital \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserves \$	Accumulated Losses \$	Total \$
<b>Balance at 30 June 2013</b>	<b>5,315,160</b>	-	<b>3,529</b>	<b>(1,318,131)</b>	<b>4,000,558</b>
Loss for the year	-	-	-	(1,286,471)	(1,286,471)
Other comprehensive loss	-	-	(15,062)	-	(15,062)
<b>Total comprehensive loss for the year</b>	-	-	(15,062)	(1,286,471)	(1,301,533)
Value of performance rights	-	98,360	-	-	98,360
<b>Balance at 30 June 2014</b>	<b>5,315,160</b>	<b>98,360</b>	<b>(11,533)</b>	<b>(2,604,602)</b>	<b>2,797,385</b>
Loss for the year	-	-	-	(1,073,618)	(1,073,618)
Other comprehensive income	-	-	17,608	-	17,608
<b>Total comprehensive loss for the year</b>	-	-	17,608	(1,073,618)	(1,056,010)
Value of performance rights	-	129,754	-	-	129,754
<b>Balance at 30 June 2015</b>	<b>5,315,160</b>	<b>228,114</b>	<b>6,076</b>	<b>(3,678,220)</b>	<b>1,871,129</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 30 June 2015

	Note	Consolidated 2015 \$	Consolidated 2014 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(642,254)	(723,296)
Interest received		27,749	52,204
<b>Net cash (outflow) from operating activities</b>	16	<b>(614,505)</b>	<b>(671,092)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration		(58,696)	(56,412)
<b>Net cash (outflow) from investing activities</b>		<b>(58,696)</b>	<b>(56,412)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		-	-
<b>Net cash (outflow) from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(673,201)</b>	<b>(727,504)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>1,434,868</b>	<b>2,162,372</b>
<b>Cash and cash equivalents at end of year</b>	5	<b>761,667</b>	<b>1,434,868</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2015

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### 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.

#### *Going Concern*

This report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a loss for the year ended 30 June 2015 of \$1,073,618 and experienced net cash outflows from operating and investing activities of \$673,201. At 30 June 2015, the Group had a net current asset position of \$751,837. The cash and cash equivalents at balance date was \$761,667. However, the Directors recognise the need to raise additional funds via equity raisings for future exploration activities.

Notwithstanding this, the Directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern.

In considering the above, the Directors have reviewed the Group's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will be able to secure funds to meet creditors.

There are a number of inherent uncertainties relating to the Group's future plans including but not limited to:

- whether the Company will be able to raise equity in this current market; and
- whether the Group would be able to secure any other sources of funding.

Accordingly, there is material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern

#### *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 2014 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 2014.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *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:

#### Impairment

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.

#### Exploration and evaluation expenditure

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.

#### Deferred taxation

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 2014.

#### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumeralla Resources Ltd as at 30 June 2015 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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 that 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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:

- (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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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/loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

##### Share-based payment transactions

###### Equity settled transactions

The Eumeralla Performance Rights Plan provides benefits to directors of the Group in the form of share-based payments, whereby directors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Monte Carlo Simulation method, further details of which are given in Note 19.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Eumeralla Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer Note 13.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

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## 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.

The Group holds the following financial instruments:

	Consolidated 2015 \$	Consolidated 2014 \$
<b>Financial assets</b>		
Cash and cash equivalents	761,667	1,434,868
Trade and other receivables	5,531	16,373
	767,198	1,451,241
<b>Financial liabilities</b>		
Trade and other payables	32,135	45,488
	32,135	45,488

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 2. FINANCIAL RISK MANAGEMENT (continued)

##### *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 2015		30 June 2014	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
<b>Variable rate instruments</b>				
Cash at bank	0.90%	361,667	1.72%	127,485
<b>Fixed rate instruments</b>				
Term deposits	4.07%	400,000	3.48%	1,307,383
		<b>761,667</b>		<b>1,434,868</b>

##### *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 \$5,713, 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.

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:

	2015 \$	2014 \$
Cash and cash equivalents	761,667	1,434,868
Trade and other receivables	5,531	16,373
	<b>767,198</b>	<b>1,451,241</b>

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**

	2015	2014
A-1+ <sup>1</sup>	663,540	1,434,648
B <sup>1</sup>	98,127	220
	<b>761,667</b>	<b>1,434,868</b>
<b>Trade and other receivables</b>		
No default	5,531	16,373

<sup>1</sup>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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

## 2. FINANCIAL RISK MANAGEMENT (continued)

### *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 2015	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	Between 1 and 2 years
Trade and other payables	32,135	(32,135)	(32,135)	-	-
	<u>32,135</u>	<u>(32,135)</u>	<u>(32,135)</u>	<u>-</u>	<u>-</u>
30 June 2014	Carrying amount	Contractual cash flows	Less than 6 months	6 – 12 months	Between 1 and 2 years
Trade and other payables	45,888	(45,888)	(45,888)	-	-
	<u>45,888</u>	<u>(45,888)</u>	<u>(45,888)</u>	<u>-</u>	<u>-</u>

### 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 2015 and 30 June 2014.

### 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

**2. FINANCIAL RISK MANAGEMENT (continued)**

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

**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, as well as the auditors of overseas subsidiaries:

**Audit Services**

*HLB Mann Judd Australia*

- audit and review of financial reports
- tax compliance services

*BDO Mongolia*

- audit and review of financial reports of overseas subsidiaries

	<b>Consolidated 2015 \$</b>	<b>Consolidated 2014 \$</b>
	30,000	30,000
	-	10,500
	5,000	5,000
	<b>35,000</b>	<b>45,500</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	Consolidated 2015 \$	Consolidated 2014 \$
<b>4. INCOME TAX</b>		
<b>(a) Income tax expense</b>	-	-
<b>(b) Numerical reconciliation between tax expense and pre-tax net loss</b>		
Loss before income tax expense	1,073,618	1,286,471
Income tax benefit calculated at rates noted in (e) below	(322,085)	(385,941)
Non-deductible expenses	91,382	120,871
Other deferred tax assets and tax liabilities not recognised	27,137	18,907
Unused tax losses and tax offset not recognised as deferred tax assets	176,159	140,813
Increase in deferred tax balances not brought to account	27,407	105,350
Income tax expense	-	-
<b>(c) Deferred tax assets and liabilities not brought to account</b>		
<i>Deferred tax assets comprise:</i>		
Carry forward tax losses	588,033	416,530
Capital raising costs	61,604	123,208
Depreciation timing differences	284	509
Impairment of exploration and evaluation assets	69,735	55,607
Impairment of receivables	-	13,333
Foreign exchange conversion	(3,067)	537
Provisions and accruals	5,654	12,550
	722,244	622,274
<i>Deferred tax liabilities comprise</i>		
Prepayments	5,032	3,439
Accrued interest	94	2,301
	5,126	5,740
<b>(d) Income tax benefit not recognised direct in equity</b>		
Capital raising costs	-	-
<b>(e) Tax Rates</b>		

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

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

**5. CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	761,667	1,434,868
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The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 2.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

	Consolidated 2015 \$	Consolidated 2014 \$
<b>6. RECEIVABLES</b>		
<i>Current</i>		
GST receivable	5,219	8,702
Accrued interest	312	7,671
	<b>5,531</b>	<b>16,373</b>
<b>7. PREPAYMENTS</b>		
Prepaid insurance	<b>16,774</b>	<b>14,367</b>
<b>8. EXPLORATION AND EVALUATION ASSETS</b>		
Exploration and evaluation costs carried forward in respect of areas of interest in the exploration and evaluation phase	<b>1,119,292</b>	<b>1,377,265</b>
<b>Reconciliation</b>		
Cost as at 1 July	1,377,265	1,784,573
Exploration expenditure incurred	58,697	56,412
Impairment	(316,670)	(463,720)
Cost as at 30 June	<b>1,119,292</b>	<b>1,377,265</b>
<p>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.</p> <p>At balance date, the Board assessed the carrying value of the Mongolian project and deemed that an impairment was necessary to reflect the Board's assessment of the fair value of the project.</p>		
<b>9. TRADE AND OTHER PAYABLES</b>		
Trade creditors	11,595	2,188
Other creditors and accruals	20,540	43,300
	<b>32,135</b>	<b>45,488</b>
<p>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.</p>		
<b>10. ISSUED CAPITAL</b>		
46,666,168 fully paid ordinary shares	<b>5,315,160</b>	<b>5,315,160</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 10. ISSUED CAPITAL (continued)

##### (a) Ordinary shares

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

	2015 Number of Shares	2015 \$	2014 Number of Shares	2014 \$
Balance at beginning of year	46,666,168	5,315,160	46,666,168	5,315,160
Balance at the end of the year	46,666,168	5,315,160	46,666,168	5,315,160

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 2015, 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.

#### 11. RESERVES

##### Foreign currency translation reserve

	Consolidated 2015 \$	Consolidated 2014 \$
Balance 1 July	(11,533)	3,529
Currency translation differences arising during the year	17,608	(15,062)
Balance 30 June	<b>6,075</b>	<b>(11,533)</b>

##### Performance rights reserve

Balance 1 July	98,360	-
Performance rights expense for the year	129,754	98,360
Balance 30 June	<b>228,114</b>	<b>98,360</b>

##### Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities 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.

##### Performance rights reserve

During the year ended 30 June 2014 the directors granted 3,000,000 Performance Rights (Rights) to directors following shareholder approval at the November 2013 Annual General Meeting. The Rights were granted in accordance with the long term equity incentive plan as outlined in the Eumeralla Performance Rights Plan. The share based payment expense for the Rights issued has been calculated in accordance with AASB 2: Share Based Payments using a Monte Carlo Simulation method to determine the fair value of the Rights. The total fair value for the 3,000,000 Rights issued to date is \$326,000 and this amount will be expensed over the vesting periods of the Rights commencing 21 November 2013. An amount of \$129,754 (2014: \$98,360) has been included in the Statement of Comprehensive Income under Employee benefits expense for the year ended 30 June 2015 in respect of these Rights.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 11. RESERVES (continued)

##### Performance rights reserve (continued)

Date Issued	Issued to	Number of Rights	Fair Value at issue date
21 November 2013	Chief Executive Officer	1,200,000	130,400
	Non-Executive Directors	1,800,000	195,600
	Outstanding at 30 June 2015	3,000,000	326,000
	Expired at 30 June 2015	500,000	-

#### 12. COMMITMENTS AND CONTINGENCIES

##### Remuneration commitments

The Company has also entered into a consultancy agreement with Mr. Jack James (**James Consultancy Agreement**). Under the James Consultancy Agreement, Mr. James is engaged by the Company to provide services to the Company in the capacity of Non-Executive Director. Mr. James will be paid a consulting fee of \$4,000 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 2013. 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 \$4,000 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 2015	Consolidated 2014
Within one year	\$ 96,000	\$ 76,500
Later than one year but not later than five years	-	-
	96,000	76,500

##### 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\$27,194 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.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 12. COMMITMENTS AND CONTINGENCIES (continued)

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 date.

#### 13. EARNINGS/LOSS PER SHARE

##### Basic and diluted earnings/loss per share

	Consolidated 2015 Cents	Consolidated 2014 Cents
Total basic loss per share attributable to the ordinary equity holders of the company	(2.30)	(2.76)

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

	Consolidated 2015 Cents	Consolidated 2014 Cents
<b>Loss attributable to ordinary shareholders</b>		
Net loss for the year	(1,073,618)	(1,286,471)
<b>Weighted average number of ordinary shares</b>		
Balance at beginning of year	46,666,168	46,666,168
Balance at end of year	46,666,168	46,666,168

#### 14. KEY MANAGEMENT PERSONNEL

##### Key management personnel compensation

	Consolidated 2015 \$	Consolidated 2014 \$
Short-term employee benefits	363,600	375,450
Post-employment benefits	-	-
Other benefits	-	-
Share based payments	129,754	98,360
<b>Total compensation</b>	<b>493,354</b>	<b>473,810</b>

Detailed remuneration disclosures are provided in the Remuneration Report on pages 4 to 7.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 14. KEY MANAGEMENT PERSONNEL (continued)

##### 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 \$27,600 (2014: 43,200), none of which was outstanding at 30 June 2015 (30 June 2014: 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 \$36,000 (2014: 36,000), \$3,000 of which was outstanding at 30 June 2015 (30 June 2014: nil).

Palisade Business Consulting Pty Ltd, a related party of Mr J James, a Director, provided corporate and accounting services to the Group during the year on normal commercial terms and conditions. The aggregate amount recognised during the year relating to those transactions was \$15,000 (2014: 26,150), none of which was outstanding at 30 June 2015 (30 June 2014: nil). This amount is included in the remuneration disclosed for Mr James in the Remuneration Report.

Pathways Corporate Pty Ltd, a company in which Mr D Wheeler is a director, charged the Group director's fees of \$36,000 (2014: \$Nil). \$Nil (2014: \$Nil) was outstanding at year end. This amount is included in the remuneration disclosed for Mr Wheelers in the Remuneration Report.

#### 15. SEGMENT INFORMATION

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

	Mineral Exploration \$	Other \$	Consolidated \$
<b>30 June 2015</b>			
Interest revenue	-	27,479	27,479
<b>Total revenue</b>	<b>-</b>	<b>27,479</b>	<b>27,479</b>
Expenses	(15,179)	(1,001,970)	(1,017,149)
Intersegment eliminations			(83,948)
<b>Segment net loss from continuing operations</b>	<b>(15,179)</b>	<b>(974,491)</b>	<b>(1,073,618)</b>
<b>Segment assets</b>	1,657,030	895,760	2,552,790
Intersegment eliminations			(649,526)
<b>Total Group Assets</b>			<b>1,903,264</b>
<b>Segment asset increases for the period:</b>			
- Capital expenditure	58,697	-	58,697
<b>Segment Liabilities</b>	258,360	406,385	664,745
Intersegment eliminations			(696,880)
<b>Total Group Liabilities</b>			<b>32,135</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

**15. SEGMENT INFORMATION (continued)**

30 June 2014	Mineral Exploration \$	Other \$	Consolidated \$
Interest revenue	-	59,875	59,875
<b>Total revenue</b>	<b>-</b>	<b>59,875</b>	<b>59,875</b>
Expenses	(178,589)	(1,567,483)	(1,746,072)
Intersegment eliminations			399,726
<b>Segment net loss from continuing operations</b>	<b>(178,589)</b>	<b>(1,507,608)</b>	<b>(1,286,471)</b>
<b>Segment assets</b>	182,880	2,883,622	3,066,502
Intersegment eliminations			(223,629)
<b>Total Group Assets</b>			<b>2,842,873</b>
<b>Segment asset increases for the period:</b>			
- Capital expenditure	56,412	-	56,412
<b>Segment Liabilities</b>	(268,412)	(144,879)	(413,291)
Intersegment eliminations			367,803
<b>Total Group Liabilities</b>			<b>(45,488)</b>

16. RECONCILIATION OF CASH FLOWS USED IN OPERATING ACTIVITIES TO LOSS FOR THE YEAR	Consolidated 2015 \$	Consolidated 2014 \$
Loss for the year	(1,073,618)	(1,286,471)
Adjustments:		
Exchange gain/loss	17,608	(8,205)
Performance rights expense	129,754	98,360
Impairment	316,670	542,152
Operating loss before changes in working capital and provisions	(609,586)	(654,164)
Change in trade and other receivables	10,841	(13,909)
Change in prepayments	(2,407)	(2,616)
Change in trade and other payables	(13,353)	(403)
Net cash used in operating activities	(614,505)	(671,092)





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 17. RELATED PARTY DISCLOSURES

##### (a) Parent entity

The parent entity within the Group is Eumeralla Resources Ltd.

##### (b) 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*	
			2015 %	2014 %
Eumeralla Resources Singapore Pte Ltd	Singapore	Ordinary	100%	100%
Centreville LLC	Mongolia	Ordinary	100%	100%
Eumeralla Resources (South East Asia) Pte. Ltd	Singapore	Ordinary	100%	100%
Mawsaki Mining Co. Limited	Myanmar	Ordinary	70%	70%

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

##### (c) Key management personnel

Details relating to key management personnel are included in Note 14.

##### (d) Loans to related parties

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

##### (e) Dividends

No dividends were received from the subsidiaries in the 2015 or 2014 financial year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

#### 18. 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.

Financial Position	2015 \$	2014 \$
Current assets	617,618	1,462,483
Total assets	1,900,723	2,782,412
Current liabilities	29,595	41,109
Total liabilities	29,595	41,109
<i>Shareholder's equity</i>		
Issued capital	5,315,160	5,315,160
Reserves	228,114	98,360
Accumulated losses	(3,672,146)	(2,672,216)
	1,871,128	2,741,303
<b>Financial Performance</b>		
Loss for the year	(999,930)	(1,504,828)
Total comprehensive loss	(999,930)	(1,504,828)

#### Contingencies of the Parent Entity

Contingencies of the Parent Entity are noted in Note 12.

#### Contractual commitments of the Parent Entity

Included in the commitments in Note 12 are commitments incurred by the Parent Entity as follows:

##### *Remuneration commitments*

	2015 \$	2014 \$
Within one year	72,000	76,500
Later than one year but not later than five years	-	-
	<b>72,000</b>	<b>76,500</b>

#### 19. SHARE-BASED PAYMENT PLANS

##### Eumeralla Performance Rights Plan

All Directors, full and part time employees and contractors of a Group are eligible to participate in the Performance Rights Plan. The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines. Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company.

The expense recognised in the statement of comprehensive income in relation to performance rights expense is disclosed in note 11.

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

	Number	Grant date	Expiry date	Vesting Conditions
Tranche 1	500,000	11 October 2013	21 November 2014	If the VWAP is greater than \$0.25 for a consecutive 10 day ASX trading period. If the VWAP is greater than \$0.35 for a consecutive 10 day ASX trading period. If the VWAP is greater than \$0.45 for a consecutive 10 day ASX trading period.
Tranche 2	1,000,000	11 October 2013	21 November 2015	
Tranche 3	1,500,000	11 October 2013	21 November 2016	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the year ended 30 June 2015

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There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

The weighted average fair value of Rights granted during the year was \$nil (2014: \$326,000).

The fair value of the equity-settled share Rights granted under both the Rights Plan is estimated as at the date of grant using the Monte Carlo Simulation method to determine the fair value of the Rights taking into account the terms and conditions upon which the Rights were granted.

30 June 2015	Tranche 1	Tranche 2	Tranche 3
Underlying Security spot price	\$0.15	\$0.15	\$0.15
Exercise price	Nil	Nil	Nil
Share price barrier	\$0.25	\$0.35	\$0.45
Valuation date	11 October 2013	11 October 2013	11 October 2013
Expiration date	21 November 2014	21 November 2015	21 November 2016
Life of Rights (years)	1.11	2.11	3.11
Volatility	80%	80%	80%
Risk free rate	2.74%	2.74%	2.74%
Number of Rights	500,000	1,000,000	1,500,000
Valuation per Right	\$0.108	\$0.107	\$0.110
Valuation per Tranch	\$54,000	\$107,000	\$165,000

The expected life of the Rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

#### 20. EVENTS SUBSEQUENT TO REPORTING DATE

On 24 July 2015, Mr Michael Hynes resigned as director and chief executive officer.

Other than the event outlined above 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.

## DIRECTORS' DECLARATION

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The directors of the company declare that:

1. in the directors' opinion, the financial statements and accompanying notes set out on pages 13 to 34 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
  - b. give a true and fair view of the group's financial position as at 30 June 2015 and of its performance for the year ended on that date;
2. note 1 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
4. the remuneration disclosures included in pages 4 to 7 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with section 300A of the *Corporations Act 2001*; and
5. the directors have been given the declarations by the Chief Executive Officer (or equivalent) and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Jack James  
*Non-Executive Director*

Dated at Perth, Western Australia this 24<sup>th</sup> day of September 2015.

## 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 2015, 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 Group 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*.

**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 Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 1 to the financial report which indicates that the ability of the Group to continue as a going concern is dependent on the ability to raise equity in the current market or securing other sources of funding.

Should the Group not be able to raise sufficient equity or secure other sources of funding, there is a material uncertainty that may cast significant doubt whether the Group will continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business.

**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
Chartered Accountants



**L Di Giallonardo**  
Partner

**Perth, Western Australia**  
**24 September 2015**

## 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 2015, 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.



Perth, Western Australia  
24 September 2015

L Di Giallonardo  
Partner

## CORPORATE GOVERNANCE STATEMENT

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### Corporate Governance Statement 2015

This statement has been approved by the Board. It is current as at 31 July 2015.

#### Eumeralla Resources approach to Corporate Governance

This Statement addresses how Eumeralla Resources implements the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3<sup>rd</sup> Edition (referred to as either ASX Principles or Recommendations).

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

**Recommendation 1.1** – *A listed entity should disclose:*

- a) *the respective roles and responsibilities of its board and management;*
- b) *those matters expressly reserved to the board and those delegated to management.*

#### Role of the Eumeralla Resources Board ('the Board')

The Board is responsible for the governance of Eumeralla Resources. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from Eumeralla Resources Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed in July 2015.

The major powers the Board has reserved to itself are:

- Appointment of the Chief Executive Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

**Recommendation 1.2** – *A listed entity should disclose:*

- a) *undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
- b) *provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Group does not have a Nomination Committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

**Recommendation 1.3** – *A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.*

New Directors consent to act as a Director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.



## CORPORATE GOVERNANCE STATEMENT

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**Recommendation 1.4** – *The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

Eumeralla Resources Company Secretary fulfils a broad range of management responsibilities in addition to company secretarial duties. As a result, the formal reporting line of the Company Secretary is to the Chair. For any matter relevant to the company secretarial duties or conduct of the Board, the Company Secretary has an indirect reporting line, and is accountable, to the Chair of the Board.

**Recommendation 1.5** – *A listed entity should:*

- a) *have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- b) *disclose that policy or a summary of it; and*
- c) *disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
  1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
  2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives. The Board continues to monitor diversity across the organization however due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board discloses there were no women employed in the organization or on the Board of the Group as at the date of this report.

**Recommendation 1.6** – *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

### Evaluation of Board and individual Directors

The Board of Eumeralla Resources conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

**Recommendation 1.7** – *A listed entity should:*

- a) *have and disclose a process for periodically evaluating the performance of its senior executives; and*
- b) *disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of Eumeralla Resources does not conduct performance reviews of senior executives given there are currently no such roles in the organisation.

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

Eumeralla Resources Constitution provides for a minimum of three directors and a maximum of nine.

The Directors of Eumeralla Resources at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities on pages 2 and 3 of the Annual Report.

## CORPORATE GOVERNANCE STATEMENT

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The Board met regularly throughout the course of the financial year to discuss the Company's operational and financial activities, however only one formal meetings was held.

**Recommendation 2.1** – *The Board of a listed entity should:*

- a) *have a nomination committee which:*
  1. *Has at least three members, a majority of whom are independent directors; and*
  2. *Is chaired by an independent director;**and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

The Group does not have a Nomination committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

**Recommendation 2.2** – *The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

**Recommendation 2.3** – *A listed entity should disclose:*

- a) *the names of the directors considered by the board to be independent directors;*
- b) *if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
- c) *the length of service of each director.*

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, one Director is considered independent. Accordingly, a majority of the Board is not independent. Given the size of the Group the current Board is deemed appropriate. There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense.

## CORPORATE GOVERNANCE STATEMENT

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The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Mr. James Hyndes	4 years 8 months
Mr. Jack James	5 months
Mr. David Wheeler	11 months

**Recommendation 2.4** – *The majority of the Board of a listed entity should be independent Directors.*

As at 30 June 2015, the Board comprised one independent, non-executive Directors and three executive Directors. In accordance with the definition of independence above, only Mark Reilly is considered independent. Accordingly, a majority of the Board is not independent.

The Group does not have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

**Recommendation 2.5** – *The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Under Eumeralla Resources Constitution, the Board elects a Chairman from amongst the Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Eumeralla Resources Chairman, Jack James is considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

**Recommendation 2.6** – *The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The Code of Conduct; and
- Eumeralla Resources financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

### Principle 3: Promote ethical and responsible decision making

**Recommendation 3.1** – *A listed entity should:*

- have a code of conduct for its directors, senior executives and employees; and*
- disclose that code or a summary of it.*

Eumeralla Resources has a Code of Conduct that applies to Eumeralla Resources and its Directors, employees and contractors (all of which are referred to as “employees” in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which cover:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new Eumeralla Resources Directors.

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## CORPORATE GOVERNANCE STATEMENT

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Eumeralla Resources Code of Conduct is available on Eumeralla Resources website.

### Principle 4: Safeguard integrity in corporate reporting

**Recommendation 4.1** – A board of a listed entity should:

- a) have an audit committee which:
  1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and
  2. is chaired by an independent director, who is not the chair of the board, and disclose:
  3. the charter of the committee;
  4. the relevant qualifications and experience of the members of the committee; and
  5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board. The Directors consider this as appropriate to the size and nature of operations of the Group.

#### Charter of the Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

**Recommendation 4.2** – The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The officers of the Company assuming the roles of CEO and CFO have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Recommendation 4.3** – A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends Eumeralla Resources Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Eumeralla Resources at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2014 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Eumeralla Resources and the independence of the auditor.

### Principle 5: Make timely and balanced disclosure

**Recommendation 5.1** – A listed entity should:

- a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b) disclose that policy or a summary of it.



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## CORPORATE GOVERNANCE STATEMENT

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### Disclosure

Eumeralla Resources Disclosure Policy describes Eumeralla Resources continuous disclosure obligations and how they are managed by Eumeralla Resources. The Policy is reviewed bi-annually and is published on Eumeralla Resources website. It was most recently reviewed in July 2015.

### Accountability

The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on the Eumeralla Resources website.

### Financial market communications

Communication with the financial market is the responsibility of the full Board. Communication with the media is the responsibility of the Chairman. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to Eumeralla Resources future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

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

**Recommendation 6.1** – *A listed entity should provide information about itself and its governance to investors via its website.*

Eumeralla Resources website at [www.eumerallaminerals.com](http://www.eumerallaminerals.com) provides detailed information about its business and operations. Details of Eumeralla Resources Board Members can be found on the website.

The Investor Relations link on Eumeralla Resources website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases for the last year; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about Eumeralla Resources corporate governance on its website at under the 'Corporate' link. This includes Eumeralla Resources Corporate Governance Plan.

The Corporate Governance Plan includes:

- Board Charter
- Corporate Code of Conduct
- Committee Charters
- Performance evaluation processes
- Continuous disclosure processes
- Risk management processes
- Trading policy
- Diversity policy
- Shareholder communications strategy

**Recommendation 6.2** – *A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Eumeralla Resources is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

Eumeralla Resources promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

**Recommendation 6.3** – *A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

## CORPORATE GOVERNANCE STATEMENT

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Notices of meeting sent to Eumeralla Resources shareholders comply with the “Guidelines for notices of meeting” issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about Eumeralla Resources operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

**Recommendation 6.4** – *A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. Eumeralla Resources provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on the Eumeralla Resources website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Eumeralla Resources Share Registry with an email address and elects to be notified of all Eumeralla Resources ASX announcements.

The Eumeralla Resources Share Register is managed and maintained by Automic Share Registry Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Automic Share Registry Investor Online Login or by emailing info@automic.com.

### Principle 7: Recognise and manage risk

**Recommendation 7.1** – *A board of a listed entity should:*

- a) *have a committee or committees to oversee risk, each of which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director, who is not the chair of the board, and disclose:*
  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.*

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

**Recommendation 7.2** – *The board or a committee of the board should:*

- a) *review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and*
- b) *disclose, in relation to each reporting period, whether such a review has taken place.*

### Risk Management Policies

Eumeralla Resources has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices’ Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

## CORPORATE GOVERNANCE STATEMENT

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### Roles and responsibilities

The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that Eumeralla Resources has a sound system of risk management and internal control that is operating effectively. The Board annually reviews and approves Eumeralla Resources main risk exposures and the mitigating actions.

### **Recommendation 7.3** – *A listed entity should disclose:*

- a) *If it has an internal audit function, how the function is structured and what role it performs; or*
- b) *If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Group does not have an established internal audit function given the size of its current operations. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

### **Recommendation 7.4** – *A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Board of Eumeralla Resources informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

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

### **Recommendation 8.1** – *A board of a listed entity should:*

- a) *have a remuneration committee which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director, and disclose:*
    3. *the charter of the committee;*
    4. *the members of the committee; and*
    5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- b) *if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

### **Recommendation 8.2** – *A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Eumeralla Resources remuneration structure distinguishes between Executive and Non-Executive Directors. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report on pages 2 to 13 of the Annual Report.

### **Recommendation 8.3** – *A listed entity which has an equity-based remuneration scheme should:*

- a) *have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*
- b) *disclose that policy or a summary of it.*

Eumeralla Resources does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Group does not have an equity based remuneration scheme.

**EUMERALLA RESOURCES LIMITED**

**SHAREHOLDER INFORMATION**

**1. Shareholding**

The shareholder information set out below was applicable as at 21<sup>st</sup> September 2015:

**(a) Distribution of Share Holdings as at 21<sup>st</sup> September 2015**

Size of Holding and Option Holdings	Number of Shareholders
1 - 1,000	2
1,001 - 5,000	2
5,001 - 10,000	135
10,001 - 100,000	122
100,001 and over	39
<b>Total Shareholders</b>	<b>300</b>

**(b)** Of the above total 150 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 6,988,088 ordinary shares representing 14.97% of the Company's equity;
- Director Michael J Hynes holds 6,000,001 ordinary shares representing 12.86% of the Company's equity;
- Celtic Capital Pte Ltd hold 2,470,000 ordinary shares representing 5.29% 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 Timothy R. Slate.

**3.** The address of the principal registered office in Australia is Level 1, 330 Churchill Avenue, Western Australia 6008, Telephone + 61 (08) 9328 6262.

**4.** The register of securities is held at;

Automic Registry Services Pty Ltd, Level 1, 7 Ventnor Ave, West Perth WA 6005, Telephone +61 (08) 9324 2099.

**5. Securities Exchange Listing**

Quotation has been granted for 46,666,168 ordinary shares on all member exchanges of the Australian Securities 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 on page 49.



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 21<sup>st</sup> September 2015**

SHAREHOLDERS (Fully Paid Ordinary)	NUMBER OF SHARES	%
ASIA PACIFIC INVESTMENT PARTNERS HONG KONG LIMITED	8,166,167	17.50
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,208,088	15.45
MR MICHAEL JOHN HYNES	5,500,000	11.79
CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	2,370,000	5.08
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,085,008	4.47
NEFCO NOMINEES PTY LTD	2,000,000	4.29
BLAMNCO TRADING PTY LTD	1,000,000	2.14
CHEMBANK PTY LIMITED <PHILANDRON ACCOUNT>	1,000,000	2.14
CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C>	1,000,000	2.14
PLATINUM PRESTIGE LTD	833,960	1.79
HUDSON BAY INVESTMENTS PTY LTD <HUDSON BAY INVESTMENT A/C>	650,000	1.39
CITICORP NOMINEES PTY LIMITED	627,000	1.34
MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	589,500	1.26
MR JOHN KEVIN BELL	500,000	1.07
MR ALISTAIR CLARK	500,000	1.07
MR MICHAEL JOHN HYNES	500,000	1.07
MS BYAMBAA ZOLZAYA	400,000	0.86
MR EDWARD THOMAS JENNE	375,000	0.80
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	354,994	0.76
MR JAMES ANTHONY GLEESON	308,170	0.66
<b>TOP 20 SHAREHOLDERS</b>	<b>35,967,887</b>	<b>77.07</b>
<b>TOTAL ISSUED SHARES as at 21<sup>st</sup> September 2015</b>	<b>46,666,168</b>	<b>100</b>



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**EUMERALLA RESOURCES LIMITED**

**TENEMENT SCHEDULE**

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**Tenement Schedule Notes**

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