
Eumeralla Resources Limited

ACN 148 860 299

**Annual report
for the period ended 30 June 2011**

Eumeralla Resources Limited ACN 148 860 299
Annual report - 30 June 2011

Contents

	Page
Directors' report	1
Financial report	4
Directors' declaration	14
Independent auditor's report to the members	15

Directors' report

Your directors present their report on the Company at the end of, or during, the period ended 30 June 2011.

Directors

The following persons were directors of Eumeralla Resources Limited from the date of incorporation on 19 January 2011 up to the date of this report:

Michael John Hynes
James William Joseph Hyndes

Jack Robert James was appointed a director on 23 August 2011 and continues in office at the date of this report.

Peter Richard Youd was a director from the date of incorporation until his resignation on 22 August 2011.

Principal activities

During the year the principal continuing activity of the Company was the exploration of metals.

Review of operations

The Company was incorporated on 19 January 2011. The first financial period for the Company is from the date of incorporation to balance date on 30 June 2011.

The loss for the year ended 30 June 2011 is \$23,699.

Significant changes in the state of affairs

Following incorporation, there has been no significant change in the state of affairs of the Company during the financial period.

Matters subsequent to the end of the financial period

On 19 October 2011, the Company raised \$516,000 of additional cash through a capital raising by issuing 21,000,000 to 20 investors. 5,000,000 shares were issued at \$0.10 and 16,000,000 shares were issued at \$0.001. This capital raising was undertaken in accordance with Section 708 of the *Corporations Act 2001*.

Environmental regulation

The Company is not currently subject to significant environmental regulation in respect of its activities.

Information on directors

Michael John Hynes *Chief Executive Officer*

Experience and expertise

Michael Hynes has a Bachelor of Business in Economics and Finance from RMIT University. Mr Hynes has over 20 years experience in capital markets having worked as a Director of Credit Suisse and Citigroup. His roles have included head of Australian sales for Credit Suisse Singapore and Head of Australian sales for Citigroup Singapore.

Other current directorships

Executive director at Redhill Capital Partners (Singapore) Ltd

James William Joseph Hyndes *Non-Executive Director and Company Secretary*

Experience and expertise

James Hyndes has a Bachelor of Economics and Bachelor of Asian Studies from the Australian National University. Mr Hyndes has around 15 years experience in capital markets having worked as a Director for Goldman Sachs, JP Morgan and Macquarie Bank. His roles have included working as a senior analyst and Director of equity sales in locations such as London, South Korea and Hong Kong. He is currently a partner at a Singapore fund management firm, Canning Park Capital. Mr Hyndes founded several private companies involved in the resources sector including several in Mongolia.

Jack Robert James *Non-Executive Director*

Experience and expertise

Jack 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. His recent roles include senior positions at Ernst & Young and KordaMentha.

Company secretary

The company secretary is Mr J James. Mr James was appointed to the position of company secretary on 22 August 2011. Mr Youd was the company secretary from 19 January to 23 August 2011.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the period ended 30 June 2011, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	B
Michael John Hynes	1	1
James William Joseph Hyndes	1	1
Peter Richard Youd	1	1
Jack Robert James	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the period

Indemnification of officers

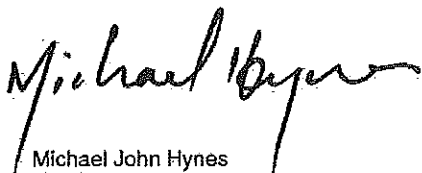
The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company.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

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 3.

Auditor

PricewaterhouseCoopers was appointed on 28 October 2011 and continues in office in accordance with section 327 of the *Corporations Act 2001*.



Michael John Hynes
Director

Perth
30 November 2011



Auditor's Independence Declaration

As lead auditor for the audit of Eumeralla Resources Limited for the period ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Eumeralla Resources Limited during the period.

A handwritten signature in black ink that reads 'Douglas Craig'.

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
30 November 2011

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Annual report - 30 June 2011

Contents

	Page
Financial report	5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	14
Directors' declaration	15
Independent auditor's report to the members	15

This financial report is the financial report of Eumeralla Resources Limited as an individual entity. The financial report is presented in the Australian currency.

Eumeralla Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Eumeralla Resources Limited
3/91 Aberdeen Street
NORTHBRIDGE WA 6003

The financial report was authorised for issue by the directors on 30 November 2011. The directors have the power to amend and reissue the financial report.

Eumeralia Resources Limited
Statement of comprehensive income
For the period 19 January 2011 to 30 June 2011

	2011 \$
Revenue from continuing operations	-
Unrealised foreign exchange gain	994
Total income	<u>994</u>
Consulting fees	(3,243)
Audit fees	(21,450)
Total expenses	<u>(24,693)</u>
(Loss) before income tax	(23,699)
Income tax expense	-
(Loss) for the period	<u>(23,699)</u>
Other comprehensive income	-
Total comprehensive income for the period	<u>(23,699)</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Eumeralla Resources Limited
Balance sheet
As at 30 June 2011

	Notes	2011 \$
ASSETS		
Current assets		
Cash and cash equivalents	2	<u>1</u>
Total current assets		<u>1</u>
Non-current assets		
Receivables	3	<u>94,004</u>
Total non-current assets		<u>94,004</u>
Total assets		<u>94,005</u>
LIABILITIES		
Current liabilities		
Trade and other payables	4	21,450
Borrowings	5	<u>96,253</u>
		<u>117,703</u>
Total current liabilities		<u>117,703</u>
Total liabilities		<u>117,703</u>
Net assets		<u>(23,698)</u>
EQUITY		
Contributed equity	6	1
Retained earnings	7	<u>(23,699)</u>
Total equity		<u>(23,698)</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Eumeralla Resources Limited
Statement of changes in equity
For the period 19 January 2011 to 30 June 2011

	Notes	Contributed equity \$	Retained earnings \$	Total equity \$
Balance at 1 July 2010		-	-	-
Profit / (loss) for the year		-	(23,699)	(23,699)
Contributions of equity, net of transaction costs and tax	6	<u>1</u>	<u>-</u>	<u>1</u>
Balance at 30 June 2011		<u>1</u>	<u>(23,699)</u>	<u>(23,698)</u>

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

Eumeralla Resources Limited
Statement of cash flows
For the period 19 January 2011 to 30 June 2011

	Notes	2011 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(3,243)</u>
Net cash inflow (outflow) from operating activities		<u>(3,243)</u>
Cash flows from investing activities		
Payments for refundable deposit		<u>(94,004)</u>
Net cash (outflow) inflow from investing activities		<u>(94,004)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities		1
Proceeds from borrowings		<u>97,247</u>
Net cash inflow (outflow) from financing activities		<u>97,248</u>
Net increase (decrease) in cash and cash equivalents		<u>1</u>
Cash and cash equivalents at end of period	2	<u>1</u>

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

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

(a) Basis of accounting

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on a general purpose financial report.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose.

The financial report has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other mandatory professional requirements in Australia. It contains only those disclosures considered necessary by the directors to meet the needs of the members.

Reporting period

The directors have determined that the first financial period for the company is for the period from the date of incorporation on 19 January 2011 to balance date 30 June 2011.

Deficiency of capital

As at 30 June 2011, the Company has a net asset deficiency of \$23,698. Included in the Company's current liabilities are amounts totalling \$96,253 owing to the Company's director, James Hyndes. Subsequent to balance date the Company has raised \$516,000 in capital to enable the company to continue its operations and fulfil all of its financial obligations now and in the future, refer note 9.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial report of each of the Company's operations are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial report is presented in Australian dollars, which is Eumeralla Resources Limited's functional and presentation currency.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

(i) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence, refer note 1(d).

(d) 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.

1 Summary of significant accounting policies (continued)

(e) 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. 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.

(h) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the period.

(i) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1 Summary of significant accounting policies (continued)

(j) Contributed equity

Ordinary shares are classified as equity.

(k) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(l) Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the balance sheet 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.

2 Current assets - Cash and cash equivalents

	2011 \$
Cash at bank and in hand	1

3 Non-current assets - Receivables

	2011 \$
Refundable deposit	94,004

Prepayments relate to a refundable deposit for the purchase of 100 common shares in Centerville LLC, a company domiciled in Mongolia, in accordance with the signed Definitive agreement dated 16 August 2011 between the Company and Belgravia Mining LLC.

4 Current liabilities - Trade and other payables

	2011
	\$
Accrued expenses - audit fee	<u>21,450</u>

5 Current liabilities - Borrowings

	2011
	\$
Loans from director	<u>96,253</u>

A non-interest bearing loan was provided by the director to the Company. Subsequent to capital raising in October 2011, the balance has been repaid in full.

6 Contributed equity

	2011 Shares	2011 \$
(a) Share capital		
Ordinary shares		
Fully paid	<u>1</u>	<u>1</u>

7 Reserves and retained earnings

Movements in retained earnings were as follows:

	2011
	\$
Balance 19 January	-
Net loss for the period	<u>(23,699)</u>
Balance 30 June	<u>(23,699)</u>

8 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2011
	\$
(a) PwC Australia	
(i) Audit and other assurance services	
Audit and review of financial statements	<u>21,450</u>
Total remuneration for audit and other assurance services	<u>21,450</u>

9 Events occurring after the reporting period

On 19 October 2011, the Company raised \$516,000 of additional cash through a capital raising by issuing 21,000,000 to 20 investors. 5,000,000 shares were issued at \$0.10 and 16,000,000 shares were issued at \$0.001. This capital raising was undertaken in accordance with Section 708 of the *Corporations Act 2001*.

Eumeralla Resources Limited
Directors' declaration
30 June 2011

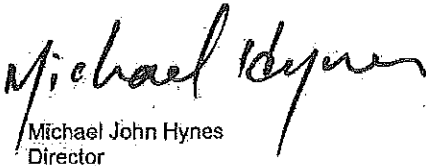
As stated in note 1(a) to the financial report, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on a general purpose financial report. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1(a).

In the directors' opinion:

- (a) the financial report and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the financial period ended on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Michael John Hynes
Director

Perth
30 November 2011



Independent auditor's report to the members of Eumeralla Resources Limited

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Eumeralla Resources Limited (the company), which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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**Independent auditor's report to the members of
Eumeralla Resources Limited (cont'd)**

Independence

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

Auditor's opinion

In our opinion, the financial report of Eumeralla Resources Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the period ended on that date, and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members of Eumeralla Resources Limited.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
30 November 2011