

Enterprise Metals Limited

ABN 43 123 567 073

Annual Financial Report

for the year ended 30 June 2014

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ENTERPRISE METALS LIMITED
FINANCIAL REPORT 2014

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CORPORATE DIRECTORY

Directors

| | |
|-----------------|------------------------|
| Dr Jingbin Wang | Non-Executive Chairman |
| Mr Dermot Ryan | Managing Director |
| Ms Anna Mao | Non-Executive Director |
| Mr Barry Bourne | Non-Executive Director |
| Dr Allan Trench | Non-Executive Director |

Company Secretary

Mr Damian Delaney

Principal registered office

Level 1
640 Murray Street
WEST PERTH WA 6005
Telephone 08 9436 9200
Facsimile 08 9436 9220
Website: www.enterprisemetals.com.au
email: info@enterprisemetals.com.au

Auditor

Grant Thornton Audit Pty Ltd
Level 1
10 Kings Park Road
West Perth WA 6005
Telephone 08 9480 2000
Facsimile 08 9322 7787
Website: www.grantthornton.com.au
Email: admin@grantthornton.com.au

Share Registry

Computershare Registry Services
Level 2, 45 St Georges Terrace
Perth WA 6000

Australian Securities Exchange

ASX Code – ENT

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than nine.

As, and if, the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

In order to ensure the board maintains an optimal mix of skills and diversity, the membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board has established Audit & Risk and Remuneration & Nomination committees. The board as a whole is committed to addressing the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

To the extent that they are relevant to the organisation, the Company has adopted the Eight Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council. The Board is aware of the release of the 3rd edition of the ASX's Corporate Governance Principles and Recommendations and has implemented policies and procedures to enable adequate reporting against the latest recommendations in time for the 2015 Financial Report.

The following table sets out the Company's present position in relation to each of the Principles.

| | ASX Principle | Status | Reference/comment |
|-----|--|--------|--|
| | Principle 1: Lay solid foundations for management and oversight | | |
| 1.1 | Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions | A | The Board Charter includes matters reserved for the Board and is included on the Company website in the Corporate Governance section. |
| 1.2 | Companies should disclose the process for evaluating the performance of senior executives | N/A | The Company has a Remuneration Committee Charter which establishes a Remuneration & Nomination Committee to review and make decisions in relation to senior executive remuneration and incentive policies. No other process is currently adopted for evaluating the performance of senior executives however, the Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged. |
| 1.3 | Companies should provide the information indicated in the Guide to reporting on Principle 1 | A | |
| | Principle 2: Structure the board to add value | | |
| 2.1 | A majority of the board should be independent directors | A | The Board comprises five directors, four of whom are non-executive and classified as independent. The Board believes that this is both appropriate and acceptable at this stage of the Company's development. |
| 2.2 | The chair should be an independent director | A | The Chairman is independent and the roles of the Chairman and the Managing Director are separate. The Chairman is responsible for leading the Board in its duties, and facilitating effective discussions at Board level. The Managing Director is responsible for the efficient and effective operation of the Company. The Board considers that this is both appropriate and acceptable at this stage of the Company's development. |
| 2.3 | The roles of chair and chief executive officer should not be exercised by the same individual | A | These positions are held by separate persons. |
| 2.4 | The board should establish a nomination committee | A | The Company has established a Remuneration & Nomination Committee, comprised of two non-executive directors and the managing director (Dermot Ryan), which operates under the Remuneration & Nomination Committee Charter, a copy of which is available on the Company's website. |
| 2.5 | Companies should disclose the process for evaluating the performance of the board, its committees and individual directors | A | Disclosed under the Board Charter which is available on the Company's website. No formal performance evaluation for the Board has taken place in this reporting period. |
| 2.6 | Companies should provide the information indicated in the Guide to reporting on Principle 2 | A | The skills and experience of Directors, as well as each Director's period of office, are set out in the Company's Annual Report (Directors' report) and on its website. The materiality thresholds are assessed on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold. |

A = Adopted

N/A = Not adopted

| | ASX Principle | Status | Reference/comment |
|-----|--|--------|---|
| | Principle 3: Promote ethical and responsible decision-making | | |
| 3.1 | Companies should establish a code of conduct and disclose the code | A | The Board has established a Corporate Code of Conduct which all employees and directors are expected to follow. The Corporate Code of Conduct is available on the Company's website. |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them | N/A | The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them | N/A | The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the policy does not include requirements for the Board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate. |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. | A | There is one female director, Ms Anna Mao, on the Board. The Company has 2 female employees. |
| 3.5 | Companies should provide the information indicated in the Guide to reporting on Principle 3 | A | |
| | Principle 4: Safeguard integrity in financial reporting | | |
| 4.1 | The board should establish an audit committee | A | |
| 4.2 | The audit committee should be structured so that it: <ul style="list-style-type: none"> consists only of non-executive directors consists of a majority of independent directors | A | |
| | <ul style="list-style-type: none"> is chaired by an independent chair, who is not chair of the board | A | The Company has established an Audit and Risk Committee consisting of the CFO/Company Secretary (Damian Delaney) and three non-executive directors (Barry Bourne, Anna Mao and Allan Trench), two of whom are classified as independent. The Composition of the Committee is considered to be appropriate given the Company's size and stage of development. |
| | | A | The Audit and Risk Committee is chaired by Allan Trench. |

A = Adopted

N/A = Not adopted

| | ASX Principle | Status | Reference/comment |
|---|---|--------|---|
| | <ul style="list-style-type: none"> is chaired by an independent chair, who is not chair of the board has at least three members | A | The Audit and Risk Committee is chaired by Allan Trench. |
| 4.3 | The audit committee should have a formal charter | A | The Audit and Risk Committee operates under the Audit and Risk Committee Charter which lists the main responsibilities of the Committee and is available on the Company's website. |
| 4.4 | Companies should provide the information indicated in the Guide to reporting on Principle 4 | A | The Committee will meet at least each financial year and additionally as circumstances may require for it to undertake its role effectively. |
| Principle 5: Make timely and balanced disclosure | | | |
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance | A | The Company has adopted a Continuous Disclosure Policy, a copy of which is available on the Company's website. |
| 5.2 | Companies should provide the information indicated in the Guide to reporting on Principle 5 | A | |
| Principle 6: Respect the rights of shareholders | | | |
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings | A | The Company has a Shareholder Communications Strategy (Policy), a copy of which is available on the Company's website. The Policy sets out the manner in which information is communicated to shareholders so that they are informed of all major developments affecting the Company's state of affairs. |
| 6.2 | Companies should provide the information indicated in the Guide to reporting on Principle 6 | A | |
| <i>A = Adopted</i> | | | |
| <i>N/A = Not Adopted</i> | | | |
| Principle 7: Recognise and manage risk | | | |
| 7.1 | Companies should establish policies for the oversight and management of material business risks | A | The Company has established an Audit and Risk Committee to monitor and review on behalf of the Board the system of risk management which the Group has established. This system aims to identify, assess, monitor and manage operational and compliance risks. |
| 7.2 | The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively | N/A | The Board determines the Group's 'risk profile' and has delegated to the Audit and Risk Committee the responsibility for overseeing and approving risk management strategy and policies, internal compliance and non-financial internal control. The Audit and Risk Committee will report to the Board on this system of risk management and make appropriate recommendations to ensure the adequacy of the system. |
| <i>A = Adopted</i> | | | |
| <i>N/A = Not Adopted</i> | | | |

| | ASX Principle | Status | Reference/comment |
|---|--|---------------|---|
| 7.3 | The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks | A | The Board has received the required assurance and declaration. |
| 7.4 | Companies should provide the information indicated in the Guide to reporting on Principle 7 | A | |
| Principle 8: Remunerate fairly and responsibly | | | |
| 8.1 | The board should establish a remuneration committee | A | |
| 8.2 | The remuneration committee should be structured so that it: <ul style="list-style-type: none"> consists of a majority of independent directors is chaired by an independent director has at least three members | A N/A A | The Company has established a Remuneration & Nomination Committee consisting of three non-executive directors (Dr Jingbin Wang, Barry Bourne and Anna Mao) and the managing director (Dermot Ryan). Two of the non-executive directors are classified as independent. The Remuneration & Nomination Committee is chaired by Dr Jingbin Wang, who is not independent. |
| 8.3 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives | A | The Remuneration & Nomination Committee operates under the Remuneration & Nomination Committee Charter. The Charter states the Remuneration & Nomination Committee should consider and make recommendations to the Board on the remuneration for each executive Director having regard to the executive remuneration policy. |
| 8.4 | Companies should provide the information indicated in the Guide to reporting on Principle 8 | A | The executive director and executives receive a superannuation guarantee contribution required by the government, which was 9.25% during the year and is currently 9.5%, and do not receive any other retirement benefits. |
| A = Adopted | | | |
| N/A = Not adopted | | | |

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DIRECTORS' REPORT

Your Directors present their report on the Group for the financial year ended 30 June 2014.

Directors

The names of Directors in office at any time during or since the end of the year are:

Dr Jingbin Wang
Mr Dermot Ryan
Ms Anna Mao
Mr Barry Bourne (appointed 13 May 2014)
Dr Allan Trench
Mr Paul Hallam (resigned 13 May 2014)

Directors have been in office since the start of the financial year to the date of this Report unless otherwise stated.

Company Secretary

The following persons held the position of Company Secretary during or since the end of the financial year:

Mr Damian Delaney CA (SA), AICD was appointed as Company Secretary on 2 April 2013.

Mr Damian Delaney is a Chartered Accountant with over 25 years of experience working with international listed companies.

Mr Delaney commenced his career in South Africa, qualifying with Coopers & Lybrand, before taking up a series of Finance positions in the United Kingdom, finally as Finance Director of LSE listed Tarsus Group plc until 2004.

Mr Delaney brings significant experience in capital markets for the SME sector. He is fully conversant with all regulatory requirements of the Australian and UK markets, holding company secretarial roles on a number of ASX listed companies in the resource sector and has many years' hands on experience managing all aspects of a Company's finances and operations and associated regulatory reporting.

Principal Activities

The principal activities of the Group during the financial year were the exploration of a number of gold, copper, uranium and iron ore tenements in Western Australia.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs for the Group during the period.

Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$7,040,430 (2013: \$5,351,338).

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2014.

DIRECTORS' REPORT - REVIEW OF OPERATIONS



INTRODUCTION

During 2013/14, the Company's financial and technical resources were focussed on high priority targets at **Fraser Range** and **Doolgunna**. At Fraser Range, in addition to extensive geophysical and geochemical work, six reverse circulation (RC) drill holes (inc 4 diamond core tails) were completed for a total of 2,381 metres. At Doolgunna, in addition to extensive geophysical and geochemical work, thirty six RC holes were completed for 4,166 metres.

Management and funding of the Company's third major project, at **Darlot**, was achieved by entering into an exploration agreement with Independence Group NL (ASX: IGO) whereby IGO is required to spend a minimum of \$497,500 on exploration over 12 months prior to commencement of earn-in. IGO may then elect to earn a 51% interest in the project by spending a further \$1.2 million. IGO may then earn up to an 80% interest in 14 tenements and a 70% interest in 2 other tenements by sole funding and completing a pre-feasibility study on a JORC 2012 compliant Inferred Mineral Resource, and forming a Joint Venture.

The Company also conducted technical reviews of all of its projects and surrendered tenements or withdrew tenement applications where exploration expenditure was not considered a high priority.

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DIRECTORS' REPORT - REVIEW OF OPERATIONS

Two capital raisings were undertaken during the year to fund the drilling and geophysics at Fraser Range and Doolgunna. In the first raising in December 2013, \$1.08 million was raised through the placement of 26.9 million shares at 4 cents per share with a 1:2 attaching option exercisable at 8 cents on or before 30 November 2016. The majority of the Placement (25.775m shares to raise ~\$1.03 million) settled in a first tranche under the Company's existing capacity pursuant to ASX Listing Rule 7.1. Shareholder approval was required for the issue of the balance of 1.125m shares (\$45,000 attributable to ENT Directors) as well as all of the attaching options associated with the Placement (13.45m options in total) and 5.0m options to Hartleys. These securities were issued in a second tranche following shareholder approval at a General Meeting of Shareholders held on 17 January 2014.

The second raising was completed in June 2014, and raised \$1.2 million before costs. 24 million shares were issued at a price of 5 cents per share, with a 1:2 attaching option exercisable at 10 cents on or before 30 June 2016.

FRASER RANGE PROJECT

The Fraser Range Project is located 60-100km east of the gold mining centre of Norseman in Western Australia and covers 664km². The project area overlies the contact between the Archaean Yilgarn Craton and the Mesoproterozoic Albany-Fraser Orogen. The Project is considered prospective for nickel/copper and Platinum Group Elements (PGE's) as well as gold mineralisation, and the Company is currently undertaking exploration on seven nickel-copper targets. The most advanced target is Plato, where the Company intersected disseminated and "blebby" nickel-copper sulphides in early 2014.

In 2012, Sirius Resources NL's (Sirius') discovery of the "Nova-Bollinger" nickel deposit attracted a significant number of new competitors to the Fraser Range. Enterprise considers that its landholdings in the Fraser Range are also highly prospective for Nova-Bollinger style deposits. Sirius' current Mineral Resource Estimate (SIR:ASX release 14th July 2014) for Nova-Bollinger is 14.3mt @ 2.4 % nickel, 0.9 % copper and 0.09 % cobalt, for 325,000t nickel, 134,000t copper and 11,000t cobalt metal. This is Enterprise's minimum exploration target.

Nova-Bollinger is a Proterozoic mafic hosted nickel-copper deposit, also known as a "tholeiitic style nickel deposit", which is different to the majority Archaean greenstone hosted "komatiitic style" nickel deposits of Western Australia's Yilgarn Craton.

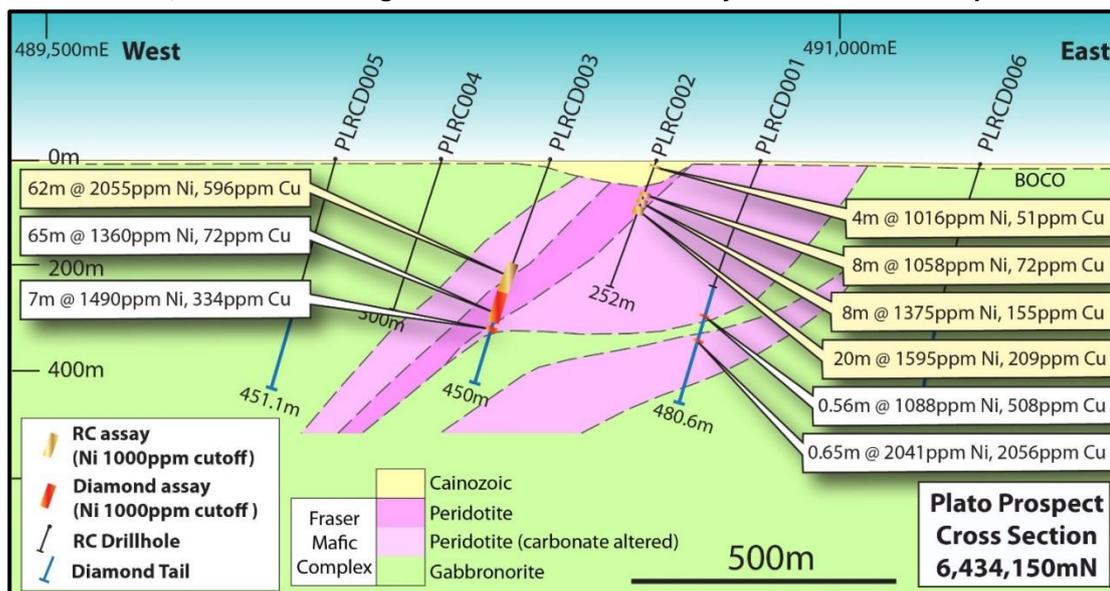
In 2012/13, Enterprise completed regional and infill soil sampling programs and a helicopter borne electromagnetic survey ("HeliTEM") designed to cover areas of anomalous nickel/copper soil geochemistry. From these programs, several magnetic/EM/soil targets were delineated.

During 2013/14, Enterprise completed heritage surveys, Programs of Work (PoW's), and completed an east-west drill traverse consisting of six reverse circulation ("RC") pre-collar holes for 1,672m at the Plato prospect. The Company then completed four diamond core (DC) extensions or "tails" to holes PLRC003, PLRC001, PLRC005 and PLRC006 for a total of 708.8m of diamond coring. Two RC holes intersected disseminated and "blebby" nickel-copper sulphide mineralisation, and this mineralisation was also intersected in DC tails.

Petrological examination of RC drill chips from holes PLRC002 and PLRC003 concluded that the chip samples are all mafic granulites derived from norite, gabbronorite and olivine-bearing gabbronorite protoliths, and that these drill chip samples were originally cumulate mafic rocks in a layered mafic complex. All fourteen observed samples carried sulphides that appeared to be primary sulfides in terms of their mineralogy, with the typical assemblage being pyrrhotite with subordinate chalcopyrite and pentlandite. Assay results are displayed below on a Schematic Geological Cross Section.

DIRECTORS' REPORT - REVIEW OF OPERATIONS

Plato, Schematic Geological Cross Section with Assays from RC & DC Samples



The Plato drilling program was subsidised by a grant of \$150,000 from the WA Government's Exploration Incentive Scheme (EIS).

Following the completion of the maiden drilling program, the Company has commenced a major program of ground electromagnetic (EM) surveying over regional targets identified from magnetic and soil geochemical data. This program has initially identified a complex bedrock conductor at Plato south which the Company plans to drill test for massive sulphides, following various statutory approval and heritage clearances. The ground EM surveys on other prospects are continuing.

DOOLGUNNA PROJECT

The Doolgunna Project covers 1,190km² and is located 110km northeast of Meekatharra and some 10km southwest of Sandfire Resources NL's (Sandfire's) 2009 DeGrussa copper-gold discovery. [DeGrussa Mineral Resource estimate: 10.5 Mt at 4.9% Cu and 1.8g/t Au for 512,000t contained copper and 597,000oz gold. ASX:SFR: 31 March 2013]

Enterprise's Doolgunna Project is considered prospective for volcanic hosted gold and base metal sulphides (VHMS style), sediment hosted base metal sulphides (SEDEX style) and mesothermal gold stockworks.

In 2012/13, Enterprise conducted extensive aircore drilling programs along a 1,500m long northeast trending zone of copper-gold anomalism within deeply weathered Narracoota Formation mafic volcanics. At the Vulcan Prospect, twenty seven holes intersected intervals of greater than 1 metre at plus 1g/t Au. Results from a limited follow up 5 RC drillhole program in early 2013 were inconclusive, although hole VRC003 returned 11m @ 3.21g/t Au from 112m and 9m @ 1.67g/t Au from 133m. This hole also intersected disseminated arsenopyrite and chalcopyrite and returned assays of 8m @ 0.1% Cu, 0.1%Pb, 568ppm As, 729ppm Zn & 18ppm Cd from 140m. The Company believes the greater Vulcan Prospect has not yet been adequately drill tested at depth with RC drilling.

During 2013/14, the Company re-commenced its program to test the potential of the Yerrida Basin for sediment hosted copper-zinc deposits. Enterprise considers that the Southern Boundary Fault (SBF) and associated cross structures are potential conduits for mineralising fluids into the sediments of the

"Doolgunna Graben". The Yerrida Basin sediments are also host to the Thaduna massive sulphide copper deposit and Sipa Resources' Enigma Deposit to the northeast along strike of the SBF.

DIRECTORS' REPORT - REVIEW OF OPERATIONS

In mid-late 2013, the Company conducted ground EM surveys to follow up seven Spectrem airborne EM anomalies associated with maglag samples highly anomalous in W, Sn, Mo, Bi, Sb & Te. Ground gravity surveys were also undertaken over these anomalies in late 2013 in order to prioritise drilling targets.

Subsequently, in early 2014, the Company completed thirty six reverse circulation (RC) holes for 4,166 metres of drilling at its seven geochemical/gravity/ground electromagnetic targets in the Doolgunna basin sediments. Nineteen shallow holes (total 1,561 metres) were first completed at the Borg and Azan prospects and a further seventeen deeper RC holes (total 2,605 metres) were then completed at Chekov, Elim, Dax, Forge, Borg and Azan prospects. The drilling results and analyses suggested that the combined gravity/EM features represent discrete mineralised shale sequences containing disseminated and vein style base metal mineralisation and associated silica, pyrite and hematite alteration.

At Borg in particular, the RC drill holes tested the AEM, ground EM and gravity features just to the west of an area with anomalous 1km x 1km spaced Maglag assays of Te, W, Sn, Mo, Bi and Sb. The holes demonstrated that the two gravity highs are part of a broad NE-SW trending gravity ridge composed of silicified and mineralised sulphidic shales and carbonates in fresh rock. The mineralised zone (gravity ridge) is open to the NE and SW.

Coincident with the Doolgunna RC drilling program, a program of infill Maglag sampling was undertaken over multi-element geochemical anomalies identified from the 1km x 1km regional Maglag program. In particular, the assays from the infill sampling at Borg strongly support the Company's view that Borg is a significant base metal target. The Doolgunna drilling program was subsidised by a grant of \$110,000 from the WA Government's Exploration Incentive Scheme (EIS).

DARLOT PROJECT

The Darlot Project covers an area of 778km² and is located about 40km east northeast of Leinster and lies approximately midway between the Bronzewing and Darlot gold mines in the Yandal Greenstone Belt. The project is considered prospective for high grade orogenic gold deposits and VHMS style copper-zinc base metal deposits.

In 2012/2013, Enterprise undertook a review of all previous work and collected bottom-of-hole drill samples from 671 holes drilled by previous explorers. This work identified the Ockerburry Trend as a poorly explored gold mineralised structure within the Company's tenements. The study also identified the stratigraphic/structural contact between the mafic and felsic volcanics as a prospective horizon for VHMS mineralisation similar to that at the Jaguar, Teutonic Bore and Bentley deposits further to the south. Previous exploration for base metals within the belt is limited, with no systematic sampling and assaying.

In November 2013, the Company entered into an agreement with Independence Group NL (ASX:IGO) whereby IGO has the right to earn a 70% - 80% interest in Enterprise's Darlot Project.

An initial soil sampling program was completed by IGO in December 2013. A total of 803 (-2mm) soil samples were collected on a 200m & 400m x 100m grid. Preliminary results identify a discrete, coincident Cu-Zn-Ni-Y-Cd-Co-Mg anomaly over an area of historic RC drilling that includes maximum down hole results of 16m @ 0.24% Cu from 16m in PDH18 and 6m @ 0.13% Zn from 12m in PDH15. (Refer IGO's ASX release dated 30 January 2014)

During the June 2014 Quarter an aircore drilling program comprising 111 holes (4,732m) tested 6 prospect areas. The drilling was designed to identify geochemical anomalism and alteration signatures potentially representing VHMS mineralisation at depth. IGO reported that interpretation of the drilling results will be completed once all assay results have been received.

WATTAGEE PROJECT

The Wattagee Project covers an area of approximately 343km² and is located 30km north of Cue in the Murchison Province of the Yilgarn Craton. The Company considers the project area to be prospective for gold deposits such as Big Bell and Cuddingwarra and VHMS style base metal deposits similar to Golden Grove. During 2013/2014, the Company reviewed its existing land position and surrendered a number of tenements and subsequently applied for further tenements as competitor activity in the Wattagee area waned. The Company currently holds two exploration licence applications in the general Wattagee area but cannot undertake any exploration until the licences are granted.

DIRECTORS' REPORT - REVIEW OF OPERATIONS

OTHER PROJECTS

Iron ore exploration projects at Burracoppin, Earraheedy and Booylgoo were downgraded in light of falling iron ore prices and Company's requirements to focus its technical and financial resources on Fraser Range and Doolgunna. Tenements at the Yalgoo gold project were also rationalised.

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DIRECTORS' REPORT

Financial Position

The net assets of the Group have decreased by \$4,629,532 from 30 June 2013 to \$16,395,329 at 30 June 2014.

After Reporting Date Events

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Future Developments, Prospects and Business Strategies

Over the next 12 months, the Company plans to follow up and drill test its priority Fraser Range ground EM and geochemical targets for nickel-copper sulphides, and to follow up and drill test its Doolgunna ground EM and geochemical targets for copper-zinc sulphides. IGO, the Company's joint venture partner at Darlot, has plans to commence drill testing copper-zinc targets in the southern portion of the Darlot project area.

With the current downturn in general funding for *greenfields* mineral exploration in Western Australia, the Company is continually assessing its remaining tenement portfolio, and where appropriate, will farm out, withdraw, or surrender tenements or projects which lack priority targets for drill testing. The Company will also consider substituting existing projects with superior exploration or more advanced projects if and when opportunities are identified or are offered.

Exploration Risk

Mineral exploration and development are high-risk undertakings, and there is no assurance that exploration of the Tenements will result in the discovery of an economic deposit. Even if an apparently viable deposit is identified there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to permitting requirements, availability of appropriate exploration equipment, exploration costs, seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents and many other factors beyond the control of the Company.

Information on Directors

Dr Jingbin Wang

Experience

— Chairman (Non-Executive)
— Dr Wang is Executive Director of China Nonferrous Metals Resource Geological Survey, a position he has held since 2003. He has also held the title of Vice-President of the China Nonferrous Metals Industry Association since 2008. Dr Wang is a leader in the non-ferrous metals industry in China with great expertise in mineral exploration and mining amassed over his 24 years of experience. He has been granted the title of National Youth Expert for Outstanding Contribution in China in recognition of his success in prospecting results and scientific research. In addition, he is the Chief Scientist of National 973 Program. Dr Wang has been President of the Beijing Institute of Geology for Mineral Resources since 2002, and is currently Chairman of Sinotech Minerals Exploration Co., Ltd. He is an accomplished mining team leader with a track record of discovering major deposits around the world. Dr Wang received a B.Sc in Mineral Prospecting and Exploration from Central-South University of Technology Changsha, China in 1982. Subsequently, he earned Masters and PhD Degrees in magmatic petrology, economic geology from the same university. Dr Wang conducted postdoctoral research at the Institute of Geochemistry, China's Academy of Sciences (China) in 1991.

Interest in Shares and Options

— Nil Shares
1,500,000 Options

Special Responsibilities

— Chairman of the Remuneration & Nomination Committee.

Directorships held in other listed entities

— Nickel North Exploration (TSX) (August 2012 to present);
East Africa Metals Inc. (TSX) (July 2013 – present).
Orca Gold Inc (TSX) (June 2009 – present)

DIRECTORS' REPORT

Mr Dermot Ryan

Experience

— Managing Director
— Mr Ryan spent 20 years with CRA group of companies from 1977-1996, including 10 years as Chief Geologist for CRA Exploration in various states of Australia. He was GM Exploration for Great Central Mines Ltd (later Normandy Yandal Operations Ltd) from late 1996-2001, and from 2001 has run a private mineral exploration consulting group (XServ Pty Ltd). He is a Fellow of the AusIMM, (CP), a Fellow of the AIG, and holds a BApSc (Geol). Managing Director since 14 October 2008.

Interest in Shares and

Options

— 12,900,000 Shares

2,750,000 Options

Special Responsibilities

— Member of the Remuneration & Nomination Committee

Directorships held in other

listed entities

— Legend Mining Limited (May 2005 – October 2013)

Enterprise Uranium Limited (Dec 2012 – present). There have been no other listed entity directorships in the last 3 years.

Ms Anna Mao

Experience

— Non-Executive Director

— Ms Mao is a creative leader and entrepreneur with 19 years' experience and knowledge in finance and operation. She co-founded and developed several successful businesses both in China and Canada. Ms Mao graduated from Beijing Institute of Technology University in 1991, and obtained her MBA from Richard Ivey Business School of Western Ontario University in 2001.

Interest in Shares and

Options

— Nil Shares

900,000 Options

Special Responsibilities

— Member of the Remuneration & Nomination Committee and the Audit & Risk Committee.

Directorships held in other

listed entities

— Chairperson of Enterprise Uranium Limited (Aug 2012 – present),

Nickel North Exploration (TSX) (February 2013 – present),

East Africa Metals Limited. (TSX) (June 2014 – present).

Golden Share Mining Corp (TSX) (July 2013 – present)

Dr Allan Trench

Experience

— Non-Executive Director

— Allan Trench is a mineral economist, geophysicist and business management consultant with a BSc (Hons) Geology from the Royal School of Mines, London, a Ph.D (Geophysics) from Glasgow University, an MBA (Distinction) from Oxford University and an MSc (Distinction) in Mineral Economics from the WA School of Mines (WASM). His former roles include management of nickel and gold/base metal exploration teams in the Yilgarn region of WA, initially for WMC and subsequently for a group of junior ASX listed companies. From 2002 Dr Trench worked as a business consultant for McKinsey and Company, then as a manager at KCGM Pty Ltd and Woodside Petroleum, and more lately as a consultant with CRU Group, providing business analysis and intelligence on the global mining and metals and markets. He is currently Adjunct Professor (Spatial Sciences) at WASM, Curtin University, Research Professor, Progressive Risk & Value, Centre for Exploration Targeting, University of Western Australia and Professor, Department of Energy & Mineral Economics, Curtin University Graduate School of Business. He is also non-executive independent director of a number of emerging overseas and Australian-listed resources companies.

Interest in Shares and

Options

— 245,000 Shares

962,500 Options

Special Responsibilities

— Chairman of the Audit & Risk Committee and Member of Remuneration & Nomination Committee

Directorships held in other

listed entities

— Pioneer Resources Limited (September 2003 – present), Navigator Resources Limited (November 2005 – resigned December 2013), Hot Chili Limited (July 2010 – present), Anova Metals Limited (formerly Kimberley Rare Earths Limited, December 2010 – February 2013), Trafford Resources Limited (May 2012 – present), and Venturex Resources Limited (November 2008 – April 2013). There have been no other directorships in ASX listed companies in the past three years.

DIRECTORS' REPORT

Mr Barry Bourne

Experience

— Non-Executive Director

— Barry Bourne is a qualified geologist/geophysicist with a BSc (Hons) Geology from the University of Western Australia. He is a Fellow of the Australian Institute of Geoscientists, an active member of the Australian Society of Exploration Geophysicists, and a member of the Australian Institute of Company Directors. He is also on the external advisory committee of the University of Western Australia Centre for Exploration Targeting. Mr Bourne has an extensive mineral exploration skill-set built up over a 20 year career, with international experience in countries in East and West Africa, North and South America and Papua New Guinea. Until 2013 he was Chief Geophysicist for Barrick Gold's Global Exploration Group and is now a mineral exploration consultant to private and public international exploration groups. Prior to Barrick Gold, Mr Bourne was employed by Homestake Gold, and he began his career as a geophysicist with CRA/ Rio Tinto Exploration, working on base metal, uranium and diamond exploration projects in Australia.

Interest in Shares and Options

— Nil Shares

Nil Options

Special Responsibilities

— Member of the Audit & Risk Committee and Remuneration & Nomination Committee

Directorships held in other listed entities

— Nil.

Meetings of Directors

During the financial year, nine meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

COMMITTEE MEETINGS

| | DIRECTORS' MEETINGS | | REMUNERATION & NOMINATION COMMITTEE | | AUDIT & RISK COMMITTEE | |
|-----------------|---------------------------|-----------------|-------------------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number Attended | Number eligible to attend | Number Attended | Number eligible to attend | Number Attended |
| Dr Jingbin Wang | 6 | 6 | - | - | - | - |
| Dermot Ryan | 6 | 6 | - | - | 1 | 1 |
| Anna Mao | 6 | 6 | - | - | - | - |
| Paul Hallam | 6 | 6 | - | - | 1 | 1 |
| Dr Allan Trench | 6 | 6 | - | - | 1 | 1 |
| Damian Delaney | 6 | 5 | - | - | 1 | 1 |
| Barry Bourne | - | - | - | - | - | - |

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DIRECTORS' REPORT

Indemnifying Officers or Auditor

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was \$17,637 (2013: \$14,231).
- No indemnity has been given to the auditors.

Options

At the date of this report, the un-issued ordinary shares of Enterprise Metals Limited under option are as follows:

| Grant Date | Date of Expiry | Exercise Price | Number under Option |
|-----------------|-------------------|----------------|---------------------|
| 29 August 2012 | 11 September 2015 | \$0.149 | 7,600,000 |
| 29 January 2014 | 30 November 2016 | \$0.08 | 16,975,000 |
| 30 June 2014 | 15 June 2016 | \$0.10 | 12,000,000 |
| | | | <u>36,575,000</u> |

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

Environmental Regulations

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Group are not aware of any breach of environmental legislation for the year under review.

Non-audit Services

The following non-audit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd, or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Grant Thornton Audit Pty Ltd, or associated entities, received or are due to receive the following amounts for the provision of non-audit services:

| | 2014 | 2013 |
|-------------------------|--------|--------|
| | \$ | \$ |
| Tax compliance services | 10,670 | 25,400 |

DIRECTORS' REPORT

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Enterprise Metals Limited and other key management personnel.

A. Remuneration Policy

The remuneration policy of Enterprise Metals Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Enterprise Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best management and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

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

The remuneration policy, setting the terms and conditions for the executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, and options as performance incentives. The Remuneration & Nomination Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries.

Executives are also entitled to participate in the employee share and option arrangements.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed, unless it is work done in relation to the geological assets of the Company, in which case it is capitalised in accordance with the Accounting Policy of the Company. Options given to Directors and employees are valued using the Black-Scholes methodology.

The Board policy is to remunerate non-executive Directors at the lower end of market rates for comparable companies for time, commitment, and responsibilities. The non-executive Directors have been provided with options that are designed to incentivise the non-executive Directors. The Remuneration & Nomination Committee determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

REMUNERATION REPORT (AUDITED)

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors' and executives' performance. Currently, this is facilitated through the issue of options to the majority of Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company received approximately 85% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. Details of Remuneration for Year Ended 30 June 2014

There were no cash bonuses paid during the year and there are no set performance criteria for achieving cash bonuses. The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of Benefits and Payments for the Year Ended 30 June 2014

2014

| Key Management Personnel | Short-term benefits | | | Post-employment benefits | Long-term benefits | Equity-settled share-based payments | | Total | Performance based |
|--|------------------------|----------------------------|--------------|--------------------------|--------------------|-------------------------------------|---------|---------|-------------------|
| | Salary, fees and leave | Cash from other activities | Non-monetary | Super-annuation | Other | Equity | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Dr Jingbin Wang - Chairman | - | - | - | - | - | - | - | - | - |
| Dermot Ryan – Managing Director (1) | 165,736 | - | - | - | - | - | - | 165,736 | - |
| Anna Mao – Non-executive director | - | - | - | - | - | - | - | - | - |
| Paul Hallam – Non-executive director (2) | 15,256 | - | - | 1,411 | - | - | - | 16,667 | - |
| Dr Allan Trench – Non-executive director | 20,000 | - | - | - | - | - | - | 20,000 | - |
| Barry Bourne Trench – Non-executive director (3) | 3,051 | - | - | 282 | - | - | - | 3,333 | - |
| Damian Delaney – Company Secretary | 55,840 | - | - | - | - | - | - | 55,840 | - |
| | 259,883 | - | - | 1,693 | - | - | - | 261,576 | - |

(1) Dermot Ryan is paid by a related party of the Group. The amount shown above is the amount paid for his services as Managing Director.

(2) Paul Hallam resigned as a director on 13 May 2014.

(3) Barry Bourne appointed as a director on 13 May 2014.

REMUNERATION REPORT (AUDITED)

Table of Benefits and Payments for the Year Ended 30 June 2013

2013

Key Management
Personnel

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Equity-settled share-based payments | | Total | Performance based |
|---|------------------------|----------------------------|--------------|--------------------------|--------------------|-------------------------------------|---------|-----------|-------------------|
| | Salary, fees and leave | Cash from other activities | Non-monetary | Super-annuation | Other | Equity | Options | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Dr Jingbin Wang - Chairman | 52,500 | - | - | - | - | - | 86,486 | 138,986 | 62% |
| Dermot Ryan – Managing Director ⁽¹⁾ | 295,222 | 36,182 | - | 16,470 | - | - | 144,143 | 492,017 | 29% |
| Bruce Hawley – Non-executive director ⁽⁵⁾ | 6,667 | - | - | - | - | - | - | 6,667 | - |
| Anna Mao – Non-executive director | 37,500 | - | - | - | - | - | 51,892 | 89,392 | 58% |
| Dr Zhen Huang – Non-executive director ⁽⁶⁾ | 14,583 | - | - | - | - | - | 51,892 | 66,475 | 78% |
| Paul Hallam – Non-executive director | 43,005 | - | - | 1,995 | - | - | 51,892 | 96,892 | 41% |
| Dr Allan Trench – Non-executive director | 45,000 | - | - | - | - | - | 51,892 | 96,892 | 54% |
| Dennis Wilkins – Company Secretary ^(2, 3) | 166,589 | - | - | - | - | - | - | 166,589 | - |
| Damian Delaney – Company Secretary ⁽⁴⁾ | 17,130 | - | - | - | - | - | - | 17,130 | - |
| | 678,196 | 36,182 | - | 18,465 | - | - | 438,197 | 1,171,040 | 36% |

(1) Dermot Ryan is paid by a related party of the Group. The amount shown above is the amount paid for his services as Managing Director.

(2) Dennis Wilkins is paid by a related party of the Group. The amount shown above is the amount paid for his services as Company Secretary and CFO and includes amounts paid for accounting services.

(3) Dennis Wilkins resigned as Company Secretary on the 2 April 2013.

(4) Damian Delaney was appointed Company Secretary on the 2 April 2013.

(5) Bruce Hawley resigned as a director on 31 August 2012.

(6) Zhen Huang resigned as a director on 17 October 2012.

REMUNERATION REPORT (AUDITED)

Equity instrument disclosures relating to KMP

(i) Option holdings

The number of options over ordinary shares held by each KMP of the Group during the financial period is as follows:

| | Balance at the beginning of year | Granted as remuneration during the year | Lapsed/ Exercised during the year | Other changes during the year | Balance at the end of the year | Vested and exercisable at the end of the year | Vested during the year |
|-----------------------------|----------------------------------|---|-----------------------------------|-------------------------------|--------------------------------|---|------------------------|
| 2014 | | | | | | | |
| Jingbin Wang | 1,500,000 | - | - | - | 1,500,000 | 1,500,000 | - |
| Dermot Ryan | 2,500,000 | - | - | 250,000 | 2,750,000 | 2,750,000 | - |
| Anna Mao | 15,900,000 | - | - | - | 15,900,000 | 15,900,000 | - |
| Allan Trench | 900,000 | - | - | 62,500 | 962,500 | 962,500 | - |
| Paul Hallam ⁽¹⁾ | 900,000 | - | - | 250,000 | 1,150,000 | 1,150,000 | - |
| Barry Bourne ⁽²⁾ | - | - | - | - | - | - | - |
| | 21,700,000 | - | - | 562,500 | 22,262,500 | 22,262,500 | - |

⁽¹⁾ Represents the balance held at the date of resignation, 13 May 2014.

⁽²⁾ Appointed as a director on 13 May 2014.

(ii) Shareholdings

The number of ordinary shares in Enterprise Metals Limited held by each KMP of the Group during the financial year is as follows:

| | Balance at the start of the year | Received during the year as compensation | Received during the year on the exercise of options | Other changes during the year | Balance at the end of the year |
|-----------------------------|----------------------------------|--|---|-------------------------------|--------------------------------|
| 2014 | | | | | |
| Directors | | | | | |
| Ordinary Shares | | | | | |
| Jingbin Wang | - | - | - | - | - |
| Dermot Ryan | 12,400,000 | - | - | 500,000 | 12,900,000 |
| Anna Mao | 1,500,000 | - | - | - | 1,500,000 |
| Paul Hallam ⁽¹⁾ | 436,667 | - | - | 500,000 | 936,667 |
| Allan Trench | 120,000 | - | - | 125,000 | 245,000 |
| Barry Bourne ⁽²⁾ | - | - | - | - | - |
| Total | 14,456,667 | - | - | 1,125,000 | 15,581,667 |

⁽¹⁾ Represents the balance held at the date of resignation, 13 May 2014.

⁽²⁾ Appointed as a director on 13 May 2014.

Loans to KMP

There are no loans made to KMP as at 30 June 2014 (2013 – Nil).

REMUNERATION REPORT (AUDITED)

Other transactions with KMP

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer below:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties.

| 2014 | 2013 |
|------|------|
| \$ | \$ |

XServ Pty Ltd

Mr Ryan is a Director Shareholder of XServ Pty Ltd. Mr Ryan's Company provides geological consulting services to Enterprise Metals Limited in addition to his Directors fees. The services include the provision of geological and technical staff, field equipment and vehicles as well as computer, database and administrative support services.

| | | |
|------------------------------|---------|---------|
| Mineral Exploration Services | 162,954 | 889,517 |
|------------------------------|---------|---------|

As at 30 June 2014, \$77,202 (2013: \$131,775) was payable to XServ Pty Ltd, and \$1,056 (2012: \$4,153) was receivable from XServ Pty Ltd.

Enterprise Uranium Limited

Mr Ryan and Ms Mao are Directors of Enterprise Uranium Limited. Enterprise Metals Limited provides shared office services to Enterprise Uranium Limited.

| | | |
|---|---------|---------|
| Sales reimbursement of shared office services | 207,581 | 277,953 |
|---|---------|---------|

As at 30 June 2014, \$17,879 (2013: \$24,686) was receivable from and \$3,242 (2013: \$nil) was payable to Enterprise Uranium Limited.

Mega Capital Resources Ltd

Ms Mao was until 4 August 2014 the sole director of Mega Capital Resources Ltd. Mega Capital Resources Ltd provides consulting services to Enterprise Metals Limited.

| | | |
|---------------------|--------|--------|
| Consulting Services | 48,000 | 18,000 |
|---------------------|--------|--------|

As at 30 June 2014, \$8,000 (2013: \$18,000) was payable to Mega Capital Resources Ltd.

Mining Management Consulting

Mr Hallam provides consulting services as a sole trader to the mining industry, trading as Mining Management Consulting and they provided consulting services to Enterprise Metals Limited in addition to their Directors fees.

| | | |
|---------------------|---|--------|
| Consulting Services | - | 30,000 |
|---------------------|---|--------|

As at 30 June 2014, \$nil (2013: \$nil) was payable to Mining Management Consulting.

REMUNERATION REPORT (AUDITED)

| | 2014 | 2013 |
|---|-------------|-------------|
| | \$ | \$ |
| DWCorporate Pty Ltd | | |
| Mr Wilkins is a Director of DWCorporate Pty Ltd. Mr Wilkins provided Company Secretarial and Chief Financial Officer services for Enterprise Metals Limited. In addition, DWCorporate provided accounting, administration and Corporate Advisory Services to Enterprise Metals Limited. | | |
| DWCorporate Pty Ltd | - | 166,589 |
| As at 30 June 2014, \$nil (2013: nil) was payable to DWCorporate Pty Ltd. | | |

C. Service Agreements

The Company has a service agreement with the following Directors:

Mr Ryan commenced as Managing Director on 14th October 2008. Mr Ryan is remunerated at normal commercial rates pursuant to the terms of an ongoing Consultancy Agreement to fulfil the duties of the Managing Director. Fees attributable to Mr Ryan's services were at the rate of \$909 per day and for the year ended 30 June 2014 totalled \$165,736. The agreement may be terminated (other than for gross misconduct) by either party on three months' written notice.

REMUNERATION REPORT (AUDITED)

D. Share-based compensation Incentive Option Scheme

Options may be granted under the Enterprise Metals Employee Share Option Scheme 2012 whereby all staff and consultants who have been employed by the Company for a qualifying period are eligible to participate in the plan subject to Board discretion. Options are granted under the plan for no consideration. Options are granted for a five year period.

Options granted under the plan carry no dividend or voting rights.

The ability for the employee to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. Each option will automatically lapse if not exercised within five years of the date of issue. The exercise period may also be affected by other events as detailed in the terms and conditions in the Incentive Option Scheme.

The options vest when they are issued.

Director and Key Management Personnel Options

During the 2014 financial year no options were issued to Directors or Key Management Personnel as share based compensation. During the 2013 financial year the following options were issued to Directors and Key Management Personnel:

A total of 7,600,000 options were issued on the 29 August 2012 to various directors with an exercise price of \$0.149 that expire on the 11 September 2015. The Board of Directors have assigned a fair value of \$0.0725 based on the Black-Scholes valuation method (refer to Note 18 for the particulars used in the Black Scholes valuation).

End of the Audited Remuneration Report

Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 25 of the Annual Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Dermot Ryan
MANAGING DIRECTOR

Dated this 30th day of September 2014

Level 1
10 Kings Park Road
West Perth WA 6005

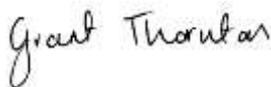
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**Auditor's Independence Declaration
To the Directors of Enterprise Metals Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Enterprise Metals Limited for the year ended 30 June 2014, 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 30 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE
YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|--|-------------|--------------------|--------------------|
| Other Income | 2 | 185,520 | 3,030,955 |
| Accounting and Audit Fees | | (53,934) | (98,746) |
| Share registry and Listing Fees | | (48,159) | (109,377) |
| Employee Benefits Expense | | (330,330) | (1,051,730) |
| Computers and Software | | (36,913) | (72,312) |
| Depreciation | 3 | (98,533) | (99,766) |
| Insurance | | (24,219) | (32,486) |
| Investor Relations | | (11,790) | (38,957) |
| Legal Fees | | (33,724) | (39,870) |
| Office Equipment and Supplies | | (398) | (1,942) |
| Office Rental Expense | 3 | (143,358) | (98,227) |
| Travel and Accommodation | | (29,530) | (52,755) |
| Impairment of available for sale financial assets | 3 | - | (2,200,500) |
| Impairment of capitalised exploration expenses | 3 | (6,361,132) | (3,938,332) |
| Share based payments | | - | (438,197) |
| Other expenses | | (53,930) | (109,096) |
| Loss before income tax | | (7,040,430) | (5,351,338) |
| Income tax expense | 4 | - | - |
| Loss for the year | | (7,040,430) | (5,351,338) |
| Other comprehensive income, net of tax | | | |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | | |
| Unrealised gain on revaluation of AFS asset | | 162,000 | - |
| Other comprehensive income, net of tax | | 162,000 | - |
| Total comprehensive loss for the year | | (6,878,430) | (5,351,338) |
| Total comprehensive loss attributable to members of the parent entity | | (6,878,430) | (5,351,338) |
| Basic loss per share (cents per share) | 7 | (3.1) | (2.5) |
| Diluted loss per share (cents per share) | 7 | (3.1) | (2.5) |

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|-------------------------------------|------|-------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | 8 | 1,960,437 | 1,585,081 |
| Trade and other receivables | 9 | 193,503 | 165,720 |
| Total Current Assets | | 2,153,940 | 1,750,801 |
| Non-Current Assets | | | |
| Available-for-sale financial assets | 10 | 661,500 | 499,500 |
| Other financial assets | 13 | 70,000 | 125,747 |
| Plant and equipment | 11 | 114,472 | 221,560 |
| Exploration and evaluation assets | 12 | 14,203,319 | 18,800,635 |
| Total Non-Current Assets | | 15,049,291 | 19,647,442 |
| TOTAL ASSETS | | 17,203,231 | 21,398,243 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 807,902 | 373,382 |
| Total Current Liabilities | | 807,902 | 373,382 |
| TOTAL LIABILITIES | | 807,902 | 373,382 |
| NET ASSETS | | 16,395,329 | 21,024,861 |
| Equity | | | |
| Issued capital | 15 | 28,760,278 | 26,675,980 |
| Reserve | 16 | 6,181,447 | 5,854,847 |
| Accumulated losses | | (18,546,396) | (11,505,966) |
| TOTAL EQUITY | | 16,395,329 | 21,024,861 |

The accompanying notes form part of these financial statements.

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

| NOTE | Issued Capital \$ | Options Reserve \$ | AFS Asset Reserve \$ | Accumulated Losses \$ | Total \$ |
|--|-------------------------|--------------------------|----------------------------|-----------------------------|-------------------|
| Balance at 1 July 2012 | 30,081,867 | 5,416,650 | - | (6,154,628) | 29,343,889 |
| Loss attributable to members of the parent entity for the year | - | - | - | (5,351,338) | (5,351,338) |
| Other comprehensive Income, net of tax | - | - | - | - | - |
| Total comprehensive loss for the year | - | - | - | (5,351,338) | (5,351,338) |
| Transaction with owners, directly in equity | | | | | |
| Shares issued during the year | 2,500,000 | - | - | - | 2,500,000 |
| In-specie distribution | (5,905,887) | - | - | - | (5,905,887) |
| Share based payments | - | 438,197 | - | - | 438,197 |
| Balance at 30 June 2013 | 26,675,980 | 5,854,847 | - | (11,505,966) | 21,024,861 |
| Balance at 1 July 2013 | 26,675,980 | 5,854,847 | - | (11,505,966) | 21,024,861 |
| Loss attributable to members of the parent entity for the year | - | - | - | (7,040,430) | (7,040,430) |
| Other comprehensive Income, net of tax | - | - | 162,000 | - | 162,000 |
| Total comprehensive loss for the year | - | - | 162,000 | (7,040,430) | (6,878,430) |
| Transaction with owners, directly in equity | | | | | |
| Shares issued during the year | 2,394,000 | - | - | - | 2,394,000 |
| Capital raising costs | (145,102) | - | - | - | (145,102) |
| Share based payments for share issue costs | (164,600) | 164,600 | - | - | - |
| Balance at 30 June 2014 | 28,760,278 | 6,019,447 | 162,000 | (18,546,396) | 16,395,329 |

The accompanying notes form part of these financial statements.

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

| | Note | 2014 \$ | 2013 \$ |
|---|------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 46,055 | 295,973 |
| Rent and other receipts | | 140,439 | 14,505 |
| Payments to suppliers and employees | | (700,925) | (1,678,007) |
| Net cash used in operating activities | 17a | (514,431) | (1,367,529) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds on the sale of plant and equipment | | 24,810 | - |
| Purchase of plant and equipment | | (16,255) | (107,211) |
| Payments for exploration and evaluation expenditure | | (1,634,039) | (4,932,061) |
| Grant funding received | | 230,373 | - |
| Payments for available for sale financial assets | | - | (2,700,000) |
| Net cash used in investing activities | | (1,395,111) | (7,739,272) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | | 2,394,000 | 2,500,000 |
| Share raising costs | | (109,102) | - |
| Net cash provided by financing activities | | 2,284,898 | 2,500,000 |
| Net increase in cash and cash equivalents held | | 375,356 | (6,606,801) |
| Cash and cash equivalents at 1 July | | 1,585,081 | 8,191,882 |
| Cash and cash equivalents at 30 June | 8 | 1,960,437 | 1,585,081 |

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report includes the consolidated financial statements and notes of Enterprise Metals Limited and controlled entities ('Consolidated Group' or 'Group'). Enterprise Metals Limited is a listed public company, incorporated and domiciled in Australia.

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*. Enterprise Metals Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The functional currency of the Group is Australian dollars.

The financial statements were authorised for issue by the directors on 30 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Enterprise Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and Group's assets and the discharge of their liabilities in the normal course of business.

As disclosed in the financial report, the Group recorded an operating loss of \$7,040,430 (2013: \$5,351,338) and a cash outflow from operating activities of \$514,431 (2013: \$1,367,529) for the year ended 30 June 2014 and at reporting date, had a net current asset balance of \$1,346,038 (2013: \$1,377,419).

The Board considers that the Company is a going concern and recognises that future exploration on its main assets will require further funding and/or farming out and/or selling tenements depending on the solution that delivers the best value for shareholders at the time. Additional funding will be required to continue to fund the Group's operations for the 12 month period from the date of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Directors believe it is appropriate to prepare the financial report on a going concern basis because:

- The Company has the ability to issue additional equity under the Corporations Act 2001 and ASX Listing Rule 7.1 or otherwise; and,
- The Company's commitment to exploration expenditure is discretionary and expenditure requirements are minimal.

Accordingly, the Directors believe that subject to prevailing equity market conditions and reductions in both exploration and corporate commitments, the Company will have sufficient funding to enable it and the consolidated entities to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the company and the consolidated entity not be able to continue as going concerns.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the profit or loss unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the profit or loss.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Property, Plant, and Equipment

Each class of property, plant, and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the historical cost basis.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs, and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Plant and equipment | 25% |
| Computer Equipment | 33% |
| Furniture and fittings | 25% |
| Motor vehicle | 25% |
| Software | 25% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include listed securities.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income' (see Note 1 (k)).

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or they expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Non-Financial Assets

At each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The Group operates an Incentive Option Scheme share-based compensation plan. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the profit or loss. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(i) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(j) Cash and cash equivalents

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

(k) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rental income is recognised on an accrual basis.

Management fees are recognised on portion of completion basis.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

(n) Goods and Services Tax (GST)

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of financing activities, which are disclosed as operating cash flow.

(o) Earnings Per Share

i. Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the company, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

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

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group 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.

The Directors considered the impairment of the parent entity's investment in subsidiaries and loans receivable from subsidiaries based on the fair value less costs to sell of the underlying mineral tenements. The inter-company loans have no interest or repayment terms and are effectively investments in controlled entities and are reflected at cost.

A value of \$2,200,500 had been recorded as impairment on available for sale financial assets in the previous year, no impairment of available for sale financial assets was required this period.

Key Estimates – Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes formula. Details of the estimates used to determine the fair value are detailed in Note 18.

Key Judgments – Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$14,203,319 (2013: \$18,800,635). An impairment of \$6,361,132 (2013: \$3,938,332) was recognised during the year ended 30 June 2014.

(r) New Accounting Standards for Application in Future Periods

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

AASB 10: *Consolidated Financial Statements*;

AASB 11: *Joint Arrangements*;

AASB 12: *Disclosure of Interests in Other Entities*;

AASB 13: *Fair Value Measurement*;

AASB 119: *Employee Benefits*; and

AASB 127: *Separate Financial Statements*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Account Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

it has power over an investee;
it is exposed, or has rights, to variable returns from its involvement with the investee; and
has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures'. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Company.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Company has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Application of AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

Standards and Interpretations in issue not yet adopted

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impractical at this stage to provide a reasonable estimate of such impact.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- *Other standards not yet applicable*

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

| Standard/Interpretation | Effective for annual reporting periods beginning on or after | Expected to be initially applied in the financial year ending |
|--|---|--|
| AASB 1031 'Materiality' (2013) | 1 January 2014 | 30 June 2015 |
| AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' | 1 January 2014 | 30 June 2015 |
| AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets' | 1 January 2014 | 30 June 2015 |
| AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting' | 1 January 2014 | 30 June 2015 |
| AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities' | 1 January 2014 | 30 June 2015 |
| AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' | 1 January 2014 | 30 June 2015 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: OTHER INCOME

| | 2014 | 2013 |
|--|----------------|------------------|
| | \$ | \$ |
| Rental and other income | 141,663 | 11,555 |
| Interest received | 43,857 | 227,614 |
| Profit on sale of tenements (refer to note 27) | - | 2,791,786 |
| Total Other income | <u>185,520</u> | <u>3,030,955</u> |

NOTE 3: LOSS FOR THE YEAR

(a) Expenses

| | | |
|--|---------|--------|
| Depreciation of plant and equipment | 98,533 | 99,766 |
| Office rental expense | 143,358 | 98,227 |
| Defined benefit superannuation expense | 41,903 | 42,821 |

(b) Significant Revenues and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

| | | |
|---|-----------|-----------|
| Impairment of Exploration and Evaluation | 6,361,132 | 3,938,332 |
| Impairment of available for sale financial assets | - | 2,200,500 |

NOTE 4: INCOME TAX

(a) Income tax expense

| | | |
|--|----------|----------|
| Current tax | - | - |
| Deferred tax | - | - |
| Adjustments for current tax of prior periods | - | - |
| | <u>-</u> | <u>-</u> |

Deferred income tax expense included in income tax expense comprises:

| | | |
|--|-----------|-----------|
| - (Increase) in deferred tax assets | 280,532 | 585,934 |
| - Increase in deferred tax liabilities | (280,532) | (585,934) |
| | <u>-</u> | <u>-</u> |

(b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | | |
|--|-------------|-------------|
| Prima facie tax on operating loss at 30% | (2,112,129) | (1,605,401) |
|--|-------------|-------------|

Add / (Less) tax effect of:

| | | |
|--|-----------|-----------|
| Share based payments | - | 131,459 |
| Impairment of capitalised exploration expenses | 1,604,157 | 1,181,500 |
| Non-deductible items | 231 | 138,973 |
| Deferred tax asset not brought to account | 507,741 | 153,469 |
| Income tax attributable to operating loss | <u>-</u> | <u>-</u> |

The applicable weighted average effective tax rates are as follows: nil% nil%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| NOTE 4: INCOME TAX (cont.) | Note | 2014 \$ | 2013 \$ |
|--|------|--------------------|--------------------|
| (c) Deferred tax assets | | | |
| Tax Losses | | 4,063,513 | 3,799,711 |
| Provisions and Accrual | | 14,568 | 11,552 |
| Other – P&L | | 80,888 | 30,892 |
| Other – Equity | | 158,928 | 195,106 |
| | | <u>4,317,897</u> | <u>4,037,261</u> |
| Set-off deferred tax liabilities | 4(d) | <u>(4,317,897)</u> | <u>(4,037,261)</u> |
| Net deferred tax assets | | <u>-</u> | <u>-</u> |
| (d) Deferred tax liabilities | | | |
| Exploration expenditure | | (4,317,198) | (4,036,033) |
| Other | | (699) | (1,227) |
| | | <u>4,317,897</u> | <u>4,037,261</u> |
| Set-off deferred tax assets | 4(c) | <u>(4,317,897)</u> | <u>(4,037,261)</u> |
| Net deferred tax liabilities | | <u>-</u> | <u>-</u> |
| (e) Tax losses | | | |
| Unused tax losses for which no deferred tax asset has been recognised | | <u>6,717,763</u> | <u>4,410,233</u> |
| Temporary differences for which no deferred tax asset has been recognised – Equity | | <u>-</u> | <u>195,107</u> |

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2014 because the Directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Key management personnel (KMP) compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2014.

The totals of remuneration paid to KMP during the year are as follows:

| | 2014 \$ | 2013 \$ |
|-------------------------------------|----------------|------------------|
| Short-term employee benefits | 259,883 | 714,378 |
| Post-employment benefits | 1,693 | 18,465 |
| Equity settled share based payments | - | 438,197 |
| Total | 261,576 | 1,171,040 |

NOTE 6: AUDITORS' REMUNERATION

Note

| | 2014 \$ | 2013 \$ |
|---|------------|------------|
| Remuneration of the auditor of the parent entity for: | | |
| - Auditing or reviewing the financial report | 32,727 | 32,901 |
| Remuneration of the auditor, or associated entities, of the parent entity for non-audit services: | | |
| - Tax compliance services | 10,670 | 25,400 |

NOTE 7: LOSS PER SHARE

| | 2014 \$ | 2013 \$ |
|---|-------------|-------------|
| (a) Reconciliation of earnings to loss for the year | | |
| Earnings used in the calculation of basic EPS | (7,040,430) | (5,351,338) |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 228,223,242 | 212,946,051 |
| Basic / Diluted loss per share (cents per share) | (3.1) | (2.5) |

All options on issue are out of the money as at 30 June 2014 and are therefore anti-dilutive. At 30 June 2014, 72,575,000 options were outstanding (2013: 53,600,000)

NOTE 8: CASH AND CASH EQUIVALENTS

| | 2014 \$ | 2013 \$ |
|---|------------------|------------------|
| Cash at bank | 1,945,437 | 1,585,081 |
| Cash in term deposit | 15,000 | - |
| | 1,960,437 | 1,585,081 |
| Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | | |
| Cash and cash equivalents | 1,960,437 | 1,585,081 |

Cash at bank earns an effective interest rate of 2.70% (2013: 3.34%).

Cash in term deposit rolls every 30 days and earns an effective interest rate of 2.44% (2013: nil %).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: TRADE AND OTHER RECEIVABLES

| | 2014 | 2013 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| CURRENT | | |
| GST receivable | 122,297 | 107,453 |
| Trade and other receivables | 53,464 | 39,514 |
| Prepayments | 17,742 | 18,753 |
| | <u>193,503</u> | <u>165,720</u> |

There are no balances within trade and other receivables that contain assets that are impaired and are past due. The trade receivables relate to withholding tax receivable and interest receivable. It is expected these balances will be received when due.

NOTE 10: AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2014 | 2013 |
|---------------------|----------------|----------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Opening balance | 499,500 | - |
| Additions (Note 27) | - | 2,700,000 |
| Impairment | - | (2,200,500) |
| Revaluations | 162,000 | - |
| | <u>661,500</u> | <u>499,500</u> |

Available-for-sale financial asset are shares held in an ASX listed entity and were impaired in the prior period based on the share sale price at balance date.

NOTE 11: PLANT AND EQUIPMENT

| | 2014 | 2013 |
|-------------------------------|----------------|----------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Computer equipment – cost | 64,956 | 63,138 |
| Accumulated depreciation | (54,266) | (37,319) |
| | <u>10,690</u> | <u>25,819</u> |
| Plant and equipment – cost | 153,863 | 192,153 |
| Accumulated depreciation | (121,076) | (100,367) |
| | <u>32,787</u> | <u>91,786</u> |
| Furniture and fittings – cost | 19,920 | 19,920 |
| Accumulated depreciation | (16,298) | (13,373) |
| | <u>3,622</u> | <u>6,547</u> |
| Motor vehicles - cost | 55,000 | 55,000 |
| Accumulated depreciation | (38,914) | (25,164) |
| | <u>16,086</u> | <u>29,836</u> |
| Software - cost | 106,436 | 91,999 |
| Accumulated depreciation | (55,149) | (24,427) |
| | <u>51,287</u> | <u>67,572</u> |
| Total plant and equipment | <u>114,472</u> | <u>221,560</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PLANT AND EQUIPMENT (cont.)

2014
\$

2013
\$

a) Reconciliation of Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

Computer equipment

| | | |
|--|----------|----------|
| Opening balance | 25,819 | 42,179 |
| - Additions | 1,818 | 1,315 |
| - Depreciation expense | (16,947) | (17,675) |
| Carrying amount at the end of the year | 10,690 | 25,819 |

Plant and equipment

| | | |
|--|----------|----------|
| Opening balance | 91,786 | 105,038 |
| - Additions | - | 30,676 |
| - Disposals | (24,810) | - |
| - Depreciation expense | (34,189) | (43,928) |
| Carrying amount at the end of the year | 32,787 | 91,786 |

Furniture and fittings

| | | |
|--|---------|---------|
| Opening balance | 6,547 | 10,794 |
| - Additions | - | - |
| - Depreciation expense | (2,925) | (4,247) |
| Carrying amount at the end of the year | 3,622 | 6,547 |

Motor vehicles

| | | |
|--|----------|----------|
| Opening balance | 29,836 | 43,586 |
| - Additions | - | - |
| - Depreciation expense | (13,750) | (13,750) |
| Carrying amount at the end of the year | 16,086 | 29,836 |

Software

| | | |
|--|----------|----------|
| Opening balance | 67,572 | 64,047 |
| - Additions | 14,437 | 23,690 |
| - Depreciation expense | (30,722) | (20,166) |
| Carrying amount at the end of the year | 51,287 | 67,572 |

Totals

| | | |
|------------------------------------|----------|----------|
| Opening balance | 221,560 | 265,644 |
| - Additions | 16,255 | 55,682 |
| - Disposals | (24,810) | - |
| - Depreciation expense | (98,533) | (99,766) |
| Carrying amount at the end of year | 114,472 | 221,560 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: EXPLORATION AND EVALUATION

| | 2014 | 2013 |
|--|-------------|-------------|
| | \$ | \$ |
| Exploration and evaluation phases – at cost | 14,203,319 | 18,800,635 |
| (a) Exploration and evaluation | | |
| Opening balance | 18,800,635 | 21,249,099 |
| Exploration expenditure | 1,763,816 | 4,603,970 |
| Tenements sold to ENU (Note 27) | - | (3,114,102) |
| Impairment of capitalised exploration expenses | (6,361,132) | (3,938,332) |
| Closing balance | 14,203,319 | 18,800,635 |

The Directors' assessment of the carrying amount for the Group's exploration properties was after consideration of prevailing market conditions; previous expenditure for exploration work carried out on the tenements; and the potential for mineralisation based on the Group's and independent geological reports. The ultimate value of these assets is dependent upon recoupment by commercial development or the sale of the whole or part of the Group's interests in these exploration properties for an amount at least equal to the carrying value. There may exist on the Group's exploration properties, areas subject to claim under Native Title or containing sacred sites or sites of significance to Aboriginal people. As a result, the Group's exploration properties or areas within the tenements may be subject to exploration and mining restrictions.

The directors believe that given the continued difficult market conditions, it is prudent to impair the carrying values of a number of projects including Darlot, Wattagee, Burracoppin and Earaaheedy.

NOTE 13: OTHER FINANCIAL ASSETS

| | 2014 | 2013 |
|----------------------------------|--------|---------|
| | \$ | \$ |
| NON-CURRENT | | |
| Restricted cash at term deposits | 70,000 | 125,747 |

Restricted cash relates to bank guarantees to secure tenement bonds and a credit card facility (refer note 24).

| Details of Controlled Entities | Country of Incorporation | Class of Shares | Percentage Owned % | |
|---|--------------------------|-----------------|--------------------|------|
| | | | 2014 | 2013 |
| Murchison Exploration Pty Limited | Australia | Ordinary | 100 | 100 |
| ACN 125 615 232 (previously Enterprise Uranium Pty Ltd) | Australia | Ordinary | 100 | 100 |
| Enterprise Exploration Pty Ltd | Australia | Ordinary | 100 | 100 |
| Enterprise Gold Pty Ltd - (previously Australasian Mining and Exploration Pty Ltd) | Australia | Ordinary | 100 | 100 |
| Enterprise Iron Pty Ltd - (previously Traynor Pty Ltd) | Australia | Ordinary | 100 | 100 |
| Glintan Pty Ltd | Australia | Ordinary | 100 | 100 |
| Amiable Holdings Pty Ltd | Australia | Ordinary | 100 | 100 |
| Burracoppin Resources Pty Ltd | Australia | Ordinary | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| NOTE 14: TRADE AND OTHER PAYABLES | 2014 | 2013 |
|--|----------------|----------------|
| | \$ | \$ |
| CURRENT – unsecured liabilities | | |
| Trade payables | 712,902 | 307,155 |
| Accrued Expenses | 95,000 | 66,227 |
| | <u>807,902</u> | <u>373,382</u> |

All amounts are short-term. The carrying value is considered to be a reasonable approximation of the fair value.

| NOTE 15: ISSUED CAPITAL | Note | 2014 | 2013 |
|--|-------------|-------------|-------------|
| | | \$ | \$ |
| 265,595,776 (2013: 213,220,776) Fully paid ordinary shares | 15a | 28,760,278 | 26,675,980 |

The Company has no authorised share capital. Shares have no par value.

| (a) Ordinary shares | 2014 | 2013 |
|---|-------------------|-------------------|
| | \$ | \$ |
| At the beginning of the reporting period | 26,675,980 | 30,081,867 |
| Shares issued during the year | | |
| • 25,775,000 on 9 December 2013 at \$0.04 per share | 1,031,000 | - |
| • 1,125,000 on 29 January 2014 at \$0.04 per share | 45,000 | - |
| • 1,100,000 on 9 May 2014 at \$0.08 per share | 88,000 | - |
| • 375,000 on 20 May 2014 at \$0.08 per share | 30,000 | - |
| • 24,000,000 on 30 June 2014 at \$0.05 per share | 1,200,000 | - |
| Prior year | | |
| • 10,000,000 on 11 July 2012 at \$0.25 per share | | 2,500,000 |
| • In specie distribution on 15 October 2012 (refer note 27) | | (5,905,887) |
| Transaction costs relating to share issues | (309,702) | - |
| At reporting date | <u>28,760,278</u> | <u>26,675,980</u> |

| | 2014 | 2013 |
|---|--------------------|--------------------|
| | No. | No. |
| At the beginning of the reporting period | 213,220,776 | 203,220,776 |
| Shares issued during the year | | |
| • 25,775,000 on 9 December 2013 at \$0.04 per share | 25,775,000 | - |
| • 1,125,000 on 28 January 2014 at \$0.04 per share | 1,125,000 | - |
| • 1,100,000 on 8 May 2014 at \$0.08 per share | 1,100,000 | - |
| • 375,000 on 20 May 2014 at \$0.08 per share | 375,000 | - |
| • 24,000,000 on 30 June 2014 at \$0.05 per share | 24,000,000 | - |
| Prior year | | |
| • 10,000,000 on 11 July 2012 at \$0.25 per share | - | 10,000,000 |
| At reporting date | <u>265,595,776</u> | <u>213,220,776</u> |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has a vote on a show of hands.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: ISSUED CAPITAL (cont.)

(b) Movement in options on issue

| | 2014 No. | 2013 No. |
|--|--------------|--------------|
| At the beginning of the reporting period | 53,600,000 | 63,725,806 |
| Issued during the year: | | |
| • Exercisable at 8 cents, on or before 30 November 2016 | 18,450,000 | - |
| • Exercisable at 10 cents, on or before 15 June 2016 | 12,000,000 | - |
| • Exercisable at 22.2 cents, on or before 12 July 2014 ⁽¹⁾ | - | 11,000,000 |
| • Exercisable at 14.9 cents, on or before 11 September 2015 ⁽¹⁾ | - | 7,600,000 |
| Exercised during the year | | |
| • Exercisable at 8 cents, on or before 30 November 2016 | (1,475,000) | - |
| • Exercisable at 22.2 cents, on or before 12 July 2014 ⁽¹⁾ | - | (10,000,000) |
| Expired during the year | | |
| • Exercisable at 22.2 cents, on or before 20 June 2012 ⁽¹⁾ | (10,000,000) | - |
| • Exercisable at 22.2 cents, on or before 22 November 2012 ⁽¹⁾ | - | (3,000,000) |
| • Exercisable at 22.2 cents, on or before 1 June 2013 ⁽¹⁾ | - | (3,225,806) |
| • Exercisable at 47.2 cents, on or before 30 June 2013 ⁽¹⁾ | - | (2,500,000) |
| Terminated during the year | | |
| • Exercisable at 22.2 cents, on or before 12 July 2014 ⁽¹⁾ | - | (10,000,000) |
| At reporting date | 72,575,000 | 53,600,000 |

(1) Following the in-specie distribution of Enterprise Uranium Limited on 30 October 2012, all exercise prices of options were reduced by 2.8 cents in accordance with ASX Listing Rule 7.22.3. This is not considered a modification of the share-based payments as the terms and conditions of the options note that the exercise price may change as a result of a capital restructure (such as through an in-specie distribution).

(c) Capital Management

The Directors' objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders. The Group has no debt therefore has no externally imposed capital restrictions.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2014 and 30 June 2013 are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| | 2014 | 2013 |
|-----------------------------|------------------|------------------|
| | \$ | \$ |
| Cash and cash equivalents | 1,960,437 | 1,585,081 |
| Trade and other receivables | 193,503 | 165,720 |
| Other financial assets | 70,000 | 125,747 |
| Trade and other payables | (807,902) | (373,382) |
| Working capital position | <u>1,416,038</u> | <u>1,503,166</u> |

NOTE 16: RESERVES

| | 2014 | 2013 |
|--|------------------|------------------|
| | \$ | \$ |
| Options Reserve | 6,019,447 | 5,854,847 |
| AFS Asset Reserve | 162,000 | - |
| | <u>6,181,447</u> | <u>5,854,847</u> |
| Options Reserve | | |
| Movements during the year: | | |
| At the beginning of the reporting period | 5,854,847 | 5,416,650 |
| Share-based payments | 164,600 | 438,197 |
| At reporting date | <u>6,019,447</u> | <u>5,854,847</u> |

The Options Reserve records the value of share based payments (refer note 18).

AFS Asset Reserve

| | | |
|---|----------------|----------|
| Movements during the year: | | |
| At the beginning of the reporting period | - | - |
| Fair value gains on available-for-sale financial assets | 162,000 | - |
| At reporting date | <u>162,000</u> | <u>-</u> |

The AFS Asset Reserve records revaluation of financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17: CASH FLOW INFORMATION

| | 2014 \$ | 2013 \$ |
|--|------------------|--------------------|
| (a) Reconciliation of Cash Flow from Operations with loss after Income Tax | | |
| Loss after income tax | (7,040,430) | (5,351,338) |
| Cash flows excluded from loss attributable to operating activities | | |
| Non-cash flows in loss from ordinary activities | | |
| Depreciation | 98,533 | 99,766 |
| Impairment of Exploration and Evaluation | 6,361,132 | 3,938,332 |
| Impairment of available for sale financial assets | - | 2,200,500 |
| Share based payments | - | 438,197 |
| Profit on sale of tenements | - | (2,791,786) |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | |
| (Increase)/ Decrease in receivables | 2,024 | 172,269 |
| (Increase) in prepayments and other assets | 55,747 | (125,354) |
| Increase/ (Decrease) in payables | 8,563 | 51,885 |
| Cash flow used in operations | <u>(514,431)</u> | <u>(1,367,529)</u> |

(b) Credit Standby Facilities

The Company had no credit standby facilities as at 30 June 2014 (2013: nil).

(c) Non-Cash Financing and Investing activities

On 15 October 2012, through an in-specie distribution of shares for its uranium assets. Refer note 27.

Share issues

For the year ended 30 June 2014 and 30 June 2013

None issued this financial year except on the exercise of options.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: SHARE-BASED PAYMENTS

Option issues

The following share-based payment arrangements existed at 30 June 2014:

On 29 January 2014, 5,000,000 share options were granted to brokers to take up ordinary shares at an exercise price of \$0.08 each. The options are exercisable on or before 30 November 2016.

On 14 September 2012, 7,600,000 share options were granted to Directors to take up ordinary shares at an exercise price of \$0.149 each. The options are exercisable on or before 11 September 2015.

On 12 July 2011, 35,000,000 share options were granted to underwriters and brokers to take up ordinary shares at an exercise price of \$0.25 each. The options were exercisable on or before 12 July 2014. On 11 July 2013 10,000,000 share options were exercised and the remaining 25,000,000 expired unexercised on 12 July 2014.

All options granted are ordinary shares in Enterprise Metals Limited, which confer a right to one ordinary share for every option held.

A summary of the movements of all company share-based payment options issued is as follows:

| | 2014 | 2013 | 2014 Weighted Average Exercise Price \$ | 2013 Weighted Average Exercise Price \$ |
|--------------------------------------|----------------------|----------------------|--|--|
| | Number of Options | Number of Options | | |
| Outstanding at beginning of the year | 32,600,000 | 40,500,000 | \$0.201 | \$0.241 |
| Granted | 5,000,000 | 7,600,000 | \$0.08 | \$0.1491 |
| Forfeited | - | (10,000,000) | - | \$0.221 |
| Exercised | - | - | - | - |
| Expired | - | (5,500,000) | - | \$0.341 |
| Outstanding at year-end | 37,600,000 | 32,600,000 | \$0.19 | \$0.201 |
| Exercisable at year-end | 37,600,000 | 32,600,000 | \$0.19 | \$0.201 |

The options outstanding at 30 June 2014 had a weighted average exercise price of \$0.19 (2013: \$0.20) and a remaining weighted average contractual life of 0.59 years (2013: 1.30 years). The exercise price of the options ranged from 8.0 to 22.2 cents.

The weighted average fair value of the options granted during the year was 3.29 cents (2013: 7.25). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | 2014 | 2013 |
|---|--------|--------------------|
| Weighted average exercise price (cents) | 8.0 | 14.91 ¹ |
| Weighted average life of the option (years) | 2.84 | 3.04 |
| Weighted average underlying share price (cents) | 5.2 | 11.5 |
| Expected share price volatility | 120.0% | 110.0% |
| Weighted average risk free interest rate | 3.25% | 2.61% |

- (1) The exercise prices outlined above have been updated to reflect the exercise prices post in-specie distribution (refer note 27).
- (2) Volatility was based on historical price information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

NOTE 20: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties, inclusive of Directors' Remuneration:

XServ Pty Ltd

Mr Ryan is a Director Shareholder of XServ Pty Ltd. Mr Ryan's Company provides geological consulting services to Enterprise Metals Limited in addition to his Directors fees. The services include the provision of geological and technical staff, field equipment and vehicles as well as computer, database and administrative support services.

| | 2014 | 2013 |
|------------------------------|---------|---------|
| | \$ | \$ |
| Mineral Exploration Services | 162,954 | 889,517 |

As at 30 June 2014, \$77,202 (2013: \$131,775) was payable to XServ Pty Ltd, and \$1,056 (2012: \$4,153) was receivable from XServ Pty Ltd.

Enterprise Uranium Limited

Mr Ryan and Ms Mao are Directors of Enterprise Uranium Limited. Enterprise Metals Limited provides shared office services to Enterprise Uranium Limited.

| | | |
|---|---------|---------|
| Sales reimbursement of shared office services | 207,581 | 277,953 |
|---|---------|---------|

As at 30 June 2014, \$17,879 (2013: \$24,686) was receivable from and \$3,242 (2013: \$nil) was payable to Enterprise Uranium Limited.

Mega Capital Resources Ltd

Ms Mao was until 4 August 2014 the sole director of Mega Capital Resources Ltd. Mega Capital Resources Ltd provides consulting services to Enterprise Metals Limited in addition to her Directors fees.

| | | |
|---------------------|--------|--------|
| Consulting Services | 48,000 | 18,000 |
|---------------------|--------|--------|

As at 30 June 2014, \$8,000 (2013: \$18,000) was payable to Mega Capital Resources Ltd.

Mining Management Consulting

Mr Hallam provides consulting services as a sole trader to the mining industry, trading as Mining Management Consulting and they provided consulting services to Enterprise Metals Limited in addition to their Directors fees.

| | | |
|---------------------|---|--------|
| Consulting Services | - | 30,000 |
|---------------------|---|--------|

As at 30 June 2014, \$nil (2013: \$nil) was payable to Mining Management Consulting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

| NOTE 20: RELATED PARTY TRANSACTIONS (cont.) | 2014 | 2013 |
|---|-------------|-------------|
| | \$ | \$ |
| DWCorporate Pty Ltd | | |
| Mr Wilkins is a Director of DWCorporate Pty Ltd. Mr Wilkins provided Company Secretarial and Chief Financial Officer services for Enterprise Metals Limited. In addition, DWCorporate provided accounting, administration and Corporate Advisory Services to Enterprise Metals Limited. | | |
| DWCorporate Pty Ltd | - | 166,589 |
| As at 30 June 2014, \$nil (2013: nil) was payable to DWCorporate Pty Ltd. | | |

| NOTE 21: CAPITAL AND LEASING COMMITMENTS | 2014 | 2013 |
|---|------------------|------------------|
| | \$ | \$ |
| Capital expenditure commitments: | | |
| Capital expenditure commitments contracted for: | | |
| Exploration tenement minimum expenditure requirements | | |
| Amounts payable: | | |
| - not later than 12 months | 995,295 | 2,055,895 |
| - between 12 months and 5 years | 1,266,841 | 3,559,946 |
| - greater than 5 years | - | 183,300 |
| | <u>2,262,136</u> | <u>5,799,141</u> |

Commitments relate to granted exploration and prospecting tenements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group does not speculate in the trading of derivative instruments.

A summary of the Group's financial assets and liabilities is shown below.

| 2014 | Floating Interest Rate | Fixed Interest maturing in 1 year or less | Fixed Interest maturing over 1 to 5 years | Non- interest bearing | Total |
|--|------------------------------|---|---|-----------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,945,437 | 15,000 | - | - | 1,960,437 |
| Loans and receivables | - | - | - | 193,503 | 193,503 |
| Available for sale financial assets | - | - | - | 661,500 | 661,500 |
| Other financial assets | - | - | 70,000 | - | 70,000 |
| Total Financial assets | 1,945,437 | 15,000 | 70,000 | 855,003 | 2,885,440 |
| Weighted average interest rate – cash assets | 2.70% | 2.44% | 2.75% | | |
| Financial Liabilities at amortised cost | | | | | |
| Trade and other payables | - | - | - | 807,902 | 807,902 |
| Total Financial Liabilities | - | - | - | 807,902 | 807,902 |
| Net financial assets | 1,960,437 | - | 70,000 | 47,101 | 2,077,538 |
| | | | | | |
| 2013 | Floating Interest Rate | Fixed Interest maturing in 1 year or less | Fixed Interest maturing over 1 to 5 years | Non- interest bearing | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,570,081 | 15,000 | - | - | 1,585,081 |
| Loans and receivables | - | - | - | 165,720 | 165,720 |
| Available for sale financial assets | - | - | - | 499,500 | 499,500 |
| Other financial assets | - | 125,747 | - | - | 125,747 |
| Total Financial assets | 1,570,081 | 140,747 | - | 665,220 | 2,376,048 |
| Weighted average interest rate – cash assets | 3.34% | 3.67% | | | |
| Financial Liabilities at amortised cost | | | | | |
| Trade and other payables | - | - | - | 373,382 | 373,382 |
| Total Financial Liabilities | - | - | - | 373,382 | 373,382 |
| Net financial assets | 1,585,081 | 125,747 | - | 291,838 | 2,002,666 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: FINANCIAL INSTRUMENTS (cont.)

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no other material amounts of collateral held as security at 30 June 2014. Trade and other receivables are expected to be settled within 30 days.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

| | Note | 2014 | 2013 |
|---------------------------|-------------|-------------|-------------|
| | | \$ | \$ |
| Cash and cash equivalents | | | |
| - AA Rated | 8 | 1,960,437 | 1,585,081 |

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: FINANCIAL INSTRUMENTS (cont.)

c. Market risk

The Board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate risk is managed by closely monitoring the interest rates at various financial institutions. The Company has no debt and as such the interest rate risk is limited to the Company's investments in term deposits and other interest bearing investments.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | Consolidated Group | |
|--------------------------------|--------------------|------------|
| | Profit | Equity |
| Year ended 30 June 2014 | \$ | \$ |
| +/-1% in interest rates | +/- 32,245 | +/- 32,245 |
| Year ended 30 June 2013 | | |
| +/-1% in interest rates | +/- 24,531 | +/- 24,531 |

d. Price risk on AFS assets

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified on the balance sheet as available for sale.

Listed investments have been valued at the quoted market bid price at the end of reporting period, adjusted for transaction costs expected to be incurred. At 30 June 2014, the effect on profit and equity as a result of changes in listed equity prices, with all other variables remaining constant would be as follows:

| | Carrying amount | Listed equity price -10% | | Listed equity price +10% | |
|--------------|-----------------|--------------------------|----------|--------------------------|--------|
| | | Net loss | Equity | Net loss | Equity |
| 30 June 2014 | 661,500 | (66,150) | (66,150) | 66,150 | 66,150 |
| 30 June 2013 | 499,500 | (49,950) | (49,950) | 49,950 | 49,950 |

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For unlisted investments where there is no organised financial market, the fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment. Other assets and other liabilities approximate their carrying value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22: FINANCIAL INSTRUMENTS (cont.)

Aggregate fair values and carrying amounts of financial assets and financial liabilities at reporting date:

| | 2014 | 2014 | 2013 | 2013 |
|--|------------------------|-------------------|------------------------|-------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 1,960,437 | 1,960,437 | 1,585,081 | 1,585,081 |
| Loans and receivables | 193,503 | 193,503 | 165,720 | 165,720 |
| Available for sale financial assets | 661,500 | 661,500 | 499,500 | 499,500 |
| Other financial assets | 70,000 | 70,000 | 125,747 | 125,747 |
| Total Financial Assets | 2,885,440 | 2,885,440 | 2,376,048 | 2,376,048 |
| Financial Liabilities at amortised cost | | | | |
| Trade and other payables | 807,902 | 807,902 | 373,382 | 373,382 |
| Total Financial Liabilities | 807,902 | 807,902 | 373,382 | 373,382 |

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

Fair Value of financial instruments

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

The following tables detail the Group's fair values for financial instruments categorised into the following levels:

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

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

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

| Consolidated 2014 | Level 1 | Level 2 | Level 3 | Total |
|---------------------|----------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | \$ |
| Assets | | | | |
| Financial assets | 661,500 | - | - | 661,500 |
| Total assets | 661,500 | - | - | 661,500 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23: PARENT ENTITY DISCLOSURES

| | 2014 | 2013 |
|---|--------------------|--------------------|
| | \$ | \$ |
| (a) Financial Position of Enterprise Metals Limited | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,960,437 | 1,665,592 |
| Trade and other receivables | 3,017,965 | 7,879,668 |
| TOTAL CURRENT ASSETS | 4,978,402 | 9,545,260 |
| NON-CURRENT ASSETS | | |
| Plant and equipment | 114,473 | 221,560 |
| Exploration and evaluation | 4,226,777 | 3,628,318 |
| Other financial assets | 8,535,396 | 8,651,695 |
| TOTAL NON-CURRENT ASSETS | 12,876,646 | 12,501,573 |
| TOTAL ASSETS | 17,855,048 | 22,046,832 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,459,719 | 1,021,970 |
| TOTAL CURRENT LIABILITIES | 1,459,719 | 1,021,970 |
| TOTAL LIABILITIES | 1,459,719 | 1,021,970 |
| NET ASSETS | 16,395,329 | 21,024,862 |
| EQUITY | | |
| Issued Capital | 28,760,278 | 26,675,980 |
| Option reserve | 6,019,447 | 5,854,847 |
| AFS financial asset reserve | 162,000 | - |
| Accumulated Losses | (18,546,396) | (11,505,965) |
| TOTAL EQUITY | 16,395,329 | 21,024,862 |
| (b) Financial Performance of Enterprise Metals Limited | | |
| Loss for the year | (17,388,727) | (5,984,358) |
| Unrealised gain on revaluation of AFS asset | 162,000 | - |
| Total comprehensive loss | (7,226,727) | (5,984,358) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23: PARENT ENTITY DISCLOSURES (cont.)

(c) Guarantees entered into by Enterprise Metals Limited to the debts of its subsidiaries

There are no guarantees entered into by Enterprise Metals Limited for the debts of its subsidiaries as at 30 June 2014 (2013: none).

(d) Contingent liabilities of Enterprise Metals Limited

As at 30 June 2014 the Company has bank guarantees to the value of \$10,000 (2013: \$40,000) to secure tenement bonds and \$60,000 to secure a credit card facility (2013: \$60,000).

(e) Commitments by Enterprise Metals Limited

| | 2014 | 2013 |
|---|----------------|------------------|
| | \$ | \$ |
| Capital expenditure commitments contracted for: | | |
| Exploration tenement minimum expenditure requirements | | |
| No longer than 1 year | 524,033 | 1,041,920 |
| Longer than 1 year and not longer than 5 years | 445,477 | 1,673,597 |
| Longer than 5 years | - | 183,300 |
| Total | <u>969,510</u> | <u>2,898,817</u> |

Commitments relate to granted exploration and prospecting tenements.

NOTE 24: CONTINGENT LIABILITIES

As at 30 June 2014 the Group has bank guarantees to the value of \$10,000 (2012: \$40,000) to secure tenement bonds and \$60,000 to secure a credit card facility (2013: \$60,000).

NOTE 25: OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

The Group remains focused on mineral exploration over areas of interest solely in Western Australia.

NOTE 26: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Enterprise Metals Limited
Level 1
640 Murray Street
WEST PERTH WA 6005

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27: ENTERPRISE URANIUM LIMITED TRANSACTION

Enterprise Uranium Limited ("ENU") was incorporated on 8 August 2012 with Enterprise Metals Limited as the sole shareholder. At a general meeting of shareholders on 15 October 2012 approval was obtained for a reduction in capital and distribution in-specie of ENU shares.

Shareholder agreement resulted in the completion of various tenement sale agreements between the Group and ENU. The net result of the tenement sales was a gain of \$2,791,786, the total carrying value of the tenements sold was \$3,114,102.

The reduction in capital of \$5,905,887 was based on an independent valuation of the tenements sold by the Group to ENU.

Following the in-specie distribution ENU completed an Initial Public Offering and was admitted to the official list of ASX in December 2012. The Group subscribed for 13,500,000 ordinary shares at IPO at 20 cents per share, for an investment of \$2,700,000. The investment is classified as an available-for-sale financial asset.

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DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 26 to 59, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards; and
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
 - (c) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Group;
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001*; and
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view; and
 - (d) they have given the declarations required by Section 295A of the *Corporations Act, 2001* for the financial year ended 30 June 2014.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Dermot Ryan
MANAGING DIRECTOR

Dated 30 September 2014, Perth WA

Level 1
10 Kings Park Road
West Perth WA 6005

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PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of Enterprise Metals Limited**

Report on the financial report

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

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to 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

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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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

- a the financial report of Enterprise Metals Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

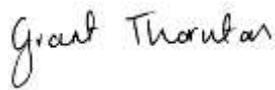
Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the consolidated entity incurred a net loss of \$7,040,430 and cash flows outflows from operating activities of \$514,431 during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 18 to 24 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Enterprise Metals Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



C A Becker
Partner - Audit & Assurance

Perth, 30 September 2014

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the ASX Ltd in respect of listed public companies only.

1 Shareholding as at 19 September 2014

(a) Distribution of Shareholders

| Category (size of holding) | Number | Number |
|----------------------------|---------|-------------|
| | Holders | Shares |
| 1 – 1,000 | 82 | 9,328 |
| 1,001 – 5,000 | 199 | 655,245 |
| 5,001 – 10,000 | 258 | 2,196,930 |
| 10,001 – 100,000 | 684 | 27,320,312 |
| 100,001 – and over | 242 | 235,413,961 |
| | <hr/> | <hr/> |
| | 1,465 | 265,595,776 |

(b) The number of shareholdings held in less than marketable parcels is 293 (730,236 shares).

(c) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

—Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

(d) 20 Largest Shareholders — Ordinary Shares as at 19 September 2014

| Rank | Name | Units | % of Units |
|--|---|--------------------|--------------|
| 1. | SINOTECH (HONG KONG) CORPORATION LIMITED | 80,250,000 | 30.22 |
| 2. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 13,143,155 | 4.95 |
| 3. | CATHOLIC CHURCH INSURANCE LIMITED | 8,224,928 | 3.10 |
| 4. | MR DERMOT MICHAEL RYAN + MRS VIVIENNE ELEANOR RYAN <RF SUPER FUND A/C> | 7,775,000 | 2.93 |
| 5. | MR WILLIAM JOHN ROBERTSON + MRS JUNE DIANE ROBERTSON <ROBERTSON SUPER FUND A/C> | 5,989,656 | 2.26 |
| 6. | MR DERMOT MICHAEL RYAN + MRS VIVIENNE ELEANOR RYAN <THE ENTERPRISE A/C> | 5,000,000 | 1.88 |
| 7. | PRANCER SUPER PTY LTD <ALFIERI SUPER FUND A/C> | 4,501,567 | 1.69 |
| 8. | FELDKIRCHEN PTY LTD | 4,000,000 | 1.51 |
| 9. | ROSANE PTY LTD <ROSANE HOLDINGS S/F A/C> | 4,000,000 | 1.51 |
| 10. | CITICORP NOMINEES PTY LIMITED | 3,000,664 | 1.13 |
| 11. | MR FRANCIS LESLIE OWEN + MRS ELIZABETH ANN OWEN <OWEN S/F A/C> | 2,901,333 | 1.09 |
| 12. | MR MILES GEORGE SMYTH | 2,695,895 | 1.02 |
| 13. | MR JAMES BROOMHEAD | 2,510,000 | 0.95 |
| 14. | LARSEN SUPERANNUATION FUND PTY LTD <LARSEN SUPER FUND A/C> | 2,436,600 | 0.92 |
| 15. | WINDSONG VALLEY PTY LTD <WHEELER FAMILY A/C> | 2,323,008 | 0.87 |
| 16. | GOLFER HOLDINGS PTY LTD <LP HEALY SUPER FUND A/C> | 2,033,334 | 0.77 |
| 17. | MR JOHN ANTHONY ZUBRINICH | 1,750,000 | 0.66 |
| 18. | J P MORGAN NOMINEES AUSTRALIA LIMITED | 1,675,017 | 0.63 |
| 19. | MR KARL FELSMAN | 1,518,000 | 0.57 |
| 20. | MR XIN JIANG | 1,487,371 | 0.56 |
| Totals: Top 20 holders of ORDINARY SHARES (GROUPED) | | 157,215,528 | 59.19 |

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

- 2 The name of the Company Secretary is Damian Delaney.
- 3 The address of the principal registered office in Australia is Level 1, 640 Murray Street, West Perth WA 6005. Telephone Number: 08 9436 9200.

4 Registers of securities are held at the following addresses

| | |
|-------------------|--|
| Western Australia | Computershare Registry Services Level 2, 45 St Georges Terrace PERTH WA 6000 |
|-------------------|--|

5 Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company ASX Limited.

6 Unquoted Securities

Options over Un-issued Shares

A total of 36,575,000 options are on issue of which 7,012,500 are on issue to the five Directors.

7 Use of Funds

The Company has used its funds in accordance with its initial business objectives.

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TENEMENT REPORT

| Tenement | Lease Status | Project | % Held |
|----------|--------------|-------------------|--------|
| E57/834 | Granted | Booylgoo | 100% |
| E70/3637 | Granted | Burracoppin | 100% |
| E70/3638 | Granted | Burracoppin | 100% |
| E77/1752 | Granted | Burracoppin | 100% |
| E70/4538 | Granted | Burracoppin | 100% |
| E36/834 | Granted | Darlot | 100% |
| E36/835 | Granted | Darlot | 100% |
| E37/1185 | Granted | Darlot | 100% |
| P36/1790 | Granted | Darlot | 100% |
| P36/1791 | Granted | Darlot | 100% |
| E37/859 | Granted | Darlot IGO Option | 80% |
| E37/939 | Granted | Darlot IGO Option | 100% |
| E37/947 | Granted | Darlot IGO Option | 100% |
| E37/926 | Granted | Darlot IGO Option | 100% |
| E37/927 | Granted | Darlot IGO Option | 100% |
| E36/731 | Granted | Darlot IGO Option | 100% |
| E36/768 | Granted | Darlot IGO Option | 100% |
| E36/778 | Granted | Darlot IGO Option | 100% |
| E36/781 | Granted | Darlot IGO Option | 100% |
| E36/795 | Granted | Darlot IGO Option | 100% |
| E37/1031 | Granted | Darlot IGO Option | 100% |
| E37/1075 | Granted | Darlot IGO Option | 100% |
| E37/1105 | Granted | Darlot IGO Option | 100% |
| E37/1112 | Granted | Darlot IGO Option | 100% |
| E36/706 | Granted | Darlot IGO Option | 80% |
| E51/1646 | Application | Doolgunna | 100% |
| E51/1079 | Granted | Doolgunna | 100% |
| E51/1168 | Granted | Doolgunna | 100% |
| E52/2049 | Granted | Doolgunna | 100% |
| E51/1301 | Granted | Doolgunna | 100% |
| E51/1303 | Granted | Doolgunna | 100% |
| E51/1304 | Granted | Doolgunna | 100% |
| E51/1539 | Granted | Doolgunna | 100% |
| E51/1638 | Appliaction | Doolgunna | 100% |
| E52/2404 | Granted | Doolgunna JV | 80% |
| E52/2406 | Granted | Doolgunna JV | 80% |
| E63/1281 | Granted | Fraser Range | 100% |
| E63/1282 | Granted | Fraser Range | 100% |
| E63/1283 | Granted | Fraser Range | 100% |
| E63/1448 | Granted | Fraser Range | 100% |
| E63/1695 | Application | Fraser Range | 100% |
| E28/2403 | Application | Kitchener | 100% |
| E59/2091 | Application | Sylvania | 100% |
| E20/852 | Application | Wattagee | 100% |

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TENEMENT REPORT (CONT)

| Tenement | Lease Status | Project | % Held |
|-----------------|---------------------|----------------|---------------|
| E51/1636 | Application | Wattagee | 100% |
| E59/2076 | Application | Yalgoo | 100% |
| E59/2091 | Application | Yalgoo | 100% |

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