

Annual Report

2013



Enterprise Metals
Limited

ACN 123 567 073

www.enterprisemetals.com.au

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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 Paul Hallam | Non-Executive Director |
| Dr Allan Trench | Non-Executive Director |

Company Secretary

Mr Damian Delaney

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Australian Securities Exchange

ASX Code – ENT



Dear Shareholders,

During the year, the Company continued to pursue its copper-gold targets at Doolgunna, identified and prepared for drill testing several first class nickel-copper targets at Fraser Range, demerged its uranium projects into Enterprise Uranium Limited ("ENU") via an in-specie distribution of ENU shares to Enterprise Shareholders, and completed a successful Initial Public Offering of ENU shares which raised \$5.1 million before expenses.

Over the past 12 months, the global junior exploration sector has faced challenging times with falling investor confidence, falling commodity prices and a scarcity of risk capital for greenfields exploration. We also perceive an increase in sovereign risk in developing countries, as governments attempt to balance their budgets by forced project resumption or nationalisation.

The good news is that Enterprise continues to be focussed on mineral exploration in Western Australia, an area which is geologically well endowed and has low sovereign risk. The Western Australian state government continues to actively promote mining and support mineral exploration, and provides drilling subsidies through the Exploration Incentive Scheme for innovative exploration targets.

Over the next 12 months, the Company plans to follow up and drill test its ground EM and geochemical targets at Doolgunna for sediment hosted base metals (copper), undertake ground EM surveys and drill test its soil and HeliTEM targets in the Fraser Range, undertake first pass RC testing of its palaeochannel iron

ore targets at Earaheedy, and undertake scout RC and aircore drilling at its gold and copper/zinc prospects at Wattagee.

On 15th October 2012, the Company announced the resignation of Non-Executive Director Dr Zhen Huang. Dr Huang joined the Board in July 2011 and has been instrumental in assisting the Company develop its exploration strategy.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Jingbin Wang'.

Dr Jingbin Wang
Chairman



INTRODUCTION

Enterprise Metals Ltd (formerly Revere Mining Ltd or the Company) was incorporated in January 2007 as a public company for the purpose of acquiring Murchison Exploration Pty Ltd and its Revere (Doolgunna) Project gold tenements northeast of Meekatharra in Western Australia. The Company was admitted to the Australian Securities Exchange (ASX) on 20th June 2007.

In October 2008, the Company completed the acquisition of Enterprise Uranium Pty Ltd and its portfolio of prospective iron ore, gold, uranium and base metal projects in Western Australia, and in December 2008, changed its name to Enterprise Metals Ltd (Enterprise).

At a General Meeting of Shareholders held in October 2012, the approval was given for a reduction in capital and de-merger of the Company's uranium assets into its wholly owned subsidiary Enterprise Uranium Limited (ENU), and the distribution in-specie of ENU shares to Enterprise Metals Ltd shareholders on a 1 ENU for 5 ENT held basis.

Enterprise Metals Ltd later subscribed for 13,500,000 new 20 cent ENU shares and 6,750,000 ENU Options at a cost of \$2.7 million. This represented approximately 19.8% of ENU's issued capital when it listed and commenced trading on the ASX on 20th December 2012.

CORPORATE OBJECTIVE & STRATEGY

The Corporate Objective of the Enterprise Board continues to be *"above average returns to Shareholders through successful multi-commodity exploration and the growth of the organisation into a major highly profitable mining company"*.

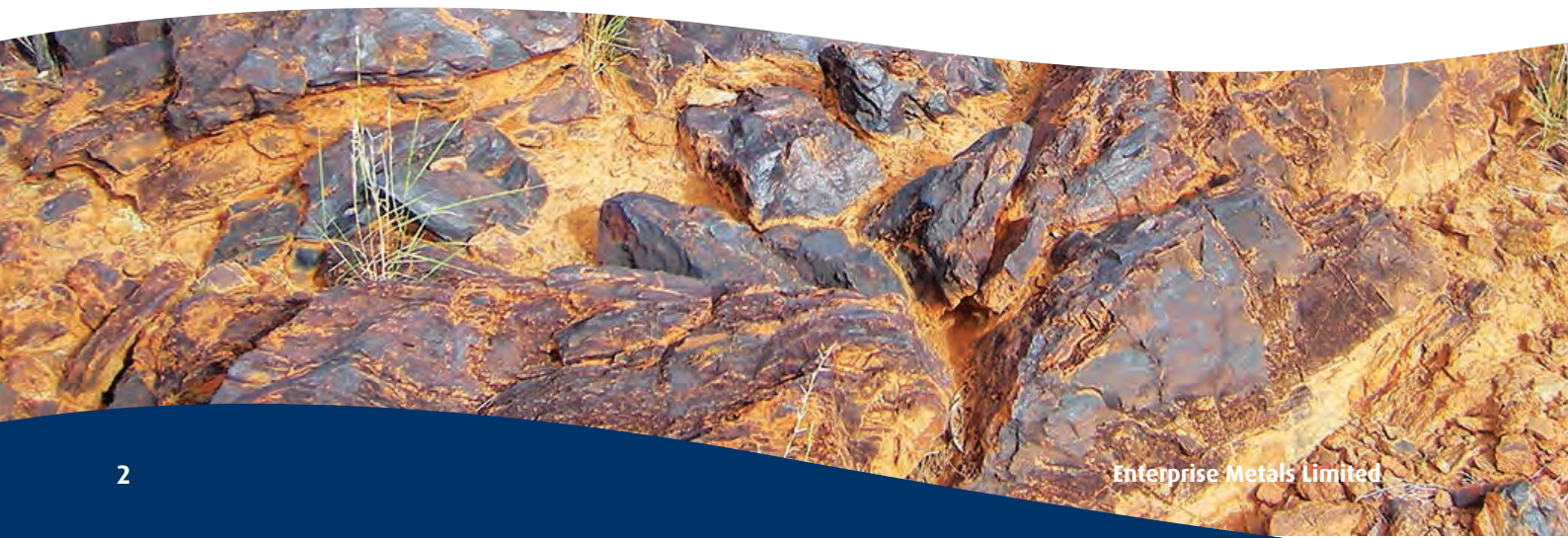
The key elements of the Company's strategy to achieve this objective are:

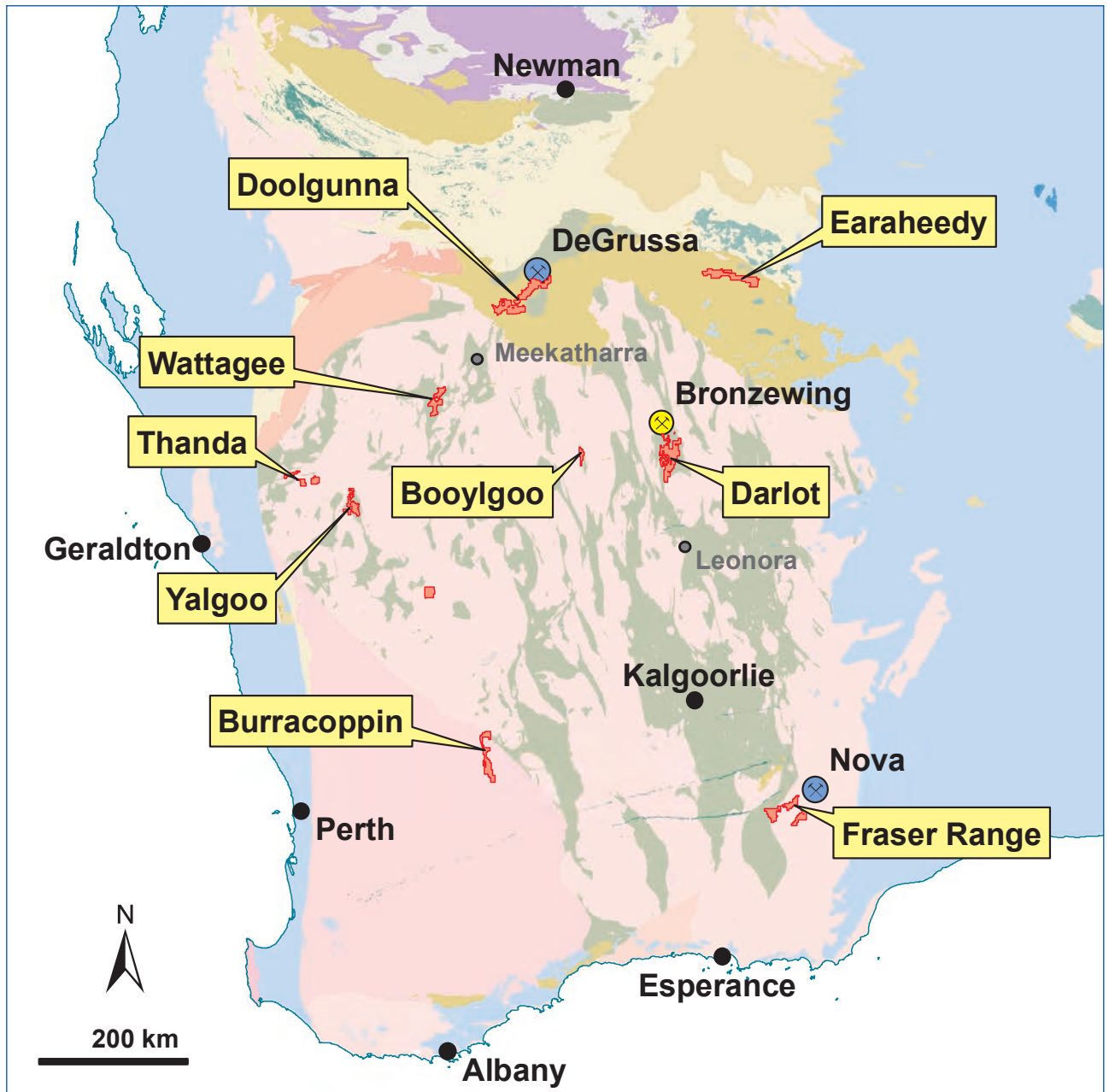
- the generation of a number of highly prospective multi commodity projects with potential for "Tier 1" resources,
- the application of best practice mineral exploration technology (with strong drilling and geophysics components) and
- the support of an experienced team of people with the appropriate technical, management and leadership skills, and a proven track record of discovery.

The Company's projects are largely within the Archaean Yilgarn Craton and surrounding Proterozoic basins and orogenic zones of Western Australia, where infrastructure is reasonably good compared to other more remote parts of Australia.

Enterprise believes there is still potential to find major new "Tier 1" (Worldclass) deposits in areas of shallow cover in Western Australia. The Company makes extensive use of airborne geophysics to "see through" shallow cover and identify conceptual geological targets.

The Company now holds approximately 5,604km² under exploration title.





Project location map

DOOLGUNNA PROJECT

The Doolgunna Project covers 1,036km² and is located 110km northeast of Meekatharra and some 10km southwest of Sandfire Resources NL's (Sandfire) 2009 DeGrussa copper-gold discovery. The project is considered prospective for volcanic hosted gold and massive sulphides and sediment hosted base metals (SEDEX copper) and mesothermal gold stockworks. (Figure 2)

At DeGrussa, Sandfire have defined a global Mineral Resource (ASX:SFR: 31 March 2013) of **10.5 Mt at 4.9% Cu and 1.8g/t Au for 512,000t contained copper and 597,000oz gold.**

Soil sampling over the wider Vulcan area has defined a 1,500m long northeast trending zone of anomalous copper gold in regolith over Narracoota Formation mafic volcanics. A strong base metal multi-element association comprising gold, silver, arsenic, lead, zinc, molybdenum, antimony and cadmium has also been identified on the eastern margin of Vulcan. Four other discrete copper prospects, Scotty, Sulu, McCoy and Nimoy (with associated Co, Au, As, Bi & Pb) were defined by soil and aircore geochemistry.

During 2012/2013, Enterprise conducted extensive aircore drilling programs in and around the Vulcan Prospect (354 AC holes for 20,002 metres, holes DNAC122 - 475). A significant number of holes intersected large intervals of low grade gold (0.1 - 0.9g/t Au) in the regolith. Twenty seven holes intersected intervals of greater than 1 metre at plus 1g/t Au. (Refer Table 1 and Figures 3 & 4)

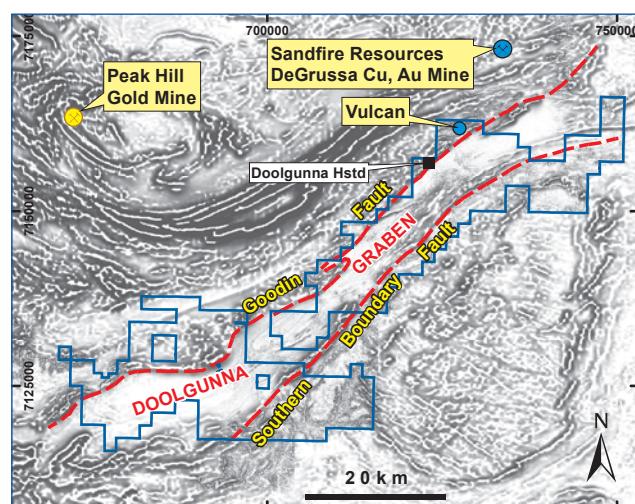


Figure 2: Doolgunna Project, Regional Magnetics

Table 1. Aircore Drill Hole Gold Results, +1g/t Au

| Hole | East MGA94 | North MGA94 | From (m) | Interval (m) | Grade (g/t Au) |
|---------|------------|-------------|----------|--------------|----------------|
| DNAC132 | 727580 | 7161846 | 16 | 2 | 1.26 |
| DNAC133 | 727550 | 7161781 | 35 | 15 | 2.03 |
| Incl. | | | 42 | 7 | 3.66 |
| & | | | 54 | 14 | 1.01 |
| DNAC136 | 727000 | 7161550 | 49 | 6 | 4.85 |
| DNAC142 | 727500 | 7161650 | 20 | 2 | 1.07 |
| DNAC156 | 727450 | 7161800 | 44 | 3 | 1.10 |
| DNAC158 | 727450 | 7161700 | 79 | 1 | 2.46 |
| DNAC165 | 727550 | 7161800 | 9 | 3 | 9.50 |
| DNAC167 | 727550 | 7161825 | 52 | 1 | 1.53 |
| DNAC217 | 727850 | 7162000 | 25 | 1 | 1.20 |
| DNAC218 | 727800 | 7162000 | 39 | 1 | 3.92 |
| DNAC239 | 727600 | 7161800 | 111 | 3 | 2.80 |
| DNAC281 | 727900 | 7160200 | 56 | 4 | 1.11 |
| DNAC285 | 727900 | 7159800 | 58 | 1 | 1.60 |
| DNAC288 | 727800 | 7159800 | 51 | 1 | 1.45 |
| DNAC290 | 727800 | 7160000 | 35 | 1 | 2.10 |
| DNAC295 | 728100 | 7160200 | 30 | 1 | 2.47 |
| DNAC305 | 728200 | 7160100 | 60 | 4 | 2.99 |
| DNAC311 | 728800 | 7161200 | 20 | 4 | 19.50 |
| DNAC315 | 729200 | 7161400 | 48 | 1 | 5.11 |
| DNAC384 | 727525 | 7161775 | 13 | 1 | 1.35 |
| and | | | 18 | 1 | 1.50 |
| and | | | 24 | 1 | 1.25 |
| and | | | 49 | 7 | 1.30 |
| DNAC385 | 727575 | 7161800 | 36 | 18 | 1.32 |
| DNAC386 | 727300 | 7161750 | 31 | 2 | 1.92 |
| DNAC389 | 727300 | 7161650 | 25 | 3 | 1.21 |
| DNAC390 | 727200 | 7161550 | 40 | 1 | 2.10 |
| DNAC394 | 727200 | 7161725 | 18 | 1 | 1.24 |
| DNAC404 | 727050 | 7161650 | 36 | 3 | 1.11 |
| and | | | 48 | 1 | 1.02 |
| DNAC414 | 726950 | 7161600 | 2 | 2 | 1.18 |
| and | | | 17 | 1 | 1.08 |

Note: 1.0g/t Au cutoff grade applied. Gold analysis by 50g fire assay with lead collection

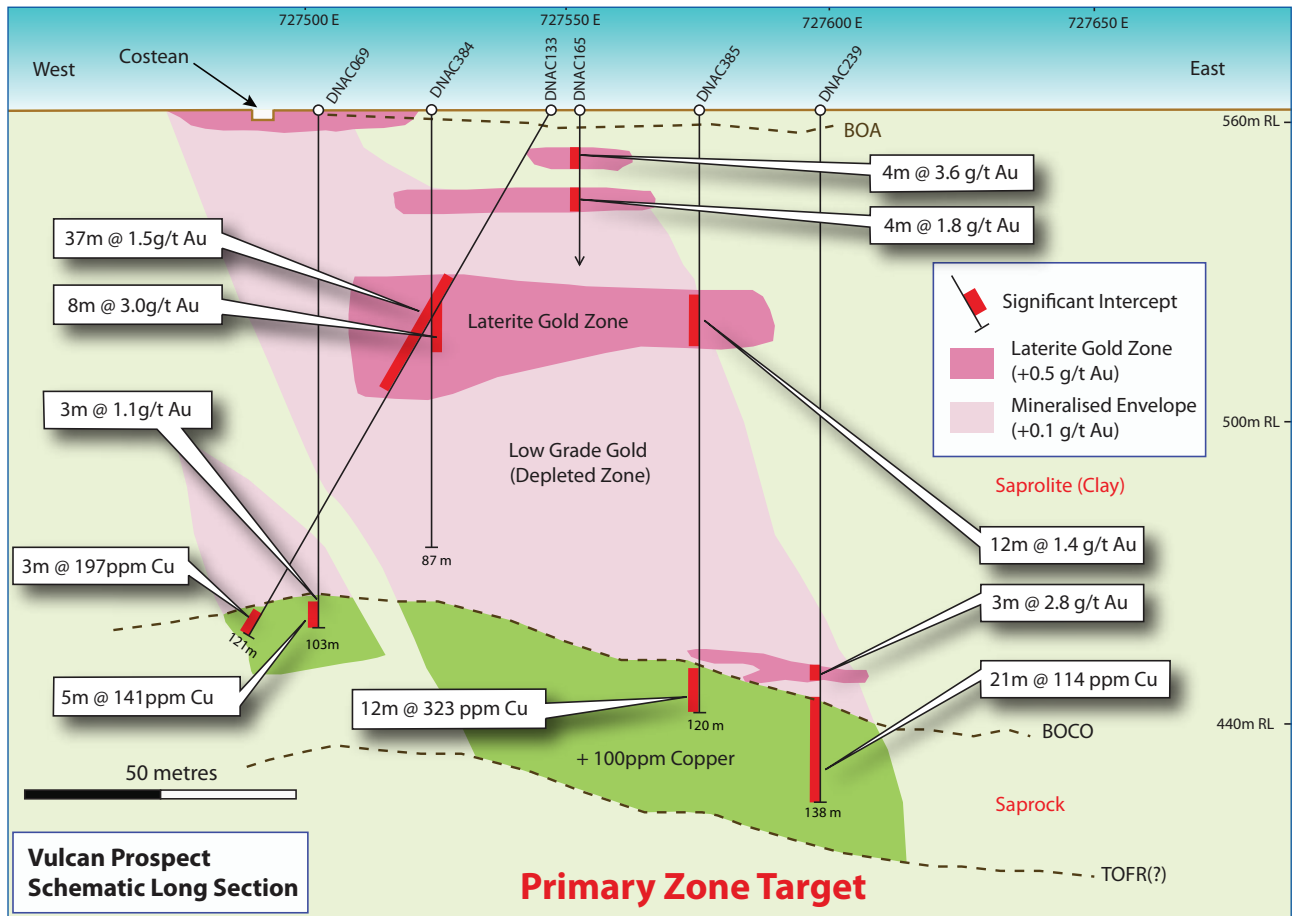


Figure 3: Vulcan Cross Section with Aircore Drillhole Results

Results from a limited follow up 5 RC drillhole program at **Vulcan** 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 base metal 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.

Results to date also suggest up to 3km strike of Au (+/-Cu) mineralisation associated with the **Goodin Fault**. The aircore drilling has provided targets for RC drill testing later in 2013.

During the year, the Company also commenced a program to test the potential of the Yerrida Basin sediments for sediment hosted (SEDEX style) copper 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.

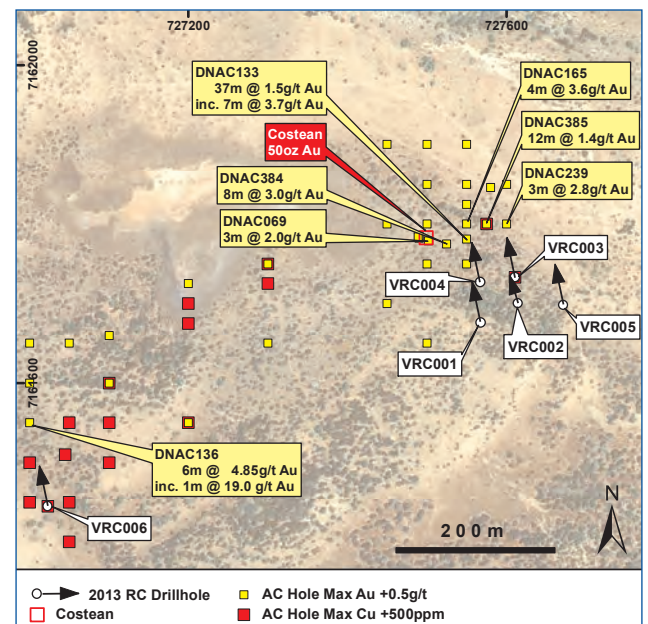


Figure 4: Vulcan Aircore Drillhole Results and RC Hole Locations

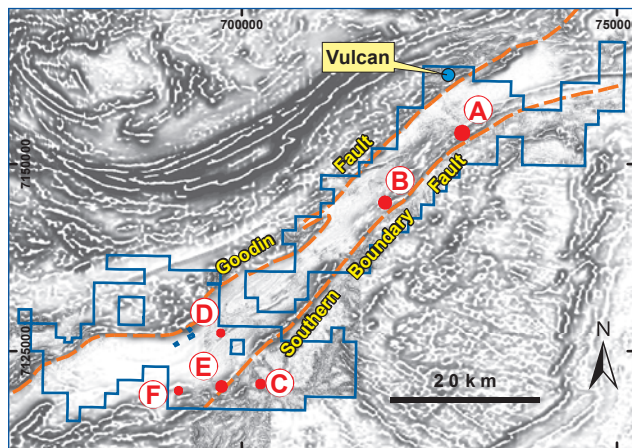


Figure 5: Regional Magnetic Image showing Location of Spectrem EM Targets

Enterprise believes the “aeromagnetic redox feature” along the Southern Boundary Fault is a fluid outflow zone, so any ore would be (stratigraphically) below this zone, and probably in a trap site away from the immediate outflow zone. The target stratigraphy is more or less conformable reduced facies strata, and could be shales through to conglomerates.

Along the Southern Boundary Fault, within the Mooloogool Group sediments, there are areas of intense magnetism (probably magnetite but possibly pyrrhotite) broken by areas of magnetic lows which may represent total magnetite destruction. The magnetite destruction is potentially the result of outflow of reducing fluids, including copper.

In late 2012, the CSIRO flew a Spectrem airborne EM survey at 5km line spacing in a north-south direction over the Doolgunna area, and generated a series of anomalies rated on a four part scale from A to D with A being ‘excellent’ and D being ‘poor’. From this data, Enterprise selected six “A” rated EM anomalies along the SBF for follow up and ground EM surveying. (Figure 5)

The strongly conducting nature of the anomalies suggests that they are either massive sulphide or highly graphitic bodies. Considering the anomalies are hosted in a sedimentary package, and the proximity to Sipa’s Enigma copper deposit and Ventnor’s Thaduna and Green Dragon copper deposits, Enterprise considers that this area and these EM targets have the potential for SEDEX style copper deposits.

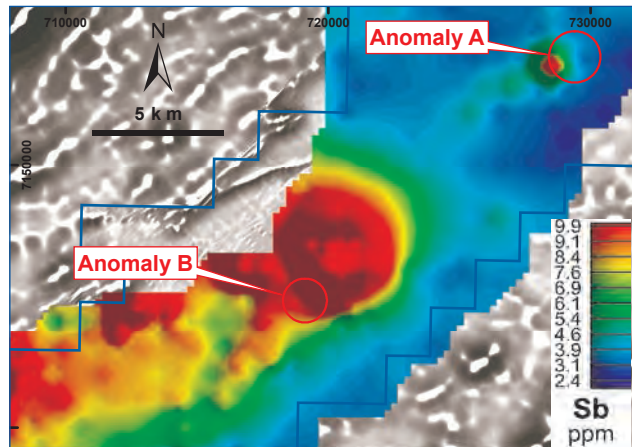
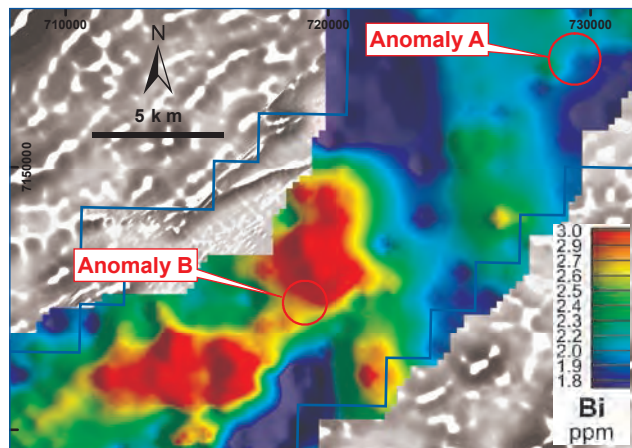


Figure 6. EM Anomalies A & B: Mag-Lag Surface Geochemistry Images, Bismuth & Antimony

In mid-2013, the Company conducted ground EM surveys to follow up the Spectrem EM anomalies. Two high priority bedrock conductors (A & B) are also associated with maglag samples highly anomalous in W, Sn, Mo, Bi, Sb & Te. Enterprise proposes to undertake reconnaissance gravity surveys over these ground EM targets prior to RC drill testing. (Figure 6)

In late June 2013, the Department of Mines and Petroleum notified the Company that it is eligible for up to \$150,000 in Exploration Incentive Scheme or “EIS” co-funding to complete RC drilling at the Doolgunna Project EM targets.



FRASER RANGE PROJECT

The Fraser Range Project is located 60-100km east of the gold mining centre of Norseman in Western Australia and covers 593km². The Project is considered prospective for nickel/copper and Platinum Group Elements (PGE's) and gold mineralisation.

The western most tenements are interpreted to overlie metamorphosed and sheared units of an Archaean greenstone belt. This area is interpreted to lie on or close to the contact between the Archaean Yilgarn Craton and the Mesoproterozoic Albany-Fraser Orogen and is a broadly similar tectono-stratigraphic position to the 6.4 million ounce Tropicana gold deposit, some 300km to the northeast. (Figure 7)

The central and easternmost tenements are interpreted to cover highly metamorphosed rocks of the Mesoproterozoic Albany-Fraser Orogen, which hosts Sirius Resources NL's 2012 "Nova-Bollinger" nickel discovery. The Total Mineral Resource for Nova-Bollinger stands at: **14.6mt grading 2.2% nickel, 0.9% copper & 0.08% cobalt, for a contained 325,000t of nickel, 134,000t of copper and 11,000t of cobalt metal.**

The Nova deposit is different to most other nickel deposits in Australia, being more similar to the Canadian deposits like Thomson, and to some degree Voisey Bay and Raglan. Nova is associated with garnet gneiss, gabbro, garnet bands in quartz, and crystalline and massive pentlandite, pyrrhotite and chalcopyrite.

During 2012/2013, Enterprise completed regional soil sampling programs (800m x 400m) which identified five Ni/Cu targets and one Au target. Follow up infill soil sampling programs (200m x 100m) were then completed over the anomalous areas. At the **Plato Prospect**, reconnaissance IP lines were run over a coincident Ni/Cu soil anomaly and magnetic low, interpreted to be due to a mafic (gabbroic?) or ultramafic intrusive.

In March 2013, the Company completed a helicopter borne electromagnetic survey ("HEM") designed to cover areas of anomalous nickel/copper soil geochemistry, several magnetic targets and some areas where the Company's soil sampling may be ineffective.

This HEM data was integrated with the Company's regional and infill soil geochemical data, and three high priority HEM targets have been selected for follow up at **McPhersons** in E63/1282, and three high priority targets have been selected for follow up in E63/1281: **Highway, Heart and Plato Prospects.** (Figure 8)

Based on an analysis of the Company's soil geochemical data and HEM data, the Plato and McPhersons Prospects are considered to be the highest priority drill targets in the project area.

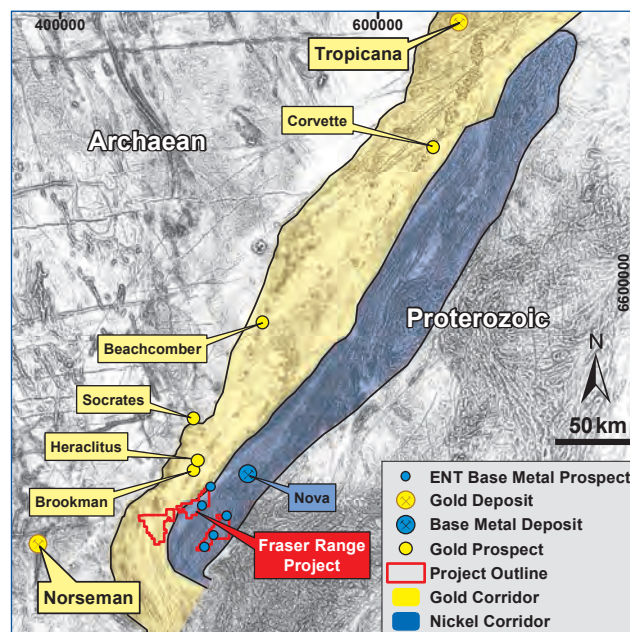


Figure 7. Fraser Range, Aeromagnetic Image

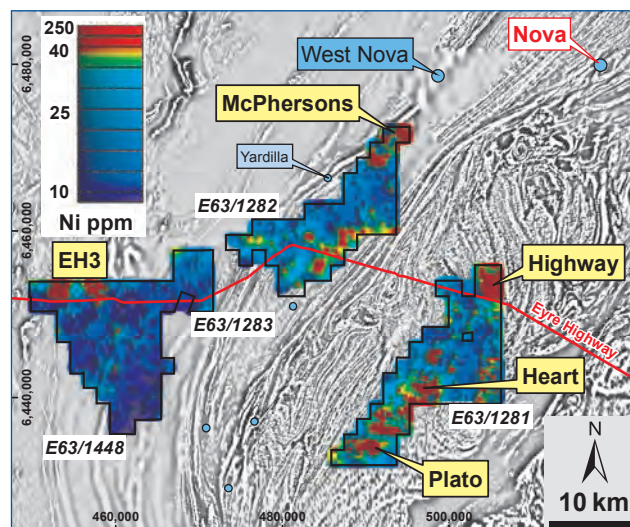


Figure 8. Fraser Range Project, Ni-Cu-Co ("Nova-style") Soil Anomalies

DARLOT PROJECT

The Darlot Project covers an area of 816km² 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 VMS style copper/zinc base metal deposits.

With the dramatic fall in the price of gold in 2013, Navigator Resources Ltd, the owner of the nearby Bronzewing Gold Mine, was put into Voluntary Administration in March 2013. In addition, in August 2013, Barrick Gold Corporation announced the sale of its Yilgarn South assets ("Yilgarn South") to Gold Fields Limited. The Yilgarn South assets are comprised principally of the Granny Smith, Lawlers and Darlot gold mines. Barrick advised that it will receive total consideration of C\$300 million for the sale of Yilgarn South.

During 2012/2013, Enterprise undertook a review of all previous work and collected bottom-of-hole drill samples from 671 holes drilled by previous explorers. These were submitted for multi-spectral scanning ("Hylogger") aimed at identifying alteration signatures related to VMS mineralisation.

The samples were also analysed for an extensive multi-element base metal suite. Results from the spectral analysis suggests that the character of white mica and chlorite may be indicative of hydrothermal alteration, however further work is required to define drill targets. This analytical work and review concluded that:

The Ockerburry Trend is a known gold mineralised structure, however the southern 20-30km within the project area is poorly explored.

The stratigraphic contact between mafic and felsic volcanics marks a prospective horizon for VMS mineralisation similar to that at Jaguar, Teutonic Bore and Bentley. Previous exploration for base metals within the belt is limited, with no systematic sampling/assaying. (Figure 9)

The Ockerburry Trend lies sub-parallel to the north-south trending Ockerburry Fault (approximately 2-3km to the east) and also runs parallel to and is semi contiguous with the

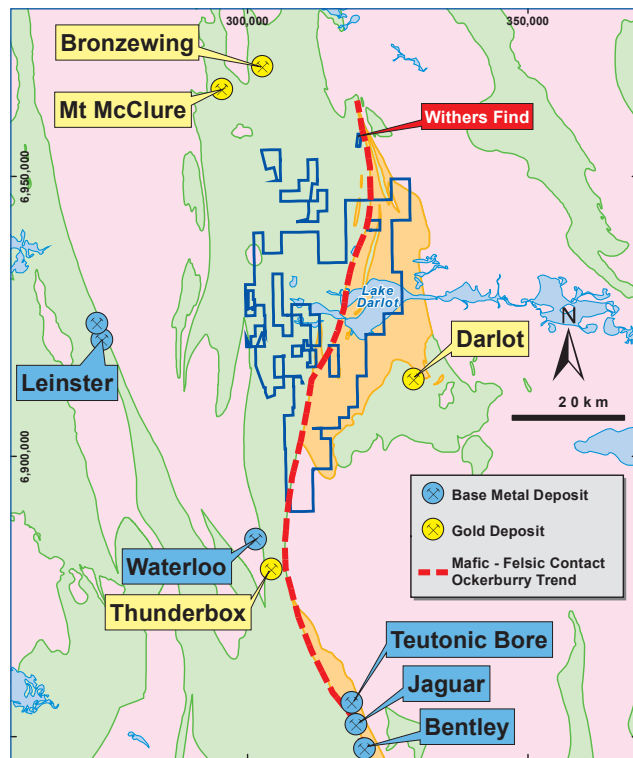


Figure 9. Darlot Project, Regional Geology Showing Ockerburry Trend

zone considered prospective for VMS deposits. (Figure 9) The Ockerburry Trend is extensively covered by transported overburden and has not been drill tested over much of its length. The next phase of exploration at Darlot will involve regional aircore/RC traverses targeting a combination of broad zones of alteration/anomalism identified by the Hylogger and multi-element analysis and gold targets within the Ockerburry Trend.

Enterprise is continuing to assess its Darlot Project exploration strategy, given the developments at Bronzewing and Darlot gold mines. The farm-out of a majority interest in the Darlot Project to a third party with mining interests in the district is being considered.



WATTAGEE PROJECT

The Wattagee Project covers an area of approximately 363km² and is located 30km north of Cue in the Murchison Province of the Yilgarn Craton. (Figure 10) The Company considers the project area to be prospective for gold deposits such as Big Bell and Cuddingwarra and VMS style base metal deposits similar to Golden Grove.

A review of historical geochemical and drilling data in the West Wattagee Project area identified a number of anomalous geochemical areas which require follow up with targeted aircore drilling. The target areas, containing Anomaly 1 and **Lyons Anomaly**, have been identified by a number of past explorers as being high priority drill targets on the basis of their geochemical sampling, but for various reasons were never drill tested.

During 2012/2013, the Company carried out soil sampling over the area and confirmed the existence of a multi-element gold and base metal anomaly at both Anomaly 1 and Lyons.

The soil sampling identified a coincident gold-copper-arsenic anomaly to the north of historic drilling by Newcrest Mining Ltd. Newcrest completed a closely spaced lag geochemical sampling programme in the early 1990's. They carried out a small RAB drilling program at what they called the **Stynes Prospect**, where there is sheared basalt and dolerite and abundant quartz veining. The best results were 6m @ 2.55g/t Au including 2m @ 6.2g/t Au in hole ST100-4 and 3m @ 4.17g/t Au including 1m @ 10g/t Au in ST100-6.

Based on field work at Stynes, Enterprise has planned an aircore drilling program just to the south of the Stynes gold anomaly identified by Newcrest. Here a ferruginous gossan prominently outcrops. Rock chip samples taken on the outcrop gave anomalous assays for gold, copper, zinc and lead. An aircore drilling program has been designed to test a number of gold/copper anomalies at Stynes and nearby prospects.

Previous drilling by Enterprise in early 2010 returned a best result of 8m @ 5.8 g/t from 181m in RC hole STERC004, following up an intersection of 4m at 17.9 g/t Au. Three other holes testing IP features intersected massive or semi-massive sulphides (pyrite with lesser arsenopyrite) in fresh rock.

In 2012, two RC drillholes were completed at the **Stockyard East Prospect**, targeting the known mineralised structures identified in STERC004. The drilling returned a broad low grade intersection of 22m @ 1.07 g/t from 81m in STERC011, hosted by mafic volcanics containing disseminated sulphide with silicification and weak chloritisation.

In late June 2013, the Department of Mines and Petroleum notified the Company that it is eligible for up to \$150,000 in Exploration Incentive Scheme or "EIS" co-funding to complete RC drill testing of IP anomalies between Stockyard East and West prospects. Funds are available until 30 June 2014.

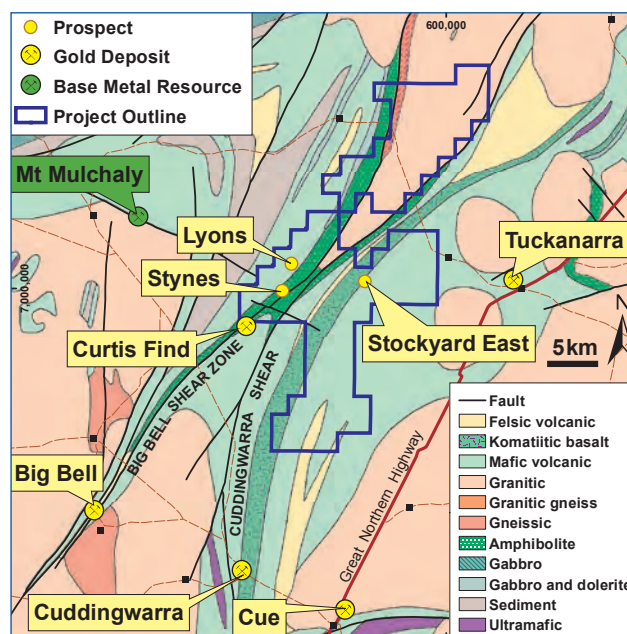


Figure 10. Wattagee Project, Regional Geology



Ferruginous Gossan at Stynes Prospect

BURRACOPPIN PROJECT

The Burracoppin Project covers an area of approximately 488km² and is located 280km east of Perth. The Project straddles the Great Eastern Highway and covers Archaean greenstone units of the Westonia Greenstone Belt, which hosts the nearby 1.5 million ounce Edna May gold deposit. (Figure 11) The project is considered prospective for gold, nickel and platinum group elements (PGE).

In mid 2012, 10 RC holes were drilled to test the Burgess Find gold prospect, where historic shallow high grade drilling results including: 4m @ 11.0 g/t Au from 13m, 3m @ 9.3 g/t Au from 32m, 5m @ 4.57 g/t Au from 38m. The holes intersected narrow, moderate to high grade gold in fresh rock below or down dip of the targeted oxide/supergene gold. All of the anomalous gold intersections are associated with chloritised intervals with varying amounts of quartz veining and disseminated pyrrhotite, and returned low level gold results.

To date, the RC drilling targeting gold mineralisation has focussed only on the eastern margin of the large complex aeromagnetic feature (the "Duck") in the centre of the project area. However, only 3km of the entire 15km eastern margin of the "Duck" has been tested, with further evaluation of this eastern margin and the western margin required.

It is considered that the margins of the "Duck" may offer the best potential for Au and Ni-Cu-PGE. Broad spaced aircore drilling is considered the best way to effectively follow-up geochemical and structural targets. If there is another Edna May, it should have a large multi-element Au-As-Bi-W footprint.

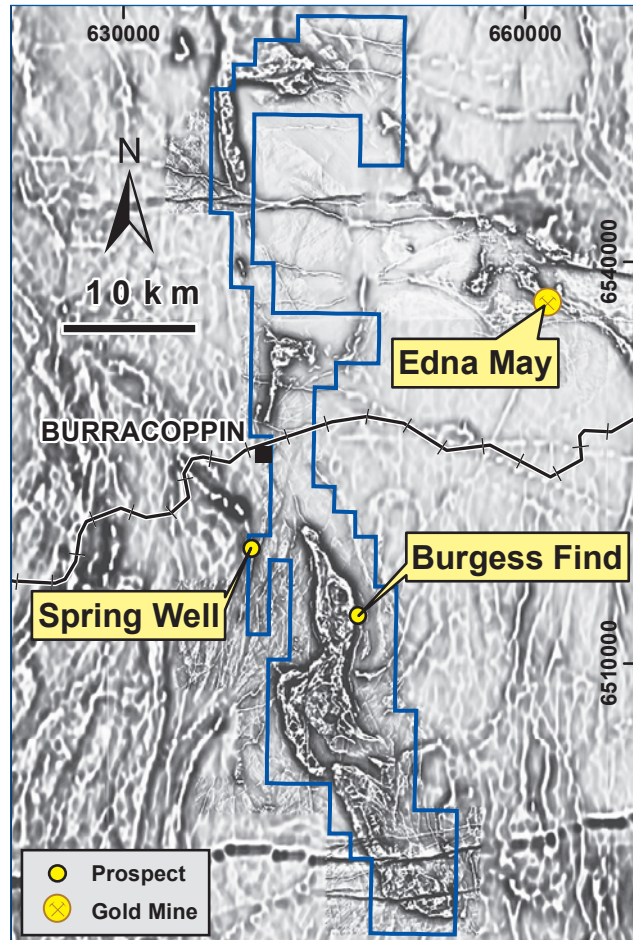


Figure 11. Burracoppin Project, Aeromagnetic Image



EARAHEEDY PROJECT

The Earaheedy Project covers approximately 660km² and is located 200km northeast of Wiluna and 800km northeast of Perth. The Project is considered to have potential for channel iron deposits (CID) and/or detrital iron deposits (DID) concealed beneath thin Cainozoic cover.

Enterprise originally image processed and interpreted Geological Survey of WA 400m line spaced airborne magnetic data over the Project area identifying a series of major magnetic palaeochannels. These palaeochannels drain south from the banded iron formation (BIF) of the Lee Steere Ranges, along the northern margin of the Proterozoic Earaheedy Basin. Enterprise completed a detailed 100m line spaced low level aeromagnetic survey in November 2011, which confirmed the Company's interpretation. (Figure 12).

An orientation gravity survey identified gravity highs over two of the central magnetic palaeochannels, with geophysical modelling indicating that "discrete bodies" within the palaeochannels are possible sources for the observed gravity data. These interpreted palaeochannels are considered prospective for Channel Iron Deposits (CID) and/or Detrital Iron Deposits (DID), similar in setting and character to the Robe, Yandicoogina or Koodaideri deposits in the Hamersley Basin.

An RC drilling program has been planned targeting the palaeochannels. Government approval has been received, however final heritage clearance is required prior to commencement of drilling. In late June 2013, the Department of Mines and Petroleum notified the Company that it is eligible for up to \$150,000 in Exploration Incentive Scheme or "EIS" co-funding to complete RC drilling at the Earaheedy Project.

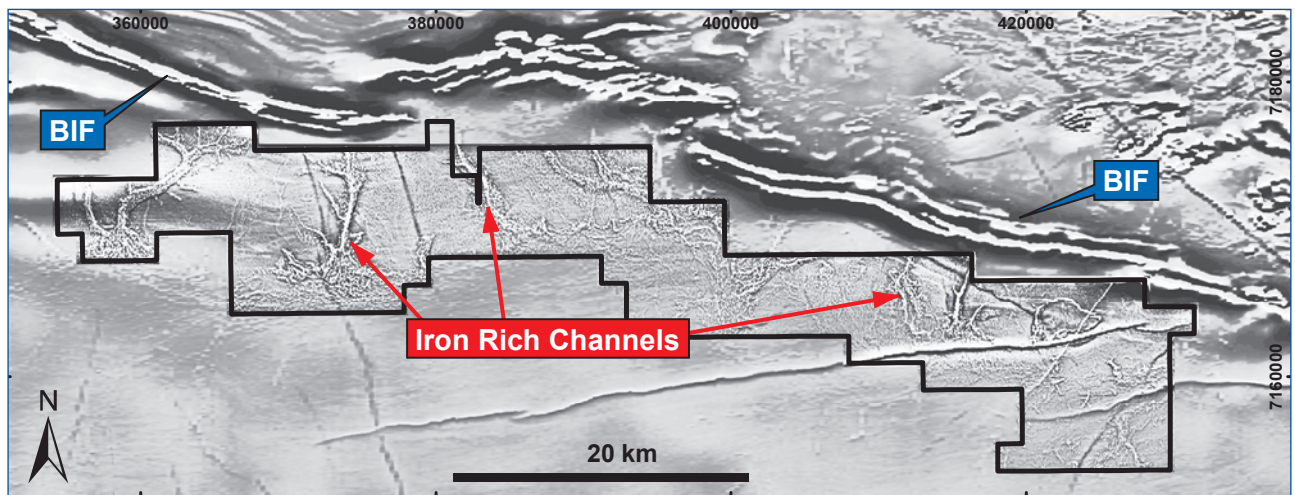


Figure 12. Earaheedy Project, Aeromagnetic Image Showing Channel Iron Targets



BOOYLGOO PROJECT

The Booylgoo Project is located 60km east northeast of Sandstone and covers 91km² along the northern part of the Archaean Booylgoo Range greenstone belt and contains extensive mapped banded iron formation (BIF). The tenement is considered to have potential for iron ore.

During 2011/2012, Enterprise completed a detailed 100m line spaced airborne magnetic/radiometric survey over the project and undertook reconnaissance mapping and rockchip sampling which defined 28 strike km of multiple BIF units.

In July 2012, a 30 hole RC drilling program intersected a ferruginous hard cap or ferricrete to 10-15m, underlain by an alternating sequence of BIF and felsic tuff, before grading into a mafic volcanic containing abundant magnetite. BIF was intersected beneath the iron rich surficial material (+50% Fe) in most holes, however limited iron enrichment was noted at depth, apart from several narrow 3-6m intervals. The Project has been retained pending a review of other magnetite and hematite developments in the area held by competitors.



Booylgoo Range. Hematite/Goethite Outcrop

OTHER PROJECTS

Over the past year, the Company has also been undertaking project generation activities. The Company has accumulated several new small land position for gold and base metals, the largest of which is centred on the town of Yalgoo in the Yalgoo Greenstone Belt. Most of these tenement applications remain ungranted at this stage.

Competent Persons Statements

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Dermot Ryan, who is employed as the Managing Director of the Company through geological consultancy Xserv Pty Ltd. Mr Ryan is a Fellow of the Australasian Institute of Mining & Metallurgy, a Fellow of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ryan consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to Geophysical Exploration Results is based on information compiled by Mr Bill Robertson, who is the Principal of geophysical consultancy Value Adding Resources Pty Ltd. Mr Robertson is a Member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Robertson consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Aircore drilling at Doolgunna Project



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.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

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 | N/A | The Chairman is not independent. 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. |

A = Adopted

N/A = Not adopted

Corporate Governance Statement

| | ASX Principle | Status | Reference/comment |
|--|--|--------|---|
| 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. |
| Principle 3: Promote ethical and responsible decisionmaking | | | |
| 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 | |

A = Adopted
N/A = Not adopted

| | ASX Principle | Status | Reference/comment |
|---------------------|--|----------|---|
| 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: | | |
| | • consists only of nonexecutive directors | A | |
| | • consists of a majority of independent directors | A | The Company has established an Audit and Risk Committee consisting of the CFO/Company Secretary (Damian Delaney) and three non-executive directors (Paul Hallam, 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. |
| | • is chaired by an independent chair, who is not chair of the board | A | The Audit and Risk Committee is chaired by Paul Hallam. |
| | • has at least three members | A | |
| 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 | |

A = Adopted
N/A = Not adopted

Corporate Governance Statement

| | ASX Principle | Status | Reference/comment |
|--|--|--------|--|
| 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 | |
| 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. |
| 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 | |

A = Adopted

N/A = Not adopted

| | ASX Principle | Status | Reference/comment |
|---------------------|--|--|--|
| 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, Paul Hallam 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 is currently 9.25%, and do not receive any other retirement benefits. |

A = Adopted
N/A = Not adopted

Directors' Report

Your Directors present their report on the Group for the financial year ended 30 June 2013.

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 Paul Hallam
Dr Allan Trench
Dr Zhen Huang (resigned 17 October 2012)
Mr Bruce Hawley (resigned 31 August 2012)

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 four 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.

Mr Dennis Wilkins (resigned 2 April 2013)

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

On 29 August 2012, the Company announced the proposed demerger of its Uranium assets to Enterprise Uranium Ltd ("ENU"). This was to involve an in-specie distribution to Company shareholders of the ENU shares it received from the sale. ENU would then seek a listing on the ASX following a capital raising of approximately \$5m. On 30 October 2012, the Company announced the in-specie distribution of 42,644,155 ENU shares to Company shareholders. The Company then applied for 13,500,000 ENU shares in the IPO offer, at a cost of \$2.7m, representing approximately 19.8% of ENU upon listing on 20 December 2012.

Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$5,351,338 (2012: \$1,663,560).

Dividends Paid or Recommended

There were no dividends paid or recommended during the financial year ended 30 June 2013.

OTHER PROJECTS

Over the past year, the Company has also been undertaking project generation activities. The Company has accumulated several new small land position for gold and base metals, the largest of which is centred on the town of Yalgoo in the Yalgoo Greenstone Belt. Most of these tenement applications remain ungranted at this stage.

2013 RC Drilling at Doolgunna

Financial Position

The net assets of the Group have decreased by \$8,319,027 from 30 June 2012 to \$21,024,862 at 30 June 2013.

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 apart from:

On 12 July 2013 10,000,000 options expired unexercised.

Future Developments, Prospects and Business Strategies

Over the next 12 months, the Company plans to follow up and drill test its ground EM and geochemical targets at Doolgunna for sediment hosted base metals (copper), undertake ground EM surveys and drill test its soil and HeliTEM targets in the Fraser Range, undertake first pass RC testing of its palaeochannel iron ore targets at Earahedy, and undertake scout RC and aircore drilling at its copper/zinc and gold prospects at Wattagee.

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. And Chairman of two Canadian public companies: Canaco Resources Inc. and Silvore Fox Minerals Corp. 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 (September 2012 to present), East Africa Metals Inc. (July 2013 – present) and Tigrey Resources Inc. (Sept 2010 – present) (TSX-V). All entities are Canadian listed. There have been no other ASX listed entity directorships in the last 3 years.

Mr Dermot Ryan

Experience

- Managing Director
- Mr Ryan spent 20 years with the 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 for the past 10 years 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

- 12,400,000 Shares
- 2,500,000 Options

Special Responsibilities

- Member of the Remuneration & Nomination Committee

Directorships held in other listed entities

- Legend Mining Limited (May 2005 – present)
- Enterprise Uranium Limited (Dec 2012 – present). There have been no other ASX listed entity directorships in the last 3 years.

Ms Anna Mao

Experience

- Non-Executive Director
- Ms Mao is CEO and director of Worldtex Capital Resources Limited, a capital and investment company incorporated in Hong Kong. She 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. Ms Mao is also a director and founder of Sino Link Capital Resources Limited.

Interest in Shares and Options

- 1,500,000 Shares
- 15,900,000 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 (Feb 2013 – present), Tigray Resources Inc. (TSX) (July 2013 – present) and Golden Share Mining Corporation (TSX-V) (July 2013 – present). There have been no other ASX listed entity directorships in the last 3 years.

Mr Paul Hallam

Experience

- Non-Executive Director
- Mr Hallam is qualified mining engineer with a BE(Hons) Mining from Melbourne University, a Certificate of Mineral Economics from Curtin University and a Company Director's Diploma from the Australian Institute of Company Directors. He has over 35 years technical and managerial experience in major Australian and international resource companies. His former roles include Director Operations for Fortescue Metals Group Ltd, Executive General Manager Development & Projects for Newcrest Mining Ltd, Director Victorian Operations for Alcoa and Executive General Manager Base and Precious Metals for North Ltd, and also mine management/development roles for Battle Mountain Gold Company in Chile, Bolivia and Australia, and for Newmont in Australia. He is a Fellow of the Australian Institute of Company Directors and the Australasian Institute of Mining & Metallurgy.

Interest in Shares and Options — 436,667 Shares
900,000 Options

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

Directorships held in other listed entities — Gindalbie Metals Limited (December 2011 – present), Sandfire Resources NL (May 2013 – Present) and Altona Mining Limited (March 2013 – Present). There have been no other ASX listed entity directorships in the last 3 years.

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 — 120,000 Shares
900,000 Options

Special Responsibilities — Member of the Audit & Risk Committee

Directorships held in other listed entities — Pioneer Resources Limited (September 2003 – present), Navigator Resources Limited (November 2005 – present), 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), Acadian Mining Corp (TSX) (February 2010 – present). There have been no other directorships in ASX listed companies in the past three years.

Directors' Report

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:

| | Directors' meetings | | Committee meetings | | | |
|-----------------|---------------------------|-----------------|-------------------------------------|-----------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended | Remuneration & nomination committee | | Audit & risk committee | |
| | | | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Dr Jingbin Wang | 9 | 9 | 1 | 1 | - | - |
| Dermot Ryan | 9 | 9 | 1 | 1 | 2 | 2 |
| Bruce Hawley | 1 | 1 | 1 | 1 | - | - |
| Anna Mao | 9 | 9 | 2 | 2 | - | - |
| Dr Zhen Huang | 3 | 1 | - | - | - | - |
| Paul Hallam | 9 | 9 | 2 | 2 | 2 | 2 |
| Dr Allan Trench | 9 | 8 | - | - | 2 | 2 |
| Damian Delaney | 2 | 2 | - | - | 1 | 1 |
| Dennis Wilkins | 7 | 6 | 2 | 2 | 1 | 1 |

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 \$14,231 (2012: \$14,080).

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 |
|----------------|-------------------|----------------|------------------------|
| 12 July 2011 | 12 July 2014 | \$0.222 | 25,000,000 |
| 11 July 2012 | 12 July 2014 | \$0.222 | 11,000,000 |
| 29 August 2012 | 11 September 2015 | \$0.149 | 7,600,000 |
| | | | <hr/> 43,600,000 <hr/> |

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 nonaudit services were provided by the entity's auditor, Grant Thornton Audit Pty Ltd, or associated entities. The directors are satisfied that the provision of nonaudit 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 nonaudit services:

| | 2013 \$ | 2012 \$ |
|-------------------------|------------|------------|
| Tax consulting services | 25,400 | 11,550 |

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.

Due to current market conditions the Board decided in April 2013 to reduce the fees for Non-executive directors by 60% and at the same time reduce the Managing Directors salary package by 40%.

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.

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. For details of Directors' and executives' interests in options at year end, refer to note 5 of the financial statements.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2013.

Voting and comments made at the Company's 2012 Annual General Meeting

The Company received approximately 97% of "yes" votes on its remuneration report for the 2012 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 2013

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 2013

| 2013 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Equity-settled share-based payments | | Total | Performance based |
|---------------------------------|------------------------|------------------|--------------|--------------------------|--------------------|-------------------------------------|---------|-----------|-------------------|
| Key Management Personnel | Cash from | | Non-monetary | Super-annuation | Other | Equity | Options | \$ | % |
| | Salary, fees and leave | other activities | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Dr Jingbin Wang | 52,500 | - | - | - | - | - | 86,486 | 138,986 | 62% |
| Dermot Ryan ⁽¹⁾ | 295,222 | 36,182 | - | 16,470 | - | - | 144,143 | 492,017 | 29% |
| Bruce Hawley ⁽⁵⁾ | 6,667 | - | - | - | - | - | - | 6,667 | - |
| Anna Mao | 37,500 | - | - | - | - | - | 51,892 | 89,392 | 58% |
| Dr Zhen Huang ⁽⁶⁾ | 14,583 | - | - | - | - | - | 51,892 | 66,475 | 78% |
| Paul Hallam | 43,005 | - | - | 1,995 | - | - | 51,892 | 96,892 | 41% |
| Dr Allan Trench | 45,000 | - | - | - | - | - | 51,892 | 96,892 | 54% |
| Dennis Wilkins ^(2,3) | 166,589 | - | - | - | - | - | - | 166,589 | - |
| Damian Delaney ⁽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 – refer Note 20 for disclosure of related party transactions. 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 – refer Note 20 for disclosure of related party transactions. 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.

| 2012 | Short-term benefits | | | Post-employment benefits | Long-term benefits | Equity-settled share-based payments | | Total | Performance based |
|-------------------------------|------------------------|------------------|--------------|--------------------------|--------------------|-------------------------------------|---------|---------|-------------------|
| Key Management Personnel | Cash from | | Non-monetary | Super-annuation | Other | Equity | Options | \$ | % |
| | Salary, fees and leave | other activities | | | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % |
| Dr Jingbin Wang | 57,043 | - | - | - | - | - | - | 57,043 | - |
| Dermot Ryan ⁽¹⁾ | - | 175,987 | - | - | - | - | - | 175,987 | - |
| Bruce Hawley | 40,000 | 15,875 | - | - | - | - | - | 55,875 | - |
| Anna Mao | 38,710 | - | - | - | - | - | - | 38,710 | - |
| Dr Zhen Huang | 38,710 | - | - | - | - | - | - | 38,710 | - |
| Paul Hallam | 22,440 | 6,000 | - | 2,560 | - | - | - | 31,000 | - |
| Dr Allan Trench | 10,645 | - | - | - | - | - | - | 10,645 | - |
| Paul Larsen | 29,937 | - | - | 2,694 | - | - | - | 32,631 | - |
| Dennis Wilkins ⁽²⁾ | 13,332 | - | - | - | - | - | - | 13,332 | - |
| | 250,817 | 197,862 | - | 5,254 | - | - | - | 453,933 | - |

⁽¹⁾ Dermot Ryan is paid by a related party of the Group – refer Note 20 for disclosure of related party transactions. The amount shown above is an assessment of the amount paid for his services.

⁽²⁾ Dennis Wilkins is paid by a related party of the Group – refer Note 20 for disclosure of related party transactions. The amount shown above is an assessment of the amount paid for his services as the Company Secretary.

Remuneration Report (Audited)

C. Service Agreements

The Company has a service agreement with the following Directors:

Contract with XServ Pty Ltd for the provision of Dermot Ryan as an ENT director:

There is no set term and the agreement was signed on 17 May 2013. Notice period is three months for either XServ or the Company with no additional termination benefits.

D. Share-based compensation

Incentive Option Scheme

Options may be granted under the Enterprise Metals Employee Share Option Scheme 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 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 \$0.177 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 2013 has been received and can be found on page 29 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 27th day of September 2013



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

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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 2013, 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.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 27 September 2013

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Consolidated Statement Of Comprehensive Income

For The Year Ended 30 June 2012

| | Note | 2013 \$ | 2012 \$ |
|--|------|--------------------|--------------------|
| Revenue | 2 | 3,030,955 | 672,230 |
| Accounting and Audit Fees | | (98,746) | (50,554) |
| Share registry and Listing Fees | | (109,377) | (63,538) |
| Employee Benefits Expense | | (1,051,730) | (645,859) |
| Computers and Software | | (72,312) | (40,293) |
| Depreciation | 3 | (99,766) | (62,133) |
| Insurance | | (32,486) | (23,088) |
| Investor Relations | | (38,957) | (43,121) |
| Legal Fees | | (39,870) | (5,184) |
| Office Equipment and Supplies | | (1,942) | (15,179) |
| Office Rental Expense | 3 | (98,227) | (128,141) |
| Travel and Accommodation | | (52,755) | (100,200) |
| Impairment of available for sale financial assets | 3 | (2,200,500) | - |
| Impairment of Exploration and Evaluation | 3 | (3,938,332) | (1,007,701) |
| Share based payments | | (438,197) | - |
| Other expenses | | (109,096) | (150,799) |
| Loss before income tax | | (5,351,338) | (1,663,560) |
| Income tax expense | 4 | - | - |
| Loss for the year | | (5,351,338) | (1,663,560) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Other comprehensive income, net of tax | | - | - |
| Total comprehensive loss for the year | | (5,351,338) | (1,663,560) |
| Total comprehensive loss attributable to members of the parent entity | | (5,351,338) | (1,663,560) |
| Basic loss per share (cents per share) | 7 | (2.5) | (0.8) |
| Diluted loss per share (cents per share) | 7 | (2.5) | (0.8) |

The accompanying notes form part of these financial statements.

Consolidated Statement Of Financial Position

As At 30 June 2012

| | Note | 2013 \$ | 2012 \$ |
|-------------------------------------|------|-------------------|-------------------|
| Current Assets | | | |
| Cash and cash equivalents | 8 | 1,585,081 | 8,191,882 |
| Trade and other receivables | 9 | 165,720 | 353,340 |
| Total Current Assets | | 1,750,801 | 8,545,222 |
| Non-Current Assets | | | |
| Available-for-sale financial assets | 10 | 499,500 | - |
| Plant and equipment | 11 | 221,560 | 265,644 |
| Exploration and evaluation assets | 12 | 18,800,635 | 21,249,099 |
| Other financial assets | 13 | 125,747 | 393 |
| Total Non-Current Assets | | 19,647,442 | 21,515,136 |
| TOTAL ASSETS | | 21,398,243 | 30,060,358 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 373,382 | 716,469 |
| Total Current Liabilities | | 373,382 | 716,469 |
| TOTAL LIABILITIES | | 373,382 | 716,469 |
| NET ASSETS | | 21,024,861 | 29,343,889 |
| Equity | | | |
| Issued capital | 15 | 26,675,980 | 30,081,867 |
| Reserve | 16 | 5,854,847 | 5,416,650 |
| Accumulated losses | | (11,505,966) | (6,154,628) |
| TOTAL EQUITY | | 21,024,861 | 29,343,889 |

The accompanying notes form part of these financial statements.

Consolidated Statement Of Changes In Equity

For The Year Ended 30 June 2012

| | Note | Issued Capital \$ | Options Reserve \$ | Accumulated Losses \$ | Total \$ |
|--|------|-------------------------|--------------------------|-----------------------------|-------------------|
| Balance at 1 July 2011 | | 23,058,868 | 877,150 | (4,491,068) | 19,444,950 |
| Loss attributable to members of the parent entity for the year | | - | - | (1,663,560) | (1,663,560) |
| Other comprehensive Income, net of tax | | - | - | - | - |
| Total comprehensive income for the year | | - | - | (1,663,560) | (1,663,560) |
| Transaction with owners, directly in equity | | | | | |
| Shares issued during the year – net of costs | | 11,562,499 | - | - | 11,562,499 |
| Share-based payments treated as capital raising costs | | (4,539,500) | 4,539,500 | - | - |
| Balance at 30 June 2012 | | 30,081,867 | 5,416,650 | (6,154,628) | 29,343,889 |
| 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 income for the year | | - | - | (5,351,338) | (5,351,338) |
| Transaction with owners, directly in equity | | | | | |
| Shares issued during the year – net of costs | | 2,500,000 | - | - | 2,500,000 |
| In-specie distribution | 27 | (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 |

The accompanying notes form part of these financial statements.

Consolidated Statement Of Cash Flows

For The Year Ended 30 June 2012

| | Note | 2013 \$ | 2012 \$ |
|---|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Interest received | | 295,973 | 553,764 |
| Rent and other receipts | | 14,505 | 54,333 |
| Payments to suppliers and employees | | (1,678,007) | (1,396,428) |
| Net cash used in operating activities | 17a | (1,367,529) | (788,331) |
| Cash flows from investing activities | | | |
| Proceeds on the sale of plant and equipment | | - | 8,000 |
| Purchase of plant and equipment | | (107,211) | (193,684) |
| Payments for exploration and evaluation expenditure | | (4,932,061) | (5,188,610) |
| Payments for available for sale financial assets | | (2,700,000) | - |
| Net cash used in investing activities | | (7,739,272) | (5,374,294) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 2,500,000 | 11,514,999 |
| Net cash provided by financing activities | | 2,500,000 | 11,514,999 |
| Net increase in cash and cash equivalents held | | (6,606,801) | 5,352,374 |
| Cash and cash equivalents at 1 July | | 8,191,882 | 2,839,508 |
| Cash and cash equivalents at 30 June | 8 | 1,585,081 | 8,191,882 |

The accompanying notes form part of these financial statements.

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 27 September 2012. The directors have the power to amend and reissue the financial statements.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Enterprise Metals Limited at the end of the reporting period. A controlled entity is any entity over which Enterprise Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

A list of controlled entities is contained in Note 13 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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 \$5,351,338 (2012: \$1,663,560) and a cash outflow from operating activities of \$1,367,529 (2012: \$788,331) for the year ended 30 June 2013 and at reporting date, had a net current asset balance of \$1,377,419 (2012: \$7,828,753).

The Board considers that the Company is a going concern and recognises that farming out and/or selling tenements and additional funding is required to ensure that the Company can continue to fund the Group's operations for the 12 month period from the date of this financial report

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.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statement of comprehensive income 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 statement of comprehensive income.

(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 as 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.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or fair value 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.)

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 statement of comprehensive income 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 and 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 the end of 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 statement of comprehensive income.

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.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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 statement of comprehensive income. 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.

(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 income 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.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 has been recorded as impairment on available for sale financial assets for the year.

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 \$18,800,635 (2012: \$21,249,099). An impairment of \$3,938,332 (2012: \$1,007,701) was recognised during the year ended 30 June 2013.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012-6: Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of the change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010-7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010-7 may have a significant impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011) and AASB 128: Investments in Associates and Joint Ventures (August 2011) (as amended by AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments), and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of "control" and additional application guidance so that a single control model will apply to all investees. This Standard is not expected to significantly impact the Group's financial statements.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
 - AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.
- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the "corridor" approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and re-measurements and recognition of:
 - (i) service cost and net interest expense in profit or loss; and
 - (ii) re-measurements in other comprehensive income.

1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

The directors anticipate that the application of the amendments to AASB 119 will not have an impact on the amounts reported in respect of the Group's defined benefit plans.

- AASB 2012-2: Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard adds application guidance to AASB 132: Financial Instruments: Presentation to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to IFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Group's financial statements.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Notes to the Financial Statements

for the Year Ended 30 June 2013

2: REVENUE

| | 2013 \$ | 2012 \$ |
|--|------------|------------|
| Rental and other income | 11,555 | 53,987 |
| Interest received | 227,614 | 618,243 |
| Profit on sale of tenements (refer to note 27) | 2,791,786 | - |
| Total Revenue | 3,030,955 | 672,230 |

3: LOSS FOR THE YEAR

(a) Expenses

| | | |
|-------------------------------------|--------|---------|
| Depreciation of plant and equipment | 99,766 | 62,133 |
| Office rental expense | 98,227 | 128,141 |

(b) Significant Revenues and Expenses

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

| | | |
|---|-----------|-----------|
| Impairment of Exploration and Evaluation | 3,938,332 | 1,007,701 |
| Impairment of available for sale financial assets | 2,200,500 | - |

4: INCOME TAX

(a) Income tax expense

| | | |
|--|---|---|
| Current tax | - | - |
| Deferred tax | - | - |
| Adjustments for current tax of prior periods | - | - |
| | - | - |

Deferred income tax expense included in income tax expense comprises:

| | | | |
|--|------|-----------|-------------|
| - (Increase) in deferred tax assets | 4(c) | 585,934 | (1,395,470) |
| - Increase in deferred tax liabilities | 4(d) | (585,934) | 1,395,470 |
| | | - | - |

(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% | (1,605,401) | (499,068) |
|--|-------------|-----------|

Add / (Less) tax effect of:

| | | |
|---|-----------|---------|
| Share based payments | 131,459 | - |
| Non-deductible expenses | 1,320,473 | 208 |
| Deferred tax asset not brought to account | 153,469 | 498,860 |

Income tax attributable to operating loss - -

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

4: INCOME TAX (cont.)

| | Note | 2013 \$ | 2012 \$ |
|--|------|--------------------|--------------------|
| (c) Deferred tax assets | | | |
| Tax Losses | | 3,799,711 | 3,419,703 |
| Provisions and Accrual | | 11,552 | 9,656 |
| Other – P&L | | 30,892 | 20,740 |
| Other – Equity | | 195,107 | - |
| | | <u>4,037,261</u> | <u>3,450,099</u> |
| Set-off deferred tax liabilities | 4(d) | <u>(4,037,261)</u> | <u>(3,450,099)</u> |
| Net deferred tax assets | | <u>-</u> | <u>-</u> |
| (d) Deferred tax liabilities | | | |
| Exploration expenditure | | (4,036,033) | 3,450,099 |
| Other | | (1,227) | - |
| | | <u>4,037,261</u> | <u>3,450,099</u> |
| Set-off deferred tax assets | 4(c) | <u>(4,037,261)</u> | <u>(3,450,099)</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>4,410,233</u> | <u>1,988,204</u> |
| Temporary differences for which no deferred tax asset has been recognised – Equity | | <u>195,107</u> | <u>266,110</u> |

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2013 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.

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 2013.

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

| | 2013 \$ | 2012 \$ |
|-------------------------------------|------------|------------|
| Short-term employee benefits | 714,378 | 448,679 |
| Post-employment benefits | 18,465 | 5,254 |
| Equity settled share based payments | 438,197 | - |
| Total | 1,171,040 | 453,933 |

(b) 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 year 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 |
|-------------------------------|--|--|--|--|--------------------------------------|--|------------------------------|
| 2013 | | | | | | | |
| Jingbin Wang | - | 1,500,000 | - | - | 1,500,000 | 1,500,000 | - |
| Dermot Ryan | 1,500,000 | 2,500,000 | (1,500,000) | - | 2,500,000 | 2,500,000 | - |
| Anna Mao | 17,096,774 | 900,000 | (2,096,774) | - | 15,900,000 | 15,900,000 | - |
| Allan Trench | - | 900,000 | - | - | 900,000 | 900,000 | - |
| Paul Hallam | - | 900,000 | - | - | 900,000 | 900,000 | - |
| Zhen Huang | - | 900,000 | - | (900,000) ⁽¹⁾ | - | - | - |
| Bruce Hawley | 3,260,501 | - | - | (3,260,501) ⁽²⁾ | - | - | - |
| Dennis Wilkins ⁽³⁾ | - | - | - | - | - | - | - |
| | 21,857,275 | 7,600,000 | (3,596,774) | (4,160,501) | 21,700,000 | 21,700,000 | - |

⁽¹⁾ Represents the balance held at the date of resignation, 17 October 2012.

⁽²⁾ Represent the balance at the date of resignation 28 August 2012.

⁽³⁾ Resigned 2 April 2013.

5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

| | Balance at the beginning of year | Granted as remuneration during the year | 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 |
|-----------------|----------------------------------|---|---------------------------|-------------------------------|--------------------------------|---|------------------------|
| 2012 | | | | | | | |
| Dr Jingbin Wang | - | - | - | - | - | - | - |
| Dermot Ryan | 3,500,000 | - | - | (2,000,000) | 1,500,000 | 1,500,000 | - |
| Bruce Hawley | 3,352,168 | - | - | (91,667) | 3,260,501 | 3,260,501 | - |
| Anna Mao | - | - | - | 17,096,774 | 17,096,774 | 17,096,774 | - |
| Zhen Huang | - | - | - | - | - | - | - |
| Paul Hallam | - | - | - | -(1) | - | - | - |
| Dr Allan Trench | - | - | - | - | - | - | - |
| Paul Larsen | 485,148 | - | - | (485,148) ⁽²⁾ | - | - | - |
| Dennis Wilkins | - | - | - | - | - | - | - |
| | 7,337,316 | - | - | 14,519,959 | 21,857,275 | 21,857,275 | - |

⁽¹⁾ Mr Hallam held 16,667 options at the date of appointment which expired prior to year end.

⁽²⁾ Represents the balance held at the date of resignation, 3 April 2012.

(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 |
|------------------------|----------------------------------|--|---|-------------------------------|--------------------------------|
| 2013 | | | | | |
| Directors | | | | | |
| Ordinary Shares | | | | | |
| Jingbin Wang | - | - | - | - | - |
| Dermot Ryan | 12,075,000 | - | - | 325,000 | 12,400,000 |
| Anna Mao | 6,500,000 | - | - | (5,000,000) ⁽¹⁾ | 1,500,000 |
| Paul Hallam | 436,667 | - | - | - | 436,667 |
| Allan Trench | - | - | - | 120,000 | 120,000 |
| Zhen Huang | - | - | - | - | - |
| Bruce Hawley | 3,716,168 | - | - | (3,716,168) ⁽²⁾ | - |
| Dennis Wilkins | - | - | - | - | - |
| Total | 22,727,835 | - | - | (8,271,168) | 14,456,667 |

⁽¹⁾ Represents off-market transfer of beneficial ownership.

⁽²⁾ Represents the balance at the date of resignation 28 August 2012.

5: KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

| 2012 | 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 |
|------------------------|----------------------------------|--|---|-------------------------------|--------------------------------|
| Directors | | | | | |
| Ordinary Shares | | | | | |
| Jingbin Wang | - | - | - | - | - |
| Dermot Ryan | 12,075,000 | - | - | - | 12,075,000 |
| Bruce Hawley | 3,716,168 | - | - | - | 3,716,168 |
| Anna Mao | - | - | - | 6,500,000 ⁽¹⁾ | 6,500,000 |
| Zhen Huang | - | - | - | - | - |
| Paul Hallam | - | - | - | 436,667 ⁽¹⁾ | 436,667 |
| Allan Trench | - | - | - | - | - |
| Paul Larsen | 4,671,034 | - | - | (4,671,034) ⁽²⁾ | - |
| Dennis Wilkins | - | - | - | - | - |
| Total | 20,462,202 | - | - | 2,265,633 | 22,727,835 |

⁽¹⁾ Represents balance held at date of appointment.

⁽²⁾ Represents the balance held at the date of resignation.

(c) Loans to KMP

There are no loans made to KMP as at 30 June 2013 (2012 – Nil).

(d) 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 Note 20: Related party transactions.

6: AUDITORS' REMUNERATION

| | Note | 2013 \$ | 2012 \$ |
|---|------|------------|------------|
| Remuneration of the auditor of the parent entity for: | | | |
| - Auditing or reviewing the financial report | | 32,901 | 34,000 |
| Remuneration of the auditor, or associated entities, of the parent entity for non-audit services: | | | |
| - Tax consulting services | | 25,400 | 11,550 |

7: LOSS PER SHARE

| | 2013 \$ | 2012 \$ |
|---|-------------|-------------|
| (a) Reconciliation of earnings to loss for the year | | |
| Earnings used in the calculation of basic EPS | (5,351,338) | (1,663,560) |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 212,946,051 | 200,899,055 |
| Basic / Diluted loss per share (cents per share) | (2.513) | (0.828) |

All options are out of the money as at 30 June 2013 and are therefore anti-dilutive.

8: CASH AND CASH EQUIVALENTS

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| Cash at bank | 1,585,081 | 2,029,739 |
| Cash in term deposit | - | 6,162,143 |
| | <u>1,585,081</u> | <u>8,191,882</u> |
| 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 | <u>1,585,081</u> | <u>8,191,882</u> |

Cash at bank earns an effective interest rate of 3.34% (2012: 4.95%).

Cash in term deposit rolls every 30 days and earns an effective interest rate of nil% (2012: 5.93%).

9: TRADE AND OTHER RECEIVABLES

| | 2013 \$ | 2012 \$ |
|-------------------|----------------|----------------|
| CURRENT | | |
| GST receivable | 107,453 | 239,282 |
| Trade receivables | 39,514 | 101,412 |
| Prepayments | 18,753 | 12,646 |
| | <u>165,720</u> | <u>353,340</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.

10: AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | 2013 \$ | 2012 \$ |
|---------------------|----------------|------------|
| NON-CURRENT | | |
| Opening balance | - | - |
| Additions (Note 27) | 2,700,000 | - |
| Impairment | (2,200,500) | - |
| | <u>499,500</u> | <u>-</u> |

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

11: PLANT AND EQUIPMENT

| | 2013 \$ | 2012 \$ |
|-------------------------------|------------|------------|
| NON-CURRENT | | |
| Computer equipment – cost | 63,138 | 61,823 |
| Accumulated depreciation | (37,319) | (19,644) |
| | 25,819 | 42,179 |
| Plant and equipment – cost | 192,153 | 161,477 |
| Accumulated depreciation | (100,367) | (56,439) |
| | 91,786 | 105,038 |
| Furniture and fittings – cost | 19,920 | 19,920 |
| Accumulated depreciation | (13,373) | (9,126) |
| | 6,547 | 10,794 |
| Motor vehicles - cost | 55,000 | 55,000 |
| Accumulated depreciation | (25,164) | (11,414) |
| | 29,836 | 43,586 |
| Software - cost | 91,999 | 68,308 |
| Accumulated depreciation | (24,427) | (4,261) |
| | 67,572 | 64,047 |
| Total plant and equipment | 221,560 | 265,644 |

11: PLANT AND EQUIPMENT (cont.)

| | 2013 \$ | 2012 \$ |
|--|------------|------------|
| 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 | 42,179 | 10,874 |
| - Additions | 1,315 | 41,935 |
| - Depreciation expense | (17,675) | (10,630) |
| Carrying amount at the end of the year | 25,819 | 42,179 |
| Plant and equipment | | |
| Opening balance | 105,038 | 57,203 |
| - Additions | 30,676 | 79,670 |
| - Depreciation expense | (43,928) | (31,835) |
| Carrying amount at the end of the year | 91,786 | 105,038 |
| Furniture and fittings | | |
| Opening balance | 10,794 | 3,492 |
| - Additions | - | 11,549 |
| - Depreciation expense | (4,247) | (4,247) |
| Carrying amount at the end of the year | 6,547 | 10,794 |
| Motor vehicles | | |
| Opening balance | 43,586 | 12,108 |
| - Additions | - | 55,000 |
| - Disposals | - | (11,808) |
| - Depreciation expense | (13,750) | (11,714) |
| Carrying amount at the end of the year | 29,836 | 43,586 |
| Software | | |
| Opening balance | 64,047 | 10,694 |
| - Additions | 23,690 | 57,060 |
| - Depreciation expense | (20,166) | (3,707) |
| Carrying amount at the end of the year | 67,572 | 64,047 |
| Totals | | |
| Opening balance | 265,644 | 94,371 |
| - Additions | 55,682 | 245,214 |
| - Disposals | - | (11,808) |
| - Depreciation expense | (99,766) | (62,133) |
| Carrying amount at the end of year | 221,560 | 265,644 |

12: EXPLORATION AND EVALUATION

| | 2013 \$ | 2012 \$ |
|---|-------------|-------------|
| Exploration and evaluation phases – at cost | 18,800,635 | 21,249,099 |
| (a) Exploration and evaluation | | |
| Opening balance | 21,249,099 | 16,597,534 |
| Exploration expenditure | 4,603,970 | 5,659,266 |
| Tenements sold to ENU (Note 27) | (3,114,102) | - |
| Impairment expense | (3,938,332) | (1,007,701) |
| Closing balance | 18,800,635 | 21,249,099 |

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.

13: OTHER FINANCIAL ASSETS

| | 2013 \$ | 2012 \$ |
|----------------------------------|------------|------------|
| NON-CURRENT | | |
| Formation costs | - | 393 |
| Restricted cash at term deposits | 125,747 | - |

| Details of Controlled Entities | Country of Incorporation | Class of Shares | Percentage Owned % | |
|---|--------------------------|-----------------|--------------------|------|
| | | | 2013 | 2012 |
| 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 |

14: TRADE AND OTHER PAYABLES

| | 2013 \$ | 2012 \$ |
|---------------------------------|------------|------------|
| CURRENT – unsecured liabilities | | |
| Trade payables | 307,155 | 646,515 |
| Accrued Expenses | 66,227 | 69,954 |
| | 373,382 | 716,469 |

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

15: ISSUED CAPITAL

| | Note | 2013 \$ | 2012 \$ |
|--|------|------------|------------|
| 213,220,776 (2012: 203,220,776) Fully paid ordinary shares | 15a | 26,675,980 | 30,081,867 |

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

(a) Ordinary shares

| | 2013 \$ | 2012 \$ |
|--|---------------------|---------------------|
| At the beginning of the reporting period | 30,081,867 | 23,058,868 |
| Shares issued during the 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) | - |
| • 62,000,000 on 13 July 2011 at \$0.20 per share | - | 12,400,000 |
| • 250,000 on 7 November 2011 at \$0.19 per share as consideration for tenement acquisition | - | 47,500 |
| Transaction costs relating to share issues | - | (5,424,501) |
| At reporting date | 26,675,980 | 30,081,867 |
| | 2013 No. | 2012 No. |
| At the beginning of the reporting period | 203,220,776 | 140,970,776 |
| Shares issued during the year | | |
| • 10,000,000 on 11 July 2012 at \$0.25 per share | 10,000,000 | - |
| • 62,000,000 on 13 July 2011 at \$0.20 per share | - | 62,000,000 |
| • 250,000 on 7 November 2011 at \$0.19 per share as consideration for tenement acquisition | - | 250,000 |
| At reporting date | 213,220,776 | 203,220,776 |

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.

NOTE 15: ISSUED CAPITAL (cont.)

(b) Movement in options on issue

| | 2013 No. | 2012 No. |
|--|--------------|--------------|
| At the beginning of the reporting period | 63,725,806 | 31,507,807 |
| Issued during the year: | | |
| • Exercisable at 25 cents, on or before 12 July 2013 | - | 20,000,000 |
| • Exercisable at 25 cents, on or before 12 July 2014 | - | 35,000,000 |
| • Exercisable at 25 cents (reduced to 22.2 cents ⁽¹⁾), on or before 12 July 2014 | 11,000,000 | |
| • Exercisable at 17.7 cents (reduced to 14.9 cents ⁽¹⁾), on or before 11 September 2015 | 7,600,000 | - |
| Exercised during the year | | |
| • Exercisable at 25 cents (reduced to 22.2 cents ⁽¹⁾), on or before 12 July 2014 | (10,000,000) | - |
| Expired during the year | | |
| • Exercisable at 25 cents, on or before 20 June 2012 | - | (22,782,001) |
| • Exercisable at 25 cents (reduced to 22.2 cents ⁽¹⁾) on or before 22 November 2012 | (3,000,000) | - |
| • Exercisable at 25 cents (reduced to 22.2 cents ⁽¹⁾), on or before 1 June 2013 | (3,225,806) | - |
| • Exercisable at 50 cents (reduced to 47.2 cents ⁽¹⁾), on or before 30 June 2013 | (2,500,000) | - |
| Terminated during the year | | |
| • Exercisable at 25 cents (reduced to 22.2 cents ⁽¹⁾), on or before 12 July 2014 | (10,000,000) | |
| At reporting date | 53,600,000 | 63,725,806 |

⁽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 2013 and 30 June 2012 are as follows:

NOTE 15: ISSUED CAPITAL (cont.)

| | 2013 | 2012 |
|-----------------------------|-----------|-----------|
| | \$ | \$ |
| Cash and cash equivalents | 1,585,081 | 8,191,882 |
| Trade and other receivables | 165,720 | 353,340 |
| Other financial assets | 125,747 | - |
| Trade and other payables | (373,382) | (716,469) |
| Working capital position | 1,503,166 | 7,828,753 |

16: OPTIONS RESERVE

| | 2013 | 2012 |
|--|-----------|-----------|
| | \$ | \$ |
| Options Reserve | 5,854,847 | 5,416,650 |
| Movements during the year: | | |
| At the beginning of the reporting period | 5,416,650 | 877,150 |
| Share-based payments | 438,197 | 4,539,500 |
| At reporting date | 5,854,847 | 5,416,650 |

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

17: CASHFLOW INFORMATION

| | 2013 | 2012 |
|--|-------------|-------------|
| | \$ | \$ |
| (a) Reconciliation of Cash Flow from Operations with loss after Income Tax | | |
| Loss after income tax | (5,351,338) | (1,663,560) |
| Cash flows excluded from loss attributable to operating activities | | |
| Non-cash flows in loss from ordinary activities | | |
| Depreciation | 99,766 | 62,133 |
| Loss on disposal of plant and equipment | - | 3,807 |
| Impairment of Exploration and Evaluation | 3,938,332 | 1,007,701 |
| 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 | 172,269 | (170,860) |
| (Increase) in prepayments and other assets | (125,354) | (1,680) |
| Increase/ (Decrease) in payables | 51,885 | (25,872) |
| Cash flow used in operations | (1,367,529) | (788,331) |

(b) Credit Standby Facilities

The Company had no credit standby facilities as at 30 June 2013 (2012: nil).

17: CASHFLOW INFORMATION (cont.)

(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 2013

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

Share issues

For the year ended 30 June 2012

On 7 November 2011, 250,000 ordinary shares were issued at \$0.19 each as the consideration for the purchase of tenements. The issue was based on the market price at the date of purchase.

18: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2013:

On 14 September 2012, 7,600,000 share options were granted to Directors to take up ordinary shares at an exercise price of \$0.177 each. The options are exercisable on or before 11 September 2015.

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:

| | 2013 Number of Options | 2012 Number of Options | 2013 Weighted Average Exercise Price \$ | 2012 Weighted Average Exercise Price \$ |
|--------------------------------------|------------------------------|------------------------------|---|---|
| Outstanding at beginning of the year | 40,500,000 | 20,781,966 | \$0.241 | \$0.28 |
| Granted | 7,600,000 | 35,000,000 | \$0.1491 | \$0.221 |
| Forfeited | (10,000,000) | - | \$0.221 | - |
| Exercised | - | - | - | - |
| Expired | (5,500,000) | (15,281,966) | \$0.341 | \$0.221 |
| Outstanding at year-end | 32,600,000 | 40,500,000 | \$0.201 | \$0.241 |
| Exercisable at year-end | 32,600,000 | 40,500,000 | \$0.201 | \$0.241 |

The options outstanding at 30 June 2013 had a weighted average exercise price of \$0.20 (2012: \$0.24) and a remaining weighted average contractual life of 1.30 years (2012: 1.82 years). The exercise price of the options ranged from 14.9 to 22.2 cents.

The weighted average fair value of the options granted during the year was 7.25 cents (2012: 12.97). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

| | 2013 | 2012 |
|---|--------|--------|
| Weighted average exercise price (cents) | 14.91 | 22.21 |
| Weighted average life of the option (years) | 3.04 | 3.0 |
| Weighted average underlying share price (cents) | 11.5 | 20.0 |
| Expected share price volatility | 110.0% | 110.0% |
| Weighted average risk free interest rate | 2.61% | 4.76% |

The exercise prices outlined above have been updated to reflect the exercise prices post in-specie distribution (refer note 27). The comparative 2012 figures have also been re-stated to be comparable to the current period. Please note that for options valuation purposes in the accounts the exercise price of 17.7 cents was used as the options were issued and valued before the in-specie distribution occurred.

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, except for:

On 12 July 2013, 10,000,000 options expired, unexercised.

20: RELATED PARTY TRANSACTIONS

| | 2013 \$ | 2012 \$ |
|---|------------|------------|
| 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. | | |
| Mineral Exploration Services | 889,517 | 1,100,854 |
| As at 30 June 2013, \$131,775 (2012: \$115,284) was payable to XServ Pty Ltd, and \$4,153 (2012: \$7,821) 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 | 277,953 | - |
| As at 30 June 2013, \$24,686 (2012: \$nil) was receivable from Enterprise Uranium Limited. | | |
| Mega Capital Resources Ltd | | |
| Ms Mao is 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 | 18,000 | - |
| As at 30 June 2013, \$18,000 (2012: \$nil) 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 2013, \$nil (2012: \$nil) was payable to Mining Management Consulting. | | |

20: RELATED PARTY TRANSACTIONS (cont.)

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 provides accounting, administration and Corporate Advisory Services to Enterprise Metals Limited.

DWCorporate Pty Ltd

As at 30 June 2013, \$nil (2012: nil) was payable to DWCorporate Pty Ltd.

2013
\$

2012
\$

166,589

89,197

Legend Mining Limited

Mr Ryan is a Director of ASX listed Legend Mining Limited. During the year, there were transactions between the Group and Legend Mining Limited for the following:

Purchase of fixed assets from Legend Mining Limited

Payment of administration expenses to Legend Mining Limited

Consulting services provided by the Group to Legend Mining Limited

As at 30 June 2013, \$nil (2012: \$nil) was payable to Legend Mining Limited, and \$nil (2012: \$1,754) was receivable from Legend Mining Limited.

- 85,000

- 976

- 7,720

21: CAPITAL AND LEASING COMMITMENTS

Capital expenditure commitments:

Capital expenditure commitments contracted for:

Exploration tenement minimum expenditure requirements

Amounts payable:

- not later than 12 months

- between 12 months and 5 years

- greater than 5 years

2013
\$

2012
\$

2,055,895 2,616,000

3,559,946 10,464,000

183,300 -

5,799,141 13,080,000

Commitments relate to granted exploration and prospecting tenements.

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.

| | Floating Interest Rate \$ | Fixed Interest maturing in 1 year or less \$ | Fixed Interest maturing over 1 to 5 years \$ | Non-interest bearing \$ | Total \$ |
|--|---------------------------------|--|--|-------------------------------|------------------|
| 2013 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1,585,081 | - | - | - | 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 | 1,585,081 | 125,747 | - | 665,220 | 2,376,048 |
| Weighted average interest rate | 3.34% | 3.67% | | | |
| - cash assets | | | | | |
| 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 |
| | | | | | |
| | Floating Interest Rate \$ | Fixed Interest maturing in 1 year or less \$ | Fixed Interest maturing over 1 to 5 years \$ | Non-interest bearing \$ | Total \$ |
| 2012 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 2,029,739 | 6,162,143 | - | - | 8,191,882 |
| Loans and receivables | - | - | - | 353,340 | 353,340 |
| Total Financial assets | 2,029,739 | 6,162,143 | - | 353,340 | 8,545,222 |
| Weighted average interest rate – cash assets | 4.95% | 5.93% | | | |
| Financial Liabilities at amortised cost | | | | | |
| Trade and other payables | - | - | - | 716,469 | 716,469 |
| Total Financial Liabilities | - | - | - | 716,469 | 716,469 |
| Net financial assets | 2,029,739 | 6,162,143 | - | (363,129) | 7,828,753 |

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 2013. 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 | 2013 | 2012 |
|---------------------------|------|-----------|-----------|
| | | \$ | \$ |
| Cash and cash equivalents | 8 | 1,585,081 | 8,191,882 |
| - AA Rated | | | |

(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.

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.

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 2013 | | |
| +/-1% in interest rates | +/- 24,531 | +/- 24,531 |
| Year ended 30 June 2012 | | |
| +/-1% in interest rates | +/- 107,369 | +/- 107,369 |

Net 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 values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

For unlisted investments where there is no organised financial market, the net 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.

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

22: FINANCIAL INSTRUMENTS (cont.)

| | 2013 | 2013 | 2012 | 2012 |
|--|------------------|------------------|------------------|------------------|
| | Carrying Amount | Net Fair Value | Carrying Amount | Net Fair Value |
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | 1,585,081 | 1,585,081 | 8,191,882 | 8,191,882 |
| Loans and receivables | 165,720 | 165,720 | 353,340 | 353,340 |
| Available for sale financial assets | 499,500 | 499,500 | - | - |
| Other financial assets | 125,747 | 125,747 | - | - |
| Total Financial Assets | 2,376,048 | 2,376,048 | 8,545,222 | 8,545,222 |
| Financial Liabilities at amortised cost | | | | |
| Trade and other payables | 373,382 | 373,382 | 716,469 | 716,469 |
| Total Financial Liabilities | 373,382 | 373,382 | 716,469 | 716,469 |

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)

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------|---------|---------|---------|
| | \$ | \$ | \$ | \$ |
| Consolidated 2013 | | | | |
| Assets | | | | |
| Financial assets | 499,500 | - | - | 499,500 |
| Total assets | 499,500 | - | - | 499,500 |

23: PARENT ENTITY DISCLOSURES

| | 2013 \$ | 2012 \$ |
|---|--------------------|--------------------|
| (a) Financial Position of Enterprise Metals Limited | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,665,592 | 8,145,982 |
| Trade and other receivables | 7,879,667 | 1,851,625 |
| TOTAL CURRENT ASSETS | 9,545,260 | 9,997,607 |
| NON-CURRENT ASSETS | | |
| Plant and equipment | 221,560 | 265,644 |
| Exploration and evaluation | 3,628,318 | 12,277,851 |
| Other financial assets | 8,651,694 | 8,152,194 |
| TOTAL NON-CURRENT ASSETS | 12,501,573 | 20,695,689 |
| TOTAL ASSETS | 22,046,832 | 30,693,296 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 1,021,970 | 716,386 |
| TOTAL CURRENT LIABILITIES | 1,021,970 | 716,386 |
| TOTAL LIABILITIES | 1,021,970 | 716,386 |
| NET ASSETS | 21,024,862 | 29,976,910 |
| EQUITY | | |
| Issued Capital | 26,675,980 | 30,081,867 |
| Reserve | 5,854,847 | 5,416,650 |
| Accumulated Losses | (11,505,965) | (5,521,607) |
| TOTAL EQUITY | 21,024,862 | 29,976,910 |
| (b) Financial Performance of Enterprise Metals Limited | | |
| Loss for the year | (5,984,358) | (1,661,540) |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive loss | (5,984,358) | (1,661,540) |

(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 2013 (2012: none).

(d) Contingent liabilities of Enterprise Metals Limited

As at 30 June 2013 the Company has bank guarantees to the value of \$40,000 (2012: \$50,000) to secure tenement bonds and \$60,000 to secure a credit card facility (2012: \$60,000).

23: PARENT ENTITY DISCLOSURES (cont.)

(e) Commitments by Enterprise Metals Limited

| | 2013 \$ | 2012 \$ |
|---|------------------|-------------------|
| Capital expenditure commitments contracted for: | | |
| Exploration tenement minimum expenditure requirements | | |
| Not longer than 1 year | 1,041,920 | 2,600,000 |
| Longer than 1 year and not longer than 5 years | 1,673,597 | 10,400,000 |
| Longer than 5 years | 183,300 | - |
| Total | 2,898,817 | 13,000,000 |

Commitments relate to granted exploration and prospecting tenements.

24: CONTINGENT LIABILITIES

As at 30 June 2013 the Group has bank guarantees to the value of \$65,000 (2012: \$50,000) to secure tenement bonds and \$60,000 to secure a credit card facility (2012: \$60,000).

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.

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

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. At 30 June 2013 the share price of ENU was 3.7 cents, this lead to an impairment of \$2,200,500 of the available for sale financial asset for the period.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 30 to 64, 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 2013 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 2013.
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 27 September 2013, Perth WA



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 2013, 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in 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 \$5,351,338 and cash outflows from operating activities of \$1,367,529 for the year ended 30 June 2013. 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, 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 26 to 28 of the directors' report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Enterprise Metals Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 27 September 2013

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 31 August 2013

(a) Distribution of Shareholders

| Category (size of holding) | Number Holders | Number Shares |
|----------------------------|----------------|---------------|
| 1 – 1,000 | 76 | 6,317 |
| 1,001 – 5,000 | 206 | 670,125 |
| 5,001 – 10,000 | 232 | 1,979,250 |
| 10,001 – 100,000 | 620 | 23,239,392 |
| 100,001 – and over | 198 | 187,325,692 |
| | 1,332 | 213,220,776 |

(b) The number of shareholdings held in less than marketable parcels is 379 (1,333,508 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.

(d) 20 Largest Shareholders — Ordinary Shares as at 24 September 2013

| | | | |
|-----|---|-------------|-------|
| 1. | SINOTECH (HONG KONG) CORPORATION LIMITED | 72,000,000 | 33.77 |
| 2. | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 12,991,655 | 6.09 |
| 3. | MR DERMOT MICHAEL RYAN + MRS VIVIENNE ELEANOR RYAN <RF SUPER FUND A/C> | 7,275,000 | 3.41 |
| 4. | MR WILLIAM JOHN ROBERTSON + MRS JUNE DIANE ROBERTSON <ROBERTSON SUPER FUND A/C> | 5,864,656 | 2.75 |
| 5. | MR DERMOT MICHAEL RYAN + MRS VIVIENNE ELEANOR RYAN <THE ENTERPRISE A/C> | 5,000,000 | 2.34 |
| 6. | MR PHILIP HOFF <UHW SUPER FUND A/C> | 4,432,595 | 2.08 |
| 7. | WINDSONG VALLEY PTY LTD <WHEELER FAMILY A/C> | 3,823,008 | 1.79 |
| 8. | ROSANE PTY LTD <ROSANE HOLDINGS S/F A/C> | 3,500,000 | 1.64 |
| 9. | LARSEN SUPERANNUATION FUND PTY LTD <LARSEN SUPER FUND A/C> | 2,986,600 | 1.40 |
| 10. | MR FRANCIS LESLIE OWEN + MRS ELIZABETH ANN OWEN <OWEN S/F A/C> | 2,901,333 | 1.36 |
| 11. | MR MILES GEORGE SMYTH | 2,695,895 | 1.26 |
| 12. | AVANTEOS INVESTMENTS LIMITED <2871495 S ALFIERI A/C> | 2,050,000 | 0.96 |
| 13. | MRS JINGHUA ZHANG | 1,495,000 | 0.70 |
| 14. | AVANTEOS INVESTMENTS LIMITED <2852902 E ALFIERI A/C> | 1,450,000 | 0.68 |
| 15. | MS LYDIA DI MAGGIO <ZARA A/C> | 1,410,000 | 0.66 |
| 16. | GOLFER HOLDINGS PTY LTD <LP HEALY SUPER FUND A/C> | 1,300,000 | 0.61 |
| 17. | SA CAPITAL FUNDS MANAGEMENT LIMITED <SACFM NO 1 FUND A/C> | 1,286,835 | 0.60 |
| 18. | PHILEL PTY LTD <D & E SKAZAS FAMILY A/C> | 1,277,934 | 0.60 |
| 19. | MR BEREND JOHN PHILIP HOFF + MRS PETA LINDSAY HOFF <BEREND HOFF SUPER FUND A/C> | 1,250,000 | 0.59 |
| 20. | MR GARY JAMES TURNBULL | 1,200,000 | 0.56 |
| | | 136,190,511 | 63.87 |

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 43,600,000 options are on issue of which 25,860,501 are on issue to the five Directors.

7. Use of Funds

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

| Tenement | Lease Status | Project | % Held |
|----------|--------------|--------------|--------|
| E57/834 | Granted | Booylgoo | 100% |
| E70/3637 | Granted | Burracoppin | 100% |
| E70/3638 | Granted | Burracoppin | 100% |
| E70/4538 | Application | Burracoppin | 100% |
| E77/1752 | Granted | Burracoppin | 100% |
| E36/706 | Granted | Darlot | 80% |
| E36/731 | Granted | Darlot | 100% |
| E36/768 | Granted | Darlot | 100% |
| E36/778 | Granted | Darlot | 100% |
| E36/781 | Granted | Darlot | 100% |
| E36/795 | Granted | Darlot | 100% |
| E36/800 | Granted | Darlot | 100% |
| E36/801 | Granted | Darlot | 100% |
| E37/1031 | Granted | Darlot | 100% |
| E37/1075 | Granted | Darlot | 100% |
| E37/1105 | Granted | Darlot | 100% |
| E37/1112 | Granted | Darlot | 100% |
| E37/859 | Granted | Darlot | 80% |
| E37/926 | Granted | Darlot | 100% |
| E37/927 | Granted | Darlot | 100% |
| E37/939 | Granted | Darlot | 100% |
| E37/947 | Granted | Darlot | 100% |
| M37/1288 | Granted | Darlot | 100% |
| E04/2068 | Granted | Derby | 100% |
| E04/2069 | Granted | Derby | 100% |
| E04/2070 | Granted | Derby | 100% |
| E51/1079 | Granted | Doolgunna | 100% |
| E51/1168 | Granted | Doolgunna | 100% |
| E51/1301 | Granted | Doolgunna | 100% |
| E51/1303 | Granted | Doolgunna | 100% |
| E51/1304 | Granted | Doolgunna | 100% |
| E52/2049 | Granted | Doolgunna | 100% |
| E52/2404 | Granted | Doolgunna | 80% |
| E52/2406 | Granted | Doolgunna | 80% |
| P51/2624 | Granted | Doolgunna | 100% |
| P51/2625 | Granted | Doolgunna | 100% |
| P51/2626 | Granted | Doolgunna | 100% |
| P51/2627 | Granted | Doolgunna | 100% |
| E69/2607 | Granted | Earaheedy | 100% |
| E69/2636 | Granted | Earaheedy | 100% |
| E63/1281 | Granted | Fraser Range | 100% |
| E63/1282 | Granted | Fraser Range | 100% |
| E63/1283 | Granted | Fraser Range | 100% |
| E63/1448 | Granted | Fraser Range | 100% |
| E59/1879 | Application | Perenjori | 100% |
| E59/1870 | Application | Thanda | 100% |
| E59/1894 | Application | Thanda | 100% |
| E59/1895 | Application | Thanda | 100% |
| E20/620 | Granted | Wattagee | 100% |
| E20/726 | Granted | Wattagee | 100% |
| E20/839 | Application | Wattagee | 100% |
| E51/1565 | Application | Wattagee | 100% |
| P20/2155 | Granted | Wattagee | 100% |
| E59/1728 | Granted | Yalgoo | 100% |
| E59/1786 | Application | Yalgoo | 100% |
| E59/1787 | Granted | Yalgoo | 100% |
| E59/1908 | Application | Yalgoo | 100% |
| E59/1911 | Application | Yalgoo | 100% |
| E59/1987 | Application | Yalgoo | 100% |
| E59/1988 | Application | Yalgoo | 100% |

