

SHENTON RESOURCES LIMITED – ABN 16 152 726 595

ABN: 16 152 726 595



**Shenton**   
**Resources Limited**

**ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2014**

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## **CORPORATE DIRECTORY**

### **DIRECTORS**

Jeremy David Shervington (Non-Executive Chairman)  
Bradley Gordon John Abbott (Executive Director)  
Robert Alastair St John Beeck (Non-Executive Director)

### **COMPANY SECRETARY**

Bradley Gordon John Abbott

### **REGISTERED OFFICE**

813 Wellington Street WEST PERTH WA 6005

### **WEBSITE**

[www.Shentonresources.com.au](http://www.Shentonresources.com.au)

### **FOR SHAREHOLDER INFORMATION CONTACT**

#### **ADVANCED SHARE REGISTRY**

150 Stirling Hwy  
Nedlands WA 6009

PO Box 1156  
Nedlands WA 6909

Tel: (618) 9389 8033  
Fax: (618) 9389 7871

[www.advancedshare.com.au](http://www.advancedshare.com.au)

### **FOR INFORMATION ON THE COMPANY CONTACT**

#### **PRINCIPAL & REGISTERED OFFICE**

Bradley Gordon John Abbott  
813 Wellington Street WEST PERTH WA 6005

#### **SOLICITORS**

Jeremy Shervington  
Barrister & Solicitor  
52 Ord Street  
WEST PERTH WA 6005

#### **BANKERS**

National Australia Bank  
Capital Office  
Ground Floor, 100 St George Terrace  
Perth WA 6000

#### **AUDITORS**

Somes Cooke  
Level 2 35 Outram St  
West Perth WA 6005

## CORPORATE DIRECTORY

### PROJECT SUMMARY

#### GOONGARRIE PROJECT

The Company had entered into the Goongarrie Agreement pursuant to which the Company had acquired a 100% interest in the Goongarrie Project. The Goongarrie Project comprises Exploration Licence 29/746 covering an area of 144 sq km. It is located, approximately 90km north from Kalgoorlie along the Menzies Highway (Figure 1).

The project lies in the northwest of the Kalgoorlie Terrain, in the northern half of the Menzies-Kambalda region of the Norseman-Wiluna Belt in the Archaean Yilgarn Craton of Western Australia. The project is almost wholly located over gneissic granitoid rocks of the Mt Pleasant-Goongarrie Complex. Mafic and ultramafic rocks possibly occur under cover in the eastern margins of the tenement in the Bardoc Tectonic Zone. Granite rocks themselves are generally not significant host rocks for gold production in the Menzies-Kambalda region, though they are locally significant. The Lady Bountiful gold deposit occurring in the Liberty Granodiorite was mined in the late 1980s. More recently Golden Cities deposits located approximately 40 km north of Kalgoorlie and the adjacent Federal deposit were discovered in the late 1990's, wholly within the Scotia-Kanowna internal granitoid. Nearby to the northeast the Rainbow Dam Granodiorite hosts the new gold discovery of Mt Jewell. Other examples include Comet Vale, Dixie, Missouri and Theil Well deposits (all in the Goongarrie-Mt Pleasant region and all of which have had moderate historical gold production) located in areas where the principal gold-mineralized structures appear to be related to the forceful emplacement of granitoids.

Modern exploration by previous explorers in the Goongarrie Project area has focussed on testing for both the granite-hosted and 'structural-deformation-related-to-granite-emplacement' styles as well as placer style palaeochannel deposits, which could be considered to be locally important.

At the Goongarrie Project area historical drilling has returned anomalous 4metre-composite aircore intercepts of 3417ppb Au, 1910 ppb Au and 1621 ppb Au at the transported and saprock interface. 1metre re-samples, using fire assay, had returned a best value of 3m @ 2.75g/t Au, including 1m @ 5.89g/t Au.

During the year a systematic soil geochemical sampling program was completed on east-west traverses with samples collected every 50m on nine 2 km long lines 400m apart. The programme was designed to test the main massive magnetic zone, one of the stronger NNE lineaments and two ovoid structures outlined by the magnetic modelling in the western part of the project. A total of 385 samples were collected by taking samples from approximately 20-25cm below the surface, except where calcrete was encountered. Results from the geochemical sampling were disappointing with best result of 5.6ppb.

In light of the exploration results received to date, general market conditions to raise capital and the Company's objective to conserve and maintain its cash position of circa \$300,000 it was decided to withdraw from the Goongarrie Agreement and Tenement Licence E29/746.

The Company continued to assess new resource project opportunities in Australia and overseas that would achieve a listing on the Australian Stock Exchange.

Jeremy Shervington - Chairman

Date - 12.9.2014



## REVIEW OF OPERATIONS

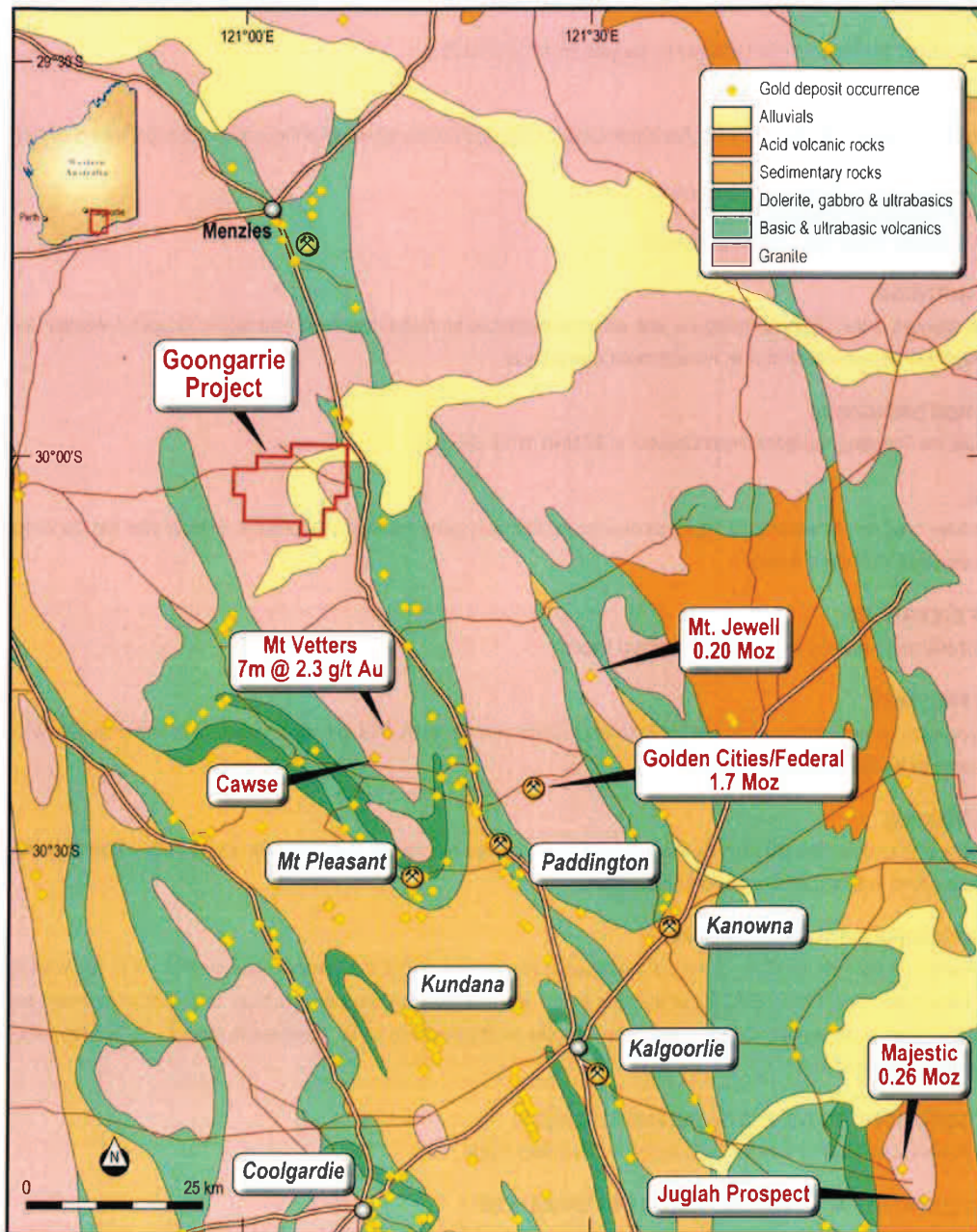


Figure 1: Goongarrie Project location plan showing granite hosted gold deposits in the Kalgoorlie region.

## **DIRECTORS' REPORT**

Your directors present their report on the Company for the year ended 30 June 2014.

### **DIRECTORS**

The following persons were directors of Shenton Resources Limited ("Shenton") during the whole of the year and up to the date of this report.

Jeremy David Shervington (Non-Executive Chairman)  
Bradley Gordon John Abbott (Executive Director)  
Robert Alastair St John Beeck (Non-Executive Director)

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company during the year were the exploration of mineral tenements prospective for gold in Western Australia and sourcing assessment and evaluation of other mineral exploration projects.

### **RESULTS FROM OPERATIONS**

During the year the Company recorded an operating loss of \$93,848 (2013: \$30,526).

### **DIVIDENDS**

No amounts have been paid or declared by way of dividend by the Company since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

### **REVIEW OF OPERATIONS**

A review of operations is covered elsewhere in this Annual Report.

### **EARNINGS PER SHARE**

Basic Loss per share for the financial period was (0.88) cents (2013 period 0.23 cents). Diluted Loss per share in respect of the year ended 30 June 2014 is the same as the Basic Loss per share.

### **FINANCIAL POSITION**

The Company's cash position as at 30 June 2014 was \$303,897, a decrease from the 30 June 2013 cash balance which was \$324,908. The cash position is adequate to fund committed exploration expenditure.

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Significant changes in the state of affairs of the Company during the financial period, the Company has decided not to renew its rights to the Goongarrie Project tenement licence E29/746, at the year ended 30 June 2014 the company will have no project or tenement licences. The ordinary shares issued to the vendors including two of the directors for the purchase of the Tenement Number EL 29/746 have therefore been surrendered for nil consideration.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

No material matters have occurred subsequent to the end of the financial year.

### **LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

### **ENVIRONMENTAL ISSUES**

The Company carries out operations in Australia which are subject to environmental regulations under both Commonwealth and State legislation in relation to those exploration activities.

The Company's exploration manager is responsible for being aware of and monitoring compliance with regulations. During or since the financial period there have been no known significant breaches of these regulations.



## **DIRECTORS' REPORT**

### **INFORMATION ON DIRECTORS AND COMPANY SECRETARIES**

#### **J D Shervington B.Juris, LLB. – Non Executive Chairman**

Mr Shervington operates a legal practice in Western Australia. He specialises in the laws regulating companies and the securities industry in Australia. Mr Shervington has 30 years' experience as a lawyer, gained since his admission as a Barrister and Solicitor of the Supreme Court of Western Australia. Mr Shervington has since 1983 served as a director of various ASX listed companies as well as a number of unlisted public and private companies. Mr Shervington is currently also a director of the following ASX listed companies: Australian Zircon NL, Emerald Oil & Gas NL, Horseshoe Metals Limited and Ridge Resources Limited. During his commercial and legal careers Mr Shervington has been involved in numerous capital raisings both as adviser and as a director of the raising entity. He has a thorough understanding of the equity capital markets insofar as the raising of equity is concerned and has a clear appreciation and working knowledge of the mechanical requirements and steps involved.

Mr Shervington has a relevant interest in 1,637,500 fully paid ordinary shares and 2 million options to acquire fully paid ordinary shares.

#### **B G J Abbott – Executive Director/ Company Secretary**

Mr Abbott is currently Managing Director of Abbott's Pty Ltd a boutique accounting practice in West Perth that specializes in providing advice for small to medium businesses. Mr Abbott has since 1980 served as a director and/or secretary of several listed and unlisted public companies and numerous private companies.

Mr Abbott holds a Bachelor of Business degree from Curtin University and is a fellow of The Institute of Chartered Accountants and The Taxation Institute of Australia as well as a registered Tax Agent and Company Auditor.

Mr Abbott has been involved in resource companies and gold prospecting syndicates in Australia and Asia for over 15 years including capital raisings therein.

Mr Abbott has a relevant interest in 1,725,000 ordinary fully paid share and 2 million options to acquire fully paid ordinary shares.

#### **R A S Beeck – Non-Executive Director**

Mr Beeck has in excess of 25 years' experience in mineral processing operations management in Australia related to nickel, diamonds, gold and iron ore. He has previously worked for Western Mining Corporation, Argyle Diamond Mines Ltd, Pegasus Gold, AMX Resources Ltd and HWE Mining.

He has had senior roles in mine site operations, management of feasibility studies, management of engineering design and construction of ore processing and infrastructure projects and is presently manager of engineering at Leighton Contractor's Resources Division. Mr Beeck is an Associate Member of the AusIMM Minerals Institute and has completed a Master of Business Administration degree from the University of Western Australia. Mr Beeck has been involved in grass roots gold prospecting for over 15 years in Western Australia which also involved capital raising to fund exploration expenditure thereon.

Mr Beeck has a relevant interest in 1,675,000 ordinary fully paid shares and 2 million options to acquire fully paid ordinary shares.

### **REMUNERATION OF DIRECTORS**

The Directors have resolved not to award themselves any form of remuneration until such time that the company lists on the Australian Stock Exchange.

### **AUDIT COMMITTEE**

The Company chose to form a separately constituted Audit Committee comprising of Jeremy Shervington and Robert Beeck to review and consider the financial statements and all matters normally considered by an audit committee.

### **MEETINGS OF DIRECTORS**

During the financial year ended 30 June 2014, there were three meetings of directors and one circulating resolution passed, all of which were attended by all the directors or the circulating resolution was signed by all directors.

### **CORPORATE STRUCTURE**

Shenton Resources is a limited company incorporated and domiciled in Australia.

## DIRECTORS' REPORT

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements indemnifying, to the extent permitted by law, all the Directors and officers of the Company against all losses or liabilities incurred by each director and officer in their capacity as directors and officers of the Company. During the year an amount of \$3,203 (2013: \$3,203) was incurred in insurance premiums for this purpose.

### OPTIONS

As at the date of this report, there are 6 million options (valued at \$0.20) held by the Directors which are exercisable on or before a period of 5 years after an additional \$500,000 of capital is raised. During the 2014 financial year, no capital raising activities have occurred.

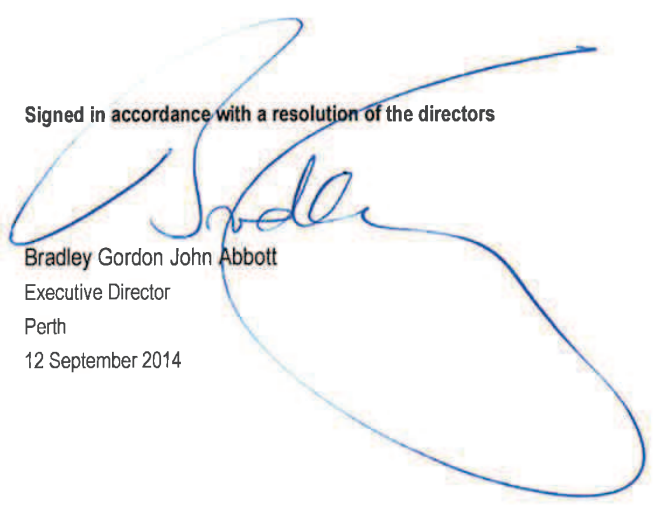
### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in this annual report.

Signed in accordance with a resolution of the directors



Bradley Gordon John Abbott

Executive Director

Perth

12 September 2014



## AUDITOR'S INDEPENDENCE DECLARATION

### Auditors Independence Declaration

To those charged with governance of Shenton Resources Limited

As auditor for the audit of Shenton Resources Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the 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.

Somes Cooke



Nicholas Hollens

Level 2 35 Outram Street  
West Perth WA 6005  
Date: 12 September 2014

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the year ended 30 June 2014

	Notes	2014 (\$)	2013 (\$)
<b>Revenue:</b>			
Other revenue	3	10,185	13,435
<b>Expenses:</b>			
Depreciation expense		-	-
Exploration and tenement expenses		-	-
Impairment of Mining Properties	10	(88,674)	-
Share based payments expense		-	-
Other expenses	3	(15,359)	(43,961)
<b>(Loss) before income tax expense</b>		<b>(93,848)</b>	<b>(30,526)</b>
Income tax expense	4	-	-
<b>(Loss) from continuing operations</b>		<b>(93,848)</b>	<b>(30,526)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(93,848)</b>	<b>(30,526)</b>
<b>Total comprehensive income for year attributable to members of the Company</b>		<b>(93,848)</b>	<b>(30,526)</b>
Basic (loss) per share (cents per share)	7	(0.88)	(0.23)
Diluted (loss) per share (cents per share)	7	(0.88)	(0.23)

*The accompanying notes form part of these financial statements.*

**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2014**

	Notes	2014 (\$)	2013 (\$)
<b>Current Assets</b>			
Cash and cash equivalents	8	303,897	324,908
Trade and other receivables	9	1,790	1,957
<b>Total Current Assets</b>		<u>305,687</u>	<u>326,865</u>
<b>Non-Current Assets</b>			
Mining Properties	10	-	465,330
<b>Total Non-Current Assets</b>		<u>-</u>	<u>465,330</u>
<b>TOTAL ASSETS</b>		<u>305,687</u>	<u>792,195</u>
<b>Current Liabilities</b>			
Trade and other payables	11	8,284	8,644
<b>Total Current Liabilities</b>		<u>8,284</u>	<u>8,644</u>
<b>Non-Current Liabilities</b>			
Long-Term Creditor	12	7,700	-
<b>Total Non-Current Liabilities</b>		<u>7,700</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>15,984</u>	<u>8,644</u>
<b>NET ASSETS</b>		<u>289,703</u>	<u>783,551</u>
<b>Equity</b>			
Contributed equity	13	422,611	822,611
Accumulated (losses)		(132,908)	(39,060)
<b>TOTAL EQUITY</b>		<u>289,703</u>	<u>783,551</u>

*The accompanying notes form part of these financial statements.*

# STATEMENT OF CHANGES IN EQUITY

## For the year ended 30 June 2014

	Ordinary Share Capital (Net of Costs) (\$)	Accumulated Losses (\$)	Total (\$)
<b>Balance at 1.7.2013</b>	822,611	(39,060)	783,551
Operating (loss) for the year	-	(93,848)	(93,848)
Shares issued during the year	-	-	-
Share Cancellation	(400,000)	-	(400,000)
<b>Balance at 30.6.2014</b>	<b>422,611</b>	<b>(132,908)</b>	<b>289,703</b>
<b>Balance at 1.7.2012</b>	822,611	(8,534)	814,077
Operating (loss) for the year	-	(30,526)	(30,526)
Shares issued during the year	-	-	-
Share issue costs	-	-	-
<b>Balance at 30.6.2013</b>	<b>822,611</b>	<b>(39,060)</b>	<b>783,551</b>

*The accompanying notes form part of these financial statements.*

**STATEMENT OF CASH FLOWS**  
**For the year ended 30 June 2014**

	Notes	2014 (\$)	2013 (\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash payments to suppliers and contractors		(31,147)	(42,355)
Interest received		10,136	13,484
<b>Net cash (used in) operating activities</b>	14	<u>(21,011)</u>	<u>(28,871)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation		-	(40,299)
<b>Net cash (used in) investing activities</b>		<u>-</u>	<u>(40,299)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from new issues of shares		-	-
Share issue expenses		-	-
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		(21,011)	(69,170)
Cash and cash equivalents at the beginning of the financial year		324,908	394,078
<b>Cash and cash equivalents at the end of the financial year</b>	8	<u>303,897</u>	<u>324,908</u>

*The accompanying notes form part of these financial statements.*

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

This financial report includes the financial statements and notes of the Company.

#### NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were authorised for issue on the date of the director's report.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report.

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. 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 and have been consistently applied unless otherwise stated.

##### *Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

##### *Going Concern*

The directors have prepared the financial statements of the Company on a going concern basis. In arriving at this position, the directors have considered the following pertinent matters:

- (a) cash and cash equivalents on hand at the date of this report is approximately \$303,897;
- (b) current cash resources are considered adequate to fund the entity's immediate operating and exploration activities.

In the directors' opinion, the Company is able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

##### **Accounting Policies**

##### **(a) Revenue**

Interest revenue is recognised on a proportional basis taking into account interest rates applicable to the financial asset. All revenue is stated net of the amount of goods and services tax (GST).

##### **(b) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by non-casual employees to balance 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. There is no liability for long service leave entitlements.

##### **(c) Mining Properties**

Exploration and evaluation costs incurred are capitalised in respect of each identifiable area of interest where the rights to tenure are current. These costs are only capitalised to the extent that they are expected to be recovered 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.

##### *Impairment*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

##### **(d) Acquisition of Assets**

The cost method is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of assets given up at the date of acquisition plus costs incidental to the acquisition.

Costs relating to the acquisition of new areas of interest are classified as either exploration and evaluation expenditure or mine properties based on the stage of development reached at the date of acquisition.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

#### (e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (f) Income Tax

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

Current income tax expense charged to the Statement of Profit or Loss and Other Comprehensive Income is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities and assets are therefore measured at the amounts expected to be paid to or 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, if any in fact are brought to account.

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 reporting date. 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.

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.

#### (g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

#### (h) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

#### (i) Earnings per Share

- (i) *Basic Earnings per Share* – Basic earnings per share is determined by dividing the loss from continuing operations after related income tax expense by the weighted average number of ordinary shares outstanding during the financial period.
- (ii) *Diluted Earnings per Share* – Diluted EPS is calculated as net loss attributable to members, adjusted for:
  - costs of servicing equity (other than dividends);
  - the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
  - other discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

#### (j) Property, plant and equipment

Each class of plant, equipment and motor vehicles is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant, equipment and motor vehicles are measured on the cost basis.

The carrying amounts of plant, equipment and motor vehicles are reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### Depreciation

The depreciable amount of all plant, equipment and motor vehicles are depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for the class of plant, equipment and motor vehicle depreciable assets range between 20% and 100%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position 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.

#### (k) Financial Instruments

##### Recognition and Initial Measurement

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.

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

##### Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit and loss.

The Company does not designate any interests in 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.

##### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

##### Available-for-sale financial assets

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

Available-for-sale financial assets are non-derivative financial assets that are not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains and losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit and loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current assets.

#### *Financial liabilities*

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

#### **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 Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the profit or loss.

#### **Financial Guarantees**

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

#### **De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows 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 expired. 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.

#### **(l) Provisions**

Provisions are recognised when the Company 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.

#### **(m) Leases**

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

Lease incentives under operating leases, if any, are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

#### **(n) Contributed Equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### **(o) Share-based Payments and Value Attribution to Equity Remuneration/Benefits**

Share-based compensation benefits provided to directors are approved in general meeting by members. Share-based benefits provided to non-directors are approved by the Board of Directors and form part of that employee's remuneration package.

The International Financial Reporting Standards specifies that a valuation technique must be applied in determining the fair value of employees' or directors' stock options as at their grant date. No particular model is specified.

In respect of share options granted, the (theoretical) fair value is recognised over the vesting period as an employee benefit expense with a corresponding increase in equity. The theoretical fair value of the options is calculated at the date of grant taking into account the terms and

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**(p) Comparative Figures**

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

**(q) Segment Reporting**

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the company as the Managing Director and other members of the Board of directors.

**(r) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements 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 from within the Company.

*Key Estimates - Taxation*

Balances disclosed in the financial statements and the notes thereto related to taxation are based on best estimates by directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income tax legislation and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current tax position represents the directors' best estimate pending an assessment being received from the Australian Taxation Office.

*Key Judgment – Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

*Key Estimates - Impairment*

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**(s) New Accounting Standards**

A number of new and amended Australian Accounting Standards became applicable for the first time for report periods beginning on or after the 1<sup>st</sup> July 2013. These standards did not materially impact on these Financial Statements.

## NOTE 2 OPERATING SEGMENTS

### Segment Information

#### Identification of reportable segments

The Company has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company's principal activity is mineral exploration.

#### Revenue and assets by geographical region

The Company's revenue is received from sources and assets are located wholly within Australia.

#### Major customers

Due to the nature of its current operations, the Company does not provide products and services.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 30 June 2014

NOTE 3	REVENUE AND EXPENDITURE	2014 (\$)	2013 (\$)
	<b>REVENUE</b>		
	<b>Other Income</b>		
	Interest Income	10,185	13,435
		<u>10,185</u>	<u>13,435</u>
	<b>EXPENDITURE</b>		
	<b>Other Expenses</b>		
	Filing and ASX Fees	4,272	7,117
	Corporate and management	11,087	36,844
		<u>15,359</u>	<u>43,961</u>

NOTE 4	INCOME TAX EXPENSE	2014 (\$)	2013 (\$)
	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax asset/liability	-	-
		<u>-</u>	<u>-</u>

The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:

Loss from continuing operations before income tax	<u>(93,848)</u>	<u>(30,526)</u>
Prima facie tax benefit attributable to loss from continuing operations before income tax at 30%	(28,154)	(9,158)

Tax effect of Non-allowable items

<ul style="list-style-type: none"> <li>Decline in value deduction</li> <li>Capital raising costs deduction</li> <li>Other accruals</li> <li>Mining Properties</li> </ul>	(7,003) (2,933) 569 26,602	(12,090) (2,933) 2,233 -
Deferred tax benefit on tax losses not brought to account	<u>10,919</u>	<u>21,948</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

### Unrecognised temporary differences

Net deferred tax assets (calculated at 30%) have not been recognised in respect of the following items:

Accruals	<u>750</u>	<u>2,233</u>
Unrecognised deferred tax assets relating to the above temporary differences	<u>750</u>	<u>2,233</u>

### Unrecognised deferred tax assets

The Company has accumulated tax losses of \$540,144 (2013: \$503,743).

The potential deferred tax asset of these losses \$162,043 (2013: \$151,123) will only be recognised if:



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the losses and deductions to be released;
- (ii) the Company continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

NOTE 5      KEY MANAGEMENT PERSONNEL COMPENSATION	2014 (\$)	2013 (\$)
Short-term employee benefits	-	-
Post-employment benefits	-	-
Equity-settled share based payments	-	-
	<u>-</u>	<u>-</u>

Further key management personnel remuneration information has been included in the Remuneration Report section of the Directors Report.

Information on related party and entity transactions is disclosed in Note 17.

#### Options held by Key Management Personnel

The number of options over fully paid ordinary shares in the Company held **during the financial year** by key management personnel and/or their statutorily related entities are set out below:

#### 30 June 2014:

Name	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Mr Shervington	2,000,000	-	-	-	2,000,000	2,000,000
Mr Abbott	2,000,000	-	-	-	2,000,000	2,000,000
Mr Beeck	2,000,000	-	-	-	2,000,000	2,000,000

#### 30 June 2013:

Name	Balance at the start of the year	Granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested & exercisable at the end of the year
Mr Shervington	2,000,000	-	-	-	2,000,000	2,000,000
Mr Abbott	2,000,000	-	-	-	2,000,000	2,000,000
Mr Beeck	2,000,000	-	-	-	2,000,000	2,000,000



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

#### Shares held by Key Management Personnel

The number of shares in the company held during the financial year by key management personnel and/or their related entities are set out below:

#### 30 June 2014:

Name	Balance at the start of the year	Share movements	Balance at the end of the year
Mr Shervington Ordinary shares	1,637,500	-	1,637,500
Mr Abbott Ordinary shares	2,287,500	(562,500)	1,725,000
Mr Beeck Ordinary shares	2,675,000	(1,000,000)	1,675,000

#### 30 June 2013:

Name	Balance at the start of the year	Share movements	Balance at the end of the year
Mr Shervington Ordinary shares	1,637,500	-	1,637,500
Mr Abbott Ordinary shares	2,287,500	-	2,287,500
Mr Beeck Ordinary shares	2,675,000	-	2,675,000

#### NOTE 6 AUDITORS REMUNERATION

Amounts received or due and receivable by the auditors of the Company for:

Auditing and reviewing the financial report

2014 (\$)	2013 (\$)
2,500	7,500
<u>2,500</u>	<u>7,500</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

**NOTE 7 EARNINGS PER SHARE**

	2014 (\$)	2013 (\$)
The following reflects the earnings and share data used in the calculation of basic and diluted earnings per share		
Loss for the year	(93,848)	(30,526)
Earnings used in calculating basic and diluted earnings per share	<u>(93,848)</u>	<u>(30,526)</u>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>10,587,500</u>	<u>13,087,500</u>

The Company had 6,000,000 options over fully paid ordinary shares on issue at balance date. Options and contributing shares are considered to be potential ordinary shares. However, they are not considered to be dilutive in this year and accordingly have not been included in the determination of diluted earnings per share.

**NOTE 8 CASH AND CASH EQUIVALENTS**

	2014 (\$)	2013 (\$)
Cash at bank	3,897	24,908
Deposits at call	<u>300,000</u>	<u>300,000</u>
	<u>303,897</u>	<u>324,908</u>

**NOTE 9 TRADE AND OTHER RECEIVABLES**

	2014 (\$)	2013 (\$)
Accrued Interest	605	555
GST and tax refundable	<u>1,185</u>	<u>1,402</u>
	<u>1,790</u>	<u>1,957</u>

**NOTE 10 MINING PROPERTIES**

	2014 (\$)	2013 (\$)
Opening Balance	465,330	425,031
Exploration & Expenditure Capitalised	23,344	40,299
Impairment of Mining Properties	(88,674)	-
Mining Tenement Cancelled (Note 13)	<u>(400,000)</u>	<u>-</u>
Closing Balance of Mining Properties	<u>-</u>	<u>465,330</u>

**NOTE 11 TRADE AND OTHER PAYABLES**

	2014 (\$)	2013 (\$)
Trade creditors and accruals	<u>8,284</u>	<u>8,644</u>

**NOTE 12 NON CURRENT LIABILITY**

	2014 (\$)	2013 (\$)
Long Term Creditor	<u>7,700</u>	<u>-</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## For the year ended 30 June 2014

**NOTE 13 EQUITY**

	2014		2013	
	No.	\$	No.	\$
<b>Contributed Equity – Ordinary Shares</b>				
At the beginning of year	13,087,500	815,111	13,087,500	815,111
Share Cancellation (i)	(2,500,000)	(400,000)	-	-
Closing balance:	10,587,500	415,111	13,087,500	815,111
<b>Options</b>				
The Company had the following options over un-issued fully paid ordinary shares at the end of the period:				
Options exercisable at \$0.20 per option.	6,000,000	7,500	6,000,000	7,500
Closing balance:	6,000,000	422,611	6,000,000	822,611

(i) During the financial year the company decided to withdraw from the Goongarrie Agreement and Tenement License E29/746. Shareholders of the Company agreed to cancel shares that were previously granted as consideration for assignment of the tenement to the Company.

**Terms and condition of contributed equity***Ordinary Fully Paid Shares*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held, regardless of the amount paid up thereon.

On a show of hands, every holder of fully paid ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll, each member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share.

**NOTE 14 CASH FLOW INFORMATION**

	2014 (\$)	2013 (\$)
Reconciliation of operating loss after income tax with funds used in operating activities		
Operating (loss) after income tax	(93,848)	(30,526)
Depreciation and amortisation	88,674	-
Exploration expenditure written off	(23,345)	-
Changes in operating assets and liabilities:		
(Increase) in trade and other receivables relating to operating activities	167	1,017
(Increase)/decrease in prepayments	-	-
Increase in trade and other payables relating to operating activities	7,341	638
Increase in provisions	-	-
<b>Cash flow from operations</b>	<b>(21,011)</b>	<b>(28,871)</b>

**NOTE 15 TENEMENT EXPENDITURES AND LEASING COMMITMENTS**

The Company has decided not to renew its rights to the Tenement Licence E29/746 for the next twelve months therefore the company does not have to continually meet its obligations to perform minimum exploration work on tenements held. At 30 June 2014 the company did not have any tenement licences.

**NOTE 16 EVENTS SUBSEQUENT TO REPORTING DATE**

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

#### NOTE 17 RELATED ENTITY AND RELATED ENTITY TRANSACTIONS

Transactions with directors, director-related parties and related entities other than those disclosed elsewhere are as follows:

Accounting fees paid to Abbotts Pty Ltd is \$7,362. All accounting fee invoices that were issued to Shenton Resources Pty Ltd related to work performed by employees of Abbotts Pty Ltd.

Although Bradley Abbott is a Director of this company and also a Director of Abbotts Pty Ltd, there was no chargeable time included in the invoices issued for work he conducted relating to Shenton Resources Pty Ltd during the year.

The Trade Creditors of \$5,785 is payable to Abbotts Pty Ltd. Abbotts Pty Ltd paid the following operating business expenses for Shenton Resources - Insurance, Audit Fee and Government Fees.

#### NOTE 18 CONTINGENT LIABILITIES

##### Native Title

The Company is not in a position to assess the likely effect of any native title claim impacting the Company.

#### NOTE 19 FINANCIAL INSTRUMENTS DISCLOSURE

##### (a) Financial Risk Management Policies

The Company's financial instruments consist of deposits with banks, receivables, available-for-sale financial assets and payables.

Risk management policies are approved and reviewed by the board. The use of hedging derivative instruments is not contemplated at this stage of the Company's development.

##### Specific Financial Risk Exposure and Management

The main risks the Company is exposed to through its financial instruments, are interest rate and liquidity risks.

##### Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

##### Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows, cash reserves, liquid investments, receivables and payables.

##### Capital Risk

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern so that they may continue to provide returns for shareholders and benefits for other stakeholders.

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

The working capital position of the Company at 30 June 2014 and 30 June 2013 was as follows:

	2014 (\$)	2013 (\$)
Cash and cash equivalents	303,897	324,908
Trade and other receivables	1,790	1,957
Trade and other payables	(8,284)	(8,644)
<b>Working capital position</b>	<b>297,403</b>	<b>318,221</b>

##### Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is 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 is no material amounts of collateral held as security at balance date.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

The credit risk for counterparties included in trade and other receivables at balance date is detailed below.

	2014 (\$)	2013 (\$)
<b>Trade and other receivables</b>		
Trade and other receivables	604	555
GST and tax refundable	1,186	1,402
	<u>1,790</u>	<u>1,957</u>

(b) **Financial Instruments**

The Company holds no derivative instruments, forward exchange contracts and interest rate swaps.

**Financial Instrument composition and maturity analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments.

2014	Weighted Average Effective Interest Rate %	Floating Interest Rate (\$)	Non-Interest Bearing (\$)	Total (\$)
Financial Assets				
Cash and cash equivalents		300,000	3,897	303,897
Other receivables		-	1,790	1,790
Total Financial Assets	3.3%	<u>300,000</u>	<u>5,687</u>	<u>305,687</u>
Financial Liabilities				
Trade and other payables		-	8,285	8,285
Net Financial Assets		<u>300,000</u>	<u>(2,598)</u>	<u>\$297,402</u>

2014  
(\$)

Trade and other payables are expected to be paid as follows:

Less than 6 months	8,285
	<u>8,285</u>

2013	Weighted Average Effective Interest Rate %	Floating Interest Rate (\$)	Non Interest Bearing (\$)	Total (\$)
Financial Assets				
Cash and cash equivalents		300,000	24,908	324,908
Trade and other receivables		-	1,957	1,957
Total Financial Assets	4.05%	<u>300,000</u>	<u>26,865</u>	<u>326,865</u>
Financial Liabilities				
Trade and other payables		-	8,644	8,644
Net Financial Assets		<u>300,000</u>	<u>18,221</u>	<u>318,221</u>

2013  
(\$)

Trade and other payables are expected to be paid as follows:

Less than 6 months	8,644
	<u>8,644</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### For the year ended 30 June 2014

#### (c) Net Fair Values

##### *Fair value estimation*

The fair values of financial assets and liabilities are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted bid prices

The carrying values of financial assets and liabilities as presented in the statement of financial position approximate their fair value.

#### Sensitivity Analysis – Interest rate risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

As at balance date, the effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2014 (\$)	2013 (\$)
Change in loss – increase/(decrease):		
- Increase in interest rate by 2%	6,077	6,482
- Decrease in interest rate by 2%	(6,077)	(6,482)
Change in equity – increase/(decrease):		
- Increase in interest rate by 2%	6,077	6,482
- Decrease in interest rate by 2%	(6,077)	(6,482)



## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Act 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2014 and performance for the year ended on that date of the Company;
2. the Chief Financial Officer has declared pursuant to section 295A(2) of the Corporations Act 2001 that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and the notes for the financial year comply with Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. the directors have included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

Mr Bradley Abbott  
EXECUTIVE DIRECTOR

PERTH  
12 September 2014

## **Independent Auditor's Report To the members of Shenton Resources Limited**

### **Report on the Financial Report**

We have audited the accompanying financial report of Shenton Resources Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial 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 that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity'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*.

*Opinion*

In our opinion:

- (a) the financial report of Shenton Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



Somes Cooke



Nicholas Hollens  
12 September 2014  
Perth