



**P A R M E L I A**  
RESOURCES

PARMELIA RESOURCES LIMITED  
ACN 142 901 353

## **INTERIM FINANCIAL REPORT**

### **31 DECEMBER 2014**

*Note: The information contained in this condensed report is to be read in conjunction with Parmelia Resources Limited's 2014 annual report and any announcements made by the company during the half-year period ending 31 December 2014*

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ABN 48 142 901 353**  
**INTERIM FINANCIAL REPORT 31 DECEMBER 2014**

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**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ABN 48 142 901 353**  
**INTERIM FINANCIAL REPORT 31 DECEMBER 2014**

**CORPORATE DIRECTORY**

**Directors**

Nigel Gellard	Executive Chairman
Peter Ellery	Non-Executive Director
Jay Stephenson	Non-Executive Director

**Company Secretary**

Jay Stephenson

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Perth WA 6000

**ASX Code – PML**

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**DIRECTORS' REPORT**

The Directors of Parmelia Resources Limited present their report together with the financial statements of the consolidated entity being Parmelia Resources Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 31 December 2014.

**Directors**

The following persons were Directors of the Company during the period and up to the date of this report, unless otherwise stated:

Nigel Gellard	Executive Chairman
Peter Ellery	Non-executive Director
Jay Stephenson	Non-executive Director

**Results of Operations**

The loss of the Group for the period after tax amounted to \$1,186,512 (31 December 2013 loss: \$333,438).

**Review of Operations**

Parmelia Resources made significant progress towards achieving its goal of establishing a portfolio of high quality base metal assets. During the period the company also secured the rights to acquire 100% of the high grade Panda base metal project in northern Italy. A number of additional advanced base metals opportunities have been identified with technical due diligence and commercial negotiations currently underway with respect to these opportunities.

Other than the items above, there has not arisen in the interval between the end of the financial period and the date of this report any other item, transaction, or event of a material and unusual nature not otherwise dealt with in the financial statements, likely in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of the operations or the state of affairs of the Group in future financial years.

**Significant Events after the Reporting Date**

There have been no significant events after the reporting date.

**Auditor's Declaration**

The lead auditor's independence declaration for the half-year ended 31 December 2014 can be found on page 4 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.



**Nigel Gellard**  
Executive Chairman

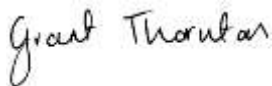
12 March 2015

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**Auditor's Independence Declaration  
To The Directors of Parmelia Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Parmelia Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C A Becker  
Partner - Audit & Assurance

Perth, 12 March 2015

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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**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Accounting and Company Secretarial fees		(28,125)	(28,656)
Audit fees		(11,964)	(10,167)
Conferences		(2,534)	(1,773)
Consulting fees		(79,488)	(48,927)
Directors' fees		(34,650)	(70,349)
Due diligence expenses		(5,789)	(960)
Exploration expenditure written off	6	(807,231)	(764)
Legal fees		(25,854)	(20,754)
Rent		(17,701)	(17,524)
Share-based payment expense	8	(112,967)	(89,627)
Share registry and listing fees		(22,693)	(20,016)
Travel and accommodation expenses		(6,987)	(2,310)
Meals and entertainment		(3,170)	(2,364)
Other administrative expenses		(31,504)	(24,761)
<b>Results from operating activities</b>		<b>(1,190,657)</b>	<b>(338,952)</b>
Financial income		4,145	5,514
Net financing income		4,145	5,514
<b>Loss before income tax</b>		<b>(1,186,512)</b>	<b>(333,438)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(1,186,512)</b>	<b>(333,438)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
<b>Total comprehensive loss for the period attributable to members of the Company</b>		<b>(1,186,512)</b>	<b>(333,438)</b>
<b>Basic/diluted loss per share (cents)</b>	3	<b>(1.64)</b>	<b>(0.79)</b>

The accompanying notes form part of these financial statements.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Note	31 December 2014 \$	30 June 2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	647,143	109,043
Trade and other receivables	5	37,146	5,307
Prepayment		25,826	4,607
<b>TOTAL CURRENT ASSETS</b>		710,115	118,957
<b>NON-CURRENT ASSETS</b>			
Term deposit	4	-	48,300
Exploration and evaluation expenditure	6	2,095,799	2,546,779
<b>TOTAL NON-CURRENT ASSETS</b>		2,095,799	2,595,779
<b>TOTAL ASSETS</b>		2,805,914	2,714,036
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	249,913	123,117
<b>TOTAL CURRENT LIABILITIES</b>		249,913	123,117
<b>NON-CURRENT LIABILITIES</b>			
Provisions	6	-	41,400
<b>TOTAL NON-CURRENT LIABILITIES</b>		-	41,400
<b>TOTAL LIABILITIES</b>		249,913	164,517
<b>NET ASSETS</b>		2,556,001	2,549,519
<b>EQUITY</b>			
Issued capital	8	6,365,903	5,472,269
Reserves		435,569	75,458
Accumulated losses		(4,245,471)	(2,998,208)
<b>TOTAL EQUITY</b>		2,556,001	2,549,519

The accompanying notes form part of these financial statements.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Issued capital	Option Reserves	Foreign Currency Reserves	Accumulated losses	Total
	\$	\$		\$	\$
<b>Balance at 1 July 2013</b>	4,227,886	18,023	-	(2,464,805)	1,781,104
Loss attributable to members of the Company	-	-	-	(333,438)	(333,438)
Other comprehensive loss, net of tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(333,438)	(333,438)
<b>Transactions with owners, recognised directly in equity</b>					
Shares issued, net of cost	1,054,203	-	-	-	1,054,203
Share based payment	-	136,209	-	-	136,209
<b>Balance at 31 December 2013</b>	<u>5,282,089</u>	<u>154,232</u>	<u>-</u>	<u>(2,798,243)</u>	<u>2,638,078</u>
<b>Balance at 1 July 2014</b>	5,472,269	154,232	(78,774)	(2,998,208)	2,549,519
Loss attributable to members of the Company	-	-	-	(1,186,512)	(1,186,512)
Other comprehensive loss, net of tax	-	-	78,774	(78,774)	-
Total comprehensive loss for the period	-	-	78,774	(1,265,286)	(1,186,512)
<b>Transactions with owners, recognised directly in equity</b>					
Equity raising, net of cost	896,634	166,877	-	-	1,060,511
Share based payment	-	132,483	-	-	132,483
Options expired	-	(18,023)	-	18,023	-
<b>Balance at 31 December 2014</b>	<u>6,365,903</u>	<u>435,569</u>	<u>-</u>	<u>(4,245,471)</u>	<u>2,556,001</u>

The accompanying notes form part of these financial statements.



**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(357,394)	(234,749)
Interest received	4,145	5,514
Net cash used in operating activities	<u>(353,249)</u>	<u>(229,235)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation expenditure	(245,910)	(484,712)
Net cash used in investing activities	<u>(245,910)</u>	<u>(484,712)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares, net of costs	986,556	1,069,535
Proceeds from issue of options	166,837	-
Capital raising costs	(64,434)	-
Net cash provided by financing activities	<u>1,088,959</u>	<u>1,069,535</u>
Net increase/(decrease) in cash and cash equivalents	489,800	355,588
Cash and cash equivalents at the beginning of the period	<u>157,343</u>	<u>299,711</u>
Cash and cash equivalents at the end of the period	<u>4</u> <u>647,143</u>	<u>655,299</u>

The accompanying notes form part of these financial statements.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2014.

**Changes in accounting policies, accounting standards and interpretations**

The Accounting policies adopted in the preparation of this half-year financial report are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014, except for the adoption of new standards and interpretations noted below:

**AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)**

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 116 and AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.

Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items:

- AASB 13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.

These amendments are effective for annual periods beginning on or after 1 July 2014. The adoption of these amendments had no material impact on the financial position or performance of the Group.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1: BASIS OF PREPARATION – CONTINUED**

**Changes in accounting policies, accounting standards and interpretations (continued)**

**AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements**

The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:

- Clarify that AASB 1053 relates only to general purpose financial statements.
- Make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards.
- Clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements.
- Specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

These amendments are effective for annual periods beginning on or after 1 July 2014. The adoption of these amendments had no material impact on the financial position or performance of the Group. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Going concern**

The consolidated entity has incurred a net loss after tax for the half year ended 31 December 2014 of \$1,186,512 (31 December 2013, loss: \$333,438) and incurred net cash outflows from operations of \$353,249 (2013: \$229,235). As at 31 December 2014, the consolidated entity had cash and cash equivalents of \$647,143 (30 June 2014: \$157,343) and net assets of \$2,556,001 (30 June 2014: \$2,549,519).

In the forthcoming 12 months from the date of these financial statements, the Company and the consolidated entity will be required to meet various commitments, which require funds that are above and beyond the working capital of the consolidated entity at 31 December 2014. These commitments include evaluating a number of properties and continuing to conduct site visits to overseas projects.

The financial statements have been prepared on the basis that the Company and consolidated entity will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. In arriving at this position, the Directors are reviewing various funding alternatives to meet these commitments. These funding alternatives include a reduction of discretionary spending and ongoing reviews and monitoring of contractual commitments.

After considering the uncertainties described above, the Directors have a reasonable expectation that the Company and consolidated entity have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the half-yearly report and accounts.

The interim report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor the amounts or classification of liabilities that might be necessary should the Company and consolidated entity not be able to continue as a going concern.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 2: OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The Group has identified its operating segments 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 information presented in the financial report is the same information that is reviewed by the Directors.

The Group is currently operative in Australia (predominately Corporate and Exploration Related) and has exploration projects internationally (Mongolia and Italy).

**Basis of accounting for purposes of reporting by operating segments**

**Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**Inter-segment transactions**

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

**Segment assets**

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

**Unallocated items**

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Depreciation expense

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 2: OPERATING SEGMENTS**

	Australian Exploration \$	International Exploration \$	Corporate \$	Total \$
<b>31 December 2014</b>				
<b>REVENUE</b>				
Interest revenue	-	-	4,145	4,145
<b>Total segment revenue</b>	-	-	4,145	4,145
Reconciliation to net loss:	(30,462)	(782,946)	(260,137)	(1,073,545)
Share based payment expense				(112,967)
Loss before income tax				(1,186,512)
<b>As at 31 December 2014</b>				
Segment assets	2,049,757	46,042	710,115	2,805,914
Segment asset increases for the period:				
- Exploration expenditure	330,433	46,042	-	376,475
Segment liabilities	162,415	11,590	75,908	249,913
<b>31 December 2013</b>				
<b>REVENUE</b>				
Interest revenue	-	-	5,514	5,514
<b>Total segment revenue</b>	-	-	5,514	5,514
Reconciliation to net loss:	(764)	-	(338,188)	(338,952)
Loss before income tax				(333,438)
<b>As at 30 June 2014</b>				
Segment assets	1,764,000	692,000	258,036	2,714,036
Segment asset increases for the period:				
- Exploration expenditure	279,832	821,999	-	1,101,831
Segment liabilities	56,606	28,648	79,263	164,517

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 2: OPERATING SEGMENTS – CONTINUED**

The Group has identified its operating segments 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 information presented in the financial report is the same information that is reviewed by the Directors.

**NOTE 3: LOSS PER SHARE**

	<b>31 December 2014</b>	<b>31 December 2013</b>
Basic and diluted loss per share (cents)	(1.64)	(0.79)
The loss attributable to members of Parmelia Resources Limited	(\$1,186,512)	(\$333,438)
Weighted average number of shares in issue	72,447,236	42,154,342

**NOTE 4: CASH AND CASH EQUIVALENTS**

	<b>31 December 2014</b>	<b>30 June 2014</b>
<b>CURRENT</b>	<b>\$</b>	<b>\$</b>
Cash at bank	598,256	109,043
Term Deposit	48,887	-
	<u>647,143</u>	<u>109,043</u>
<b>NON-CURRENT</b>		
Term deposit	-	48,300
Total cash and cash equivalents	<u>647,143</u>	<u>157,343</u>

**NOTE 5: TRADE AND OTHER RECEIVABLES**

	<b>31 December 2014</b>	<b>30 June 2014</b>
<b>CURRENT</b>		
Trade and other receivables	-	445
GST receivable	37,146	4,862
	<u>37,146</u>	<u>5,307</u>

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. The trade and other receivables balance does not contain impaired assets and is not past due. It is expected that these amounts will be received when due.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE**

	<b>31 December 2014</b>	<b>30 June 2014</b>
<b>NON-CURRENT</b>	<b>\$</b>	<b>\$</b>
<b>Exploration and evaluation expenditure</b>	<b>2,095,799</b>	<b>2,546,779</b>
Balance at the beginning of the financial period	2,546,779	1,602,381
Exploration expenditure capitalised	397,651	802,489
Asset acquisition	-	158,682
Tenements acquired	-	62,800
Exploration expenditure written off	(807,231)	(856)
Rehabilitation reversal	(41,400)	-
Foreign exchange movement	-	(78,717)
Balance at the end of the financial period	<u>2,095,799</u>	<u>2,546,779</u>

On the 16<sup>th</sup> of October 2014, the Department of Mines and Petroleum (DMP) released the provision for rehabilitation bond PE6099 on tenement M16/365. This effectively released the term deposit held and reversed the provision of \$41,400.

During the period the entirety of the Mongolian project was impaired, the amount of \$782,946 is recognised in the profit and loss as part of the total of \$807,231 recognised during the period. 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 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.

**NOTE 7: TRADE AND OTHER PAYABLES**

**CURRENT**

Trade and other payables	232,413	99,323
Accrued expenses	17,500	23,794
	<u>249,913</u>	<u>123,117</u>

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 8: ISSUED CAPITAL AND RESERVES**

	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
84,695,706 (30 June 2014: 66,758,331) fully paid ordinary shares	6,365,903	5,427,269

**(a) Movements in ordinary shares**

	<b>Date</b>	<b>Number</b>	<b>Issue price per share</b>	<b>\$</b>
Balance at the beginning of the financial period		66,758,331		5,427,269
Tranche one share placement	30 September 2014	8,508,000	\$0.055	467,940
Tranche two share placement	3 December 2014	9,429,375	\$0.055	518,616
Capital raising costs		-		(92,922)
Balance at the end of the financial period		<b>84,695,706</b>		<b>6,365,903</b>

**(b) Movements in options**

	<b>Date</b>	<b>Number</b>	<b>\$</b>
Balance at the beginning of the financial period		22,441,177	154,232
Options issued to Brokers	8 August 2014	1,000,000	19,516
Listed option issued	8 August 2014	33,375,874	166,877
Free attaching options issued	30 September 2014	2,836,000	-
Options issued to directors	14 November 2014	4,500,000	112,967
Free attaching options issued	3 December 2014	7,143,125	-
Expired options		(2,000,000)	(18,023)
<b>Balance at the end of the financial period</b>		<b>69,296,176</b>	<b>435,569</b>

On 8 August 2014, 1,000,000 options were issued to brokers for nil consideration exercisable on or before 30 May 2017 at an exercise price of \$0.05 per option. A share price of \$0.03 has been used in the valuation and was the share price at grant date. A volatility factor of 128% based on historical share price information and interest rate of 2.49%. These options have a no vesting period and the related share-based payment valuation of \$19,516 was fully recognised as a cost of equity during the period ended 31 December 2014.

On 14 November 2014, 4,500,000 options were issued to directors for nil consideration exercisable on or before 31 October 2017 at an exercise price of \$0.0636 per option. The exercise price is VWAP determined from the 5 trading days prior to the 14 November. A volatility factor of 130% based on historical share price information and interest rate of 2.59%. These options have a no vesting period and the related share-based payment expense of \$112,967 was fully recognised during the period ended 31 December 2014.



**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ABN 48 142 901 353**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**NOTE 9: KEY MANAGEMENT PERSONNEL**

Remuneration arrangements of key management personnel (KMP) are disclosed in the annual financial report.

In addition, during the half year, options were issued to the following KMP. Mr Nigel Gellard was issued 3,500,000 options, Mr Peter Ellery was issued 500,000 options and Mr Jay Stephenson was issued 500,000 options. The options vested immediately at an exercise price of 6.36 cents exercisable on or before 31 October 2017. These share options had a fair value at grant date of \$0.0251 cents per share option.

Pursuant to a binding term sheet, PML has agreed to pay \$150,000 in a combination of cash and/or shares upon satisfaction or waiver of certain conditions in order to acquire 100% of the Panda Project. Furthermore, the vendor will be entitled to receive Performance Rights which will vest into ordinary fully paid shares in PML in the event of a defined discovery. The exact quantity and terms attaching to the conversion of these Performance Rights is currently under review and will be confirmed prior to regulatory and shareholder approvals being sought. The project vendor is a corporate entity in which PML's, Executive Chairman, Nigel Gellard, holds a beneficial interest. As such, the transaction constitutes a related party transaction and will be subject to a number of regulatory and shareholder approvals in order for the transaction to be completed

**NOTE 10: CAPITAL COMMITMENTS**

The consolidated entity's commitments remain consistent with those noted at 30 June 2014.

**NOTE 11: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 12: SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

There have been no significant events after the reporting date.

**PARMELIA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**ABN 48 142 901 353**  
**INTERIM FINANCIAL REPORT 31 DECEMBER 2014**

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. The financial statements and notes set out on pages 5 to 16 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001, and
  - (b) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
2. 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 Directors made pursuant to section 303(5) of the Corporations Act 2001.



**Nigel Gellard**  
**Executive Chairman**

12 March 2015

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## **Independent Auditor's Review Report To the Members of Parmelia Resources Limited**

We have reviewed the accompanying half-year financial report of Parmelia Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

The directors of Parmelia Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Parmelia Resources Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Parmelia Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

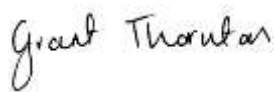
**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Parmelia Resources Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**Material Uncertainty regarding continuation as a going concern**

Without qualification to the review opinion expressed above, we draw attention to Note 1 to the financial report, which indicates that the consolidated entity incurred a net loss of 1,186,512 and net cash outflows from operating activities of 353,249 during the half year ended 31 December 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



C A Becker  
Partner - Audit & Assurance

Perth, 12 March 2015