PARMELIA RESOURCES LIMITED

ABN 48 142 901 353

AND ITS CONTROLLED ENTITIES

ANNUAL REPORT
30 JUNE 2015

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ABN 48 142 901 353

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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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West Perth
Western Australia 6005
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Facsimile +61 8 6141 3599
Website: www.parmeliaresources.com
Email: info@parmeliaresources.com.au

Auditor

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth
Western Australia 6005
Telephone +61 8 9480 2000
Facsimile +61 8 9322 7787
Website: www.grantthornton.com.au
Email: info.wa@au.gt.com

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth
Western Australia 6000
Telephone 1300 557 010
Telephone +61 3 9415 4000 Outside Australia
Facsimile +61 8 9323 2033
Email: web.queries@computershare.com.au

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000
ASX Code – PML

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Council in its publication 'Corporate Governance Principles and Recommendations (3rd Edition)' (**Recommendations**). The Recommendations are not mandatory, however, the Recommendations that will not be followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at www.parmeliaresources.com.au.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a charter which: (a) sets out the respective roles and responsibilities of the board, the chair and management; and (b) Includes a description of those matters expressly reserved to the board and those delegated to management.	YES	The Company has adopted a Board Charter. The Board Charter sets out the specific responsibilities of the Board, requirements as to the Boards composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors access to company records and information, details of the board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy. A copy of the Company's Board Charter is stated in Schedule 1 of the Corporate Governance Plan which is available on the Company's website.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.	YES	(a) The Company has detailed guidelines for the appointment and selection of the Board. The Company's Corporate Governance Plan requires the Board to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director. (b) Material information relevant to any decision on whether or not to elect or re-elect a Director will be provided to security holders in the notice of meeting holding the resolution to elect or re-elect the director.
Recommendation 1.3 A listed entity should have a written agreement with each Director and Senior Executive setting out the terms of their appointment.	YES	The Company's Corporate Governance Plan requires the Board to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that director's or senior executive's appointment.
Recommendation 1.4 The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	YES	The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.
Recommendation 1.5 A listed entity should:	YES	(a) The Company has adopted a Diversity Policy. (i) The Diversity Policy provides a framework for the Company to achieve a list of 6

CORPORATE GOVERNANCE STATEMENT

<table>
<tr><th>PRINCIPLES AND RECOMMENDATIONS</th><th>COMPLY (YES/NO)</th><th>EXPLANATION</th></tr>
<tr><td>(a) have a diversity policy which includes requirements for the board:
(i) to set measurable objectives for achieving gender diversity; and
(ii) to assess annually both the objectives and the entity's progress in achieving them;
(b) disclose that policy or a summary or it; and
(c) disclose as at the end of each reporting period:
(i) the measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and
(ii) either:
(A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</td><td></td><td>measurable objectives that encompass gender equality.
(ii) The Diversity Policy provides for the monitoring and evaluation of the scope and currency of the Diversity Policy. The company is responsible for implementing, monitoring and reporting on the measurable objectives.
(b) The Diversity Policy is stated in Schedule 9 of the Corporate Governance Plan which is available on the company website.
(c)
(i) The measurable objectives set by the Board will be included in the annual key performance indicators for the CEO, MD and senior executives. In addition the Board will review progress against the objectives in its annual performance assessment.
(ii) The Board will include in the annual report each year, the measurable objectives, progress against the objectives, and the proportion of male and female employees in the whole organisation, at senior management level and at Board Level.</td></tr>
<tr><td>Recommendation 1.6
A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</td><td>YES</td><td>(a) The Board is responsible for evaluating the performance of the Board and individual directors on an annual basis. It may do so with the aid of an independent advisor. The process for this can be found in Schedule 6 of the Company's Corporate Governance Plan. .
(b) The Company's Corporate Governance Plan requires the Board to disclosure whether or not performance evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Reports.</td></tr>
<tr><td>Recommendation 1.7
A listed entity should:
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and
(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in</td><td>YES</td><td>(a) The Board is responsible for evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives.
(b) The Company's Corporate Governance Plan requires the Board to conduct annual performance of the senior executives. Schedule 6 'Performance Evaluation' requires the Board to disclose whether or not performance</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
accordance with that process.		evaluations were conducted during the relevant reporting period. Details of the performance evaluations conducted will be provided in the Company's Annual Report.
Principle 2: Structure the board to add value		
Recommendation 2.1 The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.	YES	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Nomination Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee under the written terms of reference for that committee. The duties of the Nomination Committee are outlined in Schedule 5 of the Company's Corporate Governance Plan available online on the Company's website. The Board devotes time at board meetings to discuss board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules. The Board regularly updates the Company's board skills matrix (in accordance with recommendation 2.2) to assess the appropriate balance of skills, experience, independence and knowledge of the entity.
Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	YES	See Board Skills Matrix below

Board Skills Matrix	Number of Directors that Meet the Skill
Executive & Non- Executive experience	3
Industry experience & knowledge	2
Leadership	3
Corporate governance & risk management	3
Strategic thinking	3
Desired behavioural competencies	3
Geographic experience	2

CORPORATE GOVERNANCE STATEMENT

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
		Capital Markets experience: 3 *Subject matter expertise:* - accounting: 2 - capital management: 2 - corporate financing: 3 - industry taxation [1]: 0 - risk management: 3 - legal: 3 - IT expertise [2]: 0 (1) Skill gap noticed however an external taxation firm is employed to maintain taxation requirements. (2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements.
Recommendation 2.3 **A listed entity should disclose:** (a) the names of the Directors considered by the board to be independent directors; (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and (c) the length of service of each Director	YES	(a) The Board Charter provides for the disclosure of the names of Directors considered by the Board to be independent. These details are provided in the Annual Reports and Company website. (b) The Board Charter requires Directors to disclose their interest, positions, associations and relationships and requires that the independence of Directors is regularly assessed by the Board in light of the interests disclosed by Directors. Details of the Directors' interests, positions associations and relationships are provided in the Annual Reports and Company website. (c) The Board Charter provides for the determination of the Directors' terms and requires the length of service of each Director to be disclosed. The length of service of each Director is provided in the Annual Reports and Company website.
Recommendation 2.4 A majority of the Board of a listed entity should be independent Directors.	YES	The Board Charter requires that where practical the majority of the Board will be independent. Details of each Director's independence are provided in the Annual Reports and Company website.
Recommendation 2.5 The chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.	YES	The Board Charter provides that where practical, the Chairman of the Board will be a non-executive director. If the Chairman ceases to be independent then the Board will consider appointing a lead independent Director.

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.	YES	The Board Charter states that a specific responsibility of the Board is to procure appropriate professional development opportunities for Directors. The Board is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its Directors, senior executives and employees; and (b) Disclose that code or a summary of it.	YES	(a) The Corporate Code of Conduct applies to the Company's Directors, senior executives and employees. (b) The Company's Corporate Code of Conduct is in Schedule 2 of the Corporate Governance Plan which is on the Company's website.
Principle 4*: Safeguard integrity in Corporate reporting*		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and (ii) is chaired by an independent Director, who is not the chair of the Board, and disclose: (iii) the charter of the committee; (iv) the relevant qualifications and experience of the members of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	YES	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.
Recommendation 4.2		The Company's Corporate Governance Plan states

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	YES	that a duty and responsibility of the Board is to ensure that before approving the entity's financial statements for a financial period, the CEO and CFO have declared that in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	YES	The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	YES	(a) The Board Charter provides details of the Company's disclosure policy. In addition, Schedule 7 of the Corporate Governance Plan is entitled 'Disclosure – Continuous Disclosure' and details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation. (b) The Board Charter and Schedule 7 of the Corporate Governance Plan are available on the Company website.
Principle 6: ***Respect the rights of security holders***		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company website.
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	YES	The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Shareholder Communications Strategy outlines a range of ways in which information is communicated to shareholders.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	YES	The Shareholder Communications Strategy states that as a part of the Company's developing investor relations program, Shareholders can register with the Company Secretary to receive email notifications of when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
		on which all information provided to the ASX is immediately posted. Shareholders are encouraged to participate at all EGMs and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting.
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	YES	Security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX. Shareholders queries should be referred to the Company Secretary at first instance.
Principle 7: Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.	YES	Due to the size and nature of the existing Board and the magnitude of the Company's operations the Company currently has no Audit and Risk Committee. Pursuant to Clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Audit and Risk Committee under the written terms of reference for that committee. The role and responsibilities of the Audit and Risk Committee are outlined in Schedule 3 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meeting to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.
Recommendation 7.2 The Board or a committee of the Board should: (a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the	YES	(a) The Company process for risk management and internal compliance includes a requirement to identify and measure risk, monitor the environment for emerging factors and trends that affect these risks, formulate risk management strategies and monitor the performance of risk management systems. Schedule 8 of the Corporate Governance Plan is entitled 'Disclosure – Risk Management' and details the Company's disclosure requirements with respect to the risk management review

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PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
board; and (b) disclose in relation to each reporting period, whether such a review has taken place.		procedure and internal compliance and controls. (b) The Board Charter requires the Board to disclose the number of times the Board met throughout the relevant reporting period, and the individual attendances of the members at those meetings. Details of the meetings will be provided in the Company's Annual Report.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	YES	Schedule 3 of the Company's Corporate Plan provides for the internal audit function of the Company. The Board Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.
Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	YES	Schedule 3 of the Company's Corporate Plan details the Company's risk management systems which assist in identifying and managing potential or apparent business, economic, environmental and social sustainability risks (if appropriate). Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.
Principle 8: Remunerate fairly and responsibly		
Recommendation 8.1 The Board of a listed entity should: (a) have a Remuneration Committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the	YES	Due to the size and nature of the existing board and the magnitude of the Company's operations the Company currently has no Remuneration Committee. Pursuant to clause 4(h) of the Company's Board Charter, the full Board currently carries out the duties that would ordinarily be assigned to the Remuneration Committee under the written terms of reference for that committee. The role and responsibilities of the Remuneration Committee are outlined in Schedule 4 of the Company's Corporate Governance Plan available online on the Company's website. The Board devote time at annual board meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

PRINCIPLES AND RECOMMENDATIONS	COMPLY (YES/NO)	EXPLANATION
members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior Directors.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	YES	(a) Company's Corporate Governance Plan states that the Board is required to review, manage and disclose the policy (if any) on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. The Board must review and approve any equity based plans. (b) A copy of the Company's Corporate Governance Plan is available on the Company's website.

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 financial year ended 30 June 2015.

Directors

The following persons were Directors of the Company and were in office for the entire year, and up to the date of this report, unless otherwise stated:

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

Company secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr Jay Stephenson - Chartered Secretary (FCIS), Master of Business Administration (MBA), Certified Management Accountant (CMA), Member of the Australian Institute of Company Directors (MAICD), Fellow of the Chartered Institute of Secretaries (ICSA), was appointed as Company Secretary for Parmelia Resources Limited on 17 December 2010.

Principal activity

The Company is primarily involved in the exploration of its Jaurdi Hills Project in Western Australia.

Results of operations

The loss of the Group for the year ended 30 June 2015 amounted to $1,694,143 (2014: $533,403 loss).

Financial position

The net assets of the Group at 30 June 2015 were $2,127,144 (2014: $2,549,519).

Review of operations

During the 2014/2015 financial year the Company continued its strategic review of existing operations. In addition to this, and as previously announced, the company is assessing a number of other opportunities outside the resources sector that have the potential to add significant value to the company. Negotiations with respect to a number of new opportunities are currently underway. Further information on the progress or outcome of these negotiations will be given to the market once it is appropriate to do so.

Exploration

Jaurdi Hills Project

The company continues to evaluate potential commercial opportunities on its gold assets at the Jaurdi Hills Project. These include possible, joint ventures, earn in deals or sale of historic gold bearing surface stockpiles and/or the in-situ gold resource at Panther as well as the adjoining extensive and promising exploration tenement portfolio.

Spa Go West Project– Nickel-Sulphide Exploration

On 17 June 2014, PML announced it had secured the exclusive right to farm into and earn an 80% interest in the Spa Go West Project comprising Exploration License Application E15/1410 located in the highly prospective Kambalda/ Widgiemooltha nickel province of Western Australia. Spar Go West is thought to be prospective for both nickel-sulphide and gold mineralisation. The Company's exploration plans for Spar Go West will be announced in due course once the outcome of the current strategic review is complete.

Review of operations (Continued)

Corporate Activities

Commercial Negotiations On Jaurdi Hills Gold Project

The company continues to evaluate potential commercial opportunities on its gold assets at the Jaurdi Hills Project. These include possible, joint ventures, earn in deals or sale of historic gold bearing surface stockpiles and/or the in-situ gold resource at Panther as well as the adjoining extensive and promising exploration tenement portfolio.

New Opportunities

In response to difficult market conditions for small cap mineral resource companies PML continued its strategic review of its operations and as previously announced includes the assessment of a number of non-resource related opportunities. Negotiations with respect to these new opportunities are currently underway. Further information on the progress or outcome of these negotiations will be given to the market once it is appropriate to do so.

Significant changes in the state of affairs

Between 19 of December 2014 and 7 January 2015, Parmelia drill tested the Southern High Priority nickel-sulphide exploration target at the Dunnsvilled Nickel Prospect. The results were disappointing and no visual nickel-sulphide was identified. Further nickel-sulphide testing was not recommended. This does not change the potential of the highly prospective gold assets that have been identified at Jaurdi Hills.

Dividends paid or recommended

No dividends were declared or paid during the year and the Directors do not recommend the payment of a dividend.

Significant events after the reporting date

There has not arisen in the interval between the end of the financial year 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.

Likely development

As announced to the market on 27 August 2014 Parmelia Resources Limited will broaden its current focus from nickel to include other base metal commodities which are expected to have positive future supply demand fundamentals.

Environmental regulations

The mining leases granted to the Company pursuant to Mining Acts are granted subject to various conditions, which include standard environmental requirements. The Company adheres to these conditions and the Directors are not aware of any contraventions of these requirements.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period the directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

DIRECTORS' REPORT

Information on Directors

Nigel Gellard	**Executive Chairman – Appointed 17 December 2010**
Qualifications and Experience	Nigel has over 20 years' experience in the resources, agricultural and financial services/funds management sectors. Previously, Nigel was co-founder and Executive Director of a privately owned boutique funds management firm. Prior to this Nigel spent five years dealing in the equities markets, most notably with Patersons Securities Limited. Prior to entering into the financial services and funds management industry, Nigel was Commercial Adviser to the Director of Exploration for Rio Tinto Plc, and based in London where he was responsible for advising on commercial matters relating to Rio Tinto's activities in Europe, Eastern Europe, South America and Africa. He was also responsible for the negotiation of commercial agreements and risk management. Nigel is a fellow of the Australian Institute of Company Directors.
Interest in Shares and Options	1,544,444 ordinary shares and 6,222,219 options
Special Responsibilities	None
Directorships held in other listed entities	Strata Minerals Inc (formerly JBZ Capital Inc) TSXV listed (April 2010 – November 2012)

Peter Ellery	**Non-Executive Director – Appointed 22 November 2012**
Qualifications and Experience	Peter has 40 years' experience in the Western Australian resources sector. In 2006, he was appointed a Member of the Order of Australia in recognition of his services to the resources industry of Western Australia. He has served as Manager of Government and Public Affairs for Woodside Petroleum Ltd and CEO of the Chamber of Minerals and Energy of WA. He is also a Fellow of the Public Relations Institute of Australia. He has been a pivotal figure in the formulation of company, industry and Government policy to maximise economic benefits from the development of Western Australia's resource industries.
Interest in Shares and Options	Nil ordinary shares and 750,000 options
Special Responsibilities	None
Directorships held in other listed entities	Strata Minerals Inc (formerly JBZ Capital Inc) TSXV listed

Jay Stephenson	**Non-Executive Director – Appointed 26 May 2014**
Qualifications and Experience	Fellow of Certified Practicing Accountants; Certified Management Accountant; Member Australian Institute of Company Directors; Master of Business Administration; Fellow of the Institute of Chartered Secretaries Australia.
Interest in Shares and Options	190,000 ordinary shares and 250,000 options
Special Responsibilities	Company Secretary

Information on Directors

Directorships held in other listed entities	Strategic Minerals Corporation NL (since July 2009) Doray Minerals Limited (since August 2009) Nickelore Limited (since July 2011) Yonder and Beyond Group limited (formerly Quintessential Resources Limited) (since February 2011) Drake Resources Limited (since 2004) Aura Energy Limited (August 2005 to July 2013) Bulletproof Group Limited (formerly Spencer Resources Limited) (July 2011 to January 2014) Ensurance Ltd (formerly Parker Resources Limited) (January 2011 to December 2012)

Meetings of Directors

The number of Directors' meetings and meetings of Committees of Directors held in the period and the number of meetings attended by each of the Directors of the Company during the period are:

	Board of Directors' Meetings	
	Number attended	**Number eligible to attend**
Nigel Gellard	1	1
Peter Ellery	1	1
Jay Stephenson	1	1

Number of Circular Resolutions: 1

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present the remuneration report which sets out the remuneration information for Parmelia Resources Limited's non-executive Directors, executive Directors and other Key Management Personnel.

A. Principles used to determine the nature and amount of remuneration

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Group. Key Management Personnel comprise the Directors of the Company.

Remuneration levels for Key Management Personnel are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally and the objectives of the Group's remuneration strategy.

The remuneration structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Remuneration packages include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds.

Options may only be issued to Directors subject to approval by shareholders in a general meeting.

The Board has no established retirement or redundancy schemes.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being base fees as well as employer contributions to superannuation funds; and
- Short term incentives, being employee share schemes and bonuses.

Compensation levels are reviewed annually by the Board through a process that considers individual and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors' and senior executives' compensation is competitive in the market place. During the period no such remuneration consultant was used and no senior executives other than Directors were employed.

Results of the 2014 remuneration report at the Annual General Meeting

A total of 80.6% of the proxies received for the Annual General Meeting voted yes on the 2014 remuneration report.

Performance Based Remuneration

Short-term and long-term incentive structure

Given the current size, nature and opportunities of the Group, the Board has given more significance to service criteria instead of market related criteria in setting the Group's incentive schemes. Accordingly, at this stage the Board does not consider the Group's earnings or earnings related measures to be an appropriate Key Performance Indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of exploration activities (e.g. completion of exploration programs within budgeted timeframes and costs), development activities (e.g. completion of scoping and/or feasibilities studies), corporate activities (e.g. recruitment of key personnel/contractors) and business development activities (e.g. project acquisitions and capital raisings).

Short-term incentives

No short-term incentives in the form of cash bonuses were granted during the year.

Long-term incentives

The Board has a policy of granting incentive options to executives with exercise prices above market share price. As such, incentive options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Group increases sufficiently to warrant exercising the incentive options granted.

REMUNERATION REPORT (AUDITED)

B. Details of Remuneration

Details of the nature and amount of each element of the emoluments of each of the KMP of the Group for the year ended 30 June 2015 and 2014 are set out in the following tables:

2015

Group Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as options
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other[1]	Super-annuation	Other	Equity	Options		
Directors:	$	$	$	$	$	$	$	$	$	
Nigel Gellard	30,000	-	-	132,480	2,850	-	-	87,863	253,193	35%
Peter Ellery	3,600	-	-	-	-	-	-	12,552	16,152	78%
Jay Stephenson	30,000	-	-	48,000	2,850	-	-	12,552[2]	93,402	13%
	63,600	-	-	180,480	5,700	-	-	112,967	362,747	

2014

Group Key Management Personnel	Short-term benefits				Post-employment benefits	Long-term benefits	Equity-settled share-based payments		Total	% of remuneration as options
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other[3]	Super-annuation	Other	Equity[4]	Options		
Directors:	$	$	$	$	$	$	$	$	$	
Nigel Gellard	30,000	-	-	68,400	2,775	-	20,000	49,793	170,968	29.12%
Peter Ellery	24,686	-	-	3,927	-	-	-	4,979	33,592	14.82%
Jay Stephenson (appointed 26 May 2014)	-	-	-	48,000	-	-	-	-	48,000	-
Leigh Junk (resigned 26 May 2014)	27,500	-	-	-	2,544	-	-	34,855	64,899	53.71%
	82,186	-	-	120,327	5,319	-	20,000	89,627	317,459	

C. Service agreements

Mr Nigel Gellard

Parmelia Resources Limited entered into a Contracting agreement with Mr Nigel Gellard to provide executive services for the Company. The contract commenced on 1 September 2013 and will conclude on earlier of termination of the agreement or the third anniversary of the commencement date.

There were no other service agreements with Directors in place.

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[1] Refer to section **F. Other Information**, *Other Transactions with Key Management Personnel,* for a description of 'Other'.

[2] The holding amount of options for J Stephenson was 250,000, the remaining 250,000 were allocated to a non-related nominee of J Stephenson. The full expense of the 500,000 options are disclosed in the above table.

[3] Refer to section **F. Other Information**, *Other Transactions with Key Management Personnel,* for a description of 'Other'.

[4] Chairman fees of $20,000 owed to Nigel Gellard was re-invested as equity through the share issue which occurred during the year.

REMUNERATION REPORT (AUDITED)

D. Share-based remuneration

Incentive Option Scheme

Options are granted under the Company's Incentive Option Scheme. Eligible participants shall be full time or part time employees or consultants of the Company or an Associate Body Corporate. Options issued pursuant to the Scheme will be issued free of charge. The ability for the employee to exercise the options is restricted in accordance with the terms and conditions detailed in the Incentive Option Scheme. The exercise period may also be affected by other events as detailed in the terms and conditions in the Incentive Option Scheme.

Each option entitles the holder to subscribe for and be allotted one share. Shares issued pursuant to the exercise of options including bonus issues and new issues rank equally and carry the same rights and entitlements as other shares on issue.

	Grant Date	No.	FV per option at grant date	No. vested during the year	% of grant vested	% of grant forfeited	Exercise Price	Expiry date
Directors:								
Nigel Gellard	14/11/2014	3,500,000	$0.0251	3,500,000	100	-	$0.064	31 October 2017
Peter Ellery	14/11/2014	500,000	$0.0251	500,000	100	-	$0.064	31 October 2017
Jay Stephenson	14/11/2014	500,000	$0.0251	500,000	100	-	$0.064	31 October 2017
Nigel Gellard	28/11/2013	2,500,000	$0.0199	2,500,000	100	-	$0.065	31 October 2016
Peter Ellery	28/11/2013	250,000	$0.0199	250,000	100	-	$0.065	31 October 2016
Leigh Junk (Resigned 26 May 2014)	28/11/2013	1,750,000	$0.0199	250,000	100	-	$0.065	31 October 2016
		9,000,000						

The options have been granted to Key Management Personnel (KMP) to provide a market-linked incentive package in their capacity as KMP and for future performance by them in their roles. The KMP options vested immediately after the issue date.

The value of options granted as remuneration and as shown in the table above has been determined in accordance with applicable valuation models and accounting standards.

The dollar value of the percentage vested during the period has been reflected in the Directors' and executive officers' remuneration tables.

All options were issued by Parmelia Resources Limited and entitle the holder to one ordinary share in Parmelia Resource Limited for each option exercised.

E. Equity instruments issued on exercise of remuneration options

There were no equity instruments issued during the year to Directors or other KMP as a result of options exercised that had previously been granted as compensation.

REMUNERATION REPORT (AUDITED)

F. Other Information

Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2015 reporting period by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2015	Balance at the start of the year	Granted as remuneration	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Nigel Gellard	2,722,219	3,500,000	-	-	6,222,219	6,222,219	-
Peter Ellery	250,000	500,000	-	-	750,000	750,000	-
Jay Stephenson	-	500,000	-	(250,000)	250,000	250,000	-
Total	2,972,219	4,500,000	-	(250,000)	7,222,219	7,222,219	-

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the Key Management Personnel of the Group; including their related parties are set out below.

30 June 2015	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
Nigel Gellard	1,544,444	-	-	-	1,544,444
Peter Ellery	-	-	-	-	-
Jay Stephenson	190,000	-	-	-	190,000
Total	1,734,444	-	-	-	1,734,444

None of the shares included in the table above are held nominally by Key Management Personnel.

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

Other transactions with Key Management Personnel

During 2015, the Group used the following services of the directors of the Company.

- Consulting services of Company Director (Nigel Gellard) and the Company which he controls. The amounts billed related to this consulting service amounted to $132,480 (2014: $68,400) based on normal market rates and the amount outstanding at reporting date was $58,291 (2014: $14,400)
- Consulting services of Company Director (Peter Ellery) and the Company which he controls. The amounts billed related to this consulting service amounted to nil (2014: $3,927) based on normal market rates and the amount outstanding at reporting date was Nil (2014: $Nil).
- Corporate Secretarial and Accounting service of Company Director (Jay Stephenson) and the firm over which he exercises significant influence. The amounts billed related to this Corporate Secretarial and Accounting service amounted to $48,000 (2014: $48,000) and the amount outstanding at reporting date was $4,000 (2014: $4,000).

End of Audited Remuneration Report

DIRECTORS' REPORT

Shares under option

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
15 November 2013	15 November 2016	$0.15	15,941,667
15 November 2013	31 October 2016	$0.065	4,500,000
8 August 2014	30 May 2017	$0.05	34,375,384
30 September 2014	30 May 2017	$0.05	2,836,000
3 December 2014	30 May 2017	$0.05	3,143,125
12 December 2014	31 October 2017	$0.064	4,500,000
18 December 2014	30 May 2017	$0.05	4,000,000
			69,296,176

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

Proceedings on behalf of the Company

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

Indemnifying officers or auditor

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

- The Company has entered into agreements to indemnify all Directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the Directors.
- The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract, the nature of the liabilities insured against and the premium paid cannot be disclosed.
- No indemnity has been paid to auditors.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Non-audit service fees related to the year amounted to $4,950 for taxation services for the year ended 30 June 2015.

DIRECTORS' REPORT

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 22 of the Annual Report.

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

Nigel Gellard
Executive-Chairman
29 September 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 audit of Parmelia Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 29 September 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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015	30 June 2014
		$	$
Interest revenue		7,818	8,788
Other Income		156,033	-
Accounting fees		(72,531)	(57,061)
Audit fees		(33,290)	(30,592)
Conferences		(2,534)	(1,773)
Consulting fees		(132,480)	(72,327)
Directors' fees		(69,300)	(109,183)
Due diligence expenses		(5,789)	(13,793)
Impairment of exploration expenditure	12	(211,762)	-
Exploration expenditure written off	12	(133,744)	(856)
Legal fees		(42,221)	(24,277)
Office rent expense		(34,200)	(34,200)
Share-based payment expense		(112,967)	(89,627)
Share registry and listing fees		(36,000)	(39,596)
Travel and accommodation expenses		(28,728)	(7,102)
Meals and entertainment		(9,929)	(6,352)
Other administration expenses		(55,599)	(52,114)
Loss before income tax		(817,223)	(530,065)
Income tax expense	6	-	-
Loss for the period from continuing operations		(817,223)	(530,065)
Loss for the period from discontinued operations	26	(876,920)	(3,338)
Loss for the period		(1,694,143)	(533,403)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss: exchange differences on translating foreign controlled entities		78,774	(78,774)
Other comprehensive income for the period, net of tax		78,774	(78,774)
Total comprehensive loss for the period attributable to members of the Company		(1,615,369)	(612,177)
Basic/diluted loss per share (cents per share)	9	(2.16)	(1.03)
Loss from continuing operations (cents per share)	9	(1.04)	(1.02)
Loss from discontinued operations (cents per share)	9	(1.12)	(0.01)
Total			

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	**10**	237,090	109,043
Trade and other receivables	**11**	162,029	5,309
Other assets		8,851	4,605
		407,970	118,957
Exploration and evaluation – discontinued operations	**12**	-	782,946
TOTAL CURRENT ASSETS		407,970	901,903
NON-CURRENT ASSETS			
Term deposit	**10**	-	48,300
Exploration and evaluation expenditure	**12**	1,877,262	1,763,833
TOTAL NON-CURRENT ASSETS		1,877,262	1,812,133
TOTAL ASSETS		2,285,232	2,714,036
CURRENT LIABILITIES			
Trade and other payables	**13**	158,088	123,117
TOTAL CURRENT LIABILITIES		158,088	123,117
NON-CURRENT LIABILITIES			
Long-term provisions	**14**	-	41,400
TOTAL NON-CURRENT LIABILITIES		-	41,400
TOTAL LIABILITIES		158,088	164,517
NET ASSETS		2,127,144	2,549,519
EQUITY			
Issued capital	**15**	6,365,903	5,472,269
Reserves	**16**	435,569	75,458
Accumulated losses		(4,674,328)	(2,998,208)
TOTAL EQUITY		2,127,144	2,549,519

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Note	Issued Capital	Option Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total
		$	$		$	$
Balance at 1 July 2013		4,227,886	18,023	-	(2,464,805)	1,781,104
Loss attributable to members of the Company		-	-	-	(533,403)	(533,403)
Other comprehensive income, net of tax		-	-	(78,774)	-	(78,774)
Total comprehensive loss for the year		-	-	(78,774)	(533,403)	(612,177)
Transactions with owners, recognised directly in equity						
Capital raising		1,164,750	-	-	-	1,164,750
Capital raising costs		(129,867)	-	-	-	(129,867)
Share based payments	**17**	209,500	136,209	-	-	345,709
Balance at 30 June 2014		5,472,269	154,232	(78,774)	(2,998,208)	2,549,519
Balance at 1 July 2014		5,472,269	154,232	(78,774)	(2,998,208)	2,549,519
Loss attributable to members of the Company		-	-	-	(1,694,143)	(1,694,143)
Other comprehensive income, net of tax		-	-	78,774	-	78,774
Total comprehensive loss for the year		-	-	78,774	(1,694,143)	(1,615,369)
Transactions with owners, recognised directly in equity						
Capital raising		986,556	166,877	-	-	1,153,433
Capital raising costs		(92,922)	-	-	-	(92,922)
Share-based payments	**17**	-	132,483	-	-	132,483
Options expired		-	(18,023)	-	18,023	-
Balance at 30 June 2015		6,365,903	435,569	-	(4,674,328)	2,127,144

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(491,573)	(380,853)
Interest received		7,818	8,788
Net cash from continuing operations		(483,755)	(372,065)
Net cash used in discontinued operations	26	(15,200)	(3,338)
Net cash used in operating activities	18	(498,955)	(375,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(501,324)	(45,485)
Payments for exploration and evaluation expenditure on discontinued operations	26	-	(782,946)
Net cash used in investing activities		(501,324)	(828,431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		986,556	1,133,250
Proceeds from issue of options		166,876	-
Payments for capital raising		(73,406)	(71,784)
Net cash from financing activities		1,080,026	1,061,466
Net decrease in cash and cash equivalents		79,747	(142,368)
Cash and cash equivalents at the beginning of the financial year		157,343	299,711
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	10	237,090	157,343

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: REPORTING ENTITY

These consolidated financial statements and notes of Parmelia Resources Limited ('the Company") and its controlled entities ("the Consolidated Group" or 'the Group"). Parmelia Resources Limited is a listed public company, incorporated and domiciled in Australia. The address of the Company's registered office is Suite 12, Level 1/ 11 Ventnor Avenue, West Perth, Western Australia 6005.

NOTE 2: BASIS OF PREPARATION

(a) Statement of compliance

The consolidated general purpose financial statements have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standard Board ("AASB") and the Corporations Act 2001. Parmelia Resources Limited is a for-profit entity for the purposes of preparing the financial report. The consolidated financial statements of the Group also complies with the International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved by the Board of Directors on 29 September 2015.

Basis of measurement

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

Going concern

The consolidated group has incurred a net loss after tax for the year ended 30 June 2015 of $1,694,143 (2014: $533,403 loss) and incurred net cash outflows from operations of $498,955 (2014: $375,403 net cash outflow). As at 30 June 2015, the consolidated group had cash and cash equivalents of $237,090 (30 June 2014: $157,343) and net assets of $2,127,144 (30 June 2014: $2,549,519).

In the forthcoming 12 months from the date of these financial statements, the Company and the consolidated group will be required to meet various commitments, which require funds that are above and beyond the working capital of the consolidated group at 30 June 2015. These commitments include evaluating a number of properties both existing properties and new proposals.

The financial report has been prepared on the basis that the Company and consolidated group 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 future raising through various equity issues, sale of assets and scaling back of corporate costs if required.

The Directors have concluded that the combination of these circumstances represent a material uncertainty that casts doubt upon the Company's and consolidated group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and consolidated group 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 yearly report and accounts.

Should the Company and consolidated group not achieve the matters set out above, there is significant uncertainty whether the Company and consolidated group will continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial 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 group not be able to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: BASIS OF PREPARATION (CONTINUED)

(b) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Group's functional currency.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model.

Impairment of capitalised exploration and evaluation expenditure:

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Refer to Note 12, for details of Impairments against capitalised exploration.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in this financial report.

(a) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2015.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

A list of controlled entities is contained in Note 23 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

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

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

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

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

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

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

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

(b) Income tax

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income tax (continued)

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

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

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

(c) Exploration and evaluation expenditure

Exploration and evaluation costs, including costs of acquiring licenses, are capitalised as exploration and evaluation assets on an area of interest basis. Costs of acquiring licences which are pending the approval of the Department of Mines and Petroleum, as at the date of reporting are capitalised as exploration and evaluation cost if in the opinion of the Directors it is virtually certain the Company will be granted the licences.

Exploration and evaluation assets are only recognised if the rights of tenure to the area of interest are current and either:

i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest, or
ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when:

i) Sufficient data exists to determine technical feasibility and commercial viability, and
ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy in Note 3(e). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(d) Financial instruments

Initial recognition and 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 (ie trade date accounting is adopted).

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

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Loans and receivables

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

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

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

Derecognition

Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are 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.

(e) Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment (Continued)

Non-financial assets

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at a specific asset level. All receivables are individually assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Employee benefits

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

Equity-settled compensation

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

(g) Provisions

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

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Revenue and other income

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

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

(j) Trade and other payables

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

(k) Borrowing costs

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

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

(l) Goods and services tax (GST)

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

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

(m) Earnings per share

i. Basic earnings per share

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

ii. Diluted earnings per share

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

(n) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are regularly reviewed by the Company's Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Government grants (Continued)

Research and development tax incentives are recognised in the statement of profit or loss when received or when the amount to be received can be reliably estimated.

(p) Adoption of new and revised accounting standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(q) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements. It is unlikely that the adoption of these amendments or standards will have a material impact on the Group.

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially- reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. **Classification and measurement** AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below. **Financial assets** a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b) Allows an irrevocable election on initial recognition to present gains	1 January 2018	1 July 2018

(q) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group (Continued)

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. **Financial liabilities** Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows: • The change attributable to changes in credit risk are presented in other comprehensive income (OCI) • The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(q) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group (Continued)

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
	Impairment The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.		
AASB 2015-1	AASB 7 Financial Instruments: Disclosures: • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

(q) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group (Continued)

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
to AASB 101	make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.		
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Share-based payment transactions

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group, based on the value of goods and services provided, unless the value of the goods and services cannot be determined an options price model is used to determine value.

NOTE 5: LOSS BEORE INCOME TAX

	30 June 2015 $	30 June 2014 $
Loss before income tax includes the following specific expenses:		
- Share-based payment expense	112,967	89,627
- Due diligence expenses	5,789	13,793
- Directors' remuneration	69,300	109,183

NOTE 6: INCOME TAX

Reconciliation between tax expense and pre-tax loss:		
Loss before income tax, including discontinued operations	(1,694,143)	(533,403)
Income tax benefit using the domestic corporate tax rate of 30%	(508,243)	(160,020)
Expenditure not allowed for income tax purposes	372,426	38,873
Deferred tax assets not brought to account	135,817	121,147
Income tax expense reported in the profit or loss	-	-
Unused tax losses	3,474,775	3,600,749
Temporary differences – profit and loss	14,287	7,138
Temporary differences - equity	308,164	289,580
	3,797,226	3,897,467
Potential benefit @ 30%	1,139,168	1,169,240
Tax benefits offset against deferred tax liability temporary differences	(563,179)	(552,782)
Unrecognised tax benefit	575,989	616,458

Tax Consolidation

Parmelia Resources Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The Group nominated to become consolidated for taxation purposes on 28 October 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: INCOME TAX (CONTINUED)

All unused tax losses were incurred in Australia.

Potential deferred tax assets net of deferred tax liabilities attributable to tax losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable as at the date of this report.

The benefits of these tax losses will only be obtained if:

(i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) No changes in tax legislation adversely affect the Group in realising the benefit.

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the year ended 30 June 2015.

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

	2015	2014
	$	$
Short-term benefits	63,600	202,513
Post employment benefits	5,700	5,319
Share based payment expense	112,967	109,627
Other long term benefits	-	-
	182,267	317,459

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the financial year.

Other transactions with Key Management Personnel

During 2015, the Group used the following services of the directors of the Company.

- Consulting services of Company Director (Nigel Gellard) and the Company which he controls. The amounts billed related to this consulting service amounted to $132,480 (2014: $68,400) based on normal market rates and the amount outstanding at reporting date was $58,291 (2014: $14,400)
- Consulting services of Company Director (Peter Ellery) and the Company which he controls. The amounts billed related to this consulting service amounted to nil (2014: $3,927) based on normal market rates and the amount outstanding at reporting date was Nil (2014: $Nil).
- Corporate Secretarial and Accounting service of Company Director (Jay Stephenson) and the firm over which he exercises significant influence. The amounts billed related to this Corporate Secretarial and Accounting service amounted to $48,000 (2014: $48,000) and the amount outstanding at reporting date was $4,000 (2014: $4,000).

	30 June 2015	30 June 2014
NOTE 8: AUDITOR'S REMUNERATION	$	$
Remuneration of the auditor of the Group for:		
Auditors Services		
Audit and review of financial reports	33,290	30,592
Taxation Services	4,950	6,500
The auditor of the Group is Grant Thornton Audit Pty Ltd.	38,240	37,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9: BASIC AND DILUTED LOSS PER SHARE

Basic loss per share (cents)

Basic loss per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average of ordinary shares outstanding during the year/period.

	2015	2014
	$	$
a. Reconciliation of earnings to profit/(loss)		
Loss attributable to members of Parmelia Resources Limited	(1,694,143)	(533,403)
Earnings used to calculate basic EPS	(1,694,143)	(533,403)
b. Reconciliation of earnings to profit/(loss) from continuing operations		
Loss attributable to members of Parmelia Resources Limited	(817,223)	(530,065)
Earnings used to calculate basic EPS from continuing operations	(817,223)	(530,065)
c. Reconciliation of earnings to profit/(loss) from discontinued operations		
Loss attributable to members of Parmelia Resources Limited	(876,920)	(3,338)
Earnings used to calculate basic EPS from discontinued operations	(876,920)	(3,338)
d. Weighted average number of ordinary shares outstanding during the year/period used to calculate basic EPS		
Weighted average number of ordinary shares outstanding during the year/period used in calculating basic EPS	78,521,135	51,984,213

Potential shares as a result of options could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented. There are no other dilutive instruments.

NOTE 10: CASH AND CASH EQUIVALENTS

CURRENT		
Cash at bank	237,090	109,043
	237,090	109,043
NON-CURRENT		
Cash at Bank - Term deposit	-	48,300
Total cash and cash equivalents	237,090	157,343

Reconciliation of cash

Cash at the end of the financial year/period as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents	237,090	109,043
Term deposit	-	48,300
	237,090	157,343

The term deposit is rolled forward every three months and acts as a security for a rehabilitation bond set by the Department of Mines and Petroleum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 11: TRADE AND OTHER RECEIVABLES	**2015**	**2014**
CURRENT	**$**	**$**
Trade and other receivables	156,188	447
GST receivable	5,841	4,862
	162,029	5,309

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 do not contain impaired assets and are not past due. It is expected that these amounts will be received when due.

NOTE 12: EXPLORATION AND EVALUATION ASSETS		**2015**	**2014**
NON-CURRENT		**$**	**$**
Exploration and evaluation phases – at cost		1,877,262	1,763,833
Exploration and evaluation phases – discontinued operations	**26**	-	782,946
		1,877,262	2,546,779
Exploration and evaluation			
Opening balance		2,546,779	1,602,381
Exploration expenditure		529,285	802,489
Asset acquisition	**23**	-	158,682
Tenements acquired		-	62,800
Exploration written off		(133,744)	(856)
Exploration written off on discontinued operations	**26**	(782,946)	-
Impairment of exploration expenditure		(211,762)	-
Foreign exchange on movement of asset		-	(78,717)
Reversal of rehabilitation provision	**14**	(41,400)	-
Re-imbursements from the Department of Mines		(28,950)	-
Closing balance		1,877,262	2,546,779

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. Items written off during the period are in accordance with the Groups accounting policy 3(c).

NOTE 13: TRADE AND OTHER PAYABLES

CURRENT		
Trade and other payables	120,007	99,323
Accrued expenses	38,081	23,794
	158,088	123,117

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

NOTE 14: PROVISIONS

NON-CURRENT			
Rehabilitation provision	**12**	-	41,400

The rehabilitation provision was reversed on receipt of the bonds from Department of Mines and Petroleum.

NOTE 15: ISSUED CAPITAL

	2015	**2014**
	$	**$**
a) Ordinary shares		
84,695,706 (2014: 66,758,331) fully paid ordinary shares	6,365,903	5,472,269

b) Movements in ordinary shares	**Note**	**Date**	**Number**	**$**
Balance at the beginning of the reporting period		1 July 2013	32,875,000	4,227,886
• Placement		2 October 2013	8,216,111	369,725
• Placement		7 November 2013	17,667,220	795,025
• Acquisition of St Nicholas Mines Pty Ltd	**23**	19 March 2014	5,500,000	159,500
• Share based payment		18 June 2014	2,500,000	50,000
• Capital raising costs			-	(129,867)
Balance at the end of the reporting period		**30 June 2014**	66,758,331	5,472,269
Balance at the beginning of the reporting period		1 July 2014	66,758,331	5,472,269
• Placement		30 September 2014	8,508,000	467,940
• Placement		3 December 2014	9,429,375	518,616
• Capital raising costs			-	(92,922)
Balance at the end of the reporting period		**30 June 2015**	84,695,706	6,365,903

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 15: ISSUED CAPITAL (CONTINUED)

Capital risk management

The Directors' objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

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

The working capital position of the Group are as follows:

	2015	2014
	$	$
Cash and cash equivalents	237,090	157,343
Trade and other receivables	162,029	5,309
Trade and other payables	(158,088)	(123,117)
Working capital position	241,031	39,535

NOTE 16: RESERVES

a) **Option reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

b) **Foreign currency translation reserve**

The foreign currency reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 17: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2015:

i. On 15 November 2013, 4,500,000 options were issued to Directors for nil consideration exercisable on or before 15 November 2016 at an exercise price of $0.065 per option. These options vested immediately and the related share-based payment of $89,627 was fully recognised to the Profit and Loss during the year ended 30 June 2014.

ii. On 15 November 2013, 3,000,000 options were issued to Brokers for nil consideration exercisable on or before 15 November 2016 at an exercise price of $0.15 per option. These options vested immediately and the related share-based payment of $46,582 was fully recognised as a cost of equity during the year ended 30 June 2014.

iii. 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. These options vested immediately and the related share-based payment of $19,516 was fully recognised as a cost of equity during the year ended 30 June 2015.

iv. On 14 November 2014, 4,500,000 options were issued to Directors for nil consideration. These options have an exercise price of $0.06 and expire on 31 October 2017. These options vested immediately and the related share-based payment of $112,950 was fully recognised to the Profit and Loss during the year ended 30 June 2015.

v. Options granted to Key Management Personnel are as follow:

Grant Date	Number
15 November 2013	4,500,000
14 November 2014	4,500,000

Further details of these options are provided in the Directors Report. The options hold no voting of dividend rights and are unlisted.

vi. On 19 March 2014, 5,500,000 fully paid ordinary shares at a market value of $0.029 per share were issued to

NOTE 17: SHARE BASED PAYMENTS (CONTINUED)

acquire St Nicholas Mines Pty Ltd. The fair value of this consideration was deemed to the market value at the date of the asset acquisition (see Note 18(c)).

vii. On 18 June 2014, 2,500,000 fully paid ordinary shares at a market value of $0.02 per share were issued to acquire an 80% interest in Spa Go West, E15/1410. The fair value of this consideration was deemed to the market value at the date of the asset acquisition (see Note 18(c)).

A summary of the movements of all company options issued is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2013	18,264,372	$0.25
Granted	20,441,667	$0.007
Forfeited	-	-
Exercised	-	-
Expired	(16,264,372)	-
Options outstanding as at 30 June 2014	22,441,667	$0.14
Granted	48,854,509	$0.05
Forfeited	-	-
Exercised	-	-
Expired	(2,000,000)	-
Options outstanding as at 30 June 2015	69,296,176	$0.08
Options exercisable as at 30 June 2015	69,296,176	$0.08
Options exercisable as at 30 June 2014	22,441,667	$0.14

No options were exercised during the year.

The weighted average remaining contractual life of options outstanding at year-end was 1.35 years. The exercise price of outstanding share options at the end of the reporting period was $0.08.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was $0.024 (2014: $0.0007). These values were Calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.06
Weighted average life of the option:	2.26 years
Expected share price volatility:	129%
Risk-free interest rate:	2.54%

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

NOTE 18: CASH FLOW INFORMATION	**2015**	**2014**
a) Reconciliation of cash flow from operating activities with the loss after tax	**$**	**$**
Loss after income tax, including discontinued operations	(1,694,143)	(533,403)
Share-based payment expense	112,967	89,627
Directors fees settled with shares	-	20,000
Exploration written off or impairment of exploration	1,128,452	856
Recycling of foreign exchange through profit and loss	78,774	13,904
Changes in assets and liabilities		
(Increase)/decrease in receivables	(156,720)	1,593
(Increase)/decrease in prepayment	(4,243)	(1,164)
Increase/(decrease) in payables	35,958	33,184
Cash flow used in operating activities	(498,955)	(375,403)

b) Credit standby facilities

The Company had no credit standby facilities as at 30 June 2015 and 2014.

c) Non-cash financing and investing activities

For the current year ended 30 June 2015:

On 8 August 2014, 1,000,000 options were issued to Brokers for brokerage services (see Note 17(iii)). The options were valued and the treated as a share-based payment of $19,516 this was fully recognised as a cost of equity during the year ended 30 June 2015.

For the prior year ended 30 June 2014:

On 19 March 2014, Parmelia Resources Limited acquired St Nicholas Pty Ltd (see Note 23). The consideration transferred included an equity payment of 5,500,000 at $0.029 per share totalling $159,500. The transaction is a non-cash transaction and excluded from the Statement of Cash Flows.

On 18 June 2014, Parmelia Resources Limited acquired an 80% interest in Spa Go West E15/1410. The consideration transferred included an equity payment of 2,500,000 at $0.02 per share totalling $50,000. The transaction is a non-cash transaction and excluded from the Statement of Cash Flows.

NOTE 19: RELATED PARTY TRANSACTIONS

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

Other than transactions with Key Management Personnel and their related entities (refer Note 7), there were no other related party transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 20: CAPITAL COMMITMENTS	2015	2014
Capital expenditure commitments contracted for:	**$**	**$**
Exploration tenement minimum expenditure requirements		
Amounts payable:		
- not later than 12 months	626,820	659,780
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	626,820	659,780

Commitments relate to granted exploration and prospecting tenements. It is not possible to present commitments greater than 12 months as tenements are assessed on an annual basis and are based on the results of exploration during the period.

NOTE 21: FINANCIAL RISK MANAGEMENT

Overview

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

The main purpose of non-derivative financial instruments is to raise finance for Group operations. The Group does not speculate in the trading of derivative instruments.

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

30 June 2015	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Maturity within one year			
Cash and cash equivalents	237,090	-	237,090
Trade and other receivables	-	162,029	162,029
Total financial assets	237,090	162,029	399,119
Weighted average interest rate – cash assets	1.93%		
Financial liabilities at amortised cost			
Trade and other payables	-	158,088	158,088
Total financial liabilities	-	158,088	158,088
Net financial assets	237,090	3,941	241,031

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2014	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Maturity within one year			
Cash and cash equivalents	157,343	-	157,343
Trade and other receivables	-	5,309	5,309
Total financial assets	157,343	5,309	162,652
Weighted average interest rate – cash assets	2.21%		
Financial liabilities at amortised cost			
Trade and other payables	-	123,117	123,117
Total financial liabilities	-	123,117	123,117
Net financial assets	157,343	(117,808)	39,535

Specific Financial Risk Exposures and Management

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

a) Credit risk

Credit risk exposures

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including related party loans. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Company's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the Consolidated Statement of Financial Position.

Trade and other receivables are expected to be settled within 30 days.

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

	Note	2015 $	2014 $
Cash and cash equivalents - AA Rated	10	237,090	157,343

b) Liquidity risk

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

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

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

c) Market risk

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

Interest rate risk

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

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

Sensitivity Analysis

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

	Profit	**Equity**
Year ended 30 June 2015	**$**	**$**
+/-1% in interest rates	+/- 4,060	+/- 4,060
Period ended 30 June 2014		
+/-1% in interest rates	+/- 3,974	+/- 3,974

Fair Values

Fair value estimation

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

Other assets and other liabilities approximate their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

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

	2015 Carrying Amount $	2015 Fair Value $	2014 Carrying Amount $	2014 Fair Value $
Financial assets				
Cash and cash equivalents	237,090	237,090	157,343	157,343
Trade and other receivables	162,029	162,029	5,309	5,309
Total financial assets	399,119	399,119	162,652	162,652
Financial liabilities at amortised cost				
Trade and other payables	158,088	158,088	123,117	123,117
Total financial liabilities	158,088	158,088	123,117	123,117

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

NOTE 22: PARENT ENTITY DISCLOSURES

Information relating to Parmelia Resources Limited ('the Parent Entity').

	2015 $	2014 $
Statement of financial position		
Current assets	406,988	117,885
Total assets	1,828,809	2,665,846
Current liabilities	128,587	116,327
Total liabilities	128,587	116,327
Net assets	**1,700,222**	**2,549,519**
Issued capital	6,365,903	5,472,269
Option Reserve	435,569	154,232
Accumulated losses	(5,101,250)	(3,076,982)
Total equity	**1,700,222**	**2,549,519**
Statement of profit or loss and other comprehensive income		
Loss for the year	(2,042,290)	(671,365)
Other comprehensive income	-	-
Total comprehensive income	(2,042,290)	(671,365)

The Parent Entity has granted exploration and prospecting commitments at 30 June 2015 of $91,000 (2014: $91,000). Refer to Note 20.

NOTE 23: INTERESTS IN SUBSIDIARIES

Controlled entity	Country of Incorporation	Class of Shares	Percentage Owned 30 June 2015	Percentage Owned 30 June 2014
Toro Mining Pty Ltd	Australia	Ordinary	100%	100%
Sentosa Mining (Philippines) Inc.	The Republic of the Philippines	Ordinary	100%	100%
St Nicholas Mines Pty Ltd	Australia	Ordinary	100%	100%
Niquaero LLC	Mongolia	Ordinary	100%	100%

Acquisition of St Nicholas Pty Ltd

On 19 March 2014, the Company acquired St Nicholas Mines Pty Ltd ("St Nicholas"). St Nicholas holds equity in Mongolian incorporated entity Niquaero LLC. Niquaero LLC holds various granted mining tenements located in Mongolia. The consideration consisted of 5,500,000 ordinary shares at $0.029 per share. This acquisition has not been accounted for as a business combination under AASB 3: "Business Combinations" as the assets of St Nicholas were considered not to constitute a business. Accordingly, the St Nicholas acquisition has been accounted for as an acquisition of assets, at cost based on the fair value of shares issued on the transaction date.

The purchase price has been allocated to the identifiable assets and liabilities of St Nicholas as of the date of acquisition as follows:

	Note	$
Trade and other receivables		818
Exploration and evaluation assets	12	158,682
Total value of assets acquired		159,500
Deduct liabilities assumed:		-
Net assets acquired		159,500
Acquisition date fair value of consideration:		
Shares issued	15b	159,500

NOTE 24: CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: 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 impaired all exploration and evaluation expenditure capitalised within its Mongolian Exploration segment after relinquishing all rights to tenement licenses.

The Group is currently operative in Australia (predominately corporate and Exploration Related) (2014: Australia and Mongolia).

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 or 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 25: OPERATING SEGMENTS (CONTINUED)

	Australian Exploration $	Mongolian Exploration (Discontinued Operations) $	Reconciling $	Total $
30 June 2015				
REVENUE				
Interest revenue	-	-	7,818	7,818
Total segment revenue	-	-	7,818	7,818
Reconciliation to net loss:	(274,499)	(876,920)	(429,757)	(1,581,176)
Share based payment expense				(112,967)
Loss before income tax				(1,694,143)
As at 30 June 2015				
Segment assets	1,877,264	-	407,968	2,285,232
Segment liabilities	42,590	-	115,498	158,088
30 June 2014				
REVENUE				
Interest revenue	-	-	8,788	8,788
Total segment revenue	-	-	8,788	8,788
Reconciliation to net loss:	(11,311)	(3,338)	(518,754)	(533,403)
Depreciation expense				-
Loss before income tax				(533,403)
As at 30 June 2014				
Segment assets	1,812,133	782,946	118,957	2,714,036
Segment liabilities	85,254	-	79,263	164,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 26: DISCONTINUED OPERATIONS

At the end of 2015, management decided to discontinue its exploration activity in Mongolia. Consequently, all tenements were relinquished and the related assets were impaired. Revenue and expenses relating to the discontinuation of the subsidiaries performing operations in Mongolia, St. Nicholas Mines Pty Ltd and Niquaero LLC, have been eliminated from the profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations).

Operating profit of the St. Nicholas Mines Pty Ltd and Niquaero LLC subsidiaries until the date of disposal is summarised as follows:

	2015 $	2014 $
Interest revenue	-	-
Other income	-	-
Recycling of FCTR via profit and loss	(78,774)	-
Accounting fees	(4,290)	(1,878)
Exploration expenditure written off	(782,946)	-
Other administration expenses	(10,910)	(1,460)
Loss for the year from discontinued operations	(876,920)	(3,338)

The carrying amounts of assets and liabilities in the disposal group are summarised as follows:

		2015 $	2014 $
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	**12**	-	782,946
Assets classified as held for sale		-	782,946

Cash flows expended by the St. Nicholas Pty Ltd and Niquaero LLC subsidiaries are as follows:

	2015 $	2014 $
Operating activities	15,200	3,338
Investing activities	-	782,946
Cash flows from discontinued operations	15,200	786,284

Cash flows from investing activities relate solely to exploration and evaluation expenditures.

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year 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.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 23 to 54, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards; and
   (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2(a) to the financial statements; and
   (c) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the period ended on that date of the Group;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the Company for the financial period have been properly maintained in accordance with s 286 of the *Corporations Act 2001*;
   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial period 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.

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

Nigel Gellard
Executive Chairman
Perth
29 September 2015

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

Report on the financial report

We have audited the accompanying financial report of Parmelia Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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

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

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

Auditor's opinion
In our opinion:

a the financial report of Parmelia Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1(a) in the financial report which indicates that the consolidated entity incurred a net loss of $1,694,143 during the year ended 30 June 2015 and cash outflows of $498,955 from operating activities. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Parmelia Resources Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C A Becker
Partner - Audit & Assurance

Perth, 29 September 2015

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

1 Shareholding as at 24 September 2015

(a) Distribution of Shareholders

Category (size of holding)	Number of Shareholders
1 – 1,000	7
1,001 – 5,000	12
5,001 – 10,000	82
10,001 – 100,000	159
100,001 – and over	132
	392

(b) The number of shareholdings held in less than marketable parcels is 121.

(c) Voting Rights

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

Ordinary shares

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

(d) 20 Largest Shareholders — Ordinary Shares as at 24 September 2015

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Everest Minerals Limited	4,000,000	4.72
2.	Jolee Corporation Pty Ltd <Jolee Investment A/C>	3,100,001	3.66
3.	Mr Sean Muffet	2,924,000	3.45
4.	Mr Russell Neil Creagh	2,899,999	3.42
5.	Mersound Pty Ltd	2,550,000	3.01
6.	Maincoast Pty Ltd	2,500,000	2.95
7.	Mr Andrew M Gregor	2,315,763	2.73
8.	Mr Darren R Downs	1,911,791	2.26
9.	Gellard Enterprises Pty Ltd	1,544,444	1.82
10.	ALR Investments Pty Ltd <ALR Superannuation Fund A/C>	1,454,546	1.72
11.	Redtown Enterprises Pty Ltd	1,410,173	1.66
12.	Mr Terance E Bates	1,267,583	1.50
13.	Mr Sean Muffet	1,244,250	1.47
14.	Rosdarem Investments Pty Ltd <Mapleson Super Fund A/C>	1,180,598	1.39
15.	Bewsher Super Pty Ltd <Bewsher Family S/F A/C>	1,180,597	1.39
16.	Mr Stephen Paul Swatton	1,100,000	1.30
17.	Mr John Williamson	1,100,000	1.30
18.	Mr Sean R W Mager	1,000,000	1.18
19.	Mr John E Robins	1,000,000	1.18
20.	Mr Mark J Bahen + Mrs Margaret P Bahen <Superannuation Account>	969,695	1.14
		36,653,440	43.25

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

2 The name of the Company Secretary is Jay Richard Stephenson.

3 The address of the principal registered office in Australia is Suite 12, Level 1, 11 Ventnor Avenue, West Perth WA 6005. Telephone (08) 6141 3500.

4 **Registers of securities are held at the following addresses**

Computershare Investor Services Limited
Level 11, 172 St Georges Terrace
Perth WA Western Australia 6000

5 **Securities Exchange Listing**

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

6 **Unquoted Securities**

4,500,000 Options, exercise price of 6.5 cents, expiring 31 October 2016
15,941,667 Options, exercise price of 15 cents, expiring 15 November 2016
4,500,000 Options, exercise price of 6.4 cents, expiring 31 October 2017

7 **Use of Funds**

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

TENEMENT SCHEDULE

Project Area	Tenement Numbers
Jaurdi Hills (90% Toro Mining Pty Ltd, 10% JH Mining Pty Ltd)	E08/2606, E15/1410, E39/2946, P16/2411, P16/2412, P16/2413, P16/2414, P16/2433, P16/2434, P16/2435, P16/2438, P16/2439, P16/2440, P16/2441, P16/2442, P16/2443, P16/2444, P16/2460, P16/2627, P16/2653, P16/2657, P16/2678, M16/35, M16/113, M16/114, M16/193, M16/194, M16/201, M16/202, M16/203, M16/204, M16/205, M16/254, M16/255, M16/301, M16/365, M16/425, M16/462, E15/1061, P16/2672, P16/2673, P16/2674, P16/2675, P16/2678
Mongolia	Darvii Naruu Project