# Ultima United Limited
## (Formerly United Uranium Limited)

**ACN 123 920 990**

# Annual Report

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## For the Financial Year Ended 30 June 2015

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**CONTENTS**

## CORPORATE DIRECTORY

***EXECUTIVE CHAIRMAN & MANAGING DIRECTOR***
(Simon) Xing Yan

***EXECUTIVE DIRECTOR***
George Lazarou

***NON-EXECUTIVE DIRECTORS***
Eric Kong
Feng Ding

***COMPANY SECRETARY***
Piers Lewis

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***SECURITIES EXCHANGE LISTING***
Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Codes: UUL

**DIRECTORS' REPORT**

The directors of Ultima United Limited (the "Company") submit herewith the financial report of the Company for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## 1) BOARD OF DIRECTORS

The names and details of the Company's directors in office during and since the financial year end until the date of the report are as follows. Directors were in office for the entire period unless otherwise stated.

| Directors | Position |
|---|---|
| (Simon) Xing Yan | Executive Chairman & Managing Director |
| George Lazarou | Executive Director |
| Eric Kong | Non-Executive Director |
| Feng Ding | Non-Executive Director |

## 2) INFORMATION ON DIRECTORS

| | |
|---|---|
| **(Simon) Xing Yan** | Executive Chairman & Managing Director (appointed 23 July 2014) |
| Experience | Mr Yan has over 30 years of senior level management experience in international mining trade. He was part of the management team of China National Minerals and Metals Import & Export Corporation (MINMETALS).<br><br>Mr Yan migrated to Western Australia where he established numerous import export businesses. Mr Yan developed a number of commercial properties, including "Woodsons" (formerly Parry's Department Store) in Fremantle and Huntingdale Village Shopping Centre. Mr Yan was also a licensed real-estate agent for nearly 20 years, which provided him with a deep knowledge of the Western Australian property market.<br><br>Mr Yan is widely sought after as a consultant for international trade issues due to his broad contacts and knowledge of Chinese and Australian business systems. |
| Interest in Shares | 1,642,500 Fully paid Ordinary Shares |
| Interest in Options | Nil |

| | |
|---|---|
| **George Lazarou** | Executive Director |
| Qualifications | BCom, CA |
| Experience | Mr Lazarou is a qualified Chartered Accountant with over 20 years' experience, including five years as a partner of a mid-tier accounting firm, specialising in the areas of audit, advisory and corporate services. Mr Lazarou has extensive skills in the areas of audit, corporate services, due diligence, independent expert reports, mergers & acquisitions and valuations.<br><br>Mr Lazarou also brings with him a high level of commercial skills having worked closely with publicly listed companies in the mining, building, engineering, environmental and construction industries.<br><br>Mr Lazarou is currently the Managing Director of corporate advisory firm Citadel Capital and Non-Executive Chairman of Volta Mining Limited. |
| Interest in Shares | 157,500 Fully paid Ordinary Shares |
| Interest in Options | Nil |

**DIRECTORS' REPORT**

| | |
|---|---|
| **Eric Kong** | Non-Executive Director |
| Qualifications | MBA |
| Experience | Mr. Kong holds an MBA from the University of Western Australia and has extensive corporate experience with Fortune 500 companies. He served in Solectron's supply chain management division where he often worked with top tier clients that include IBM, Cisco, Sun Microsystems and Lucent Technologies. He then served as Asia Pacific regional accounts manager for Molex; being responsible for business strategy, development and growth in the highly competitive electronics contract manufacturing industry.<br><br>He is the founder and former director of Altis West; a business consulting firm managing Chinese joint ventures in Australian mining and property sectors.<br><br>Mr Kong is an experienced manager with intricate knowledge of global business models, trends and high-level expertise in both eastern and western management styles. |
| Interest in Shares | 35,775 Fully paid Ordinary Shares |
| Interest in Options | Nil |

| | |
|---|---|
| **Feng Ding** | Non-Executive Director |
| Qualifications | BSc, MBM |
| Experience | Mr Ding is a long standing employee of the Institute of Geology and Minerals. His education achievements include a Degree in Geophysical Exploration and a Postgraduate Degree in Business Management. As Managing Director of a very profitable mining operation (in excess of $250million AUD profit in 2010) in Shandong Province, Mr Ding has a strong blend of technical, commercial and business skills. He has had involvement in all aspects of prospect identification, exploration, appraisal and development in the mining industry. |
| Interest in Shares | Nil |
| Interest in Options | Nil |

**Directorships of other listed companies**

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

| ***Name*** | ***Company*** | ***Period of Directorship*** |
|---|---|---|
| Xing Yan (Simon) | - | - |
| George Lazarou | Cortona Resources Limited | 12 January 2006 to 9 January 2013 |
| | Volta Mining Limited | Appointed 20 January 2011 |
| Eric Kong | - | - |
| Feng Ding | - | - |

## 3) COMPANY SECRETARY

**Mr Piers Lewis** (Appointed 15 January 2015)

Mr Lewis has more than 15 year's global corporate experience and is currently Company Secretary and CFO for several ASX listed Companies. Mr Lewis specializes in financial management of listed and non-listed exploration companies and brings extensive and diverse financial and corporate experience from previous senior management roles with Credit Suisse (London), Mizuho International and NAB Capital. Mr Lewis holds a Bachelor of Commerce and is a member of the Australian Institute of Chartered Accountants and Governance Institute of Australia.

## 4) PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was property development. The Company advised the market on 3 July 2014 that it intended to change its principal activities from exploration to property development, which was approved by shareholders at the Annual General Meeting on 15 September 2014.

**DIRECTORS' REPORT**

### 5) FINANCIAL RESULTS

The financial results of the Company for the year ended 30 June 2015 are:

| | 30/06/2015 | 30/06/2014 | % Change |
|---|---|---|---|
| Cash and cash equivalents ($) | 1,923,673 | 3,345,722 | -43% |
| Net assets ($) | 3,928,641 | 3,286,026 | 20% |

| | 30/06/2015 | 30/06/2014 | % Change |
|---|---|---|---|
| Revenue ($) | 71,496 | 129,744 | -45% |
| Net loss after tax ($) | (457,900) | (701,390) | -35% |
| Loss per share ($) | (1.57) | (1.63) | -4% |
| Dividend ($) | - | - | - |

### 6) DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### 7) REVIEW OF OPERATIONS

During the financial year the Company undertook a strategic review of its operations with a view to increasing shareholder value, given the continual trading of the share price below the Company's cash asset backing.

The strategic review underlined a consistent theme, that junior resource companies and in particular uranium focused companies, are currently "unloved" by the investment community.

Given the overall market weakness and unwillingness for investors to invest in junior resource companies, the Board made the decision to shift its activities from resource exploration, in an effort to increase shareholder value.

The primary reasons for moving away from resource exploration were:-

- Investors unwillingness to invest;
- Early stage status of current portfolio of projects, requiring significant funding to explore, with no guarantee of commercial success;
- Continued depressed uranium prices, and commodities prices in general;
- Significant value having been stripped from most junior resource companies over the last 12 months; and
- Funds being better deployed elsewhere to provide greater returns.

The Board decided that moving into "property development" would provide the Company with the best opportunity to increase shareholder value.

The primary reasons for moving into property development were:-

- Major shareholders strongly supporting a move into property development;
- Investors willingness to invest in property developments as opposed to resource exploration;
- The property sector is currently experiencing strong housing demand; and
- The ability to borrow funds, if required, at current low interest rates, reducing dilution to current shareholders.

The Board believed the Company needed to be generating revenue and profits to enable the Company's share price to increase and reduce the need for any future capital raisings and shareholder dilution. This was not possible, if the Company continued to be involved in the resources sector.

To have continued with resource exploration, would have led to further depletion in cash reserves, with little or no value being added through further exploration, given the current negative sentiment for junior resource companies.

As a result of the Company moving into property development, the Company was required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company was required to complete a number of elements determined by the ASX Listing Rules summarised as follows:-

- A meeting of shareholders was held on 15 September 2014, at which the shareholders approved the change of activities into property development, the acquisition of the Cannington Property and a name change to "Ultima United Limited"; and
- The lodgment of a Prospectus with ASIC to raise a minimum of $1 million and up to $1.5 million to enable re-compliance with Chapters 1 & 2 of the ASX Listing Rules. The Prospectus closed on 31 October 2014, with total funds of $1,226,422 being raised.

**DIRECTORS' REPORT**

The Company's securities were reinstated by the ASX to official quotation on 18 November 2014.

**PROPERTY DEVELOPMENT**

**295 Canning Highway, Como, Western Australia**

The Company has the right to earn up to a 50% interest in the property at 295 Canning Highway, Como, pursuant to a Joint Venture for Profit Sharing Agreement between the Company and S & A Holding (Aust) Pty Ltd.

The development of 3 two storey townhouses is progressing on time and budget, with completion of the development anticipated to occur in September 2015, and sale of the townhouses to be completed before the year of the calendar year.

**3 Oak Street, Cannington, Western Australia**

The Company announced on 3rd July 2014 that they have entered into a conditional Contract for Sale for the property located at 3 Oak Street, Cannington (Property).

The Company entered into a conditional Contract of Sale with the vendors to acquire the Property for total consideration of $1.3 million (excluding applicable stamp duty), and was subject to the Company obtaining shareholder approval for the acquisition within 75 days of acceptance, with settlement to occur on or before 21 days from the receipt of shareholder approval. A $20,000 deposit was payable within 5 business days of acceptance. Shareholder approval was obtained on 15 September 2014 and settlement occurred on 8 October 2014.

The Property consists of 1,256m2 of vacant land and is zoned "City Centre", as per the Canning Council Town Planning Scheme 40 Guidelines, allowing for residential activities within the area designated as the Canning City Centre, generally in accordance with the proposals contained in the Canning Regional Centre Structure Plan.

The Council supports a maximum development height of 18m, and high density living in this area, known as the "River Precinct", with the Property having a R60 zoning.

The Company is in the process of re-submitting to the City of Canning, development approval plans for the construction of 12 apartments at 3 Oak Street, Cannington. The Company has decided to amend the number of apartments to be constructed from 15 to 12 to better maximise the appeal to potential buyers, with each apartment having 2 bedrooms and 2 bathrooms

**19-21 Tate Street, Bentley, Western Australia**

The Company announced on 11 May 2015 that they had entered into a Contract for Sale for the properties located at 19-21 Tate Street, Bentley ("**Properties**").

The Properties consists of two 811m$^2$ sites (1,622m$^2$ in total), with both Properties currently zoned R17.5/40, and by purchasing both properties allows the higher density R40 to be applicable. The Properties are located close to existing infrastructure and are within 300m to various bus stops servicing Perth City and Cannington, 500m from Welshpool Train Station and Bentley Plaza Shopping Centre, and a short drive to the Victoria Park Café Strip, Curtin University and surrounding schools.

The Company has entered into a Contract of Sale with the vendors to acquire the Properties for total consideration of $1.35 million (excluding applicable stamp duty), with a $50,000 ($25,000 per property) deposit paid on signing of the Contract of Sale. Settlement occurred on 5 August 2015.

The Company has lodged preliminary plans to construct 14 apartments with the Canning City Council.

**EXPLORATION ACTIVITIES**

Given the change of activities to property development during the year, the Company relinquished all mineral tenement interests.

**DIRECTORS' REPORT**

## 8) SIGNFICANT CHANGES IN STATE OF AFFAIRS

During the financial year the following significant events took place:

- The Company entered into a conditional Contract of Sale with the vendors to acquire 3 Oak street, Cannington for total consideration of $1.3 million (excluding applicable stamp duty), and was subject to the Company obtaining shareholder approval for the acquisition within 75 days of acceptance, with settlement to occur on or before 21 days from the receipt of shareholder approval. A $20,000 deposit was paid, and shareholder approval was obtained on 15 September 2014 with settlement occurring on 8 October 2014.
- On 15 September 2014 the Company held a General Meeting of Shareholders, during this meeting, shareholders approved the change of activities into property development, the acquisition of the Cannington Property and a name change to "Ultima United Limited"; the consolidation of capital and a capital raising.
- On 8 October 2014 the Company completed its share consolidation on a nine (9) for twenty (20) basis and confirmed the settlement of the property located at 3 Oak Street, Cannington.
- On 4 November 2014 the Company completed its capital raising oversubscribed, raising $1,226,422.
- On 18 November 2014 the Company reinstated to official quotation following the Company's compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX listing rules.
- On 11 May 2015 the Company announced that it had entered into a Contract for Sale for the properties located at 19-21 Tate Street, Bentley. The properties consist of two 811m$^2$ sites (1,622m$^2$ total), with both Properties currently zones R17.5/40, and by purchasing both properties allows the higher density R40 to be applicable. Settlement occurred on 5 August 2015.

## 9) AFTER BALANCE DATE EVENTS

On 9 May 2015, the Company entered into a Contract for Sale to acquire the properties located at 19 & 21 Tate Street, Bentley for total consideration of $1.35 million (excluding applicable stamp duty), which included payment of a $50,000 ($25,000 per property) deposit on signing of the Contract of Sale. On 5 August 2015 the Company completed settlement of the properties located at 19 & 21 Tate Street, Bentley in accordance with the Contract of Sale, of which $945,000 of the acquisition price was financed through a variable rate bank loan, with an interest only payment period of 12 months before the loan converts to an interest and principal component.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## 10) MEETINGS OF DIRECTORS

The number of Director's meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

| | Directors Meetings | |
|---|---|---|
| **Directors** | **Number Eligible to Attend** | **Meetings Attended** |
| Xing Yan | 2 | 2 |
| George Lazarou | 2 | 2 |
| Eric Kong | 2 | 2 |
| Feng Ding | 2 | - |

The Company does not have a formally constituted audit committee nor a remuneration committee as the board considers that the company's size and type of operation do not warrant such committees.

## 11) FUTURE DEVELOPMENTS

The Directors continue to actively seek and evaluate a number of property development opportunities and further information will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

## 12) ENVIRONMENTAL ISSUES

The Company is not subject to any significant environmental regulation under the Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company.

**DIRECTORS' REPORT**

## 13) REMUNERATION REPORT

This Remuneration Report covers the following Key Management Personnel:

**Directors**
(Simon) Xing Yan
George Lazarou
Eric Kong
Feng Ding

Other than the directors, the Company does not currently have any other employees. Executive directors and any personnel in the senior management position are collectively referred to as executives in this Report.

**Remuneration Policy**
The remuneration policy of the Company has been designed to align directors' and executives' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Company. The board's policy for determining the nature and amount of remuneration for board members and executives of the Company is as follows:

**Executive Remuneration Policy**
The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (or collectively "executives"), was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive's performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder's wealth.

Executives are also entitled to participate in the employee share and option arrangements. The executive directors receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes method.

**Non-Executive Remuneration Policy**
The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, (currently $250,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' and executives' interests with shareholder interests, non-executive directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

**Performance based remuneration**
The Company has no performance based remuneration component built into executive remuneration packages. Non-executive directors' remuneration are not performance based.

**Company performance, shareholder's wealth and director's and executive's remuneration**
The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder's wealth. For details of directors' interests in options at year end, refer the Directors' Report.

**DIRECTORS' REPORT**

**Employment contracts of key management personnel**

**(Simon) Xing Yan**
Pursuant to an agreement executed on 30 April 2015, Xing Yan will be paid $150,000 per annum plus superannuation, for providing services to the Company as Executive Chairman & Managing Director. The agreement may be terminated by either party by providing 1 month's written notice and upon payment of any outstanding fees for services rendered. The employment contract was for a term of 1 year, commencing 1 May 2015.

**George Lazarou**
Pursuant to an agreement executed on 30 April 2015, George Lazarou will be paid $100,000 per annum plus superannuation, for providing services to the Company as an Executive Director. The agreement may be terminated by either party by providing 1 month's written notice and upon payment of any outstanding fees for services rendered. The employment contract was for a term of 1 year, commencing 1 May 2015.

**Eric Kong**
On 4 March 2011, a resolution was passed by board of directors to increase Mr Kong's salary to $50,000 per annum. Mr Kong's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

**Feng Ding**
Pursuant to a letter of appointment executed on 7 April 2011, Mr Ding will be paid $2,000 per Board meeting attended as a Non-executive Director. Mr Ding's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

**Compensation of Key Management Personnel for the year ended 30 June 2015**

| | SHORT-TERM BENEFITS | | | POST EMPLOYMENT | | SHARE-BASED PAYMENT | | TOTAL |
|---|---|---|---|---|---|---|---|---|
| | Salary & Fees | Cash Bonus | Non-Monetary | Super-annuation | Long Service | Equity | Options | |
| **Directors** | | | | | | | | |
| (Simon) Xing Yan - Executive Chairman | | | | | | | | |
| 2015 | 150,000 | - | - | 14,062 | - | - | - | **164,062** |
| 2014 | 150,000 | - | - | 13,875 | - | - | - | **163,875** |
| George Lazarou - Executive Director | | | | | | | | |
| 2015 | 100,000 | - | - | 9,375 | 2,812[2] | - | - | **112,187** |
| 2014 | 100,000 | - | - | 9,250 | 19,559[2] | - | - | **128,809** |
| Eric Kong - Non-Executive Director | | | | | | | | |
| 2015 | 50,000 | - | - | 4,688 | - | - | - | **54,688** |
| 2014 | 80,000[1] | - | - | 4,625 | - | - | - | **84,625** |
| Feng Ding - Non-Executive Director | | | | | | | | |
| 2015 | - | - | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - | - | - |
| **Total Remuneration** | | | | | | | | |
| **2015** | **300,000** | **-** | **-** | **28,125** | **2,812** | **-** | **-** | **330,937** |
| **2014** | **330,000** | **-** | **-** | **27,750** | **19,559** | **-** | **-** | **377,309** |

[1] During the 2014 financial year Altis West Pty Ltd, a company of which Mr Kong is an employee, received $30,000 in fees (excluding GST) from Ultima United Limited for consulting services on commercial terms.
[2] As of 1 June 2014, Mr Lazarou has been employed with the Company for eight years. For the current financial year $2,812 (2014: $19,559) has been expensed as long service leave.

**DIRECTORS' REPORT**

**Option holdings of key management personnel**

**2015**
The Company's Directors and key management personnel did not hold any options at 30 June 2015.

**2014**

| | Balance at 01.07.13 | Granted as Remuneration | Exercised / Expired | Balance at 30.06.14 | Total Vested at 30.06.14 | Total Exercisable at 30.06.14 | Total Unexercisable at 30.06.14 |
|---|---|---|---|---|---|---|---|
| (Simon) Xing Yan | 2,000,000 | - | (2,000,000) | - | - | - | - |
| George Lazarou | 2,000,000 | - | (2,000,000) | - | - | - | - |
| Eric Kong | 2,000,000 | - | (2,000,000) | - | - | - | - |
| Feng Ding | - | - | - | - | - | - | - |
| **TOTAL** | **6,000,000** | **-** | **(6,000,000)** | **-** | **-** | **-** | **-** |

**Shareholdings of key management personnel**

**2015**

| | Balance at 01.07.14 | Granted as Remuneration | On Exercise of Options | Capital Consolidation | Bought & (Sold) | Balance at 30.06.15 |
|---|---|---|---|---|---|---|
| (Simon) Xing Yan | 3,650,000 | - | - | (2,007,500) | - | 1,642,500 |
| George Lazarou | 350,000 | - | - | (192,500) | - | 157,500 |
| Eric Kong | 79,500 | - | - | (43,725) | - | 35,775 |
| Feng Ding | - | - | - | - | - | - |
| **TOTAL** | **4,079,500** | **-** | **-** | **(2,243,725)** | **-** | **1,835,775** |

**2014**

| | Balance at 01.07.13 | Granted as Remuneration | On Exercise of Options | Capital Consolidation | Bought & (Sold) | Balance at 30.06.14 |
|---|---|---|---|---|---|---|
| (Simon) Xing Yan | 3,650,000 | - | - | - | - | 3,650,000 |
| George Lazarou | 350,000 | - | - | - | - | 350,000 |
| Eric Kong | 79,500 | - | - | - | - | 79,500 |
| Feng Ding | - | - | - | - | - | - |
| **TOTAL** | **4,079,500** | **-** | **-** | **-** | **-** | **4,079,500** |

**Compensation options granted during the year ended 30 June 2015**
No compensation options were granted to directors or executive during the financial year (2014: nil).

There are no compensation options in existence at reporting date.

**Performance income as a proportion of total income**
No performance based bonuses have been paid to directors or executives during the financial year (2014: nil).

**Loans to key management personnel**
There were no loans to or from key management personnel during the financial year (2014: nil).

**Other transactions with key management personnel**
On 29 November 2013, the Company received shareholder approval to enter into a Joint Venture and Profit Sharing Agreement (Agreement) with S & A Holding (Aust) Pty Ltd (S & A Holding). Mr Simon Yan, a director of the Company, is a shareholder and director of S & A Holding. Refer to Note 22 for further details of the Agreement.

***END OF REMUNERATION REPORT***

**DIRECTORS' REPORT**

### 14) OPTIONS

At the date of this report there are no unissued ordinary shares of the Company under option.

No ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

### 15) INDEMNIFYING OFFICERS OR AUDITOR

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

The Company has entered into agreements to indemnify all directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the directors.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was $6,180. No indemnity has been paid to auditors.

### 16) PROCEEDINGS ON BEHALF OF COMPANY

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

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

### 17) AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and can be found on page 13 of the annual report.

### 18) NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services, totaling $16,964, were performed during the year by the Company's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- The nature of the services provided do not compromise the general principles relating to auditors independence as set out in the APES 110 (Code of Ethics for Professional Accountants).

Signed in accordance with a resolution of the Board of Directors.

George Lazarou

**George Lazarou**
**Executive Director**
Dated this 20th day of August 2015

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**AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER S307C OF THE *CORPORATIONS ACT 2001***
**TO THE DIRECTORS OF ULTIMA UNITED LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Moore Stephens

**Suan-Lee Tan**
**Partner**

**Moore Stephens**
**Chartered Accountants**

Dated this 20th day of August 2015

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | 30-Jun-15 | 30-Jun-14 |
|---|---|---|---|
| | | $ | $ |
| Interest Revenue | | 71,496 | 129,744 |
| Employee benefit expenses | 2 | (337,477) | (339,810) |
| Occupancy expenses | | (58,087) | (46,784) |
| Depreciation expense | | (6,515) | (6,352) |
| Consultancy expenses | | (48,395) | (92,894) |
| Legal and compliance expenses | | (57,947) | (61,483) |
| Net gain/(loss) on financial assets held at fair value | 2 | (3,286) | 1,210 |
| Impairment provision for capitalised exploration expenditure | 2 | (1,705) | (261,007) |
| Administration expenses | | (15,984) | (24,014) |
| **Loss before income tax expense** | | **(457,900)** | **(701,390)** |
| Income tax expense | 4 | - | - |
| **Net loss for the year** | | **(457,900)** | **(701,390)** |
| Other comprehensive Income | | - | - |
| **Total comprehensive income for the year** | | **(457,900)** | **(701,390)** |
| Basic and diluted loss per share (cents per share) | 19 | (1.57) | (1.63) |

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

## STATEMENT OF FINANCIAL POSITION

| | Notes | 30-Jun-15 | 30-Jun-14 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 1,923,673 | 3,345,722 |
| Trade and other receivables | 6 | 12,721 | 27,496 |
| Property development - Interest in Joint Venture | 7 | 752,022 | - |
| **TOTAL CURRENT ASSETS** | | **2,688,416** | **3,373,218** |
| **NON CURRENT ASSETS** | | | |
| Property development | 8 | 1,470,429 | 2,600 |
| Financial assets | 9 | 8,474 | 11,760 |
| Plant and equipment | 10 | 3,735 | 8,955 |
| **TOTAL NON CURRENT ASSETS** | | **1,482,638** | **23,315** |
| **TOTAL ASSETS** | | **4,171,054** | **3,396,533** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 178,307 | 55,198 |
| Provision | 12 | 64,106 | 55,309 |
| **TOTAL CURRENT LIABILITIES** | | **242,413** | **110,507** |
| **TOTAL LIABILITIES** | | **242,413** | **110,507** |
| **NET ASSETS** | | **3,928,641** | **3,286,026** |
| **EQUITY** | | | |
| Issued capital | 13 | 7,714,827 | 6,614,312 |
| Reserves | 14 | 482,267 | 482,267 |
| Accumulated losses | 15 | (4,268,453) | (3,810,553) |
| **TOTAL EQUITY** | | **3,928,641** | **3,286,026** |

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

## STATEMENT OF CHANGES IN EQUITY

| | Issued Capital | Option Reserves | Accumulated Losses | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Balance at 1 July 2013** | 6,614,312 | 482,267 | (3,109,163) | **3,987,416** |
| Loss for the year | - | - | (701,390) | **(701,390)** |
| Other comprehensive income | - | - | - | **-** |
| **Total comprehensive income for the year** | **-** | **-** | **(701,390)** | **(701,390)** |
| **Balance at 30 June 2014** | **6,614,312** | **482,267** | **(3,810,553)** | **3,286,026** |
| | | | | |
| **Balance at 1 July 2014** | 6,614,312 | 482,267 | (3,810,553) | **3,286,026** |
| Loss for the year | - | - | (457,900) | **(457,900)** |
| Other comprehensive income | - | - | - | **-** |
| **Total comprehensive income for the year** | **-** | **-** | **(457,900)** | **(457,900)** |
| **Transactions with owners in their capacity as owners:** | | | | |
| Issue of share capital | 1,226,422 | - | - | **1,226,422** |
| Capital raising costs | (125,907) | - | - | **(125,907)** |
| **Balance at 30 June 2015** | **7,714,827** | **482,267** | **(4,268,453)** | **3,928,641** |

*The accompanying notes form part of these financial statements*

**STATEMENT OF CASH FLOWS**

| | Notes | 30-Jun-15 $ | 30-Jun-14 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (526,153) | (516,048) |
| Payments for exploration and evaluation | | (1,705) | (150,041) |
| Interest and other income | | 77,091 | 134,078 |
| **Net cash used in operating activities** | 20 | **(450,767)** | **(532,011)** |
| **Cash flows from investing activities** | | | |
| Joint venture – property development | | (602,673) | (2,600) |
| Payment for purchase of property | | (1,467,829) | - |
| Payment for purchase of plant and equipment | | (1,295) | - |
| **Net cash used in investing activities** | | **(2,071,797)** | **(2,600)** |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares, net of costs | | 1,100,515 | - |
| **Net cash provided by financing activities** | | **1,100,515** | **-** |
| **Net decrease in cash and cash equivalents held** | | (1,422,049) | (534,611) |
| Cash and cash equivalents at beginning of financial year | | 3,345,722 | 3,880,333 |
| **Cash and cash equivalents at end of financial year** | 5 | **1,923,673** | **3,345,722** |

*The accompanying notes form part of these financial statements*

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers the Company of Ultima United Limited and has been prepared in Australian dollars. Ultima United Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

#### (a) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*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 internal valuation using Black-Scholes option pricing model.

*Impairment*
The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

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

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

#### (b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**Interest**
Revenue is recognised as the interest accrues.

#### (c) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

**NOTES TO THE FINANCIAL STATEMENTS**

### (d) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

### (e) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit or loss nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and

- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

### (f) 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 ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

### (g) Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

### (h) Trade and Other Receivables
Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

### (i) Interest in Joint Venture (Equity Accounted Investee)
These are investments where the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic and operating decisions. Such investments are accounted for using the equity method (Equity Accounted Investees) and are initially recognised at cost under AASB 11 Joint Arrangements. The financial statements include the Company's share of the income and expenses and equity movements of Equity Accounted Investees, after adjustments to align the accounting policies with those of the Company, from the date that the joint control commences until the date joint control ceases. When the Company's share of losses exceeds its interest in an Equity Accounted Investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the Equity Accounted Investee. Such investments are carried at the lower of the equity accounted amount and the recoverable amount. Investments in joint ventures are treated as current assets where it is expected that the investment will be realised within a twelve month time frame.

### (j) Property held for development and resale
Property held for development and resale comprises land held for development, contract costs and other holding costs incurred to date.

Costs include the cost of acquisition, development, interest on funds borrowed for the development and holding costs until completion of the development. Interest and holding charges incurred after development are expensed. Profit is recognised on an individual contract basis generally at settlement.

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

**Depreciation**
The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 33.00% |
| Furniture and Fittings | 11.25% |
| Software | 33.00% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### (l) Trade and Other Payables
Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

**NOTES TO THE FINANCIAL STATEMENTS**

### (m) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### (n) Financial Instruments

**Recognition and initial measurement**

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

**Classification and subsequent measurement**

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

*Amortised cost* is calculated as:

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

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

The Company 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.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Held-to-maturity investments

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

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

**NOTES TO THE FINANCIAL STATEMENTS**

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

**De-recognition**
Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised 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.

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

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

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

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

**(p) Employee Benefits**
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

**(q) New, revised or amending Accounting Standards and Interpretations adopted**
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

*AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
The company has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

**NOTES TO THE FINANCIAL STATEMENTS**

*AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
The company has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

*AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)*
The company has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

**(r) New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2015. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

*AASB 9 Financial Instruments*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the company.

*AASB 15 Revenue from Contracts with Customers*
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the company.

The financial report was authorised for issue on 20th day of August 2015 by the board of directors.

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: LOSS FOR THE YEAR**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Loss before income tax has been determined after following specific expenses: | | |
| Employee benefits expense | | |
| - Salaries and entitlements | 334,665 | 320,251 |
| - Long service leave | 2,812 | 19,559 |
| | **337,477** | **339,810** |
| Net Gain / (Loss) on financial assets held at fair value | 3,286 | (1,210) |
| Impairment capitalised exploration expenditure | 1,705 | 261,007 |

**NOTE 3: AUDITORS' REMUNERATION**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| **Remuneration of the auditor for:** | | |
| - Auditing or reviewing the financial report | 16,157 | 16,550 |
| - Preparation of independent expert's report | 10,450 | 9,200 |
| - Other professional services | 6,514 | 6,294 |
| | **33,121** | **32,044** |

**NOTE 4: INCOME TAX EXPENSE**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| **(a) The components of tax expense comprise:** | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | **-** | **-** |
| **(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:** | | |
| Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%) | (137,369) | (210,417) |
| Add tax effect of: | | |
| - Revenue losses not recognised | 136,779 | 207,935 |
| - Capital losses not recognised | 15,000 | - |
| - Other deferred tax balances not recognised | - | 2,482 |
| | 14,410 | - |
| Less tax effect of: | | |
| - Other deferred tax balances not recognised | 14,410 | - |
| Income tax expense | **-** | **-** |

**NOTES TO THE FINANCIAL STATEMENTS**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| **(c) Deferred tax recognised:** | **$** | **$** |
| **Deferred tax liabilities:** | | |
| Property development – Interest in Joint Venture | (1,110) | - |
| Property development | (555) | - |
| Other | (1,003) | (2,714) |
| **Deferred tax assets:** | | |
| Carry forward revenue losses | 2,668 | 2,714 |
| **Net deferred tax** | - | - |

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| **(d) Unrecognised deferred tax assets:** | | |
| Carry forward revenue losses | 1,084,842 | 948,063 |
| Carry forward capital losses | 15,000 | - |
| Financial assets | 104,310 | 118,325 |
| Capital raising costs | 33,022 | 480 |
| Provision and accruals | 24,489 | 19,592 |
| Other | 1,366 | 1,428 |
| | **1,263,029** | **1,087,888** |

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the Company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

**NOTE 5: CASH AND CASH EQUIVALENTS**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | **$** | **$** |
| **Current** | | |
| Cash at Bank | 1,923,673 | 3,345,722 |

**NOTE 6: TRADE AND OTHER RECEIVABLES**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | **$** | **$** |
| **Current** | | |
| GST Receivable | 4,871 | 7,550 |
| Accrued interest | 3,068 | 8,663 |
| Other Debtors | - | 119 |
| Prepayments | 4,782 | 11,164 |
| | **12,721** | **27,496** |

**NOTES TO THE FINANCIAL STATEMENTS**

## NOTE 7: INTERESTS IN JOINT VENTURE

On 29 November 2013, the Company received shareholder approval to enter into a Joint Venture and Profit Sharing Agreement between S & A Holding (Aust) Pty Ltd ("S & A Holding") and the Company to develop the property at 295 Canning Highway, Como ("Como Property"). Mr Simon Yan, the managing director of the Company, is a director and shareholder of S & A Holding.

Under the terms of the agreement, S & A Holding and the Company formed an unincorporated joint venture for the purpose of sharing profits from the completion of the Como Property development. Council approval for the development was received on 10 July 2014 with the construction commencing thereafter.

At 30 June 2015, the Company had incurred total minimum expenditure to earn the following interest in the JV profits:

(a) S & A Holding – 50%; and
(b) the Company – 50%.

Each party must now contribute to expenditure made or incurred in respect of the Como Property development in proportion to their interest in the profits or the Joint Venture (i.e. 50/50).

Under the JV Agreement, the liability of the parties in each case is several in proportion to their respective interests in the profits of the Joint Venture and shall not be either joint or joint and several.

In accordance with AASB11, this interest is Equity Accounted and information about this Joint Venture is presented below:

| Name | Place of Business / Incorporation | Classification | Proportion of Interests | | Measurement Method | Carrying Amount | |
|---|---|---|---|---|---|---|---|
| | | | 2015 | 2014 | | 2015 | 2014 |
| | | | % | % | | $ | $ |
| Interest in Como Joint Venture Property Development | Perth, Australia | Joint Venture | 50 | - | Equity Method | 752,022 | 2,600 |

Set out below is the summarised financial information for the Joint Venture. Unless otherwise stated, the disclosed information reflects the amounts presented in the Australian Accounting Standards financial statements of the Joint Venture. The following summarised financial information, however, reflects the adjustments made by the Company when applying the equity method. This Joint Venture has the same financial year end as the Company.

| | Como Property Development Joint Venture | |
|---|---|---|
| | 30-Jun-15 | 30-Jun-14 |
| | $ | $ |
| **Summarised Financial Position** | | |
| Current assets | 1,508,903 | - |
| Non-current assets | - | - |
| Current liabilities | (4,859) | - |
| Non-current liabilities | - | - |
| **NET ASSETS** | **1,504,044** | **-** |
| | | |
| Company's Share | 50% | - |
| Company's Share of joint venture's net assets | 752,022 | - |

**NOTES TO THE FINANCIAL STATEMENTS**

| | Como Property Development Joint Venture | |
|---|---|---|
| | **30-Jun-15** | **30-Jun-14** |
| | **$** | **$** |
| **Summarised Financial Performance** | | |
| Income | - | - |
| Expenses | - | - |
| Income tax expense | - | - |
| **Net profit / (loss) after tax** | **-** | **-** |
| | | |
| Company's Share | 50% | - |
| Company's Share of joint venture's net profit/(loss) after tax | - | - |
| | | |
| **Reconciliation to Carrying Amounts** | | |
| Company's share of joint venture's opening net assets | 2,600 | - |
| Investments during the year | 749,422 | 2,600 |
| Company's share of joint venture's net profit/(loss) after tax | - | - |
| **Closing carrying amount of investment in joint venture** | **752,022** | **2,600** |

## NOTE 8: PROPERTY DEVELOPMENT

| | **30-Jun-15** | **30-Jun-14** |
|---|---|---|
| | **$** | **$** |
| Costs carried forward in respect of properties of interest in: | | |
| | | |
| **At the beginning of the financial year** | 2,600 | - |
| Movement during the year | 2,219,851 | 2,600 |
| **Sub-total** | **2,222,451** | **2,600** |
| Less: | | |
| Property development (Interest in Joint Venture) expected to be completed / realized within 12 months – classified as current | (752,022) | - |
| **Non-current balance at reporting date** | **1,470,429** | **2,600** |

## NOTE 9: FINANCIAL ASSETS

| | **30-Jun-15** | **30-Jun-14** |
|---|---|---|
| | **$** | **$** |
| **Non-Current** | | |
| Listed Shares at fair value | 8,474 | 11,760 |
| **Total Financial assets at fair value through profit or loss** | **8,474** | **11,760** |

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 10: PLANT AND EQUIPMENT

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Plant and equipment at cost | 28,208 | 26,913 |
| Accumulated depreciation | (24,473) | (17,958) |
| | **3,735** | **8,955** |

**Movements in carrying amounts**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| *Plant and Equipment* | | |
| Balance at beginning of the year | 8,955 | 15,307 |
| Additions | 1,295 | - |
| Depreciation expense | (6,515) | (6,352) |
| **At reporting date** | **3,735** | **8,955** |

### NOTE 11: TRADE AND OTHER PAYABLES

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Trade creditors | 10,657 | 2,102 |
| Other creditors and accruals | 167,650 | 53,096 |
| | **178,307** | **55,198** |

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

### NOTE 12: PROVISIONS

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Employee benefits | 41,735 | 35,750 |
| Long service leave | 22,371 | 19,559 |
| | **64,106** | **55,309** |

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13: ISSUED CAPITAL**

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| 25,500,652 (30 June 2014: 43,041,108) fully paid ordinary shares of no par value | 7,714,827 | 6,614,312 |

**(a) Movements in fully paid ordinary shares on issue:**

| | 30-Jun-15 | | 30-Jun-14 | |
|---|---|---|---|---|
| | $ | Number | $ | Number |
| | 6,614,312 | 43,041,108 | 6,614,312 | 43,041,108 |
| Share consolidation | - | (23,672,565) | - | - |
| Shares issued under the Prospectus | 1,226,422 | 6,132,109 | - | - |
| Capital raising costs | (125,907) | - | - | - |
| **At reporting date** | **7,714,827** | **25,500,652** | **6,614,312** | **43,041,108** |

**(b) Terms of Ordinary Shares**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(c) Capital risk management**

The Company's objectives when managing capital are 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.

Given the former nature of the Company's activities in mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Company's capital risk management was to balance its working capital position against the requirements of the Company to meet exploration programmes and overheads. This was achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. With the Company changing its principal activities to property development, the Company's capital risk management remains largely unchanged by maintaining appropriate liquidity to meet anticipated development costs in conjunction with obtaining credit facilities and through sales of properties development.

The working capital position of the Company at 30 June 2015 and 30 June 2014 are as follows:

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | 1,923,673 | 3,345,722 |
| Trade and other receivables | 12,721 | 27,496 |
| Financial assets at fair value through Profit and Loss | 8,474 | 11,760 |
| Trade and other payables | (178,307) | (55,198) |
| Provisions | (64,106) | (55,309) |
| **Working capital position** | **1,702,455** | **3,274,471** |

**NOTES TO THE FINANCIAL STATEMENTS**

## NOTE 14: RESERVES

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Option Reserve | 482,267 | 482,267 |

**Movements in options on issue:**

| | 30-Jun-15 | | 30-Jun-14 | |
|---|---|---|---|---|
| | $ | Number | $ | Number |
| **At the beginning of the year** | 482,267 | - | 482,267 | 6,500,000 |
| Options expired | - | - | - | (6,500,000) |
| **At reporting date** | **482,267** | **-** | **482,267** | **-** |

***Terms of Options***
In the previous financial year, 6,500,000 options over unissued shares exercisable at $0.1415 expired on 30 April 2014.

## NOTE 15: ACCUMULATED LOSSES

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Balance at beginning of the year | (3,810,553) | (3,109,163) |
| Net loss attributable to members | (457,900) | (701,390) |
| **At reporting date** | **(4,268,453)** | **(3,810,553)** |

## NOTE 16: 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 Company's key management personnel ('KMP') for the year ended 30 June 2015.

***Compensation of key management personnel by individual***
Compensation details of key management personnel have been disclosed in the Directors' Report. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

| | 30-Jun-15 | 30-Jun-14 |
|---|---|---|
| | $ | $ |
| Salary and fees | 300,000 | 330,000 |
| Superannuation | 28,125 | 27,750 |
| Long service leave | 2,812 | 19,559 |
| | **330,937** | **377,309** |

***Short-term employee benefits***
These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

***Post-employment benefits***
These amounts are the current-year's estimated cost of providing for the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 17: RELATED PARTY DISCLOSURE

**Key management personnel**
Disclosures relating to key management personnel are set out in the Directors' Report.

### NOTE 18: FINANCIAL INSTRUMENTS

***(i) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES***
The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

**Financial Risk Exposures and Management**
The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Foreign Currency Risk**
The Company is not exposed to fluctuations in foreign currencies.

**(b) Interest Rate Risk**
The Company is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Company does not currently have short or long term debt, and therefore this risk is minimal.

**(c) Credit Risk**
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

**(d) Liquidity Risk**
The Company manages liquidity risk by monitoring forecast cash flows. The Company does not have any significant liquidity risk as the Company does not currently have any collateral debts.

**(e) Market Risk**
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**NOTES TO THE FINANCIAL STATEMENTS**

***(ii) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS***

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the Statement of Financial Position.

| 2015 | | Fixed interest maturing in | | | | |
|---|---|---|---|---|---|---|
| | Floating interest rate $ | 1 year or less $ | over 1 year less than 5 $ | more than 5 years $ | Non-Interest bearing $ | Total $ |
| **Financial Assets** | | | | | | |
| Cash and cash equivalents | 123,673 | 1,800,000 | - | - | - | **1,923,673** |
| Trade and other receivables | - | - | - | - | 12,721 | **12,721** |
| Financial asset at fair value through profit or loss | - | - | - | - | 8,474 | **8,474** |
| | **123,673** | **1,800,000** | **-** | **-** | **21,195** | **1,944,868** |
| Weighted Average Interest Rate | 1.48% | 2.22% | | | | |
| **Financial Liabilities** | | | | | | |
| Trade and other creditors | - | - | - | - | 178,307 | **178,307** |
| | **-** | **-** | **-** | **-** | **178,307** | **178,307** |

| 2014 | | Fixed interest maturing in | | | | |
|---|---|---|---|---|---|---|
| | Floating interest rate $ | 1 year or less $ | over 1 year less than 5 $ | more than 5 years $ | Non-Interest bearing $ | Total $ |
| **Financial Assets** | | | | | | |
| Cash at bank | 345,722 | 3,000,000 | - | - | - | **3,345,722** |
| Trade & other receivables | - | - | - | - | 27,496 | **27,496** |
| Financial asset at fair value through profit or loss | - | - | - | - | 11,760 | **11,760** |
| | **345,722** | **3,000,000** | **-** | **-** | **39,256** | **3,384,978** |
| Weighted Average Interest Rate | 2.27% | 3.40% | | | | |
| **Financial Liabilities** | | | | | | |
| Trade and other creditors | - | - | - | - | 55,198 | **55,198** |
| | **-** | **-** | **-** | **-** | **55,198** | **55,198** |

| Trade and sundry payables are expected to be paid as follows: | **2015** | **2014** |
|---|---|---|
| | **$** | **$** |
| Less than 6 months | 178,307 | 55,198 |
| | **178,307** | **55,198** |

**NOTES TO THE FINANCIAL STATEMENTS**

### *(iii) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES*

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **Fair value of financial assets:** | | |
| Bannerman Resources Limited | 8,474 | 11,760 |
| | **8,474** | **11,760** |

### *(iv) INTEREST RATE SENSITIVITY ANALYSIS*

At 30 June 2015, the effect on loss and equity as a result of changes in the interest rate, with all other variable remaining constant would be as follows:

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **CHANGE IN PROFIT/(LOSS)** | | |
| Increase in interest rate by 2% | 2,882 | 5,096 |
| Decrease in interest rate by 2% | (2,882) | (5,096) |

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **CHANGE IN EQUITY** | | |
| Increase in interest rate by 2% | 2,882 | 5,096 |
| Decrease in interest rate by 2% | (2,882) | (5,096) |

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

### *(v) PRICE SENSITIVITY ANALYSIS*

Management believes the estimated fair values resulting from the valuation of listed investments and recorded in the statement of financial position and the related changes in fair values recorded in the statement of comprehensive income are reasonable and the most appropriate at Statement of Financial Position date. At 30 June 2015, the effect on loss as a result of changes in the share price of listed investment, with all other variables remaining constant would be as follows:

| | 2015 | 2014 |
|---|---|---|
| | $ | $ |
| **CHANGE IN PROFIT/(LOSS)** | | |
| Increase in fair value of investment by 10% | 847 | 1,176 |
| Decrease in fair value of investment by 10% | (847) | (1,176) |

| **2015** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets:** | **$** | **$** | **$** | **$** |
| *Financial assets at fair value through profit or loss:* | | | | |
| — listed investments | 8,474 | - | - | **8,474** |
| — unlisted investments | - | - | - | - |
| | **8,474** | **-** | **-** | **8,474** |

**NOTES TO THE FINANCIAL STATEMENTS**

| **2014** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **Financial assets:** | **$** | **$** | **$** | **$** |
| *Financial assets at fair value through profit or loss:* | | | | |
| — listed investments | 11,760 | - | - | **11,760** |
| — unlisted investments | - | - | - | **-** |
| | **11,760** | **-** | **-** | **11,760** |

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 3 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

## NOTE 19: EARNINGS PER SHARE

| | **2015** | **2014** |
|---|---|---|
| | **$** | **$** |
| (a) Loss used in the calculation of basic earnings per share | (457,900) | (701,390) |
| | ***Number of shares*** | ***Number of shares*** |
| (b) Weighted average number of ordinary shares outstanding during the financial year used in calculation of basic earnings per share | 29,074,372 | 43,041,108 |

## NOTE 20: CASH FLOW INFORMATION

| | **2015** | **2014** |
|---|---|---|
| | **$** | **$** |
| **(i) Reconciliation of cash and cash equivalent:** | | |
| Cash at Bank | 1,923,673 | 3,345,722 |

**(ii) Reconciliation of cash flows from operating activities with loss after income tax**

| | | |
|---|---|---|
| Loss after income tax | (457,900) | (701,390) |
| Depreciation expense | 6,515 | 6,352 |
| Revaluation - financial assets at fair value | 3,286 | (1,210) |
| Impairment capitalised exploration expenditure | - | 261,007 |
| Cash flows not included in loss after income tax for the year | | |
| - Payments for exploration and evaluation | - | (148,674) |
| Changes in assets and liabilities: | | |
| - (Increase)/ Decrease in trade and other receivables | 14,775 | 7,482 |
| - (Decrease)/ Increase in trade and other payables | (26,240) | 33,045 |
| - (Decrease)/ Increase in provisions | 8,797 | 11,377 |
| **Net cash used in operating activities** | **(450,767)** | **(532,011)** |

**(iii) Non-cash financing and investing activities**
No non-cash financing and investing activities have occurred during the year ended 30 June 2015.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 21: OPERATING SEGMENTS

**Segment Information**

**Identification of reportable segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

In the previous financial year the Company was managed primarily on the basis of its uranium exploration and corporate activities. Operating segments were therefore determined on the same basis.

During the current financial year the Board made the decision to a shift its activities from resource exploration, in an effort to increase shareholder value. The Company is now managed primarily on the basis of property development and corporate activities.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

**Types of reportable segments**

(i) *Property Development*

*Segment assets, including acquisition cost of property development and all expenses related to the property are reported on in this segment.*

(ii) *Uranium exploration*

*Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Australia are reported on in this segment.*

(iii) *Corporate*

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

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

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as 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 Company.

*Segment assets*

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

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

**NOTES TO THE FINANCIAL STATEMENTS**

*Segment liabilities*
Liabilities are allocated to segments where there is 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 Company as a whole and are not allocated. Segment liabilities include trade and other payables.

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

- net gains on disposal of available-for-sale investments;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

*Comparative information*
*Comparative information has been stated to conform to the requirements of the Standard.*

**(i) Segment performance**

| | Corporate | Property Development | Exploration | Total |
|---|---|---|---|---|
| **Year ended 30.06.2015** | **$** | **$** | **$** | **$** |
| **Revenue** | | | | |
| Interest revenue | 71,496 | - | - | **71,496** |
| **Total segment revenue** | **71,496** | **-** | **-** | **71,496** |
| *Reconciliation of segment result to company net (loss) before tax* | | | | |
| Amounts not included in segment result but reviewed by the Board: | | | | |
| • Depreciation | (6,515) | - | - | **(6,515)** |
| • Net Gain/(Loss) on financial assets held at fair value | (3,286) | - | - | **(3,286)** |
| Unallocated items: | | | | |
| • Other | (517,890) | - | (1,705) | **(519,595)** |
| **Net loss before tax from continuing operations** | | | | **(457,900)** |
| | | | | |
| **Year ended 30.06.2014** | | | | |
| **Revenue** | | | | |
| Interest revenue | 129,744 | - | - | **129,744** |
| **Total segment revenue** | **129,744** | **-** | **-** | **129,744** |
| *Reconciliation of segment result to company net (loss) before tax* | | | | |
| Amounts not included in segment result but reviewed by the Board: | | | | |
| • Depreciation | (6,352) | - | - | **(6,352)** |
| • Net Gain/(Loss) on financial assets held at fair value | 1,210 | - | - | **1,210** |
| Unallocated items: | | | | |
| • Other | (564,985) | - | (261,007) | **(825,992)** |
| **Net loss before tax from continuing operations** | | | | **(701,390)** |

**NOTES TO THE FINANCIAL STATEMENTS**

| **(ii) Segment assets** | **Corporate** | **Property Development** | **Exploration** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| **As at 30.06.2015** | | | | |
| **Segment assets** | 1,932,147 | 2,222,451 | - | **4,154,598** |
| Segment asset increases for the year: | | | | |
| • Capitalised expenditure | - | - | - | - |
| *Reconciliation of segment assets to total assets* | | | | |
| Inter-segment eliminations | | | | |
| Unallocated assets: | | | | |
| • Other assets | 16,456 | - | - | **16,456** |
| **Total assets from continuing operations** | | | | **4,171,054** |
| **As at 30.06.2014** | | | | |
| **Segment assets** | 3,357,482 | 2,600 | - | **3,360,082** |
| Segment asset increases for the year: | | | | |
| • Capitalised expenditure | - | - | - | - |
| *Reconciliation of segment assets to total assets* | | | | |
| Inter-segment eliminations | | | | |
| Unallocated assets: | | | | |
| • Other assets | 36,451 | - | - | **36,451** |
| **Total assets from continuing operations** | | | | **3,396,533** |

| **(iii) Segment liabilities** | **Corporate** | **Property Development** | **Exploration** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| **As at 30.06.2015** | | | | |
| **Segment liabilities** | 178,307 | - | - | **178,307** |
| *Reconciliation of segment liabilities to liabilities* | | | | |
| Inter-segment eliminations | | | | |
| Unallocated liabilities: | | | | |
| • Other liabilities | 64,106 | - | - | **64,106** |
| **Total liabilities from continuing operations** | | | | **242,413** |
| **As at 30.06.2014** | | | | |
| **Segment liabilities** | 55,198 | - | - | 55,198 |
| *Reconciliation of segment liabilities to liabilities* | | | | |
| Inter-segment eliminations | | | | |
| Unallocated liabilities: | | | | |
| • Other liabilities | 55,309 | - | - | 55,309 |
| **Total liabilities from continuing operations** | | | | **110,507** |

**(iv) Revenue by geographical region**

There is no revenue attributable to external customers for the years ended 30 June 2015 and 2014.

**(v) Assets by geographical region**

All reportable segment assets are located in one location, Australia.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 22: JOINT VENTURE AND PROFIT SHARING - PROPERTY DEVELOPMENT

On 29 November 2013, the Company received shareholder approval to enter into a Joint Venture and Profit Sharing Agreement (Agreement) between S & A Holding (Aust) Pty Ltd (S & A Holding) and the Company. Summary of the terms of the Agreement is as follows:

S & A Holding and the Company shall form an unincorporated joint venture forthwith upon this Agreement becoming unconditional (Commencement Date) for the purpose of sharing profits from the completion of a turnkey development of 3 double storey townhouses on the Property on the commercial terms set out in this Agreement and otherwise on terms and conditions acceptable to both parties (Joint Venture). Under the terms of the Agreement, the commencement date is subject to and conditional upon a number of conditions, including Council approval for the development. As announced by the Company, Council approval was received on 10 July 2014, the deemed Commencement Date.

The parties acknowledge that S & A Holding's initial cost in the Joint Venture will be the use of the Property (including all development costs incurred in respect of the Property prior to execution of building agreement with Chessington Homes, (an unrelated Perth home builder) which is valued at $650,000.

On the Commencement Date (and prior to the Company incurring any expenditure on the Joint Venture), the initial interests of the parties in the profits of the Joint Venture will be:
(a) S & A Holding – 100%; and
(b) Ultima United Limited – 0%.

Subject to the commencement of the Joint Venture, the Company will have the right to earn an undivided interest in the profits of the Joint Venture from S & A Holding up to a maximum of a 50% interest by incurring total expenditure of $650,000 in connection with the development of the Property.

Upon the date the Company incurs total expenditure of $650,000, the interests of the parties in the profits of the Joint Venture will be:
(a) S & A Holding – 50%; and
(b) Ultima United Limited – 50%.

The parties agree that from the Commencement Date until the date the Company earns a 50% interest in the profits of the Joint Venture, the Company shall be solely responsible for all expenditure in respect of the development of the Property (Sole Funding Period).

Upon the expiry of the Sole Funding Period, each party must contribute to expenditure made or incurred in respect of the development of the Property in proportion to their then interest in the profits or the Joint Venture (i.e. 50/50).

Subject to the expenditure obligations of the Company during the Sole Funding Period under this Agreement, the liability of the parties in each case is several in proportion to their respective interests in the profits of the Joint Venture and shall not be either joint or joint and several.

### NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

On 9 May 2015, the Company entered into a Contract for Sale to acquire the properties located at 19 & 21 Tate Street, Bentley for total consideration of $1.35 million (excluding applicable stamp duty), which included payment of a $50,000 ($25,000 per property) deposit on signing of the Contract of Sale. On 5 August 2015 the Company completed settlement of the properties located at 19 & 21 Tate Street, Bentley in accordance with the Contract of Sale, of which $945,000 of the acquisition price was financed through a variable rate bank loan, with an interest only payment period of 12 months before the loan converts to an interest and principal component.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### NOTE 24. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2015, and the interval between 30 June 2015 and the date of this report.

**NOTES TO THE FINANCIAL STATEMENTS**

## NOTE 25: COMMITMENTS

### (a) Lease expenditure commitments

There is one operating lease being a rental lease for the Company's premises. The current amount payable is $3,372.60 plus GST per month exclusive of variable outgoings, with the rental lease expiring on 30 April 2017, and the option to extend for a further 3 years.

| | 6 months | 12 months | 18 months | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Rental lease for the Company's premises | 20,235 | 20,235 | 20,235 | **60,705** |
| | **20,235** | **20,235** | **20,235** | **60,705** |

### (b) Capital commitments – 295 Canning Highway, Como

At 30 June 2015 the Company's outstanding capital commitment to the 50% joint venture with S & A Holding is $196,514 as detailed in the table below. In July 2015, the Company made further progress payments of $142,047, bringing its current capital commitments to $54,467.

| | 6 months | 12 months | 18 months | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Ultima United's 50% interest | 196,514 | - | - | **196,514** |
| | **196,514** | **-** | **-** | **196,514** |

### (c) Capital commitments – 19 & 21 Tate Street, Bentley

The Company's outstanding capital commitment to acquire the properties at 19 and 21 Tate Street, Bentley amounted to $1.3 million as at 30 June 2015. As detailed in Note 23, settlement occurred on 5 August 2015.

| | 6 months | 12 months | 18 months | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Acquisition of properties | 1,300,000 | - | - | **1,300,000** |
| | **1,300,000** | **-** | **-** | **1,300,000** |

## DIRECTORS' DECLARATION

1. The directors of the company declare that:

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the entity's financial position as at 30 June 2015 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

**George Lazarou**
**Executive Director**
Dated this 20th day of August 2015

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTIMA UNITED LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Ultima United Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards (IFRS).

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ultima United Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

*Auditor's Opinion*

In our opinion:

a. the financial report of Ultima United Limited is in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the remuneration report as included in 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 s 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*

In our opinion the remuneration report of Ultima United Limited for the year ended 30 June 2015 complies with s 300A of the *Corporations Act 2001*.

Moore Stephens

**Suan-Lee Tan**
**Partner**

**Moore Stephens**
**Chartered Accountants**

Dated this 20th day of August 2015

## CORPORATE GOVERNANCE

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by 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.ultimaunited.com.au.

| PRINCIPLES AND RECOMMENDATIONS | COMPLY (YES/NO) | EXPLANATION |
|---|---|---|
| **Principle 1: Lay solid foundations for management and oversight** | | |
| **Recommendation 1.1**<br>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management. | YES | The Company has adopted a Board Charter.<br>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.<br>A copy of the Company's Board Charter is available on the Company's website. |
| **Recommendation 1.2**<br>A listed entity should:<br>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and<br>(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 Nomination Committee Charter requires the Committee, and in this case the board as no Committee currently exists due to the size of the Company, to undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.<br>(b) All material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a Director will be voted on. |
| **Recommendation 1.3**<br>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment. | YES | The Nomination Committee Charter requires the Committee, and in this case the board, as no Committee currently exists due to the size of the Company, 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.<br>The Company has entered into Executive Service Agreements with senior executives and Letters of Appointment with each Non-Executive Director. |
| **Recommendation 1.4**<br>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. |

CORPORATE GOVERNANCE

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| **Recommendation 1.5**<br>A listed entity should:<br>(a) have a diversity policy which includes requirements for the board:<br>(i) to set measurable objectives for achieving gender diversity; and<br>(ii) to assess annually both the objectives and the entity's progress in achieving them;<br><br>(b) disclose that policy or a summary or it; and<br><br>(c) disclose as at the end of each reporting period:<br>(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<br>(ii) either:<br>(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<br>(B) the entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012. | YES | (a) The Company has adopted a Diversity Policy<br>(i) The Diversity Policy provides a framework for the Company to achieve a list of measurable objectives that encompass gender equality.<br>(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.<br><br>(b) The Diversity Policy is available on the company website.<br><br>(c)<br>(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.<br>(ii)<br>(A) 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. There are no female employees at senior management or in the whole organisation. |
| **Recommendation 1.6**<br>A listed entity should:<br>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and<br><br>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | YES | (a) As the Board only consists of four (4) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Nomination Committee are currently carried out by the board and evaluating the performance of the Board, any committees and individual directors on an annual basis. The Board 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.<br><br>(b) The Company has established the Nomination Committee Charter, which requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. |

CORPORATE GOVERNANCE

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| **Recommendation 1.7**<br><br>A listed entity should:<br><br>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and<br><br>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. | YES | (a) As the Board only consists of four (4) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are currently carried out by the board, which includes evaluating the performance of senior executives. The Board is to arrange an annual performance evaluation of the senior executives, and may do so with the aid of an independent advisor.<br><br>(b) The Company has established the Remuneration Committee Charter, which requires an annual performance of the senior executives. Schedule 6 “Performance Evaluation” requires disclosure as to whether or not performance evaluations were conducted during the relevant reporting period. |
| **Principle 2: Structure the board to add value** | | |
| **Recommendation 2.1**<br><br>The board of a listed entity should:<br><br>(a) have a nomination committee which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director,<br><br>and disclose:<br><br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(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<br><br>(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. | NO | (a) As the Board only consists of four (4) members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of a Nomination Committee are currently carried out by the board.<br>(b) The Company has adopted the Nomination Committee Charter, which will be followed by the Nomination Committee once it has been established. The Charter provides that the Committee:<br>(i) shall comprise of at least three (3) non-executive directors, the majority of whom are independent. ; and<br>(ii) the Committee Chairman is to be an independent Director.<br>(iii) The Nomination Committee Charter is available online;<br>(iv) The Board Charter provides for the disclosure of the members of each Committee. Details of the members of each Committee are provided in Annual Report; and<br>(v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the performance evaluations conducted will be provided in the Company’s Annual Report. |

## CORPORATE GOVERNANCE

<table>
<tr><td>Recommendation 2.2<br>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.</td><td>YES</td><td>

| Board Skills Matrix | Number of Directors that meet the skill |
|---|---|
| Executive & Non-Executive experience | 4 |
| Industry experience & knowledge | 2 |
| Leadership | 4 |
| Corporate governance & risk management | 3 |
| Strategic thinking | 3 |
| Desired behavioural competencies | 4 |
| Geographic experience | 3 |
| Capital Markets experience | 3 |
| Subject matter expertise | |
| - accounting | 3 |
| - capital management | 3 |
| - 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<br>
(2) Skill gap noticed however an external IT firm is employed on an adhoc basis to maintain IT requirements</td></tr>
<tr><td>Recommendation 2.3<br>A listed entity should disclose:<br>(a) the names of the directors considered by the board to be independent directors;<br>(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<br>(c) the length of service of each director</td><td>YES</td><td>(a) The Board Charter provides for the disclosure of the names of Directors considered by the board to be independent. Currently no members of the Board are considered independent;<br>(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 Report; and<br>(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 Report.</td></tr>
<tr><td>Recommendation 2.4<br>A majority of the board of a listed entity should be independent directors.</td><td>NO</td><td>The Board Charter requires that where practical the majority of the Board will be independent.<br><br>Currently the Board has no independent directors.<br><br>Details of each Director's independence are provided in the Annual Report.</td></tr>
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**CORPORATE GOVERNANCE**

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| **Recommendation 2.5**<br>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. | NO | 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.<br>Currently Mr Simon Yan fulfils the responsibilities of both Chairman and Managing Director. |
| **Recommendation 2.6**<br>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. As the Company does not have a Remuneration Committee, 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**<br>A listed entity should:<br>(a) have a code of conduct for its directors, senior executives and employees; and<br>(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.<br>(b) The Company's Corporate Code of Conduct is available on the Company's website. |
| **Principle 4: Safeguard integrity in financial reporting** | | |
| **Recommendation 4.1**<br>The board of a listed entity should:<br>(a) have an audit committee which:<br>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and<br>(ii) is chaired by an independent director, who is not the chair of the board,<br>and disclose:<br>(iii) the charter of the committee;<br>(iv) the relevant qualifications and experience of the members of the committee; and<br>(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<br>(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. | NO | (a) As the Board only consists of four (4) members, the Company does not have an Audit and Risk Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Audit and Risk Committee are currently carried out by the board.<br>The Company has adopted the Audit and Risk Committee Charter, which will be followed by the Audit and Risk Committee once it has been established. The Charter provides that:<br>(i) The Audit and Risk Committee must have at least three (3) members, all of whom are non-executive directors, with a majority being independent; and<br>(ii) The Chairman of the Audit and Risk Committee must not be Chairman of the Board and must also be independent;<br>(iii) The Audit and Risk Committee Charter will be made available on the Company website;<br>(iv) The Board Charter requires the relevant qualifications and experience of all members to be disclosed. The Audit and Risk Committee Charter also outlines the requisite skills and experience in order to secure a position on the Audit and Risk Committee. Details of the qualifications and experience of Directors is provided in the Annual Report. |

CORPORATE GOVERNANCE

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| | | (v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report. |
| **Recommendation 4.2**<br>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 | The Audit and Risk Committee Charter states that a duty and responsibility of the Committee, and as the Company does not have a Committee, the board, is to ensure that before the Board approves 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**<br>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 Audit and Risk Committee Charter provides that the Committee, and as the Company does not have a Committee, 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**<br>A listed entity should:<br>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and<br>(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.<br>(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**<br>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's website. |
| **Recommendation 6.2**<br>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 Strategy outlines a range of ways in which information is communicated to shareholders. The Shareholder Communications Strategy can be found on the Ultima website in the Corporate Governance plan under schedule 11. |

**CORPORATE GOVERNANCE**

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| **Recommendation 6.3**<br>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 Communication Strategy, which can be found in schedule 11 of the Corporate Governance plan on the Ultima website, 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 on which all information provided to the ASX is immediately posted.<br>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**<br>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.<br>Shareholders queries should be referred to the Company Secretary at first instance. |
| **Principle 7: Recognise and manage risk** | | |
| **Recommendation 7.1**<br>The board of a listed entity should:<br>(a) have a committee or committees to oversee risk, each of which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director,<br>and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(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<br>(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. | NO | (a) The Board is charged with the responsibility of determining the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies.<br>As the Board only consists of four (4) members, the Company does not have an Audit and Risk Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Audit and Risk Committee are currently carried out by the board.<br>The Company has adopted the Audit and Risk Committee Charter, which will be followed by the Audit and Risk Committee once it has been established.<br>(i) The Audit and Risk Committee Charter states that the majority of the Committee must be independent where practical. The Audit and Risk Committee must comprise of at least three (3) members, all being non-executive directors and a majority being independent;<br>(ii) The Chairman of the Audit and Risk Committee must not be the Chairman of the Board and must be independent.<br>(iii) The Audit and Risk Committee Charter is available online at the Company's website.<br>(iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report.<br>(v) The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times each Committee met throughout the period and the individual attendances of the members at those Committee meetings. The relevant details of each Committee meeting held will be provided in the Company's Annual Report. |

CORPORATE GOVERNANCE

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| **Recommendation 7.2**<br>The board or a committee of the board should:<br>(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 board; and | 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, which can be found on Ultima's website, is entitled 'Disclosure - Risk Management' and details the Company's disclosure requirements with respect to the risk management review procedure and internal compliance and controls. |
| (b) disclose in relation to each reporting period, whether such a review has taken place. | | (b) The Board Charter requires (once each Committee has been established) in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report. |
| **Recommendation 7.3**<br>A listed entity should disclose:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(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 | The Audit and Risk Committee Charter provides for the internal audit function of the Company. The Charter outlines the monitoring, review and assessment of a range of internal audit functions and procedures.<br>Given the size of the Company, no internal audit function is currently considered necessary. The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Board also considers external reviews of specific areas and monitors the implementation of system improvements. |
| **Recommendation 7.4**<br>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 | The Audit and Risk Committee Charter 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**<br>The board of a listed entity should:<br>(a) have a remuneration committee which:<br>(i) has at least three members, a majority of whom are independent directors; and<br>(ii) is chaired by an independent director, and disclose:<br>(iii) the charter of the committee;<br>(iv) the members of the committee; and<br>(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 | NO | (a) As the Board only consists of four (4) members, the Company does not have a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The responsibilities of the Remuneration Committee are currently carried out by the board, with the aid of an independent advisor, if required, which includes evaluating the performance of senior executives. |

**CORPORATE GOVERNANCE**

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| (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. | | (b) The Company has adopted The Remuneration Committee Charter, which will be followed by the Remuneration Committee once it has been established. The Remuneration Committee Charter outlines the roles and responsibilities of the Remuneration Committee and provides that:<br>(i) The Remuneration Committee comprises of at least three (3) Directors, the majority of whom are independent non-executive Directors;<br>(ii) The Remuneration Committee must be chaired by an independent Director who is appointed by the Board.<br>(iii) The Remuneration Committee Charter is available on the Company website;<br>(iv) The Board Charter requires disclosure of the members of the Committee. Details of the current members are provided in the Annual Report;<br>The Board Charter requires each Committee in relation to the reporting period relevant to that Committee, to disclose the number of times that Committee met throughout the period, and the individual attendances of the members at those Committee meetings. Details of the Committee meetings will be provided in the Company's Annual Report. |
| **Recommendation 8.2**<br>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 Remuneration Committee Charter requires the Company to disclose its policies and practices regarding the remuneration of non-executive, executive and other senior directors. |
| **Recommendation 8.3**<br>A listed entity which has an equity-based remuneration scheme should:<br>(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<br>(b) disclose that policy or a summary of it. | YES | (a) The Remuneration Committee Charter 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 Remuneration Committee Charter states that the Remuneration Committee, and in this case the Board, as no Remuneration Committee currently exists, must review and approve any equity based plans.<br>(b) A copy of the Remuneration Committee Charter is available on the Company's website. |

## ADDITIONAL SHAREHOLDER INFORMATION

***Shareholding***

The distribution of members and their holdings of equity securities in the company as at 13 August 2015 were as follows:

| Number Held as at 13 August 2015 | Class of Equity Securities<br>Fully Paid Ordinary Shares |
|---|---|
| 1-1,000 | 48 |
| 1,001 - 5,000 | 258 |
| 5,001 – 10,000 | 100 |
| 10,001 - 100,000 | 204 |
| 100,001 and over | 26 |
| **Totals** | **636** |

Holders of less than a marketable parcel: 360

***Substantial Shareholders***

The names of the substantial shareholders listed in the Company's register as at 13 August 2015:

| Shareholder | Number |
|---|---|
| HD MINING & INVESTMENT | 2,520,000 |
| MS YOU LIAN ZHENG | 2,507,873 |
| MR CHENG RONG WANG | 2,029,725 |
| XING YAN | 1,642,500 |
| XIBO MA | 1,503,000 |
| YONG HUA XIAO | 1,421,364 |
| MRS SHU FANG LI | 1,334,473 |

***Voting Rights***

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

## ADDITIONAL SHAREHOLDER INFORMATION

***Twenty Largest Shareholders***
The names of the twenty largest holders of quoted equity security, the number of equity security each holds and the percentage of capital each holds as at 13 August 2015 are as follows:

***Ordinary Shares***

| Name | Number of Ordinary Fully Paid Shares Held | Held of Issued Ordinary Capital (%) |
|---|---|---|
| HD MINING & INVESTMENT | 2,520,000 | 9.88 |
| MS YOU LIAN ZHENG | 2,507,873 | 9.83 |
| MR CHENG RONG WANG | 2,029,725 | 7.96 |
| XIBO MA | 1,503,000 | 5.89 |
| YONG HUA XIAO | 1,421,364 | 5.57 |
| MRS SHU FANG LI | 1,334,473 | 5.24 |
| XING YAN | 1,192,500 | 4.68 |
| MR CHRISTOPHER JOHN FONE | 1,040,464 | 4.08 |
| JIAN LUO SUN | 750,000 | 2.94 |
| MR LANCHUN WU | 553,500 | 2.17 |
| YU LIN SU | 500,000 | 1.96 |
| XIAO HUI HUANG | 500,000 | 1.96 |
| MDM KAM LAN CHOO | 482,670 | 1.89 |
| MRS XIU ZHEN LIU | 480,017 | 1.88 |
| AUSTHONG INTERNATIONAL GROUP | 450,000 | 1.76 |
| UNITED MINING RESOURCES | 450,000 | 1.76 |
| MR WILLIAM MICHAEL TURNER | 320,250 | 1.26 |
| FM104.9 NETWORK PTY LTD | 292,500 | 1.15 |
| MS XIAOHUI HUANG | 275,000 | 1.08 |
| MS YI SU | 250,000 | 0.98 |
| **TOTAL** | **18,853,336** | **73.92** |

***Restricted Securities***
The Company has no restricted securities at the current date.

***Company Secretary***
The name of the Company Secretary is Piers Lewis.

***Address and telephone details of the entity's registered and administrative office***
Suite 2, 23 Richardson Street
South Perth Western Australia 6151

Telephone: + (61) 8 6436 1888
Facsimile: + (61) 8 6436 1899

***Address and telephone details of the office at which a register of securities is kept***
Advanced Share Registry Services
150 Stirling Highway
Nedlands Western Australia 6009

Telephone: + (61) 8 9389 8033
Facsimile: + (61) 8 9367 3311

***Securities exchange on which the Company's securities are quoted***
The Company's listed equity securities are quoted on the Australian Securities Exchange.

***Review of Operations***
A review of operations is contained in the Directors' Report.