ABN 51 127 297 170

Metal Bank Limited
and its controlled entity

Annual Financial Report

For the year ended
30 June 2013

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
CONTENTS

CORPORATE DIRECTORY

DIRECTORS
Inès Scotland (Non-Executive Chairman)
George Frangeskides (Non-Executive Director)
Guy Robertson (Executive Director)

REGISTERED OFFICE
Level 9, 50 Margaret Street
SYDNEY NSW 2000
Ph: (02) 9078 7669
Fax: (02) 9078 7661

SHARE REGISTRY
Advanced Share Registry Services
150 Stirling Highway,
NEDLANDS WA 6009
Ph: (08) 9389 8033
Fax: (08) 9389 7871
www.advancedshare.com.au

SOLICITORS
Watson Mangioni Lawyers

AUDITORS
RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street
Sydney NSW 2000

BANKERS
Westpac

WEBSITE
www.metalbank.com.au

Dear Shareholder

On behalf of the directors of Metal Bank Limited ("Metal Bank" or the "Company"), it gives me pleasure to submit to you the annual report of the Company for the year ended 30 June 2013.

REVIEW OF OPERATIONS

The operations of the consolidated entity during the year are as described below:

SPINIFEX RIDGE EAST PROJECT (80%)

Metal Bank's Spinifex Ridge East Project consists of 2 granted exploration leases (45/2596, 45/3099) – adjacent to Moly Mines Ltd (ASX: MOL), Spinifex Ridge Iron Ore Mine and world class Molybdenum project. Metal Bank has an 80% interest in the Project. The Project is located some 50 km north-east of Marble Bar in the East Pilbara region of Western Australia. The tenement borders the existing Spinifex Ridge Iron Ore Mine & Moly Mines' Molybdenum-Copper Resource.

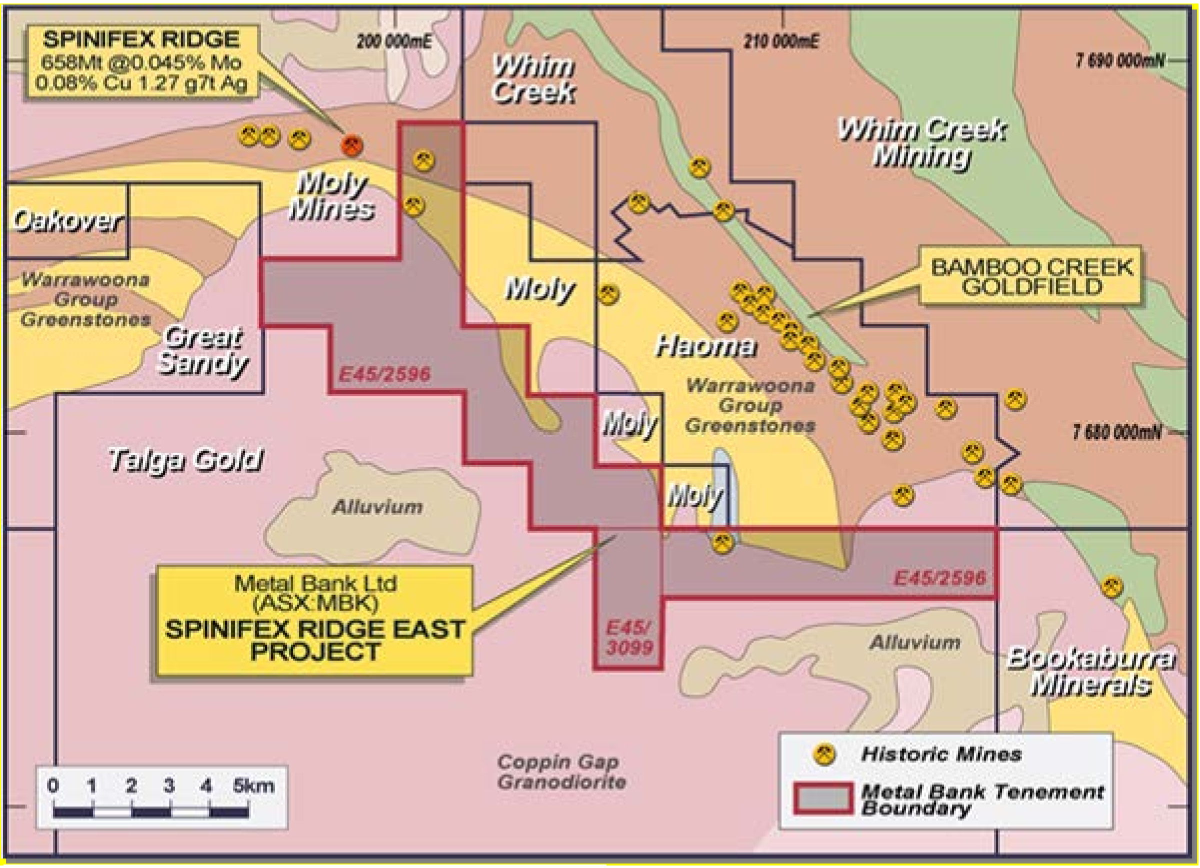

Figure 1: Prospect Locations E45/2596, E45/3099

The Bamboo Creek shear zone has been a major regional gold producer and the geology that hosts the Bamboo Creek goldfield continues northwesterly onto the northern extent of Metal Bank's exploration licence E45/2596 (Figure 1). This geology is considered to hold the greatest potential for short-term identification of potentially economic mineralisation.

Metal Bank's Spinifex Ridge East project also covers an extensive portion of a prospective granite-greenstone contact. The project area is thus attractive for a number of mineralisation styles including porphyry hosted molybdenum-copper and shear-related gold deposits.

Prior to Metal Bank acquiring the project in June 2011, rockchip and soil geochemical sampling outlined four surface copper exposures immediately east of the Spinifex Ridge Mo-Cu deposit - Copper Gossan, Terry's Gossan, Copper Find and Norm's Find – as well as the Northern gold in soil anomaly (Figure 2).

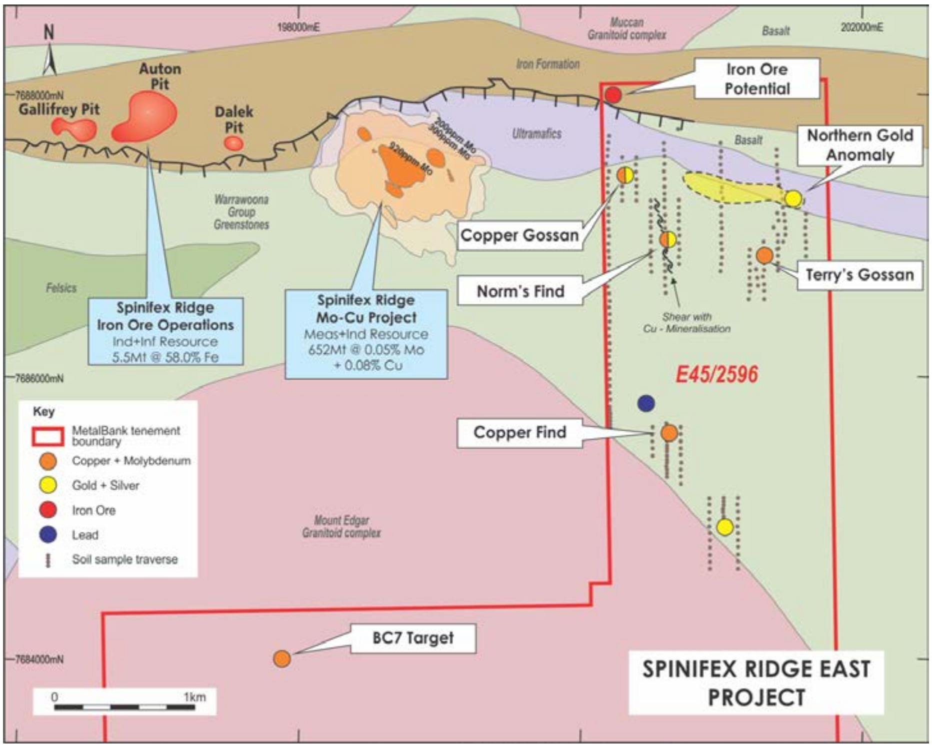

Figure 2 Spinifex Ridge East Project - Key target areas for 2013 focus

During 2012, Metal Bank completed a reconnaissance rockchip sampling program to test a number of these targets:

Norm's Find target

Reconnaissance rockchip sampling in 2008 at Norm's Find identified a 400m long shear zone with outcropping copper mineralisation. Very high grade copper, gold and silver (and lesser molybdenum) grades were returned from samples CG208 and CG213 (Table 1). Follow up rockchip sampling by Metal Bank in 2012 returned exceptional multi-commodity assays of 30.8g/t gold, 154g/t silver and 6.54% copper from sample SE006. This zone was earmarked as a high priority for a more intensive sampling campaign in 2013.

BC7 target

The BC7 target was one of 21 targets highlighted, but not followed up, during an earlier re-interpretation of geophysical data over the project area. First pass reconnaissance rockchip sampling undertaken by Metal Bank during 2012 has enhanced the geophysical interpretation, returning highly encouraging multi-commodity assay results with gold up to 1.28g/t, silver up to 83.5g/t and copper up to 0.34% (Table 1). The BC7 target is yet to be systematically assessed and as such its extent is not yet fully defined. This zone was then prioritised for further detailed sampling in 2013.

Other targets

The east-west trending ***Northern gold anomaly*** (Figure 2) is situated along strike from the Bamboo Creek goldfield and was identified by two 400m spaced soil sampling lines in 2008. Rockchip sampling by Metal Bank during 2012 confirmed the existence of a gold zone with sample number SE009 returning an encouraging 0.31g/t gold and accessory copper at 0.12% (Table 1). A systematic geological and geochemical assessment of this prospect is required to adequately test the continuity of gold mineralisation along the >400m gold in soil anomaly, which remains open to the east.

The ***Copper Gossan*** target was identified by previous explorers and lies along strike some 500m to the west of the ***Northern gold anomaly,*** and also along strike from the Spinifex Ridge Mo-Cu deposit (Figure 2). This target was then scheduled for further systematic geological assessment in 2013 to validate and extend previous rockchip results that previously returned up to 0.28% copper, 7.8ppm molybdenum and 0.09g/t gold (Table 1).

During April 2013, a field trip was conducted over Metal Bank's Spinifex Ridge East Project. The intended purpose of this work was to take rock and soil samples over recently identified areas of interest on tenement E45/2596, verification of existing geology datasets, conduct project scale mapping, and to identify high priority targets for future exploration programmes (See Figure 3).

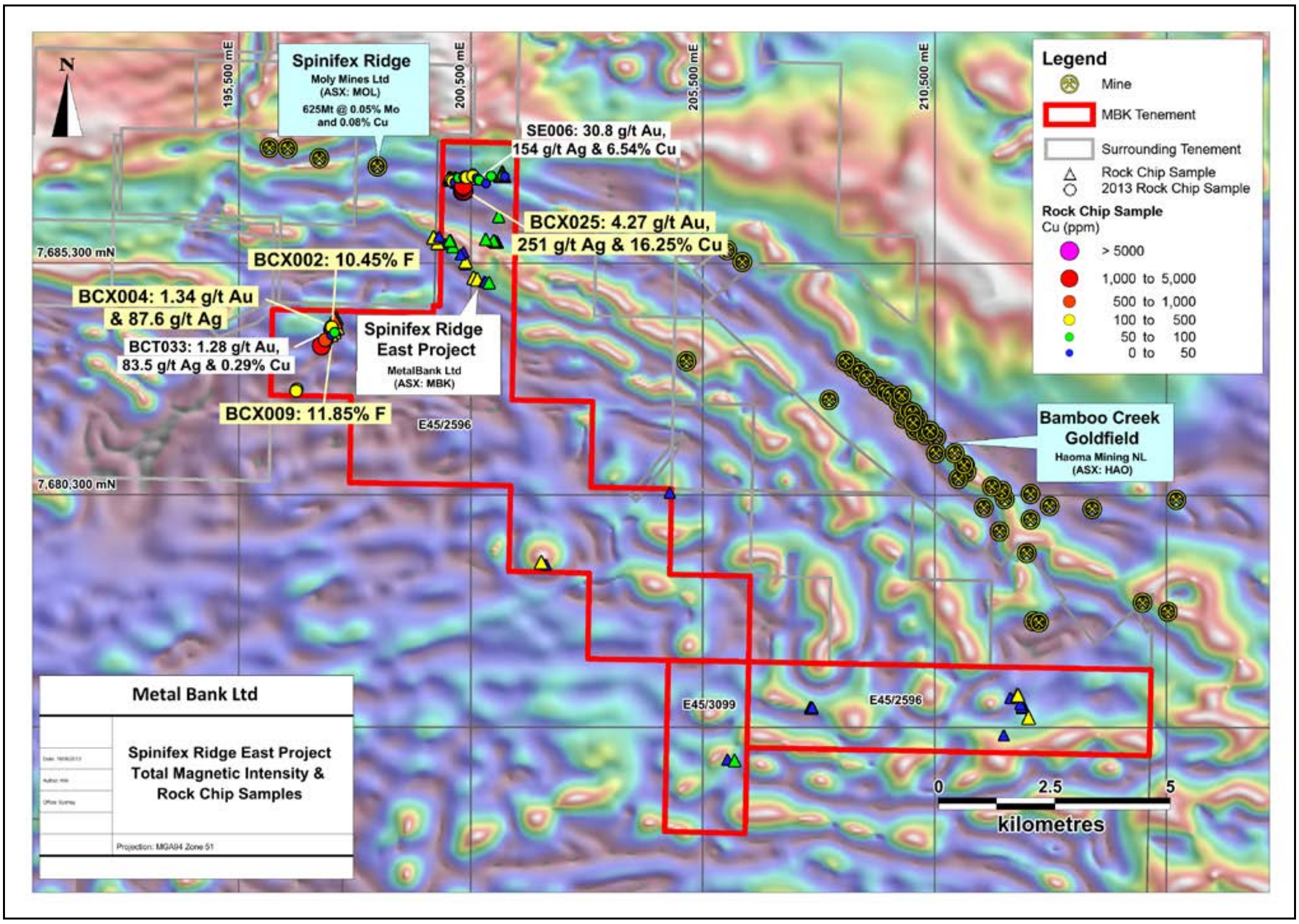

Figure 3 – Sample results within Metal Bank's Bamboo Creek tenements

Work was carried out over a number of previously reported prospects, including BC07, BC01, BC02 and Norms Find where previous exploration had identified mineralisation including 0.31g/t Au and 0.12% Cu, and 30.8g/t Au, 154g/t Ag and 6.54% Cu. These sample sites occur along strike from the Haoma Bamboo Creek gold operations.

42 rock chip samples were taken during the latest field programme and these included results of up to 16.5% copper, 4.27g/t gold and 251 g/t silver.

Results from the programme confirmed the extent and tenor of the previously identified gold, copper and silver mineralisation, and additionally identified anomalous fluorite (F) mineralisation.

Norm's Find Prospect

Five samples from this prospect returned anomalous results, including one sample (BCX025) which returned grades of **16.5% Copper, 4.27g/t Gold, & 251g/t Silver** (see Table 1 below). The samples were taken from a quartz vein trending north-south that displayed evidence of gossanous material, boxwork veining and minor malachite (copper oxide) mineralisation.

BC07 Prospect

Widespread anomalous gold and silver mineralisation exists at the BC07 prospect. Grades of **1.34g/t Gold, & 88g/t Silver (sample BCX004)**, as well as anomalous fluorite grades of up to **11.5% F** were returned from samples at the BC07 Prospect (see Table 1 below).

Fluorite at the reported grades is considered to be anomalous and further investigation of these areas to find economic zones will be considered in future programmes. Fluorite is considered an industrial mineral and roughly half the world's production of fluorite is used in the manufacture of hydrofluoric acid, which has a variety of uses, the most important of which are in the aluminum and chemical industries. Other uses include using fluorite as a flux in the production of steel and magnesium.

Mineralisation at the BC07 Prospect is associated with parallel quartz veins, 30 metres apart and separated by a dolerite dyke and observations in the quartz veins included chalcopyrite, pyrite, molybdenum and fluorite. The structure strikes at approximately 30 degrees and a quartz outcrop some 1.3 kilometres to the south may be an extension to the mineralised area sampled during this programme.

Both the Norm's Find and BC07 Prospects warrant follow up work across the mineralised trends to assist in targeting for possible drilling in the future. Metal Bank is now looking at all the available options for generating value from this highly anomalous area.

		Co-ordinates		Au	Ag	Cu	Mo	F	
Sample	**Prospect**	**Easting**	**Northing**	**ppm**	**ppm**	**%**	**ppm**	**%**	**Comment**
BCX002	BC07	197875	7683972	0.03	3	0.02	8	**10.45**	
BCX003	BC07	197884	7684019	0.01	2.4	0.04	2	**7.14**	Also 3910ppm Pb
BCX004	BC07	197895	7684010	**1.34**	**87.6**	0.03	3	0.08	
BCX005	BC07	197692	7683597	0.04	3.6	0.17	116	**7.69**	Also 3580ppm Pb
BCX009	BC07	197964	7683903	0.22	3.6	0.01	9	**11.85**	
BCX017	Norm's Find	200624	7687040	0.33	**23.1**	0.64	38	-	
BCX020	Norm's Find	200625	7687052	0.17	5.2	0.10	1	-	
BCX025	Norm's Find	200625	7687072	**4.27**	**251**	**16.25**	14	-	
BCX027	Norm's Find	200616	7687071	0.59	13.8	**1.07**	8	-	
BCX029	Norm's Find	200618	7687151	0.07	5.5	0.40	<1	-	
BCX040	BC02	201500	7687391	0.13	<0.5	0.00	1		
BCX041	BC07	197200	7682642	0.44	2.6	0.02	5	-	
BCX042	BC07	197178	7682604	0.05	1.8	0.03	5	-	Also 2500ppm Pb

Table 1: Spinifex Ridge East Project (MBK 80%) – best rock chip sampling results[2]

[2] *"Best rockchip sampling results" from the MBK sampling were deemed significant if above a cut off grade of 0.1g/t gold or 0.1% copper*

BOWEN BASIN

Mount MacKenzie

EPM 15668 was granted to King Eagle Resources Pty Limited (KER), a subsidiary of Golden Cross Resources Ltd (GCR) on 28th Of September 2007 for a period of 5 years. Metal Bank Ltd now owns the tenements outright after the sale from GCR in March 2011. The tenement is in the Bowen-Collinsville district of North Queensland, and approximately 30 km west - southwest of the township of Bowen.

Principal exploration targets are high tonnage low-grade porphyry-related Cu-Mo±Au systems and high-grade mesothermal precious and/or base metal mineralisation. Limited work was undertaken on this prospect during the year.

Review of Projects

The Company announced to the ASX on 28 May 2012 an acquisition of 100% of the issued share capital of Scott Creek Coal (SCCA). Since announcing the acquisition, a number of adverse factors, such as the deterioration in the resources equity markets, decline in coal prices and imposition of increased royalty taxes on coal by the Queensland Government, took place and the Company and SCCA resolved not to proceed with this acquisition. In arriving at its decision the board had regard to a number of factors, including the effort and cost that had been invested in the SCCA transaction, but ultimately, it was concluded that proceeding with the acquisition was not in all shareholders best interests.

The Company is continuing to review new project opportunities.

Tenements Relinquished

Following a detailed review the Company relinquished the Ten Mile Creek tenement during the year and the Killi Killi tenement subsequent to year end as prospectivity was determined to be limited.

Future Plans

Metal Bank will continue to review opportunities to expand its project base in base and precious metals and minerals, which will create shareholder value. In addition the Company will review its existing projects with a view to extracting maximum value through exploration, joint venture or sale.

We thank our shareholders for their ongoing support.

Guy Robertson
Executive Director
26 September 2013

Schedule of Tenements

Mining Tenements	***Location***	***Percentage Interest***
E45/3099	Spinifex Ridge East	80%
E45/2596	Spinifex Ridge East	80%
EPM15668	Mount McKenzie	100%

E – Exploration Licence; EPM – Exploration Permit

Competent Persons Statement

The information in this document that relates to Exploration Results and Mineral Resources is based on information compiled or reviewed by Mr Warrick Clent, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Clent is a consultant to the Company, and is employed by Mining Management Consultants Pty Ltd. Mr Clent has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Clent consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Metal Bank Limited group ("**Metal Bank**"), through its Board and executives, recognises the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Metal Bank. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

It should be noted that Metal Bank is currently a small cap listed company and that where its processes do not fit the model of the 8 principles, the Board believes that there are good reasons for the different approach being adopted.

Reporting against the 8 Principles, we advise as follows:

Principle 1: Lay solid foundations for management and oversight

1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The primary responsibilities of Metal Bank's Board include:

(i) the establishment of long term goals of the company and strategic plans to achieve those goals;
(ii) the review and adoption of the annual business plan for the financial performance of the company and monitoring the results on a monthly basis;
(iii) the appointment of a General Manager;
(iv) ensuring that the company has implemented adequate systems of internal control together with appropriate monitoring of compliance activities; and
(v) the approval of the annual and half-yearly statutory accounts and reports.

The Board meets on a regular basis, normally every two months, to review the performance of the company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled monthly Board meetings, each Board member is provided with a formal board package containing appropriate management and financial reports.

The responsibilities of senior management are contained in letters of appointment and job descriptions given to each appointee on appointment and updated at least annually or as required.

The primary responsibilities of senior management are:

(i) achieve Metal Bank's objectives as established by the Board from time to time;
(ii) operate the business within the cost budget set by the Board;
(iii) ensure that Metal Bank's appointees work with an appropriate Code of Conduct and Ethics; and
(iv) ensure that Metal Bank appointees are supported, developed and rewarded to the appropriate professional standards

1.2 Companies should disclose the process for evaluating the performance of senior executives and appointees.

The performance of all senior executives and appointees is reviewed at least once a year. The performance of the General Manager (when appointed) and other senior executives will be reviewed by the Chairman on an annual basis in conjunction with the Board's Remuneration and Nominations Committee. They are assessed against personal and Company Key Performance Indicators established from time to time as appropriate for Metal Bank.

1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.

A performance evaluation for each senior executive has taken place in the reporting period in line with the process disclosed.

A statement covering the primary responsibilities of the Board is set out in 1.1 above.

A statement covering the primary responsibilities of the senior executives is set out in 1.1 above.

The Metal Bank Corporate Governance Charter is available on the Metal Bank web site, and includes sections that provide a Board charter. The Metal Bank Board reviews its charter when it considers changes are required.

Principle 2: Structure the board to add value

2.1 A majority of the Board should be independent directors.

During the reporting period, the Metal Bank Board consisted of three directors, the majority of which were non-executive and independent.

2.2 The Chairperson should be independent.

Inés Scotland, the non-executive chair is independent.

2.3 Chief Executive Officer should not be the same as Chairman.

The Company currently does not have a Chief Executive Officer. An appointment to this position is expected in the year ahead, but will not be the Chairman.

2.4 A nomination committee should be established.

The Board has established a nominations committee which meets twice per annum.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Metal Bank Board has three board members, who are in regular contact with each other as they deal with matters relating to Metal Bank's business. The Board uses a personal evaluation process to review the performance of directors, and at appropriate times the Chairman takes the opportunity to discuss Board performance with individual directors and to give them their own personal assessment. The Chairman also welcomes advice from Directors relating to their own personal performance. The Remuneration Committee determines whether any external advice or training is required. The Board believes that this approach is most appropriate for a company of the size and market cap of Metal Bank.

2.6 *Companies should provide the information indicated in the Guide to reporting on Principle 2*

A description of the skills and experience of each director is contained in the 2013 Directors Report.

Inés Scotland and George Frangeskides are considered to be independent non-executive directors. Mr Guy Robertson is also the Group's Chief Financial Officer and is not considered independent.

Directors are able to take independent professional advice at the expense of the company, with the prior agreement of the Chairman.

The nomination responsibilities are handled by the nomination committee.

An evaluation of the Board of directors took place during the reporting period and was in accordance with the process described in 2.5 above.

New directors are selected after consultation of all Board members and their appointment voted on by the Board. Each year, in addition to any Board members appointed to fill casual vacancies during the year, one third of directors retire by rotation and are subject to re-election by shareholders at the Annual General Meeting.

There is no current Board charter for nominations.

Principle 3: Promote ethical and responsible decision-making

3.1 *Companies should establish a code of conduct and disclose the code or a summary of the code as to:*

- *the practices necessary to maintain confidence in the company's integrity;*
- *the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and*
- *the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

Metal Bank’s policies contain a formal code of conduct that applies to all directors and employees, who are expected to maintain a high standard of conduct and work performance, and observe standards of equity and fairness in dealing with others. The detailed policies and procedures encapsulate the company’s ethical standards. The code of conduct is contained in the Metal Bank Corporate Governance Charter.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

As a company with a small market capitalisation, the company has a small Board. The company has no established policy at present but is aware of the principle and will be alert for opportunities when Board changes are contemplated.

3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The company has, as yet, no established policy in relation to gender diversity. The company has no employees at present and as a consequence the opportunity for creating a meaningful gender diversity policy is limited.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Given the small size of the company and the fact that it has no employees this is not a meaningful statistic at this time.

Principle 4: Safeguard integrity in financial reporting

4.1 Establish an Audit Committee.

The company has an Audit Committee.

4.2 Audit Committee composition.

The Audit committee is comprised of Inés Scotland and George Frangeskides. As Metal Bank is a company with a small market capitalisation, the Board considers that two members rather than three are appropriate for the Audit Committee.

4.3 A formal charter should be established for the audit committee.

The company has adopted an Audit Committee charter. It is publicly available on the Metal Bank website.

4.4 *Companies should provide the information indicated in the Guide to reporting on Principle 4.*

The Audit Committee met twice during the course of the year.

The Audit Committee provides a forum for the effective communication between the Board and external auditors. The committee reviews:

- the annual and half-year financial reports and accounts prior to their approval by the Board;
- the effectiveness of management information systems and systems of internal control; and
- the efficiency and effectiveness of the external audit functions.

The committee meets with and receives regular reports from the external auditors concerning any matters that arise in connection with the performance of their role, including the adequacy of internal controls.

In conjunction with the auditors the Audit Committee monitors the term of the external audit engagement partner and ensures that the regulatory limit for such term is not exceeded. At the completion of the term, or earlier in some circumstances, the auditor nominates a replacement engagement partner.

The committee interviews the nominee to assess relevant prior experience, potential conflicts of interest and general suitability for the role. If the nominee is deemed suitable, the committee reports to the Board on its recommendation.

The Audit Committee also reviews the Metal Bank Corporate Governance and Risk Management processes to ensure that they are effective enough for a listed public company that has a small market capitalisation.

Principle 5: Make timely and balanced disclosure

5.1 *Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

The Metal Bank Board and senior management are conscious of the ASX Listing Rule Continuous Disclosure requirements, which are supported by the law, and take steps to ensure compliance. The company has a policy, which can be summarised as follows:

- the Board, with appropriate advice, is to determine whether an announcement is required under the Continuous Disclosure principles;
- all announcements are monitored by the Company Secretary; and
- all media comment is managed by the Non-executive Chairman.

Metal Bank believes that the internet is the best way to communicate with shareholders, so Metal Bank provides detailed announcements to the Australian Securities Exchange on a regular basis to ensure that shareholders are kept well informed on Metal Bank's activities.

5.2 *Companies should provide the information indicated in the Guide to reporting on Principle 5.*

Metal Bank's disclosure policy to shareholders is set out as part of the Metal Bank Corporate Governance charter, which is publicly available on the Metal Bank website, as are Metal Bank's recent announcements.

Principle 6: Respect the rights of shareholders

6.1 *Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

Metal Bank provides information to its shareholders through the formal communications processes (e.g. ASX releases, general meetings, annual report, and occasional shareholder letters). This material is also available on the Metal Bank website (www.metalbank.com.au).

Shareholders are encouraged to participate in general meetings and time is set aside for formal and informal questioning of the Board, senior management and the auditors. The external audit partner attends the annual general meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.

The company's communications policy is described in 6.1 above.

Principle 7: Recognise and manage risk

7.1 Companies should establish a sound system for the oversight and management of material business risks.

The company has established policies for the oversight and management of material business risks.

The Board monitors the risks and internal controls of Metal Bank through the Audit Committee. That committee looks to the executive management to ensure that an adequate system is in place to identify and, where possible, on a cost effective basis appropriate for a company with a small market capitalisation, to manage risks inherent in the business, and to have appropriate internal controls.

As part of the process, Metal Bank's management formally identifies and assesses the risks to the business, and these assessments are noted by the Audit Committee and the Board.

7.2 *The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

The Board has required management to design and implement the risk management and internal control system appropriate to a company with a small market capitalisation the size of Metal Bank to manage the company's material business risks and report to it on whether those risks are being managed effectively. Management has reported to the Board as to the effectiveness of the company's management of its material business risks.

7.3 *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The Board has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or its equivalent) that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control appropriate for a company with a small market capitalisation the size of Metal Bank, and that the system is operating effectively in all material respects in relation to financial reporting risks.

7.4 *Companies should provide information in the Guide to reporting on Principle 7.*

The Board has received the report from management under Recommendation 7.2; and the Board has received the assurances referred to under Recommendation 7.3. The company's policies on risk oversight and management of material business risks for a company with a small market capitalisation the size of Metal Bank are not publicly available.

Principle 8: Remunerate fairly and responsibly

8.1 Establish a remuneration committee.

Metal Bank has established a remuneration committee of two directors being Inès Scotland and Guy Robertson.

8.2 The remuneration committee should be structured so that it:

- *consists of a majority of independent directors*
- *is chaired by an independent chair*
- *has at least three members*

As it is a company with a small market capitalisation, Metal Bank believes that a remuneration committee of two board members is appropriate at present.

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The remuneration details of non-executive directors, executive directors and senior management are set out in the Remuneration Report that forms part of the Directors' report.

Senior executives remuneration packages are reviewed by reference to Metal Bank's performance, the executive director's or senior executive's performance, as well as comparable information from industry sectors and other listed companies in similar industries, which is obtained from external remuneration sources. This ensures that base remuneration is set to reflect the market for a comparable role.

The performance of the executive director and senior executives is measured against criteria agreed annually and bonuses and incentives are linked to predetermined performance criteria and may, with shareholder approval, include the issue of shares and / or options.

There are no schemes for retirement benefits, other than statutory superannuation for non-executive directors. A copy of the Remuneration committee charter is publicly available on the Metal Bank web site www.metalbank.com.au

8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.

The information is as outlined above.

Your directors present their report on Metal Bank Limited and its subsidiary (**Consolidated Entity** or the **Group**) for the year ended 30 June 2013.

DIRECTORS
The names of directors in office at any time during or since the end of the year are:

Current Directors

INĖS SCOTLAND
NON-EXECUTIVE CHAIRMAN

Ms Scotland was most recently the Managing Director and CEO of Ivanhoe Australia, an ASX listed entity with a market capitalisation of $500m.

Prior to this Inés was the Managing Director and CEO of Citadel Resource Group Limited. Inés was a founding shareholder of Citadel and was its managing director through its growth, until its acquisition by Equinox Minerals in January 2011.

At the time of acquisition by Equinox, Citadel was developing the Jabal Sayid Copper Project in Saudi Arabia, had a market capitalisation of $1.3B and had raised more than $380m on the equity markets.

Inés has worked in the mining industry for over 20 years for large scale gold and copper companies in Australia, Papua New Guinea, USA and the Middle East. This has included working for Rio Tinto companies, Comalco, Lihir and Kennecott Utah Copper.

Appointed as a Non-executive Chairman on 13 August 2013.

GEORGE FRANGESKIDES
NON-EXECUTIVE DIRECTOR

Mr Frangeskides has a broad range of experience gained from over 15 years in the legal and corporate advisory sectors in Australia and the United Kingdom.

George is an Executive Director at Berwick Capital, a corporate advisory firm which specialises in natural resources and which advises ASX and AIM-listed companies on projects and transactions in the mining and oil and gas sectors. Prior to establishing Berwick Capital, George practised as a lawyer focusing on corporate finance, commercial and capital market transactions.

Appointed as a Non-executive Director on 12 October 2012.

GUY ROBERTSON
EXECUTIVE DIRECTOR
B Com (Hons), CA.

Mr Robertson has more than 30 years' experience as Chief Financial Officer, Company Secretary and Director of both public and private companies in Australia and Hong Kong.

Previous roles included Chief Financial Officer/GM Finance of Jardine Lloyd Thompson, Colliers International Limited and Franklins Limited.

Mr Robertson has over 5 years' experience in ASX listed mineral exploration companies and is currently a director of Artemis Resources Limited and Hastings Rare Metals Limited.

Mr Robertson was appointed as an Executive Director on 17 September 2012.

Former Directors

MICHAEL SUTHERLAND	Appointed 20 May 2011, resigned 17 August 2012.
VINCENT FAYAD	Appointed on 20 May 2011, resigned 12 October 2012.
NOEL HALGREEN	Appointed 17 August 2012, resigned 17 September 2012.
ANTHONY HO	Appointed on 12 October 2011, resigned 13 August 2013.

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Secretary

SUE-ANN HIGGINS
(Company Secretary)

Sue-Ann is an experienced company executive who has worked for over 20 years in the mining industry. Sue-Ann has global corporate experience, particularly in Asia and the Middle East and extensive experience in mergers and acquisitions and equity capital markets.

Sue-Ann has legal and company secretarial qualifications and has held senior legal and commercial roles with ARCO Coal Australia Inc, WMC Resources Ltd, Oxiana Limited and Citadel Resource Group Limited.

Sue-Ann was appointed Company Secretary on 21 August 2013.

Interest in the shares and options of the Company
As at the date of this report, the interests of the directors in the shares and options of Metal Bank Limited were:

	Ordinary Shares	Options
Inés Scotland	17,500,000	3,000,000
George Frangeskides	-	-
Guy Robertson	-	250,000

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as outlined in the Chairman's report, there were no significant changes in the state of affairs of the Company during the year.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was mineral exploration. There have been no significant changes in the nature of the Company's principal activities during the financial year.

SIGNIFICANT AFTER BALANCE SHEET DATE EVENTS

The following significant matters have occurred after balance date:

On 13 August 2013 the Company announced the appointment of Ms Inés Scotland to replace Mr Tony Ho as Chairperson.

In addition, on 13 August 2013 the Company announced that it had received a firm commitment to raise $1.75 million through the placement to strategic sophisticated investors of 87,500,000 ordinary shares at 2 cents a share. The Company has also issued to these investors 15,000,000 share options at an issue price of $0.0001 per option, with an exercise price of $0.03 and expiring on 31 March 2015.

Other than as outlined above, there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The primary objective of Metal Bank is to explore its current tenements in Australia and the Company continues to look to invest in mineral resources projects which have the potential to become mines.

The material business risks faced by the Company that are likely to have an effect on the financial prospects of the Company, and how the Company manages these risks, are:

- Future Capital Needs – the Company does not currently generate cash from its operations. The Company will require further funding in order to meet its corporate expenses, continue its exploration activities and complete studies necessary to assess the economic viability of its projects.
- Exploration and Developments Risks – the Company may fail to discover mineral deposits on its projects and once determined there is a risk that the Company's mineral deposits may not be economically viable. The Company employs geologists and other technical specialists, and engages external consultants where appropriate to address this risk.
- Commodity Price Risk – as a Company which is focused on the exploration of gold and base and precious metals, it is exposed to movements in the price of these commodities. The Company monitors historical and forecast price information from a range of sources in order to inform its planning and decision making.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION

The consolidated entity will comply with its obligations in relation to environmental regulation on its Western Australian and Queensland projects and when it undertakes exploration in the future. The Directors are not aware of any breaches of any environmental regulations during the period covered by this report.

OPERATING RESULTS AND FINANCIAL REVIEW

The loss of the consolidated entity after providing for income tax amounted to $881,641 (2012: loss of $1,199,678). The result for the year was impacted by the following:

The Group's operating income declined to $19,857 (2012-$35,339) primarily the result of reduced interest income given lower funds on hand.

Expenses declined to $901,498 (2012-$1,234,907). Current year expenses were adversely affected by legal and consulting fees associated with the terminated Scott Creek Coal acquisition of $137,117. In general costs declined given an overall focus to reduce overhead costs which is ongoing.

Exploration costs decreased to $399,462 (2012- $523,958) reflecting the relinquishment of the Ten Mile Creek and Killi Killi South tenements.

Net assets declined to $514,878 (2012-$809,019) reflecting the trading result for the year partially offset by an increase in share capital of $590,000 of which $350,000 was in settlement of a debt obligation.

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.

REMUNERATION REPORT

Remuneration Policy

The remuneration policy of Metal Bank has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Metal Bank believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- the remuneration policy, setting the terms and conditions (where appropriate) for the executive directors and other senior staff members, was developed by the Chairman and Company Secretary and approved by the Board;
- in determining competitive remuneration rates, the Board may seek independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices;
- the Company is a mineral exploration company, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives, such personnel are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly if the Company moves from exploration to a producing entity and key performance indicators such as profit and production can be used as measurements for assessing executive performance.
- all remuneration paid to directors is valued at the cost to the Company and expensed. Where appropriate, 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 methodology. Given the early stages in the Company's development no options or long term incentives have been issued and no key performance indicators have yet been developed for executives.
- the Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Chairman in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Directors and Key Management Personnel

(i) *Current Directors*
Inés Scotland – Non-Executive Chairperson (appointed 13 August 2013)
George Frangeskides – Non-Executive Director (appointed 12 October 2012)
Guy Robertson – Executive Director (appointed 17 September 2012)

Former Directors
Vincent John Paul Fayad – Non-Executive Chairman (resigned 12 October 2012)
Anthony Ho – Non-Executive Chairman (resigned 13 August 2013)
Michael Sutherland – Non - Executive Director (resigned 17 August 2012)
Noel Halgreen – Non – Executive Director (resigned 17 September 2012)

(ii) *Company Secretary*
Sue-Ann Higgins (appointed 21 August 2013)

(iii) *Key Management Personnel*
Nil

Other than the directors and the company secretary, the Company had no Key Management Personnel for the financial year ended 30 June 2013.

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and independent expert advice.

Except as detailed in Notes (a) – (c) to the Remuneration Report, no director or officer has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (c) to the Remuneration Report, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Company.

(b) Remuneration of Directors and Key Management Personnel

Remuneration Policy

The Board of Directors is responsible for determining and reviewing compensation arrangements. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Remuneration of Directors of the Group is set out below.

Given the early stages in the Company's development no performance remuneration has been granted.

Parent & Group Key Management Personnel

	2013				2012		
	Base Salary and Fees	Share Based Payments	Super-annuation	Total	Base Salary and Fees	Super-annuation	Total
G. Robertson	48,333	-	-	48,333	60,000	-	60,000
G. Frangeskides	24,243	-	-	24,243	-	-	-
V. Fayad	6,000	-	-	6,000	53,080	-	53,080
A. Ho	40,000	20,000[1]	-	60,000	22,500	-	22,500
M. Sutherland	4,167	-	-	4,167	27,084	-	27,084
B. Cooper	-	-	-	-	170,000	-	170,000
Totals	**122,743**	**20,000**	**-**	**142,743**	**332,664**	**-**	**332,664**

[1]Shares to be issued in lieu of cash remuneration, subject to approval of shareholders.

There are no other employment benefits, either short term, post-employment or long term, non-monetary or otherwise other than those outlined above.

(c) Employee Related Share-based compensation

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of Directors and Employees of a high calibre, the Company has a policy of issuing options that are exercisable in future at a certain fixed price.

No options were issued to Directors and Employees during the year. Guy Robertson currently holds 250,000 unlisted share options exercisable at 20 cents and expiring 30 June 2014.

OPTIONS ISSUED AS PART OF REMUNERATION

No options have been issued to directors and executives as part of their remuneration for the year ended 30 June 2013.

MEETINGS OF DIRECTORS

The number of directors' meetings (including committees) held during the financial period each director held office during the financial period and the number of meetings attended by each director are:

	Directors Meetings		Audit Committee Meetings	
Director	Meetings Attended	Number Eligible to Attend	Meetings Attended	Number Eligible to Attend
V. Fayad*	3	3	1	1
A. Ho*	5	5	2	2
M. Sutherland	2	2	-	-
G. Frangeskides	1	1	1	1
G. Robertson*	2	2	2	2
N. Halgreen	-	2	-	-

* Two meetings were also held and attended by the remuneration and nomination committee.

In addition to the board meetings there were three circular resolutions by the board.

INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him or her in his or her capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Company paid insurance premiums of $13,915 in August 2013 in respect of directors' and officers' liability. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome;
- other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

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 proceeding to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under Section 307C in relation to auditor's independence for the year ended 30 June 2013 has been received and can be found on the following page.

NON-AUDIT SERVICES

The Board of Directors advises that no non-audit services were provided by the Company's auditors during the year.

This report is made in accordance with a resolution of the directors.

Guy Robertson
Director
Sydney, 26 September 2013

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 8226 4500 **F** +61 2 8226 4501

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Metal Bank Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 25 September 2013

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue	2	**19,857**	35,229
Administration expenses		**(47,024)**	(72,564)
Personnel costs		**(9,508)**	(36,562)
Compliance and regulatory expenses		**(47,174)**	(79,055)
Legal fees		**(69,105)**	(126,149)
Occupancy costs		**(2,633)**	(33,752)
Marketing		**(18,881)**	(29,142)
Directors fees		**(97,404)**	(258,080)
Management and exploration consulting fees		**(371,582)**	(218,721)
Travel expenses		**(10,707)**	(17,894)
Exploration expenditure written off		**(189,980)**	(97,609)
Loss on sale of investments		**(17,500)**	(14,083)
Depreciation		**-**	(6,323)
Share based payments		**(20,000)**	(244,973)
(LOSS) BEFORE INCOME TAX	3	**(881,641)**	(1,199,678)
Income tax expense	4	**-**	-
(LOSS) FOR THE YEAR		**(881,641)**	(1,199,678)
(LOSS) ATTRIBUTABLE TO MEMBERS OF METAL BANK LIMITED		**(881,641)**	(1,199,678)
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**(881,641)**	(1,199,678)
Loss for the year is attributable to:			
Owners of Metal Bank Limited		**(881,641)**	(1,199,678)
Non controlling interest		**-**	-
		(881,641)	(1,199,678)
Total Comprehensive income for the year is attributable to:			
Owners of Metal Bank Limited		**(881,641)**	(1,199,678)
Non controlling interest		**-**	-
		(881,641)	(1,199,678)
Earnings per share			
Basic and diluted loss per share (cents per share)	20	**(1.48)**	(2.72)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the attached notes

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	**2013**	2012
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	**510,254**	1,117,989
Trade and other receivables	6	**11,324**	200,477
Financial assets	7	**32,500**	52,500
TOTAL CURRENT ASSETS		**554,078**	1,370,966
NON-CURRENT ASSETS			
Plant and equipment	8	**-**	-
Exploration and evaluation expenditure	10	**399,462**	523,958
TOTAL NON-CURRENT ASSETS		**399,462**	523,958
TOTAL ASSETS		**953,540**	1,894,924
CURRENT LIABILITIES			
Trade and other payables	11	**188,662**	815,905
Liability for deferred consideration	12	**250,000**	270,000
TOTAL CURRENT LIABILITIES		**438,662**	1,085,905
TOTAL LIABILITIES		**438,662**	1,085,905
NET ASSETS		**514,878**	809,019
EQUITY			
Issued Capital	13	**5,612,303**	5,022,303
Reserves	14	**250,973**	253,473
Accumulated losses		**(5,348,398)**	(4,466,757)
		514,878	809,019
Non controlling interest		**-**	-
TOTAL EQUITY		**514,878**	809,019

The Consolidated Statement of Financial Position are to be read in conjunction with the attached notes.

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital $	Reserves	Accumulated Losses $	Non-controlling interest	Total $
				-	
Balance as at 1 July 2012	**5,022,303**	**253,473**	**(4,466,757)**		**809,019**
Loss for the year	**-**	**-**	**(881,641)**	**-**	**(881,641)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**-**	**(881,641)**	**-**	**(881,641)**
Transfer from asset revaluation reserve	**-**	**(2,500)**	**-**	**-**	**(2,500)**
Issue of share capital	**590,000**	**-**	**-**	**-**	**590,000**
Cost of share capital issued	**-**	**-**	**-**	**-**	**-**
Balance as at 30 June 2013	**5,612,303**	**250,973**	**(5,348,398)**	**-**	**514,878**
Balance as at 1 July 2011	3,931,591	-	(3,267,079)	-	664,512
Loss for the year	-	-	(1,199,678)	-	(1,199,678)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,199,678)	-	(1,199,678)
Transfer to options based payments reserve	-	250,973	-	-	250,973
Transfer to asset revaluation reserve	-	2,500	-	-	2,500
Issue of share capital	1,123,000	-	-	-	1,123,000
Cost of share capital issued	(32,288)	-	-	-	(32,288)
Balance as at 30 June 2012	**5,022,303**	**253,473**	**(4,466,757)**	-	**809,019**

The Consolidated Statement of Changes in Equity are to be read in conjunction with the attached notes.

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	**2013**	2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(999,490)**	(686,450)
Payment for exploration and evaluation		**(65,484)**	(288,945)
Interest received		**25,142**	29,944
NET CASH USED IN OPERATING ACTIVITIES	22	**(1,039,832)**	(945,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of financial assets		**-**	281,151
Loan repaid by unrelated entity		**192,097**	-
NET CASH PROVIDED BY INVESTING ACTIVITIES		**192,097**	281,151
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		**240,000**	340,000
Costs of issue of shares		**-**	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**240,000**	340,000
NET DECREASE IN CASH HELD		**(607,735)**	(324,300)
Cash at the beginning of the financial year		**1,117,989**	1,442,289
CASH AT THE END OF THE FINANCIAL YEAR		**510,254**	1,117,989

The Consolidated Statement of Cash Flows are to be read in conjunction with the attached notes.

This financial report includes the consolidated financial statements and notes of Metal Bank Limited and its controlled entity (**Consolidated Group** or **Group**), and a separate note on the accounts of Metal Bank Limited as the parent entity ('Parent').

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

This financial report is presented in Australian Dollars.

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

The financial report covers the Group of Metal Bank Limited and controlled entity. Metal Bank Limited is a public listed company, incorporated and domiciled in Australia.

a. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Metal Bank Limited at the end of the reporting period. A controlled entity is any entity over which Metal Bank Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 9 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

b. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

As disclosed in the financial statements, the company and consolidated entity recorded operating losses of $881,641 and the consolidated entity had net cash outflows from operating activities of $1,039,832 for the year ended 30 June 2013.

The Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt that basis of accounting in the preparation of the financial report after consideration of the following factors:

- The company has been successful in raising capital during the period ($240,000) and has raised $1.75 million, subsequent to year end (see Note 13);
- The company has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001;
- Directors have prepared cash flow projections for the consolidated entity and have satisfied themselves that it has adequate funding available for the 12 months following the date of this report to settle any obligations as and when they become due.

c. Adoption of New and Revised Accounting Standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

The following Australian Accounting Standards have been issued or amended and are applicable to the Company but are not yet effective.

The Group does not anticipate the early adoption of any of the following Australian Accounting Standards:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015	Unlikely to have significant impact
2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015	Unlikely to have significant impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015	Unlikely to have significant impact
AASB 10	*Consolidated Financial Statements*	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	Unlikely to be significant
AASB 11	*Joint Arrangements*	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have in interest in arrangements that are jointly controlled.	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	No Impact
AASB 12	*Disclosure of Interests in Other Entities*	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	No Impact
AASB 127	*Separate Financial Statements*	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	No Impact
AASB 128	*Investments in Associates and Joint Ventures*	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	No Impact
2011-7	*Amendments to Australian Accounting Standards arising from AASB 10,11,12,127,128*	Amends AASB 1,2,3,5,7,9,2009-11,101,107,112,118,121,124,132,133,136,13 8,139,1023 & 1038 and Interpretations 5,9,16 & 17 as a result of the issuance of AASB 10, 11, 12, 127 and 128	1 January 2013 (for-profit) / 1 January 2014 (Not For Profit)	No Impact
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013	Unlikely to be significant
2011-8	*Amendments to Australian Accounting Standards arising from AASB 13*	Amends AASB 1, 2, 3, 4, 5, 7, 9, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132 as a result of issuance of AASB 13 *Fair Value Measurement*.	1 January 2013	Unlikely to be significant

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2012-1	*Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements*	This Standard makes amendments to AASB 3, 7, 13, 140 and 141 to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13.*	1 July 2013	Disclosure only
AASB 119	*Employee Benefits*	The amendments to this Standard eliminates the option for defined benefit plans to use the corridor approach to defer the recognition of actuarial gains and losses and introduce enhanced disclosures about defined benefit plans. The amendments also incorporate changes to the accounting for termination benefits.	1 January 2013	Unlikely to be significant
2011-10	*Amendments to Australian Accounting Standards arising from AASB 119*	Amends AASB 1, 8, 101, 124, 134, 1049, 2011-8 & Interpretation 14 as a result of the issuance of AASB 119 *Employee Benefits*.	1 January 2013	Unlikely to be significant
2011-11	*Amendments to AASB 119 arising from Reduced Disclosure Requirements*	This Standard makes amendments to AASB 119 *Employee Benefits*, to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	No Impact
AASB 1053	*Application of Tiers of Australian Accounting Standards*	This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	No Impact
2010-2	*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements and amends AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052.	1 July 2013	No Impact
2010-10	*Further Amendments to Australian Accounting Standards –Removal of Fixed Dates for First-time Adopters*	Amends AASB 1 for first-time adopters	1 January 2013	No Impact
2011-2	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements*	This Standard makes amendments to AASB 101 & AASB 1054 in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.	1 July 2013	No Impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2011-4	*Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*	This Standard amends AASB 124 *Related Party Disclosures* to remove all the individual key management personnel (KMP) disclosures contained in Aus paragraphs 29.1 to 29.9.3.	1 July 2013	No Impact
2011-6	*Amendments to Australian Accounting Standards –Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements*	This Standard makes amendments to AASB 127, 128 & 131 to extend the relief from consolidation, the equity method and proportionate consolidation to not for profit entities	1 July 2013	No Impact
IFRIC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013	No Impact
2011-12	*Amendments to Australian Accounting Standards arising from Interpretation 20*	This Standard makes amendments to Australian Accounting Standard AASB 1 *First-time Adoption of Australian Accounting Standards*. These amendments arise from the issuance of IFRIC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine.*	1 January 2013	No Impact
2012-2	*Amendments to Australian Accounting Standards –Disclosures –Offsetting Financial Assets and Financial Liabilities*	This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the (potential) effect of netting arrangements. It also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.	1 January 2013	Unlikely to be significant
2012-3	*Amendments to Australian Accounting Standards –Offsetting Financial Assets and Financial Liabilities*	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014	Unlikely to be significant
2012-4	*Amendments to Australian Accounting Standards – Government Loans*	This Standard makes amendments to AASB 1 as a consequence of the issuance of IFRS 1.	1 January 2013	No Impact
2012-5	*Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*	This Standard makes amendments to AASB 1, 101, 116, 132, 134 & Interpretation 2 as a result from 2009-2011 Annual Improvements Cycle.	1 January 2013	No Impact
2012-6	*Amendments to Australian Accounting Standards –Mandatory Effective Date of AASB 9 and Transition Disclosures*	This Standard amends the mandatory effective date of AASB 9 *Financial Instruments* so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013.	1 January 2015	No Impact

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2012-7	*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*	This Standard adds to or amends the Australian Accounting Standards – Reduced Disclosure Requirements for AASB 7, 12, 101 and 127.	1 July 2013	No Impact
2012-9	*Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*	This Standard amends AASB 1048 Interpretation of Standards as a consequence of the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.	1 January 2013	No Impact
2012-10	*Amendments to Australian Accounting Standards –Transition Guidance and Other Amendments*	Amends AASB 10, AASB 11 and related Standards with respect to transition guidance to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. In addition amends these standards so that they apply mandatorily to not-for-profit entities from 1 January 2014, with early application permitted for not-for-profit entities only from 1 January 2013.	1 January 2013	No Impact
2012-11	*Amendments to Australian Accounting Standards –Reduced Disclosure Requirements and Other Amendments*	The Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2).	1 July 2013	No Impact
2013-1	*Amendments to AASB 1049 –Relocation of Budgetary Reporting Requirements*	This Standard moves the requirements relating to the disclosure of budgetary information from AASB 1049 (without substantive amendment) to a single, topic-based, Standard AASB 1055 *Budgetary Reporting*.	1 July 2014	No Impact
AASB 1055	*Budgetary Reporting*	This Standard specifies the nature of budgetary disclosures and the circumstances in which they are to be included in. Furthermore, it requires disclosures about explanations of major variances between actual and budgeted amounts.	1 July 2014	No Impact

d. Income Taxes

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity. Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

e. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the re-valued carrying amounts of the assets and depreciation based on the assets' original costs. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the re-valued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

f. Exploration and Evaluation Costs

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

g. 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 (i.e. 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 fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative recognized of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

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.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that 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 item in profit or loss.

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

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

Financial assets are classified at “fair value through profit or loss” when they are 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) Loans and receivables

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

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) 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.

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

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

(v) *Financial liabilities*

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

Derivative instruments

The Group designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group’s risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees

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

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

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

(iii) the likelihood of the guaranteed party defaulting in a year period;

(iv) the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

(v) the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are recognised where the contractual rights to receipt of cash flows expire 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 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.

h. Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

i. 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 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial performance.

j. Revenue Recognition

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Comparative Figures

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

m. Significant judgements and key assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

n. Key judgements and estimates

Key Judgment Exploration Expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at $399,462.

Key Judgment Environmental Issues

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

Key Estimate Taxation

Balances disclosed in the financial statements and the notes thereto, relating to taxation, 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.

Key Estimates Share based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price. Refer note 25.

2. REVENUE AND OTHER INCOME

	2013 **$**	2012 $
Interest received	**19,857**	35,229
	19,857	35,229

3. LOSS FOR THE YEAR

Loss for the year is after charging:

	2013 **$**	2012 $
Superannuation	-	2,534

4. INCOME TAX EXPENSE

(a) No income tax is payable by the parent or consolidated entity as they recorded losses for income tax purposes for the period.

(b) Reconciliation between income tax expense and prima facie tax on accounting profit (loss)

	2013 **$**	2012 $
Accounting profit (loss)	**(881,641)**	(1,199,678)
Tax at 30%	**(264,492)**	(359,903)
Tax effect of non-deductible expenses	**6,000**	73,492
Deferred tax asset not recognised	**258,492**	286,411
Income tax expense	-	-

(c) Deferred tax assets

Revenue tax losses	**315,486**	347,351
Deferred tax assets not recognised	**(258,492)**	(286,411)
Set off deferred tax liabilities	**(56,994)**	(60,940)
Income tax expense	-	-

(d) Deferred tax liabilities

Exploration expenditure	**56,994**	60,940
Set off deferred tax assets	**(56,994)**	(60,940)
	-	-

(e) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	**3,232,594**	2,560,933

Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2013 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;

- the Company continues to comply with conditions for deductibility imposed by law; and

- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

The applicable tax rate is the national tax rate in Australia for companies, which is 30% at the reporting date.

5. CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash and cash equivalents	**510,254**	1,117,989

6. TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
CURRENT		
Other receivables	**11,324**	8,380
Loan to Scott Creek Coal Pty Ltd[1]	**-**	192,097
	11,324	200,477

[1] The loan to Scott Creek Coal Pty Ltd was repaid in full on 13 November 2012.

7. FINANCIAL ASSETS

	2013 $	2012 $
CURRENT		
ASX Listed Shares		
Financial assets available for sale[1]	**32,500**	52,500
	32,500	52,500

[1] 250,000 shares in Stratum Metals Limited at 13 cents per shares as at 30 June 2013.

8. PLANT AND EQUIPMENT

	2013 $	2012 $
Office equipment		
At Cost	-	-
Accumulated depreciation	-	-
	-	-
Office equipment		
Opening balance	-	6,323
Purchases	-	-
Depreciation	-	(6,323)
Closing balance	-	-

9. CONTROLLED ENTITY

	Country of Incorporation	Ownership % 2013	Ownership % 2012
Parent Entity:			
Metal Bank Limited	Australia	-	-
Subsidiary:			
Spinifex Ridge East Pty Limited	Australia	80	80

10. EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
Exploration and evaluation expenditure	**399,462**	523,958
Reconciliation of carrying amount		
Balance at beginning of financial year	**523,958**	403,264
Expenditure in current year	**65,484**	218,303
Exploration expenditure written off[1]	**(189,980)**	(97,609)
Balance at end of financial period	**399,462**	523,958

[1]The Company wrote off exploration expenditure during the year relating to those tenements relinquished which include Ten Mile Creek and Killi Killi South.

11. TRADE AND OTHER PAYABLES

	2013 $	2012 $
CURRENT		
Unsecured liabilities:		
Trade payables	**88,661**	421,311
Sundry payables and accrued expenses[1]	**100,001**	394,594
	188,662	815,905

[1] Sundry payables and accrued expenses include an amount of $300,000 in 2012 owing the vendor of Spinifex Ridge's advisor. Shareholders have approved the issue of 6,000,000 shares in settlement of this debt, which shares were issued in the 2013 year.

12. LIABILITY FOR DEFERRED CONSIDERATION

	2013	2012
	$	$
Liability for deferred consideration[1]	**250,000**	270,000

[1] The liability for deferred consideration arose on the acquisition of Spinifex Ridge East Pty Limited in 2011, in which the Company has an 80% interest. The Company has agreed to settle the liability through the issue of 12 million shares, which shares have yet to be issued.

13. SHARE CAPITAL

	2013	2012
	$	$
71,485,001 (2012 – 52,485,001) fully paid ordinary shares	**5,612,303**	5,022,303

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

Reconciliation of movements in share capital during the year:

	2013 No. Shares	2012 No. Shares	**2013 $**	2012 $
Opening balance – start of reporting period	**52,485,001**	36,985,001	**5,022,303**	3,931,591
Share Issue – 21 September 2011	**-**	6,200,000	**-**	558,000
Share Issue – 21 September 2011	**-**	2,500,000	**-**	225,000
Share Issue – 12 June 2012	**-**	6,800,000	**-**	340,000
Share Issue – 10 October 2012	**1,000,000**	-	**50,000**	-
Share Issue – 31 October 2012*	**6,000,000**	-	**300,000**	-
Share Issue – 16 April 2013	**12,000,000**	-	**240,000**	-
Cost of raising capital	**-**	-	**-**	(32,288)
	71,485,001	52,485,001	**5,612,303**	5,022,303

* On 31 October 2012 shareholders approved the issue of 6,000,000 in settlement of a $300,000 debt as per note 11.

On 13 August 2013 the Company announced that it had received firm commitments to raise $1.75 million through the placement of 87,500,000 ordinary shares to sophisticated investors. The funds have since been received by the Company. In addition the Company has issued 17,500,000 share options exercisable at 3 cents per share before 31 March 2015 to these investors.

Capital 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.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Company's activities, being 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 is to balance the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

Capital Management (continued)

	2013	2012
	$	$
Cash and cash equivalents	**510,254**	1,117,989
Trade and other receivables	**11,324**	200,477
Financial assets	**32,500**	52,500
Trade and other payables	**(188,662)**	(815,905)
Liability for deferred consideration	**(250,000)**	(270,000)
Working capital position	**115,416**	285,061

Share options

	2013	**2012**
	No.	**No.**
Movements in share options		
At 1 July	**21,000,000**	-
Company options issued during the year - unlisted	**-**	21,000,000
At 30 June	**21,000,000**	21,000,000

The Company has the following options outstanding as at 30 June 2013.

Grant/Issue Date	Expiry Date	Exercise Price	Number	Listed/Unlisted
12 December 2011	30 June 2014	20 cents	15,000,000	Unlisted
21 February 2012	30 November 2014	10 cents	6,000,000	Unlisted

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2013	**Weighted average exercise price 2013**	**2012**	**Weighted average exercise price 2012**
	No.	**$**	**No.**	**$**
Outstanding at the beginning of the year	21,000,000	$0.17	-	-
Granted during the year	-	-	21,000,000	$0.17
Exercised during the year	-	-	-	-
Outstanding at the end of the year	21,000,000	$0.17	21,000,000	$0.17
Exercisable at the end of the year	21,000,000	$0.17	21,000,000	$0.17

The share options outstanding at the end of the year had a weighted average exercise price of $0.17 (2012: $0.17 and weighted average remaining contractual life of 1.12 years (2012: 2.48 years).

No options were granted during the year.

The following share-based payment arrangements are in place during the current and prior periods:

Series	Number	Grant/Issue Date	Expiry date	Exercise Price	Fair Value at Grant Date	Listed/ Unlisted
Series 1	15,000,000	21/12/11	30/06/14	20 cents	188,236	Unlisted
Series 2	6,000,000	21/02/12	30/11/14	10 cents	62,737	Unlisted

	Series 1	Series 2
Expected volatility (%)	80%	80%
Risk-free interest free (%)	3.65%	3.65%
Expected life of option (years)	2.53	2.36
Exercise price ($)	20 cents	10 cents
Grant date share price	6 cents	4 cents

14. RESERVES

	2013	2012
	$	$
Option issue reserve	**250,973**	250,973
Unrealised gains reserve	**-**	2,500
	250,973	253,473

(a) Movements in options issue reserve - nil

(b) Movements in unrealised gains reserve

	2013	2012
	$	$
Opening balance	**2,500**	-
Decrease in value of financial assets	**-**	2,500
Increase in value of financial assets	**(2,500)**	-
Closing balance	**-**	2,500

15. FINANCIAL RISK MANAGEMENT

The group's principal financial instruments comprise mainly of deposits with banks and shares in listed companies shown as financial assets at fair value through profit and loss. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the group. The group also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The consolidated entity holds the following financial instruments at the end of the reporting period:

	2013	2012
	$	$
Financial assets		
Cash and cash equivalents	**510,254**	1,117,989
Trade and other receivables	**11,324**	200,477
Financial assets at fair value through profit and loss	**32,500**	52,500
	554,078	1,370,966
Financial liabilities		
Trade and other payables	**188,662**	815,905
Liability for deferred consideration	**250,000**	270,000
	438,662	1,085,905

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

a. Market risk

Cash flow and fair value interest rate risk

The group's main interest rate risk arises from cash deposits to be applied to exploration and development areas of interest. It is the group's policy to invest cash in short term deposits to minimise the group's exposure to interest rate fluctuations. The group's deposits were denominated in Australian dollars throughout the year. The group did not enter into any interest rate swap contracts during the year ended 30 June 2013. Neither the group nor the parent has any short or long term debt, and therefore this risk is minimal.

b. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group. The group 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 cash transactions of the group are limited to high credit quality financial institutions.

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

All cash holdings within the Group are currently held with AA rated financial institutions.

c. Liquidity Risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

Financial Instrument composition and maturity analysis

The tables below reflect 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 may not reconcile to the statement of financial position.

Consolidated Group	**Within 1 year**		**1 to 5 years**		**Over 5 years**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$	$	**$**	$	**$**	$	**$**	$
Financial liabilities - due for payment:								
Trade and other payables	**188,662**	815,905	**-**	-	**-**	-	**188,662**	815,905
Liability for deferred consideration	**250,000**	270,000	**-**	-	**-**	-	**250,000**	270,000
Total contractual outflows	**438,662**	1,085,905	**-**	-	**-**	-	**438,662**	1,085,905
Financial assets – cash flows realisable								
Cash and cash equivalents	**510,254**	1,117,989	**-**	-	**-**	-	**510,254**	1,117,989
Trade and other receivables	**11,324**	200,477	**-**	-	**-**	-	**11,324**	200,477
Financial assets	**32,500**	52,500	**-**	-	**-**	-	**32,500**	52,500
Total anticipated inflows	**554,078**	1,370,966	**-**	-	**-**	-	**554,078**	1,370,966
Net inflow on financial instruments	**115,416**	285,061	**-**	-	**-**	-	**115,416**	285,061

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below.

		Change in profit		**Change in equity**	
	Carrying Value	**100bp Increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
30 June 2013	$	$	$	$	$
Cash and cash equivalents	510,254	5,103	(5,103)	5,103	(5,103)
30 June 2012					
Cash and cash equivalents	1,117,989	11,180	(11,180)	11,180	(11,180)

Maturity of financial assets and liabilities

The note below summarises the maturity of the group's financial assets and liabilities as per the director's expectations. The amounts disclosed are the contractual undiscounted cash flows. There are no derivatives.

	< 6 months	6 – 12 months	1- 5 years	>5 years	Total
30 June 2013	$	$	$	$	$
Trade and other receivables	11,324	-	-	-	11,324
Trade and other payables	188,662	-	-	-	188,662
Liability for deferred consideration	250,000	-	-	-	250,000
30 June 2012					
Trade and other receivables	200,477	-	-	-	200,477
Trade and other payables	815,905	-	-	-	815,905
Liability for deferred consideration	270,000	-	-	-	270,000

Fair value of financial assets and financial liabilities

There is no difference between the fair values and the carrying amounts of the group's financial instruments. The Group has no unrecognised financial instruments at balance date.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Sensitivity analysis on changes in market rates

A change of 20% in equity prices at the reporting date would increase/(decrease) equity and profit or loss as shown below:

		Change in profit		Change in equity	
	Carrying Value	20% increase	20% decrease	20% increase	20% decrease
	$	$	$	$	$
30 June 2013					
Financial assets available for sale					
ASX listed investments	32,500	6,500	(6,500)	6,500	(6,500)
30 June 2012					
Financial assets available for sale					
ASX listed investments	52,500	10,500	(10,500)	10,500	(10,500)

16. COMMITMENTS

The consolidated group currently has commitments for expenditure at 30 June 2013 on its Australian exploration tenements as follows:

	2013	2012
	$	$
Not later than 12 months	**160,000**	373,000
Between 12 months and 5 years	**160,000**	40,500
Greater than 5 years	**-**	-
	320,000	413,500

The group has a further commitment to pay a retainer fee under outsourced consultancy and management agreements for the provision of geological and service personnel. These agreements can be cancelled with varying notice periods up to 12 months.

	2013	2012
	$	$
Not later than 12 months	**108,000**	200,000
Between 12 months and 5 years	**36,000**	-
Greater than 5 years	**-**	-
	144,000	200,000

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets in existence at balance sheet date.

18. RELATED PARTY DISCLOSURES

Refer to the Remuneration Report contained in the Directors Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2013. Other than the Directors and secretary, the Company had no key management personnel for the financial period ended 30 June 2013.

The total remuneration paid to key management personnel of the company and the group during the year are as follows:

	2013	2012
	$	$
Short term employee benefits	**122,743**	332,664
Share based payments	**20,000**	-
	142,743	332,664

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Directors and Key Management Personnel

(i) Directors

Inés Scotland (Non-Executive Chairman) (Appointed 13 August 2013)
George Frangeskides (Non-Executive Director) (Appointed 12 October 2012)
Guy Robertson (Executive Director) (Appointed 17 September 2102)

(ii) Company secretary

Sue-Ann Higgins – Company Secretary (Appointed 21 August 2013)

(iii) Directors' remuneration

Directors' remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relative comparative information and, where applicable, independent expert advice.

Except as detailed in Notes (a) – (c) to the Remuneration Report in the Director's Report, no director has received or become entitled to receive, during or since the financial period, a benefit because of a contract made by the Company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in Notes (a) – (c) to the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Company.

(b) Key Management Personnel

Other than the Directors and secretary, the Company had no key management personnel for the financial period ended 30 June 2013.

(c) Remuneration Options: Granted and vested during the financial year ended 30 June 2013

There were no remuneration options granted during the financial year ended 30 June 2013.

(d) Share and Option holdings

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Guy Robertson holds 250,000 unlisted share options exercisable at 20 cents and expiring 30 June 2014.

Shares held by Directors and Officers

Period from 1 July 2012 to 30 June 2013

	Balance at beginning of period	Received as Remuneration	Purchased	Net Change Other	Balance at end of year
V. Fayad[1]	62,500	-	-	(62,500)	-
A. Ho[2]	-	-	-	-	-
G. Robertson	-	-	-	-	-
I. Scotland	-	-	-	-	-
G. Frangeskides	-	-	-	-	-
	62,500	-	-	(62,500)	-

[1] Resigned as a director on 12 October 2012
[2] Resigned as a director on 13 August 2013

Period from 1 July 2011 to 30 June 2012

	Balance at beginning of period	Received as Remuneration	Purchased	Net Change Other	Balance at end of year
V. Fayad[1]	62,500	-	-	-	62,500
A. Ho[2]	-	-	-	-	-
B. Cooper[3]	600,001	-	-	(600,001)	-
	662,501	-	-	(600,001)	62,500

[1] Resigned as a director on 12 October 2012
[2] Resigned as a director on 13 August 2013
[3] 600,000 shares held indirectly by Cooper Corporate and Consulting Pty Limited.

(e) Related Party Transactions

	2013 **$**	2012 $
Payments to:		
Lawler Corporate Finance Pty Limited[1]	**24,000**	27,562

[1] Fees paid in the normal course of business for service rendered. Mr Vincent Fayad, a former director of the Company is a director of Lawler Corporate Finance Pty Ltd.

19. SEGMENT INFORMATION

The group's operations are in one business segment being the resources sector. The group operates in one geographical segment being Australia. All subsidiaries in the group operate within the same 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.

Inter-segment transactions

Inter-segment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements

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, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

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 and certain direct borrowings.

Unallocated items

Administration and other operating expenses are not allocated to operating segments as they are not considered part of the core operations of any segment.

20. EARNINGS PER SHARE

	2013 Cents	2012 Cents
Reconciliation of earnings per share		
Basic and diluted earnings per share	**(1.48)**	(2.72)
Profit/(loss) used in the calculation of the basic earnings per share	**(881,641)**	(1,199,678)

	No. of shares	No. of shares
Weighted average number of ordinary shares:		
Used in calculating basic earnings per ordinary share	**59,649,385**	44,065,823
Dilutive potential ordinary shares	**-**	-
Used in calculating diluted earnings per share	**59,649,385**	44,065,823

21. AUDITORS REMUNERATION

	2013 $	2012 $
Auditor of parent entity		
Audit or review of financial reports	**21,300**	21,000
Non-audit services	**-**	-
	21,300	21,000

22. CASH FLOW INFORMATION

Reconciliation of net cash used in operating activities with profit after income tax

	2013 **$**	2012 $
Loss after income tax	**(881,641)**	(1,198,678)
Non-cash flows in loss:		
Impairment of investments	**17,500**	-
Share based payments	**20,000**	244,973
Exploration written off	**189,980**	41,956
Loss on sale of shares	**-**	14,083
Depreciation	**-**	6,323
Changes in assets and liabilities:		
(Increase) in trade and other receivables	**(2,944)**	(59,450)
(Decrease)/Increase in trade and other payables	**(317,243)**	295,287
Increase in exploration	**(65,484)**	(288,945)
Net cash (outflow) from operating activities	**(1,039,832)**	(945,451)

Non-cash Financing and Investing Activities

Share issue

During the year 6,000,000 ordinary shares were issued as consideration for the acquisition of Spinifex Ridge East Pty Limited in 2011. Also during the year 1,000,000 ordinary shares were issued as consideration for services rendered.

23. PARENT ENTITY DISCLOSURES

Financial Position

	2013 $	2012 $
Current Assets		
Cash and cash equivalents	**510,254**	1,117,989
Trade and other receivables	**203,336**	345,106
Financial assets	**32,500**	52,500
Total Current Assets	**746,090**	1,515,595
Non-current Assets		
Financial assets	**140,002**	140,002
Evaluation and exploration expenditure	**67,448**	239,327
Total Non-current assets	**207,450**	379,329
Total Assets	**953,540**	1,894,924
Current Liabilities		
Trade and other payables	**188,662**	815,905
Liability for deferred consideration	**250,000**	270,000
Total Current Liabilities	**438,662**	1,085,905
TOTAL LIABILITIES	**438,662**	1,085,905
NET ASSETS	**514,878**	809,019
EQUITY		
Issued capital	**5,612,304**	5,022,303
Reserves	**250,973**	253,473
Accumulated losses	**(5,348,399)**	(4,466,757)
TOTAL EQUITY	**514,878**	809,019
Statement of Profit or Loss and Other Comprehensive Income		
Total loss	**(881,641)**	(1,199,678)
Total comprehensive loss	**(881,641)**	(1,199,678)

i. Financial Performance

The subsidiary acquired did not trade from the date of acquisition with the result that the result of the Group equates to the result of the parent for the year.

ii. Contingent liabilities and contingent assets

The parent entity is responsible for the contingent liabilities and contingent assets outlined in note 17.

iii. Commitments

The parent entity is responsible for the commitments outlined in note 16.

iv. Related parties

An interest in subsidiary is set out in note 9.

Disclosures relating to key management personnel are set out in note 18.

24. SIGNIFICANT AFTER BALANCE DATE EVENTS

The following significant matters have occurred after balance date:

On 13 August 2013 the Company announced the appointment of Ms Scotland to replace Mr Tony Ho as Chairperson.

In addition on 13 August 2013 the Company announced that it had received a firm commitment to raise $1.75 million through the placement to strategic sophisticated investors of 87,500,000 ordinary shares at 2 cents a share. The Company has also issued to these investors 15,000,000 share options at an issue price of $0.0001 per option, with an exercise price of $0.03 and expiring on 31 March 2015.

Other than as outlined above, there are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

25. SHARE BASED PAYMENTS

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted.

The following share based payments were made during the year:

	Price per share*	**2013 $**	2012 $
Ordinary shares			
(a) On 21 September 2011, 6,200,000 ordinary shares were issued to vendors as part consideration for acquisition of Spinifex Ridge East Pty Limited.	9 cents	**-**	558,000
(b) On 21 September 2011, 2,500,000 ordinary shares were issued to vendors advisors as part consideration for acquisition of Spinifex Ridge East Pty Limited.	9 cents	**-**	225,000
(c) On 10 October 2012, 1,000,000 ordinary shares were issued to vendors as consideration for services rendered.	5 cents	**50,000**	-
(d) On 31 October 2012, 6,000,000 ordinary shares were issued to vendors advisors as part consideration for acquisition of Spinifex Ridge East Pty Limited.	5 cents	**300,000**	-
		350,000	783,000

*The fair value of shares issued during the year was determined by reference to market price.

	Series	**2013 $**	2012 $
Share options			
(a) 0n 12 December 2011, 15,000,000 options were issued to the vendor and advisors associated with the Spinifex Ridge East acquisition, with an exercise price of 20 cents and an expiry date of 30 June 2014	1	**-**	188,236
(b) On 21 February 2012, 6,000,000 options were issued to advisors and consultants, with an exercise price of 10 cents and an expiry date of 30 November 2014	2	**-**	62,737
		-	250,973

The fair value of equity – settled unlisted share options granted is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

In accordance with a resolution of the directors of Metal Bank Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 21 to 52, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Guy Robertson
Director
Sydney, 26 September 2013

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001
T +61 2 8226 4500 **F** +61 2 8226 4501

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

METAL BANK LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Metal Bank Limited, which comprises the consolidated statement of financial position as at June 2013 , and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

RSM Bird Cameron Partners

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 Metal Bank Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Metal Bank Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at June 2013 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 18 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Metal Bank Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 26 September 2013

METAL BANK LIMITED AND ITS CONTROLLED ENTITY
ADDITIONAL INFORMATION FOR LISTED COMPANIES
AS AT 16 SEPTEMBER 2013

The following additional information is required by the Australian Securities Exchange pursuant to Listing Rule 4.10.

a. Distribution of Shareholders

Number held	Number of share holders	Number of shares	% of number of shares
1 – 1,000	4	11	0.00%
1,001 - 5,000	7	25,900	0.02%
5,001 - 10,000	61	601,571	0.38%
10,001 - 100,000	113	4,970,666	3.12%
100,001+	79	153,386,853	96.48%
Total	**264**	**158,985,001**	**100.00%**

b. The number of shareholders who hold less than a marketable parcel is 85.

c. Substantial shareholders

The names of the substantial shareholders in the Company, the number of equity securities to which each substantial shareholder and substantial holder’s associates have a relevant interest, as disclosed in substantial holding notices given to the Company are:

	No of shares	%
Pershing Australia Nominees Pty Ltd <Q1102931 A/C>	17,500,000	11.01%
Pershing Australia Nominees Pty Ltd <Q1102933 A/C>	17,500,000	11.01%
Berne No 132 Nominees Pty Ltd <602987 A/C>	17,500,000	11.01%
Berne No 132 Nominees Pty Ltd <600835 A/C>	17,500,000	11.01%
Berne No 132 Nominees Pty Ltd <601299 A/C>	17,500,000	11.01%
Citicorp Nominees Pty Limited	12,401,666	7.80%
Seamoor Pty Limited	8,644,000	5.44%

d. Twenty largest holders of each class of quoted equity security

	Name	No of Ordinary Shares	%
1.	Pershing Australia Nominees Pty Ltd <Q1102931 A/C>	17,500,000	11.01
2.	Pershing Australia Nominees Pty Ltd <Q1102933 A/C>	17,500,000	11.01
3.	Berne No 132 Nominees Pty Ltd <602987 A/C>	17,500,000	11.01
4.	Berne No 132 Nominees Pty Ltd <600835 A/C>	17,500,000	11.01
5.	Berne No 132 Nominees Pty Ltd <601299 A/C>	17,500,000	11.01
6.	Citicorp Nominees Pty Limited	12,401,666	7.80
7.	Seamoor Pty Ltd	8,644,000	5.44
8.	Kanwara Sreechum	6,150,000	3.87
9.	Black Swan Global Pty Limited	3,000,000	1.89
10.	Maharajapuram Venkataraman	2,500,000	1.57
11.	Mr Simon William Tritton	2,175,000	1.37
12.	Europe Resources Limited	2,000,000	1.26
13.	State One Nominees Pty Ltd <Settlement A/C>	1,500,000	0.94
14.	Mr John Daniel Moore	1,250,000	0.79
15.	Wilman Investments Pty Ltd <Wilkins Family A/C>	1,025,000	0.64
16.	Kouta Bay Pty Ltd <Houndy family A/C>	1,020,000	0.64
17.	Emerald Shares Pty Ltd	1,010,000	0.63
18.	Paradise Capital Pty Ltd	1,000,000	0.63
19.	Pistachio Pty Limited <Pecan Super Fund A/C>	1,020,000	0.63
20.	Mr Mark Ronald Waller	1,000,000	0.63
		133,175,666	**83.78**

e. Restricted Securities

There are no restricted securities.

f. Unquoted equity securities

The Company has no unquoted equity securities.

1. Company Secretary

The name of the company secretary is Ms Sue-Ann Higgins.

2. Address and telephone details of entity's registered and administrative office

Level 9, 50 Margaret Street
Sydney, New South Wales 2000
Telephone: +(612) 9078 7669
Facsimile: +(612) 9078 7661

3. Address and telephone details of the office at which the register of securities is kept

Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009
Telephone: +(619) 9389 8033
Facsimile: +(619) 9389 7871

4. Stock exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.
Home Exchange – Perth; ASX Code: MBK.

5. Review of Operations

A review of operations is contained in the Review of Operations report.

6. On market buy-back

There is currently no on-market buy-back.