METALS X LIMITED

ACN 110 150 055

APPENDIX 4E
DIRECTORS REPORT
ANNUAL FINANCIAL REPORT

2014

Contents

Corporate Directory

Directors
Peter Newton (Non – Executive Chairman)
Peter Cook (Chief Executive Officer)
Warren Hallam (Executive Director)
Paul Cmrlec (Non-Executive Director)
Andrew Ferguson (Non-Executive Director)
Simon Heggen (Non-Executive Director)
Xie Penggen (Non-Executive Director)
Yimin Zhang (Alternative Director for Xie Penggen)

Company Secretary & CFO
Fiona Van Maanen

Key Management
Allan King (GM – Bluestone Mines Tasmania Joint Venture)
Paul Hucker (Chief Operating Officer)
Michael Poepjes (Chief Mining Engineer)
Jake Russell (Chief Geologist)

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OTCQX Code: MTXXY

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Domicile and Country of Incorporation
Australia

Appendix 4E – Results For Announcement to the ASX

Consolidated	$	$	Movement $	Movement %
Revenue from ordinary activities	238,599,832	68,716,372	169,883,460	247.22%
Profit from ordinary activities after tax attributable to members:	37,451,737	8,672,314	28,779,423	331.85%
Net profit attributable to members:	37,451,737	8,672,314	28,779,423	331.85%
Net tangible assets per share:	0.19	0.17		

This Appendix 4E is to be read in conjunction with the 2014 Annual Financial Report and Director's Report.

The Directors do not propose to pay any dividend for the financial year ended 30 June 2014.

Key financial highlights

Financial performance	$	$	Movement $
Total revenue	238,599,832	68,716,372	169,883,460
Cost of sales	(186,298,890)	(59,228,471)	(127,070,419)
Gross profit	52,300,942	9,487,901	42,813,041
Net profit/(loss) after tax	37,451,737	8,672,314	28,779,423

Cash flows			
Cash flow from operating activities	73,396,482	9,920,956	63,475,526

Capital reinvestment			
Property, plant and equipment	(12,195,847)	(2,130,901)	(10,064,946)
Mine properties and development	(26,261,405)	(14,966,404)	(11,295,001)
Exploration and evaluation expenditure	(10,274,690)	(2,077,793)	(8,196,897)
Acquisition of subsidiary	(44,000,000)	-	(44,000,000)
Cash acquired on purchase of subsidiary	14,470,399	1,126,934	13,343,465

Financial position	$	$	Movement %
Net assets	311,659,173	273,770,363	37,888,810
Cash balance	57,108,871	61,453,120	(4,344,249)

Review of Results: refer to the operating and financial review included in the Director's Report.

The Directors submit their report together with the financial report of Metals X Limited ("Metals X" or "the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2014.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Newton – Independent Non-Executive Chairman

Mr Newton was a stockbroker for 25 years until 1994. Since then he has been a significant participant in the Australian resource industry as an investor and a director of a number of listed companies. In past years he has been the Chairman of both Hill 50 Limited and Abelle Limited. Mr Newton is also the Chairman of the Company's Remuneration & Nomination Committee.

Mr Newton has held no public company directorships in the past three years.

Peter Cook – Chief Executive Officer and Executive Director

Mr Cook is a Geologist (BSc (Applied Geology)) and a Mineral Economist (MSc (Min. Econ), MAusIMM). In past years he has been the Managing Director of Hill 50 Limited, the Chief Executive Officer of Harmony Gold Australia Pty Ltd, Managing Director of Abelle Limited and Chairman of Metals Exploration Limited, Aragon Resources Limited and Aziana Limited. He has considerable experience in the fields of exploration and project and corporate management of mining companies.

During the past three years he has served as a director of the following public listed companies:

- Westgold Resources Limited* (Appointed 19 March 2007);
- Pacific Niugini Limited* (Appointed 31 August 2009);
- Kingsrose Mining Limited (Appointed 10 October 2010 – Resigned 21 August 2012); and
- Aziana Limited* (Appointed 30 May 2011).

Warren Hallam - Executive Director

Mr Hallam is a Metallurgist (B. App Sci (Metallurgy)) and a Mineral Economist (MSc (Min. Econ)) and holds a Graduate Diploma in finance. He has considerable technical and commercial experience within the resources industry. In past years he was the Managing Director of Metals Exploration Limited and a senior executive of WMC Limited.

During the past three years he has served as a director of the following public listed companies:

- Westgold Resources Limited* (Appointed 18 March 2010); and
- Aziana Limited* (Appointed 30 May 2011 – Resigned 11 April 2014).

Xie Penggen – Non-Executive Director

Mr Xie Penggen is a minerals processing engineer with over 24 years of experience in the mining industry. Mr Xie commenced his career within the Jinchuan Group where he has undertaken various operational, technical and management roles. He is currently an executive in Jinchuan's global investment group which is responsible for the Group's international investments.

Mr Penggen has held no public company directorships in the past three years.

Yimin Zhang – Alternate Non-Executive Director

Mr Zhang joined the Board to act as an alternate director for Xie Penggen. Mr Zhang is the Chief Representative for Jinchuan Australia and is also an Executive Director of Sino Nickel Pty Limited and Albidon Limited. Mr Zhang has worked for Jinchuan since 1981 and has been posted to several overseas positions to which he has been involved in numerous Jinchuan co-operative ventures. Mr Zhang holds a Diploma from the Metallurgical and Architectural Institute of Chung Chan.

During the past three years he has served as a director of the following public listed company:

- Albidon Limited* (Appointed 9 September 2009 – Resigned 2 August 2013).

DIRECTORS (Continued)

Andrew Ferguson - Non-Executive Director

Mr Ferguson is an Executive Director and the Chief Executive Officer of APAC Resources Limited. Mr Ferguson holds a Bachelor of Science Degree in Natural Resource Development and worked as a mining engineer in Western Australia in the mid 1990's. In 2003, Mr Ferguson co-founded New City Investment Managers in the United Kingdom. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded 'Best UK Investment Trust' in 2006. In addition, he managed New City High Yield Trust Ltd. and Geiger Counter Ltd. He worked as Chief Investment Officer for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He has 14 years of experience in the finance industry specialising in global natural resources. Mr Ferguson also serves on the Company's Audit and Remuneration & Nomination Committees.

During the past three years he has served as a director of the following public listed company:

- ABM Resources Limited* (Appointed 9 July 2012).

Simon Heggen – Independent Non-Executive Director

Mr Heggen holds Bachelor of Economics and Bachelor of Laws Degrees from the Australian National University and worked in Investment Banking during the late 1980's and early 1990's before joining Wesfarmers' Business Development team in Perth. In 1995 he returned to Melbourne to join WMC Resources in a senior corporate development role. In that position he worked on many of the transactions and development projects undertaken by the company up to and including the BHP Billiton takeover. Following that, he worked for the Cement Division of Boral Limited in Sydney as General Manager, Business Development & Strategic Planning. He then worked in stockbroking and as a consultant to the Resources sector before becoming Managing Director of a listed exploration company Resource Star Limited. Mr Heggen has around 28 years' proven experience in strategic planning, corporate development, M&A and corporate finance within the Resources sector. Mr Heggen is Chairman of the Company's Audit Committee and also serves on the Remuneration & Nomination Committee.

During the past three years he has served as a director of the following public listed company:

- Resource Star Limited (Appointed 9 July 2012 – Resigned 5 April 2013).

Paul Cmrlec – Independent Non-Executive Director (Appointed - 23 July 2013)

Mr Cmrlec holds a Bachelor of Mining Engineering degree from the University of South Australia. He has extensive experience in feasibility studies and project development and has held a number of operational and planning roles, including the position of Underground Manager at several Western Australian gold Mines. Mr Cmrlec is currently the Managing Director of Pacific Niugini Limited. He was previously a Non-Executive Director of Westgold Resources Limited, the Group Underground Mining Engineer for Harmony Gold Australia and the Group Mining Engineer for Metals X. In addition to operational mining roles, Mr Cmrlec's recent experience includes the general management of major feasibility studies for the Wafi Copper-Gold deposit in Papua New Guinea, and the Wingellina Nickel-Cobalt deposit in the Central Musgraves region of Western Australia. Mr Cmrlec also serves on the Company's Audit and Remuneration & Nomination Committees

During the past three years he has served as a director of the following public listed company:

- Pacific Niugini Limited* (Appointed 3 June 2010).

***** Denotes current directorship

INTERESTS IN THE SHARES OF THE COMPANY

As at the date of this report, the interests of the Directors in the shares and options of Metals X Limited were:

Director	Fully Paid Ordinary Shares	Options expiring on 30 November 2014 exercisable at $0.30
PM Cmrlec	357,850	-
PG Cook	70,316,705	-
AC Ferguson	-	-
WS Hallam	6,350,000	1,250,000
S D Heggen	20,000	-
P J Newton	54,100,000	-
X Penggen (1)	176,000,000	-
Y Zhang (Alt Director)	-	-
Total	**307,144,555**	**1,250,000**

(1) X Penggen is a director of Jinchuan Group Limited which holds 176,000,000 fully paid ordinary shares in the Company.

COMPANY SECRETARY

Fiona Van Maanen – Chief Financial Officer and Company Secretary

Mrs Van Maanen is a CPA, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. Mrs Van Maanen has a number of years of accounting and financial management experience in the mining and resources industry and has been with the Company since incorporation.

DIVIDENDS

No dividends have been paid or declared by the Company during the financial period or up to the date of this report.

Refer to note 10 for available franking credits.

PRINCIPAL ACTIVITIES

The principal activities during the year of the Consolidated Entity were:

- exploration for and the mining, processing, production and marketing of tin and gold in Australia;
- exploration and development of nickel projects in Australia; and
- exploration and development of precious and base metals projects in Australia.

EMPLOYEES

The Consolidated Entity had 254 employees at 30 June 2014 (2013: 104).

OPERATING AND FINANCIAL REVIEW

Operating Results

The Consolidated Entity's net profit after income tax for the period was $37,451,737 (2013: $8,672,314), an increase of 332% as compared to the previous financial year.

The results reflect:

- Revenue from gold sales of $161,051,109 resulting from the acquisition of the Higginsville Gold Operation ("HGO") and the South Kalgoorlie Operation ("SKO") from Alacer Gold Corp. on 29 October 2013.
- Tin sales revenue of $75,246,131 (2013: $62,805,991) for the year from the Renison Tin Project (50% owned) was 20% higher compared with the 2013 year due to a 9% increase in the tin price.
- Cost of sales of $186,298,890 (2013: $59,228,471) and cash flows from operating activities of $73,396,482 (2013: $9,920,956) increased due to the acquisition of the HGO and SKO.
- Impairment losses on "available-for-sale financial assets" of $1,622,700 (2013: $6,608,070) as a result of a decline in the share prices of investments.

- Exploration and evaluation expenditure write off of $6,974,352 (2013: $484,422) due to a review of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to those areas of interest.
- Prior year profits reflect an income tax benefit of $10,631,770 recognised following the merger with Westgold Resources Limited in October 2012.

Review of Financial Condition

Liquidity and Capital Resources

The consolidated statement of cash flows illustrates that there was a decrease in cash and cash equivalents in the year ended 30 June 2014 of $4,344,249 (2013: $18,431,760 increase). The decrease in cash inflow in comparison with the prior year was due to the factors detailed below.

There has been an increase in the amount of cash generated from operating activities to $73,396,482 (2013: $9,920,956), which is due to acquisition of the HGO and SKO as well as an increase in revenue from the Renison Tin Project.

There has been an increase in the amount of cash outflow on investing activities of $77,975,994 (2013: inflow $10,514,536), which was mainly attributable to acquisition of gold assets (HGO and SKO $44M and Meekatharra Gold Operation ("MGO") $9.4M) and capital re-investment in the gold and tin projects. In the previous year cash inflows were mainly attributable to the sale of the Independence Group NL investment for $28,649,801, which was offset by capital re-investment at the Renison Tin Project and the acquisition of securities.

Financing activities resulted in a cash inflow of $235,263 (2013: $1,953,732 outflow). This is mainly due to proceeds from share issues from option conversions and extinguishment of environmental bonds. Cash outflows in the previous year were mainly due to due to repayment of finance lease liabilities.

The Consolidated Entity's debt has decreased by $14,286 (2013: $4,262,449) to $172,987 (2013: $187,813) over the last year due to repayment of finance leases. Of the Consolidated Entity's debt, 68% ($116,865) is repayable within one year of 30 June 2014, compared to 36% ($67,900) in the previous year.

Capital Expenditure

There has been an increase in cash used to purchase property, plant and equipment in 2014 to $12,195,847 from $2,130,901 in 2013 due to the acquisition of the MGO assets in June 2014. Capital commitments of $431,880 (2013: $454,301) existed at the reporting date, principally relating to the purchase of plant and equipment.

Share issues during the year

Share Placements

There were no share placements during the financial year.

Share Buy-Back

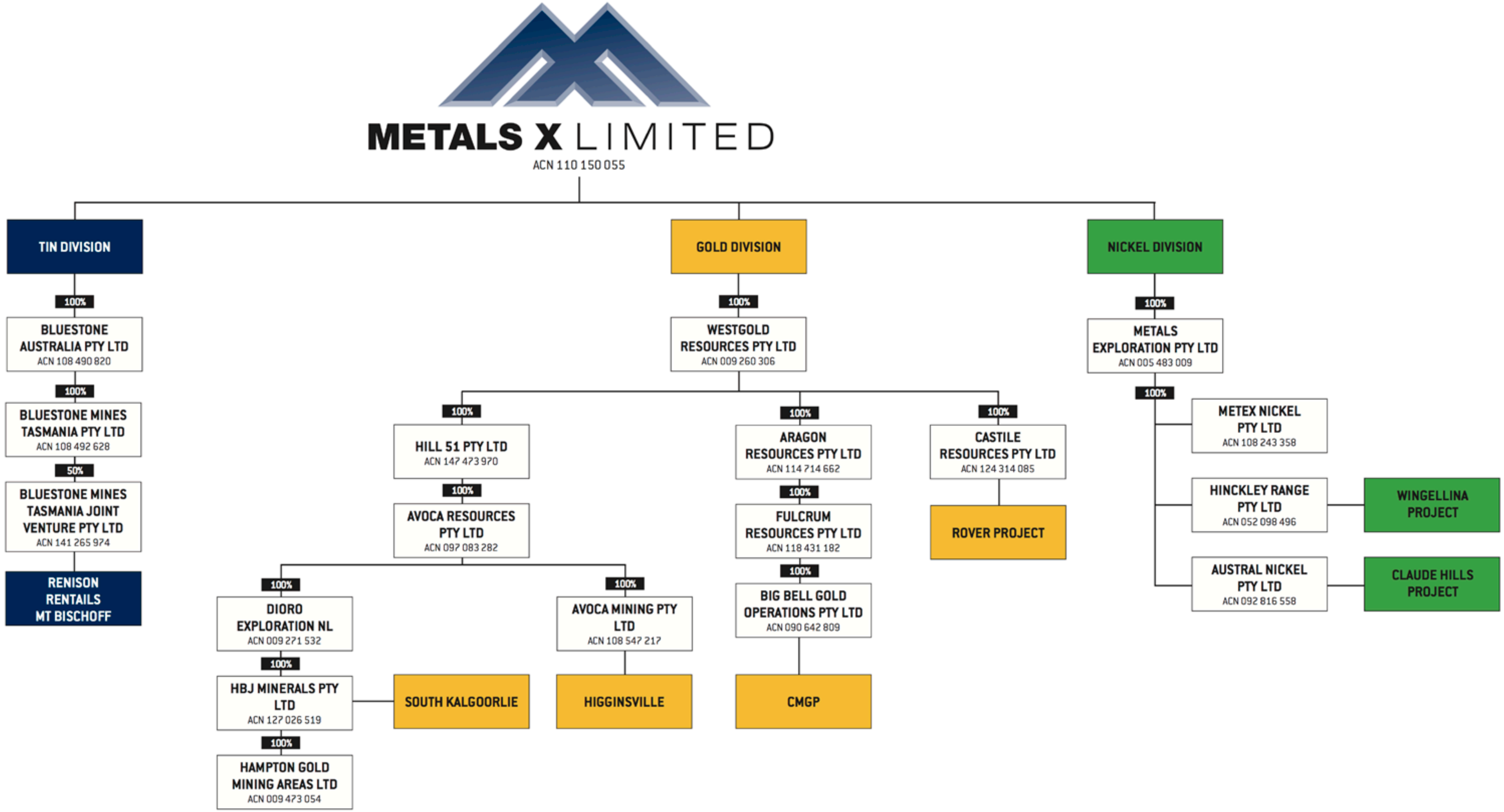
There were no share buy-backs during the financial year.

Option Conversions

During the financial year 2,750,000 options were converted to acquire fully paid ordinary shares in the Company at a weighted average exercise price of $0.13, refer to note 27(f) for further details.

CORPORATE INFORMATION

Corporate Structure



REVIEW OF OPERATIONS

TIN DIVISION

Metals X is a globally significant tin producer through its 50% ownership of the Bluestone Mines Tasmania Joint Venture. The key assets of the Joint Venture are the world class Renison Tin Mine, a 700,000tpa tin concentrator, the Renison Expansion Project (Rentails Project) and the Mount Bischoff Project.

Renison Tin Project (50%)

The Renison Tin Project is located approximately 15km north-east of Zeehan on Tasmania's west coast. The Mount Bischoff open pit mine (not operational) is located approximately 80km north of the Renison Tin Project.

The tin operations continued with a steady operating performance for the year. Mine productivity continues to be the driver of output and productivity, which increased steadily during the year and is expected to continue to improve as the higher grade areas of the mine are accessed in the ensuing year.

An extensive resource development focus at the mine has culminated in an increase in the Total Mineral Resource Estimate to 33.97Mt at 0.82% tin, containing 279,000tn of tin metal with a Total Ore Reserve Estimate of 26.26Mt at 0.66% tin, containing 172,000tn of tin metal*.

Renison Project Operating Results 2014

The operating results for Metals X's 50% share of the Renison Project in 2014 are summarized below:

Mine Production	**2014**	**2013**
Ore Tonnes	317,538	300,177
Grade (% Sn)	1.45	1.56
Tin Concentration		
Tonnes Processed	317,168	301,924
Grade (% Sn)	1.45	1.55
Recovery (%)	68	67
Concentrate Grade (% Sn)	56	55
Copper Metal Produced (tonnes)	157	87
Tin Metal Produced (tonnes)	3,108	3,159
Tin Metal Sales (tonnes)	3,075	3,060
Average Realised Tin Price ($/t Sn)	$24,471	$20,525
Depreciation & Amortisation ($/t Sn)	$2,727	$3,453
Total Cost of Sales ($/t Sn)	$21,569	$19,792

Renison Project Tin Concentrator

The tin concentrator performance showed excellent availabilities and utilisation. However, production from the tin concentrator throughout the year was constrained at times by mine output and by increasingly harder ores from the Federal lodes. The addition of softer and more sulphidic skarn-ore from the Northern part of the mine has benefitted throughout, with nameplate capacity being exceeded on numerous occasions.

Metallurgical recoveries have been generally in line with expectations and circuit changes and equipment additions undertaken throughout the year continuing to provide a positive impact on recoveries.

The processing plant's copper circuit was operated on an intermittent basis when higher copper levels in the feed grade and attractive plant dynamics allowed.

Renison Expansion Project ("Rentails Project")

The Renison tin concentrator has generated a significant quantity of process tailings accumulated over its lifetime of operation. The Rentails Project aims to re-process and recover tin and copper from the tailings by the application of modern processing technology in flotation, gravity and tin-fuming methods.

The Total Mineral Resource Estimate for the Rentails project is estimated at 21.2Mt at an average grade of 0.45% Sn and 0.21% Cu, containing 95,000t of tin and 45,000t of copper*.

A Definitive Feasibility Study ("DFS") of the mining and re-processing of the tailings for the project was completed in 2009. The DFS concluded that a 10-year project could be established using an integrated 2Mtpa tin concentrator and tin-fumer plant could be constructed to produce approximately 5,300 tonnes of tin and 2,000 tonnes of copper contained in concentrate per annum.

Metals X continues to work with its project partners to establish the best path to bring the project into development.

REVIEW OF OPERATIONS (continued)

Mt Bischoff Project

The Mt Bischoff Project is located approximately 80km north of the Renison mine. Mt Bischoff was a significant historical tin operation, producing some 60,000 tonnes of tin metal since the late 1800's. Open pit mining by Metals X between 2009 and 2011 produced a further 5,000 tonnes of tin metal before the initial open pit mine was depleted. Whilst the mine remains on care and maintenance, significant resources remain at depth and numerous historically mined areas remain underexplored.

Collingwood Tin Project

The Company disposed of the Collingwood Tin Project during the year. The project is located in Far North Queensland approximately 30km south of Cooktown and has been on care and maintenance since the Company decided to dispose of the assets in 2012.

NICKEL DIVISION

Metals X's nickel strategy is focused on the Central Musgrave Project ("CMP") which straddles the triple-point of the WA/NT/SA borders. The project represents the Company's key nickel assets and comprises of the globally significant Wingellina Ni–Co deposit, the Claude Hills Nickel deposit and the Mt Davies exploration prospects. The project encompasses a large tract of prospective exploration tenure encompassing the whole of the Wingellina layered intrusive sub-set of the Giles Complex rocks in Western and Southern Australia.

The key focus of the Nickel Division is to bring the Wingellina Nickel–Cobalt Project into production.

Metals X continues to use its internal resources to complete long lead-time studies required for the DFS, including infrastructure, roads, rail and ports studies, and the completion of the Public Environmental Review ("PER") documentation which is required for final EPA approvals.

Further, discussions with government stakeholders (WA, SA, NT) and the various local council impacted by the project continued in relation to road, rail and port access. In addition a number of logistics study are underway.

During the year, Metals X completed the buyout of the interests of Rio Tinto in the Mt Davies JV expanding Metals X's exploration rights over the whole of the Wingellina layered intrusive complex, which provides large upside for nickeliferous limonite additions as well as nickel-copper sulphide targets.

CMP has a Total Mineral Resource Estimate of 216.5Mt Ni at 0.98%, containing 2.12Mt nickel metal with a Total Ore Reserve Estimate of 167.5Mt at 0.98% Ni, containing 1.6Mt nickel metal*.

GOLD DIVISION

On 29 October 2013 Metals X began to expand its gold division with the signing of an agreement to acquire the Australian gold portfolio of Alacer Gold Corp ("Alacer"). Under the agreement Metals X, through its wholly owned subsidiary, Westgold Resources Pty Ltd ("Westgold") acquired the whole Australian Business Unit of Alacer. The assets consist of the HGO and the SKO. The final purchase consideration was $44M.

The operating results for the gold operation in 2014 are summarized below:

	HGO	SKO	2014
Mine Production			
Ore Tonnes	724,616	59,230	**783,846**
ROM Grade (g/t Au)	5.56	3.22	**5.39**
Processing			
Tonnes Processed	710,769	317,126	**1,027,895**
Head Grade (g/t Au)	5.63	1.62	**4.39**
Recovery %	95.8%	88.6%	**95.2%**
Gold Produced (oz)	123,361	14,832	**138,193**
Average Realised Gold Price ($/oz)	1,400	1,401	**1,400**
Depreciation & Amortisation ($/oz)	$196	$167	**$193**
Total Cost of Sales ($/oz)	$1,009	$684	**$974**

Whilst production from 1 October 2013 is attributable to Metals X, settlement of the transaction did not occur until 29 October 2013. Under accounting standards the revenue and expenditure from production for the period from the effective date of 1 October 2013 to the accounting acquisition date (in this case the settlement date) is not recognised in the financial statements. For the purpose of benchmarking, Metals X has calculated the performance from production based on the assumption that the transaction took place on the effective date and therefore have included the entire quarter's production statistics in the above table.

<u>The Higginsville Operations ("HGO")</u>

HGO consists of a modern 1.3Mtpa capacity CIP plant, a 300 person village, two underground mines (Trident & Chalice), and requisite mine and process infrastructure.

Mining at HGO during the year was focused on the Trident and the Chalice underground mines. A considerable exploration program at the Chalice mine has confirmed that mining will be completed towards the end of 2014. Ore tonnage from Chalice will be replaced with open pit ores from the Lake Cowan Group of pits which are located 10kms north-east of the processing plant. Mining of the first open pit Louis Pit will commence in September 2014. The Company will continue with its exploration focus to provide additional ore feed for the plant.

HGO has a Total Mineral Resource Estimate of 13.3Mt at 2.88 g/t Au, containing 1.2Moz of gold with a Total Ore Reserve Estimate of 4.5Mt at 3.67 g/t, containing 0.5Moz of gold*.

<u>The South Kalgoorlie Operation ("SKO")</u>

SKO consists of an older 1.2Mtpa capacity CIP plant and infrastructure. Numerous open pit and underground options exist within the tenement area which has been mined over the past 25 years.

During the year SKO operated predominantly as a toll processing plant and completed its arrangement with La Mancha in May 2014. In June 2014 SKO commenced toll processing with a number of other third parties.

During the year Metals X conducted a number of exploration programs and expects to recommence mining at SKO in the 2015 financial year. In the short term it intends to continue to process its low grade ore stockpiles and run the plant as a toll processing business in the Kalgoorlie region.

SKO has a Total Mineral Resource Estimate of 50.4Mt at 1.98 g/t, containing 3.2Moz gold with a Total Ore Reserve Estimate of 1.0Mt at 0.76 g/t, containing 0.23Moz of gold, which are low grade stocks*. Metals X is currently in the process of building both short term and long term development plans and the ore reserve estimates for those plans.

<u>The Central Murchison Gold Project ("CMGP")</u>

The CMGP is a development ready project with a number of open pit and underground mining options. On 27 June 2014 Metals X subsidiary Big Bell Gold Operations Pty Ltd acquired the Meekatharra Gold Operations ("MGO") assets for $9.8M. The MGO assets consist of a fully refurbished processing plant, camp and infrastructure as well as significant inventory of mineral resources and reserves. The MGO assets have been integrated into the existing CMGP and works have commenced on a development strategy to bring the region into production in 2015.

The CMGP (excluding MGO) has a Total Mineral Resource Estimate of 62.9Mt at 2.48 g/t, containing 5.0Moz of gold with a Total Ore Reserve Estimate of 15.5Mt at 2.36 g/t, containing 1.2Moz of gold. The MGO has a Total Mineral Resource Estimate of 67.5Mt at 1.70 g/t, containing 3.6Moz of gold*. Metals X is still in the process of reviewing the Total Mineral Resource Estimate at MGO which was prepared by the previous owner.

<u>The Rover Project</u>

The Rover Project is a postulated undercover repetition of the rich Tennant Creek goldfield 80km to the north-east. Exploration to date has so far fully tested three blind targets within the project, each of which has defined significant mineralised IOCG ("Iron Oxide Copper Gold") systems at Rover 1, Explorer 108 and Explorer 142 prospects.

The Rover 1 Prospect is a virgin IOCG discovery and has a Total Mineral Resource Estimate of 6.8Mt at 1.73g/t Au, 1.2% Cu, 0.14% Bi and 0.06% Co. The Explorer 108 prospect has a Total Mineral Resource Estimate of 11.9Mt at 3.24% Zn, 2.00 pb and 11.14g/t Ag*.

The project area is proximal to a major infrastructure corridor adjacent to Central Australian Railway, gas pipeline and Stuart Highway.

REVIEW OF OPERATIONS (continued)

Metals X continues to review development options for the projects. In the ensuing years the Company will undertake a further phase of diamond drilling to test the extremities of the bonanza gold and copper zones. In addition the drilling will collect geotechnical information to assist with reviews of the merits of shaft sinking versus decline access.

* For further details on Total Mineral Resource and Reserve Estimates refer to ASX announcement dated 23 July 2014.

OTHER EXPLORATION ASSETS

Warumpi Joint Operation

Warumpi is a significant exploration holding at the base of the Arunta province in the Northern Territory, which has recently been identified as being geologically, tectono-thermally and temporally similar to Proterozoic basins in Eastern Australia that host five of the world's ten largest stratabound Pb-Zn deposits (Broken Hill, Hilton-George Fisher, Mount Isa, MacArthur River and Century). Metals X is currently undertaking the first modern exploration program in this highly underexplored region.

INVESTMENTS

Metals X has previously made a number of smaller investments in opportunities that suit its future plans or are within emerging markets with growth opportunities.

This investment strategy allows Metals X to fund and finance exploration and development activities in dedicated entities without competition with the capital requirements of our own operations.

Metals X's current investment holdings are:

- Reed Resources Limited ("Reed") (ASX:RDR) 0.39% (2013: 4.99%);
- Mongolian Resource Corporation Limited ("MRC") (ASX:MUB) 14.76% (2013: 14.76%); and
- Aziana Limited ("Aziana") (ASX:AZK) 13.73% (2013, 13.73%).

Metals X is no longer pursuing this style of investment strategy.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity increased by 14% ($37,888,810) to $311,659,173 (2013: $273,770,363). The movement was largely as a result of the acquisition of the Alacer Australian gold business unit and the MGO gold assets.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 4 August 2014 the Company announced that it had entered into an agreement with Southern Gold Limited ("Southern") on the terms of a mining and profit sharing agreement to enable Southern's Cannon Gold Project to be mined and processed at the Company's processing plant at SKO.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Consolidated Entity will continue its exploration, mining, processing, production and marketing of tin and copper concentrates and gold bullion in Australia, and will continue the development of its nickel and gold exploration projects. These are described in more detail in the Review of Operations above.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity's activities are subject to the relevant environmental protection legislation (Commonwealth and State legislation) at its projects. The Consolidated Entity believes that sound environmental practice is not only a management obligation but the responsibility of every employee and contractor.

During the period our achievements in the environmental area included:

- continued focus on environmental management; and
- continuous review and improvement of our environmental management systems across all projects.

No fines were imposed and no prosecutions were instituted by a regulatory body during the period.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 12,312,500 unissued ordinary shares under option (6,565,000) at reporting date), refer to note 27(e).

There are no participating rights or entitlements inherent in the options and option holders are not entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options.

Shares issued as a result of exercising options

During the financial year 2,750,000 options were converted to acquire fully paid ordinary shares in the Company at a weighted average exercise price of $0.13, refer to note 27(f) for further details.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract of insurance to insure Directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' MEETINGS

The number of meetings of Directors' (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Directors Meetings	Audit	Remuneration
No of meetings held:	10	2	1
No of meetings attended:			
PG Cook	10	-	-
PM Cmrlec	8	-	1
AC Ferguson	10	2	1
WS Hallam	10	-	-
SD Heggen	10	2	1
PJ Newton	10	2	1
X Penggen	10	-	-
Y Zhang (Alt Director)	10	-	-

All Directors were eligible to attend all meetings held, except for:

- PM Cmrlec – eligible to attend 8 meetings.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration and Nomination Committee of the Board of Directors.

Members acting on the committees of the Board during the year were:

Audit	**Remuneration and Nomination**
SD Heggen *	PJ Newton *
PJ Newton	SD Heggen
AC Ferguson	AC Ferguson
PM Cmrlec	PM Cmrlec

Notes:

* Designates the Chairman of the Committee.

REMUNERATION REPORT (Audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Non-executive Director remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements
7. Additional statutory disclosures

1. Introduction

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity.

For the purposes of this remuneration report, the term 'executive' includes the Chief Executive Officer ("CEO"), executive directors, senior executives, general managers and secretary of the Consolidated Entity.

Details of KMP of the Consolidated Entity are set out below:

			Appointed	Resigned
(i)	**Non-Executive Directors ("NEDs")**			
	PJ Newton	Non-Executive Chairman	14 December 2012	-
	PM Cmrlec	Non-Executive Director	23 July 2013	-
	AC Ferguson	Non-Executive Director	10 May 2012	-
	SD Heggen	Non-Executive Director	25 October 2012	-
	X Penggen	Non-Executive Director	9 February 2012	-
	Y Zhang	Alternate for Mr Xie Penggen	3 October 2007	-
(ii)	**Executive Directors**			
	PG Cook	CEO & Executive Director	23 July 2004	-
	WS Hallam	Executive Director	1 March 2005	-
(iii)	**Other Executives ("KMPs")**			
	RD Cook	General Manager - Tin Operations	22 April 2010	3 January 2014
	AH King	General Manager - Tin Operations	24 February 2014	-
	PD Hucker	Chief Operating Officer	17 October 2012	-
	MP Poepjes	Chief Mining Engineer	8 August 2011	-
	JW Russell	Chief Geologist	17 October 2012	-
	FJ Van Maanen	CFO & Company Secretary	1 July 2005	-
	There are no other changes of the key management personnel after the reporting date and the date the financial report was authorised for issue.			

2. Remuneration governance

Remuneration and Nomination Committee

The remuneration and nomination committee comprises four NEDs.

The remuneration and nomination committee is responsible for making recommendations to the Board on the remuneration arrangements for non-executive directors and executives.

The remuneration and nomination committee assesses the appropriateness of the nature and amount of remuneration of non-executive directors and executives 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 performing director and executive team.

Remuneration approval process

The Board approves the remuneration arrangements of the CEO and executives and all awards made under the long-term incentive plan, following recommendations from the remuneration and nomination committee. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

The remuneration and nomination committee approves, having regard to the recommendations made by the CEO, the level of the Consolidated Entity's short-term incentive pool.

Remuneration Strategy

The Company's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Consolidated Entity.

To this end, the company embodies the following principles in its remuneration framework:

- retention and motivation of key executives;
- attraction of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

Remuneration report at FY13 AGM

The FY13 remuneration report received positive shareholder support at the FY13 AGM with a vote of 93% in favour.

3. Non-executive director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors of comparable companies. The Board may consider advice from external consultants, however none were engaged during the year. The board also considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The Company's constitution and the ASX listing rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. The last determination was at the annual general meeting held on 23 November 2012 when shareholders approved an aggregate fee pool of $300,000 per year.

Structure

The remuneration of non-executive directors consists of director's fees. Non-executives are entitled to receive retirement benefits and to participate in any incentive programs. There are currently no specific incentive programs.

3. Non-executive director remuneration arrangements (continued)

Structure (continued)

The non-executive Chairman receives a base fee of $85,000 and each other non-executive director receives a base fee of $60,000 for being a director of the Consolidated Entity. There are no additional fees for serving on any board committees.

Non-executive directors have long been encouraged by the Board to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

The remuneration report for the non-executive directors for the year ending 30 June 2014 and 30 June 2013 is detailed in Table 1 and Table 2 respectively of this report.

4. Executive remuneration arrangements

Remuneration Policy

The Company's executive remuneration strategy is designed to attract, motivate and retain high performing individuals and align the interests of executives and shareholders.

No KMP appointed during the period received a payment as part of their consideration for agreeing to hold the position.

Structure

In determining the level and make-up of executive remuneration, the remuneration and nomination committee engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation); and
- Variable remuneration (share options and cash bonus).

The proportion of fixed remuneration and variable remuneration for each executive for the period ending 30 June 2014 and 30 June 2013 are set out in Table 1 and Table 2.

Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increase. Fixed remuneration is reviewed annually by the remuneration and nomination committee. The process consists of a review of the Company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component for executives for the period ending 30 June 2014 and 30 June 2013 are set out in Table 1 and Table 2.

Variable Remuneration

Short Term Incentive ("STI") – cash bonus

The objective of the STI is to link the increase in shareholder value over the year with the remuneration received by the executives charged with achieving that increase. Executives may from time-to-time receive a discretionary cash bonus approved by the Board as a retrospective reward for exceptional performance in a specific matter of importance. The total potential STI cash bonus available is set at a level so as to provide sufficient incentive to the executives to achieve the performance goals and such that the cost to the Consolidated Entity is reasonable in the circumstances.

Annual STI payments granted to each executive depends on their performance over the year and are based on recommendations from the CEO following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for executives across the Consolidated Entity is subject to the approval of the Board. The Board has no pre-determined performance criteria against which the amount of a STI is assessed and there are no pre-determined maximum possible values of award under the STI scheme. In assessing the value of an STI award to be granted the Board will give consideration to the contribution of the action being rewarded to the success of the Consolidated Entity. Discretionary STI cash bonuses totaling $346,041 were awarded in respect of the 2014 financial year and no bonuses were paid in respect of the 2013 financial year. No discretionary STI cash bonuses relating to the 2014 or 2013 financial years will become payable in future financial years.

4. Executive remuneration arrangements (continued)

Long Term Incentive ("LTI") – Share options

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Consolidated Entity's performance.

LTI awards to executives are made under the Metals X Limited Long Term Incentive Plan and are delivered in the form of share options. The number of options issued is determined by the policy set by the remuneration and nomination committee and is based on each executive's role and position with the Consolidated Entity.

The share options will vest after one year or as determined by the Board of Directors and Executives are able to exercise the share options for up to three years after vesting before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after six months of ceasing employment.

Table 3 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

Hedging of equity awards

The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

5. Company performance and the link to remuneration

STI remuneration is linked to the performance of the Company. In the current financial year cash bonuses were awarded to executives based on the Company's performance in the preceding financial year.

LTI remuneration is not linked to the performance of the Company but rather on the ability to attract and retain executives of the highest calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth. The Metals X Limited Long Term Incentive Plan has no direct performance requirements but has specified time restrictions on the exercise of options. The granting of options is in substance a performance incentive which allows executives to share the rewards of the success of the Company.

	30 June 2010	30 June 2011	30 June 2012	30 June 2013	30 June 2014
Closing share price	$0.10	$0.26	$0.15	$0.10	$0.26
Profit/(loss) per share (cents)	0.92	4.48	-3.31	0.56	2.26
Net tangible assets per share	$0.15	$0.19	$0.16	$0.17	$0.19
Total Shareholder Return	-13%	166%	-43%	-32%	165%

6. Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below:

Chief Executive Officer

The CEO, Mr Cook is employed under an annual salary employment contract. The current employment contract commenced on 1 January 2013. Under the terms of the present contract:

- Mr Cook receives a fixed remuneration of $546,250 (including superannuation) per annum.
- Mr Cook may resign from his position and thus terminate this contract by giving three months written notice. On resignation any unvested options will be forfeited.
- The Company may terminate this employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of Mr Cook's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be released. LTI options that have not yet vested will be forfeited.

6. Executive contractual arrangements (continued)

- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

Other executive directors

Mr Hallam is employed under an annual salary employment contract and receives a fixed remuneration of $458,850 (including superannuation) per annum.

The other terms of Executive Directors employment contracts are:

- Executive Directors may resign from their position and thus terminate their contract by giving three months written notice. On resignation any unvested options will be forfeited.
- The Company may terminate the employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of the executive director's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be released. LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

Other KMP

All other executives have standard employment contracts. The other terms of the employment contracts are:

- Executives may resign from their position and thus terminate their contract by giving one to three months written notice. On resignation any unvested options will be forfeited.
- The Company may terminate the employment agreement by providing one to three months written notice or providing payment in lieu of notice period (based on the fixed component of the executive's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be released. LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

REMUNERATION REPORT (Audited) (Continued)

6. Executive contractual arrangements (continued)

Remuneration of key management personnel of the Consolidated Entity

Table 1: Remuneration for the year ended 30 June 2014

	Short Term			Post employment	Long term benefits	Share-based Payment	Total		
	Salary and Fees	Cash Bonus	Non monetary benefits	Superannuation	Long service leave	Options		% Performance related	% of remuneration that consists of options
Non-executive Directors									
PJ Newton	85,000	-	-	7,863	-	-	92,863	-	-
PM Cmrlec	56,507	-	-	5,227	-	-	61,734	-	-
AC Ferguson	60,000	-	-	-	-	-	60,000	-	-
SD Heggen	60,000	-	-	5,550	-	-	65,550	-	-
X Penggen	-	-	-	-	-	-	-	-	-
Y Zhang (Alt Director)	-	-	-	-	-	-	-	-	-
	261,507	**-**	**-**	**18,640**	**-**	**-**	**280,147**		
Executive Directors									
PG Cook *	454,352	100,000	6,042	22,535	16,430	-	599,359	16.68	-
WS Hallam *	480,484	84,000	5,729	21,968	25,378	-	617,559	13.60	-
Other key management personnel								-	-
RD Cook **	154,579	4,471	-	13,466	-	-	172,516	2.59	-
PD Hucker	275,438	50,000	2,787	25,000	4,982	-	358,207	13.96	-
AH King **	108,308	1,570	-	10,164	-		120,042	1.31	-
MP Poepjes	235,000	25,000	2,787	24,050	3,019	-	289,856	8.62	-
JW Russell	229,327	25,000	2,787	23,125	7,876	-	288,115	8.68	-
FJ Van Maanen	246,822	56,000	6,261	28,011	8,741	-	345,835	16.19	-
	2,184,310	**346,041**	**26,393**	**168,319**	**66,426**	**-**	**2,791,489**		
Totals	**2,445,817**	**346,041**	**26,393**	**186,959**	**66,426**	**-**	**3,071,636**		

* WS Hallam and PG Cook were Directors of Aziana during the period and Metals X was paid for Directors fees associated Aziana. These amounts represent the net employment expense to Metals X.

** RD Cook resigned on 3 January and AH King was appointed on 24 Februaury 2014.

REMUNERATION REPORT (Audited) (Continued)

6. Executive contractual arrangements (continued)

Remuneration of key management personnel of the Consolidated Entity

Table 2: Remuneration for the year ended 30 June 2013

	Short Term			Post employment	Long term benefits	Share-based Payment	Total		
	Salary and Fees	Cash Bonus	Non monetary benefits	Superannuation	Long service leave	Options		% Performance related	% of remuneration that consists of options
Non-executive Directors									
PJ Newton	46,400	-	-	4,176	-	-	50,576	-	-
AC Ferguson	60,000	-	-	-	-	-	60,000	-	-
SD Heggen	41,129	-	-	3,702	-	-	44,831	-	-
X Penggen	-	-	-	-	-	-	-	-	-
Y Zhang (Alt Director)	-	-	-	-	-	-	-	-	-
	147,529	**-**	**-**	**7,878**	**-**	**-**	**155,407**		
Executive Directors									
PG Cook **	451,750	-	1,382	14,410	8,638	-	476,180	-	-
WS Hallam **	376,800	-	4,877	19,960	29,922	-	431,559	-	-
SJ Huffadine *	227,787	-	1,486	13,388	-	-	242,661	-	-
DP Will *	370,893	-	4,747	21,600	-	-	397,240	-	-
Other key management personnel								-	-
RD Cook	153,287	-	-	13,482	2,891	-	169,660	-	-
PD Hucker	188,622	-	-	16,976	1,651	-	207,249	-	-
MP Poepjes	206,422	-	-	18,578	2,203	-	227,203	-	-
JW Russell	212,500	-	-	19,125	2,449	-	234,074	-	-
FJ Van Maanen ***	202,952	-	3,234	18,356	28,220	-	252,762	-	-
	2,391,013	**-**	**15,726**	**155,875**	**75,974**	**-**	**2,638,588**		
Totals	**2,538,542**	**-**	**15,726**	**163,753**	**75,974**	**-**	**2,793,995**		

* DP Will and SJ Huffadine resigned on 14 December 2012 and 30 April 2013 respectively.

** WS Hallam and PG Cook were Directors of Westgold and Aziana during the period and Metals X was paid for Directors fees associated with Westgold and Aziana. These amounts represent the net employment expense to Metals X.

*** FJ Van Maanen was the Company Secretary of Aziana and during the period Metals X was paid for Company Secretarial fees associated with Aziana.

7. Additional statutory disclosures

This section sets out the additional disclosures required under the *Corporations Act 2001*.

Share options do not carry any voting rights and can be exercised once the vesting conditions have been met until their expiry date.

No options were awarded or vested during the year and all options awarded in prior periods had fully vested at 30 June 2013.

Table 3: Value of options awarded, exercised and lapsed during the year ^

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of share options for the year %
PM Cmrlec	-	37,398	-	-
JW Russell	-	24,932	-	-
FJ Van Maanen	-	19,945	-	-

^ For details on valuation of the options, including models and assumptions used, please refer to note 30.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

The maximum grant, which will be payable is equal to the number of options granted multiplied by the fair value at the grant date. The minimum grant payable if the options lapse is zero.

Table 4: Share holdings of key management personnel (including nominees)

Ordinary shares held in Metals X Limited (number)					
30 June 2014	**Balance held at 1 July 2013**	**Granted as remuneration**	**On exercise of options ^**	**Net change other ^^**	**at 30 June 2014**
Directors					
PJ Newton	54,100,000	-	-	-	54,100,000
PG Cook	70,316,705	-	-	-	70,316,705
WS Hallam	6,350,000	-	-	-	6,350,000
PM Cmrlec	-	-	750,000	(392,150)	357,850
AC Ferguson	-	-	-	-	-
SD Heggen	20,000	-	-	-	20,000
X Penggen	176,000,000	-	-	-	176,000,000
Y Zhang (Alternate Director)	-	-	-	-	-
Executives					
RD Cook	-	-	-	-	-
PD Hucker	77,500	-	-	-	77,500
AH King	-	-	-	70,000	70,000
MP Poepjes	-	-	-	-	-
JW Russell	-	-	400,000	(255,186)	144,814
FJ Van Maanen	2,070,000	-	500,000	(500,000)	2,070,000
Total	**308,934,205**	**-**	**1,650,000**	**(1,077,336)**	**309,506,869**

^ All options were exercised at $0.13 per option.
^^ Represents acquisitions and disposal of shares on market.

REMUNERATION REPORT (Audited) (Continued)

7. Additional statutory disclosures (Continued)

Table 5: Option holdings of key management personnel (including nominees)

(c)	Option holdings of Key Management Personnel (including nominees)							
	30 June 2014	**Balance at beginning of period 1 July 2013**	**Granted as remuneration**	**Net change other ^**	**Options exercised**	**Balance at end of period 30 June 2014**	**Not vested and not exercisable**	**Vested and exercisable**
	Directors							
	PJ Newton	-	-	-	-	-	-	-
	PG Cook	-	-	-	-	-	-	-
	WS Hallam	1,250,000	-	-	-	1,250,000	-	1,250,000
	PM Cmrlec	750,000	-		-	750,000	-	750,000
	AC Ferguson	-	-	-	-	-	-	-
	SD Heggen	-	-	-	-	-	-	-
	X Penggen	-	-	-	-	-	-	-
	Y Zhang (Alternate Director)	-	-	-	-	-	-	-
	Executives							
	RD Cook *	-	-	-	-	-	-	-
	PD Hucker	1,100,000	-	-	-	1,100,000	-	1,100,000
	AH King	-	-	-	-	-	-	-
	MP Poepjes	600,000	-	-	-	600,000	-	600,000
	JW Russell	1,500,000	-	-	(400,000)	1,100,000	-	1,100,000
	FJ Van Maanen	1,550,000	-	(550,000)	(500,000)	500,000	-	500,000
	Total	**6,750,000**	**-**	**(550,000)**	**(900,000)**	**5,300,000**	**-**	**5,300,000**
	All options are exercisable once vested.							
*	Mr RD Cook resigned on 3 January 2014 and is no longer a KMP.							

^ Options lapsed during the period and forfeited.

7. Additional statutory disclosures (Continued)

Other transactions and balances with Key Management Personnel

PG Cook and WS Hallam were Directors of Westgold in 2013, which was charged $15,260 for director's fees.

PG Cook and WS Hallam were Directors of Aziana. FJ Van Maanen was the Company Secretary of Aziana in 2013. The Consolidated Entity provided accounting, secretarial and administrative services at cost to Aziana. In the current period $164,572 (2013: $86,945) has been charged to Aziana for these company secretarial and director's fees.

End of Audited Remuneration Report.

AUDITOR'S INDEPENDENCE AND NON-AUDIT SERVICES

AUDITOR INDEPENDENCE

The Directors' received the Independence Declaration, as set out on page 23, from Ernst & Young.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services (refer to note 34):

	$
Tax and stamp duty compliance services	170,580

Signed in accordance with a resolution of the Directors.

PG Cook
CEO & Executive Director
Perth, 26 August 2014

Ernst & Young
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Auditor's Independence Declaration to the Directors of Metals X Limited

In relation to our audit of the financial report of Metals X Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
26 August 2014

The Board of Directors of Metals X Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Metals X Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Metals X Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

For further information on corporate governance policies adopted by the Company, refer to the corporate governance section of our website: www.metalsx.com.au

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(g), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(g), 3(b), Remuneration Report	Yes
Principle 2	**Structure the Board to add value**		
2.1	A majority of the board should be independent directors.	2(d)	No
2.2	The chair should be an independent director.	2(c), 2(d)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The board should establish a nomination committee.	3(b)	Yes
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(g)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(g)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	6(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning diversity and disclose the policy or a summary. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	6(c)	Yes
3.3	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.	6(c)	Yes
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	6(c)	Yes
3.5	Provide the information indicated in the Guide to reporting on principle 3.	6(a), 6(c)	Yes

Principle 4	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	Yes
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter.	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	4(a), 4(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	4(a), 4(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	4(a), 4(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	4(a), 4(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	5(a)	Yes
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.	5(a), 5(b), 5(d)	Yes
7.3	The board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	5(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	5(a), 5(b), 5(c), 5(d)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	3(b)	Yes
8.2	The remuneration committee should be structured so that it:	3(b)	Yes
	• consists of a majority of independent directors;		
	• is chaired by an independent chair; and		
	• has at least three members.		
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	3(b)	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	3(b)	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately.
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the CEO and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the CEO should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of five non-executive Directors and two executive Directors. Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the Directors' Report of the Annual Report under the heading "Directors".

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected. The CEO is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2(c) Chairman and CEO

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The CEO is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Consolidated Entity's business activities.

The Board specifies that the roles of the Chairman and the CEO are separate roles to be undertaken by separate people.

2(d) Independent Directors

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Metals X Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another group member other than as a Director.

The Company does not comply with ASX Recommendation 2.1, there is a majority of non-executive Directors but there is not a majority of independent Directors on the Board. In accordance with the definition of independence above, only three of the Directors of the Company are considered to be independent.

The Board believes that the Company is not of sufficient size to warrant the inclusion of more independent non-executive Directors in order to meet the ASX recommendation of maintaining a majority of independent non-executive Directors. The Company maintains a mix of Directors from different backgrounds with complementary skills and experience.

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman is a non-executive director.

2(e) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(f) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(g) Review of Board performance

The performance of the board and each of its committees is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Metals X Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

The performance of each committee is against the requirements of their respective charters.

3. BOARD COMMITTEES

To assist the Board in fulfilling its duties and responsibilities, it has established the following committees:

- Audit Committee; and
- Remuneration and Nomination Committee.

3(a) Audit Committee

The Board has established an Audit Committee that has four members, comprising four non-executive directors. The Audit Committee is governed by its charter, as approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in financial report.

The Audit Committee's main responsibilities include:

- approval of the scope and plan for the external audit;
- review of the independence and performance of the external auditor;
- review of significant accounting policies and practices; and
- review and recommendation to the Board for the adoption of the Consolidated Entity's half year and annual financial statements.

The Audit Committee is comprised of:

Name	Position
SD Heggen (Chairman)	Independent Non-executive Director
PJ Newton	Independent Non-executive Director
AC Ferguson	Non-executive Director
PM Cmrlec	Independent Non-executive Director

The qualifications of the committee are set out in the Directors' Report of the Annual Report under the heading "Directors".

The number of times the Audit Committee has formerly met and the number of meetings attended by directors during the financial year are reported in Directors' Report of the Annual Report under the heading "Directors' Meetings".

3(a) Audit Committee (continued)

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Ernst & Young's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report. There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

The directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are satisfied that the provision of the non-audit services did not compromise the auditor's independence requirements of the Corporations Act because the services were provided by persons who were not involved in the audit and the decision as to whether or not to accept the tax planning advice was made by management.

3(b) Remuneration and Nomination Committee

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the CEO and executive team. The Board has established a Remuneration and Nomination Committee, comprising four non-executive directors. The Remuneration and Nomination Committee is governed by its charter, as approved by the Board.

Name	Position
PJ Newton (Chairman)	Chairman & Independent Non-executive Director
SD Heggen	Independent Non-executive Director
AC Ferguson	Non-executive Director
PM Cmrlec	Independent Non-executive Director

The main functions of the Remuneration and Nomination Committee are:

- Evaluating the necessary and desirable competencies for members of the Board.
- Assessing skills, experience and expertise and making recommendations to the Board on candidates for appointment and re-appointment as Directors on the Board.
- Reviewing and making recommendations on processes for evaluating the performance of members of the Board and its Committees and for assessing and enhancing Director competencies.
- Reviewing and monitoring progress of succession plans and making recommendations to the Board.
- Reviewing and making recommendations to the Board on the remuneration of the CEO.
- Reviewing and making recommendations to the Board, on advice from the CEO, on remuneration of senior executives of the Company (other than the CEO) and in respect or remuneration matters generally.
- Evaluating and making recommendations to the Board on the Company's recruitment, retention and termination policies and procedures.
- Assessing and making recommendations to the Board on remuneration policies and practices including superannuation arrangements, incentive schemes and performance target for senior executive and other employees of the Company.
- Reviewing and assessing annually the performance of the Committee and the adequacy of its charter.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

The number of times the Remuneration and Nominations Committee has formerly met and the number of meetings attended by directors during the financial year are reported in the Directors' Report of the Annual Report under the heading "Directors' Meetings".

4. TIMELY AND BALANCED DISCLOSURE

4(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or CEO are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

4(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

5. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

5(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

5(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

5(c) Chief Executive Officer and Chief Financial Officer Certification

The CEO and Chief Financial Officer provide to the Board written certification that in all material respects:

- the Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- the Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

5(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

6. ETHICAL AND RESPONSIBLE DECISION MAKING

6(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

6(b) Policy concerning trading in Company securities

The Company's "Securities Trading Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- no trading is permitted in the period of one month prior to the announcement to the ASX of the Company's quarterly, half year and full year results;
- guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

6(c) Policy concerning diversity

The Company encourages diversity in employment throughout the Company and in the composition of the Board, as a mechanism to ensure that the Company is able to draw on a variety of skill, talent and previous experiences in order to maximise the Company's performance.

The Company's "Diversity Policy" has been implemented to ensure the Company has the benefit of a diverse range of employees with different skills, experience, age, gender, race and cultural backgrounds, and that the Company reports its results on an annual basis in achieving measurable targets which are set by the Board as part of implementation of the Diversity Policy.

The table below outlines the diversity objectives established by the Board, the steps taken during the year to achieve these objectives, and the outcomes.

Objectives	**Steps Taken/Outcome**
Increase the number of women in the workforce, including management and at board level.	Key senior female appointments during the year include: • Metals X appointed 5 females in managerial roles. • As at 30 June 2014, women represented 19% in the Consolidated Entity's workforce (2013: 20%), 2% in key management positions (2013: 2%) and Nil at board level (2013: Nil).
Review gender pay gaps on an annual basis and implement actions to address any variances.	As a part of the annual remuneration review, the Board assesses the performance and salaries of all key management personnel and executive directors. Any gender pay disparities are addressed.
Provide flexible workplace arrangements.	During the year Metals X employed 9 employees on flexible work arrangements (2013: 7).
Provide career development opportunities for every employee, irrespective of any cultural, gender and other differences.	Whilst Metals X places special focus on gender diversity, career development opportunities are equal for all employees. Employees are encouraged to attend professional development courses/workshops throughout the year.
Promote an inclusive culture that treats the workforce with fairness and respect.	Metals X has set a zero tolerance policy against discrimination of employees at all levels. The Company provides avenues to employees to voice their concerns or report any discrimination. No cases of discrimination were reported during the year (2013: Nil).

Consolidated Statement of Comprehensive Income for the year ended 30 June 2014

	Notes	2014	2013
Revenue	5	238,599,832	68,716,372
Cost of sales	7(a)	(186,298,890)	(59,228,471)
Gross profit		**52,300,942**	**9,487,901**
Other income	6	4,885,754	6,801,736
Other expenses	7(b)	(9,151,386)	(9,931,664)
Fair value change in financial instruments	7(c)	(70,073)	(378,916)
Impairment loss on available-for-sale financial assets	16	(1,622,700)	(6,608,070)
Share of (loss)/profit of associate	18	-	(1,559,556)
Impairment loss on investment in associates	18	-	(1,834,473)
Reversal of impairment loss on investment in associates	18	-	2,905,137
Exploration and evaluation expenditure written off	21	(6,974,352)	(484,422)
Profit/(loss) before income tax and finance costs		**39,368,185**	**(1,602,327)**
Finance costs	7(d)	(1,916,448)	(357,129)
Profit/(loss) before income tax		**37,451,737**	**(1,959,456)**
Income tax benefit	8	-	10,631,770
Net profit after tax		**37,451,737**	**8,672,314**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Share of change in equity of associate		-	(505,153)
Reclassification of cumulative fair value changes in available-for-sale financial assets previously recognised in equity to the profit and loss		-	(107,369)
Income tax effect		-	-
Other comprehensive (loss)/profit for the period, net of tax		-	**(612,522)**
Total comprehensive profit for the period		**37,451,737**	**8,059,792**
Earnings per share for profit attributable to the ordinary equity holders of the company			
- basic for profit for the year (cents)	9	2.26	0.56
- diluted for profit for the year (cents)	9	2.26	0.56

Consolidated Statement of Financial Position as at 30 June 2014

	Notes	2014	2013
CURRENT ASSETS			
Cash and cash equivalents	11	57,108,871	61,453,120
Trade and other receivables	12	19,297,623	12,441,035
Inventories	13	33,248,694	14,642,803
Other assets	14	812,095	472,040
Other financial assets	15	6,481,192	6,885,885
Total current assets		**116,948,475**	**95,894,883**
NON-CURRENT ASSETS			
Available-for-sale financial assets	16	595,581	2,650,277
Derivative financial instruments	17	-	70,073
Investment in associates	18	-	-
Property, plant and equipment	19	63,428,294	12,567,716
Mine properties and development costs	20	155,075,197	100,174,023
Exploration and evaluation expenditure	21	95,114,871	81,867,452
Total non-current assets		**314,213,944**	**197,329,541**
TOTAL ASSETS		**431,162,419**	**293,224,424**
CURRENT LIABILITIES			
Trade and other payables	22	33,064,474	11,108,270
Interest bearing loans and borrowings	23	116,865	67,900
Provisions	24	3,447,676	1,286,316
Total current liabilities		**36,629,015**	**12,462,486**
NON-CURRENT LIABILITIES			
Provisions	25	82,818,109	6,871,662
Interest bearing loans and borrowings	26	56,122	119,913
Total non-current liabilities		**82,874,231**	**6,991,575**
TOTAL LIABILITIES		**119,503,246**	**19,454,061**
NET ASSETS		**311,659,173**	**273,770,363**
EQUITY			
Issued capital	27	331,399,336	330,962,263
Accumulated losses	28	(39,479,827)	(76,931,564)
Option premium reserve	29	19,739,664	19,739,664
Other reserves	29	-	-
TOTAL EQUITY		**311,659,173**	**273,770,363**

Consolidated Statement of Cash Flows for the Year Ended 30 June 2014

	Notes	2014	2013
OPERATING ACTIVITIES			
Receipts from customers		238,134,367	65,329,871
Interest received		2,498,811	2,680,417
Other income		668,871	906,204
Payments to suppliers and employees		(165,002,231)	(58,757,095)
Transaction cost relating to business combination		(2,884,145)	-
Interest paid		(19,191)	(238,441)
Net cash flows from operating activities	11	**73,396,482**	**9,920,956**
INVESTING ACTIVITIES			
Payments for property, plant and equipment		(12,195,847)	(2,130,901)
Payments for mine properties and development		(26,261,405)	(14,966,404)
Payments for exploration and evaluation		(10,274,690)	(2,077,793)
Payments for available-for-sale financial assets		-	(902,101)
Proceeds from sale of property, plant and equipment - other		285,548	815,000
Proceeds from sales of available-for-sale financial assets		-	28,649,801
Net cash (outflow)/inflow on acquistion of subsidiary		(29,529,600)	1,126,934
Net cash flows (used in)/from investing activities		**(77,975,994)**	**10,514,536**
FINANCING ACTIVITIES			
Payment of finance lease liabilities		(519,503)	(1,242,712)
Proceeds from share issue		357,500	-
Transaction costs on issue of shares		(7,427)	(64,865)
Proceeds from/(payments for) performance bond facility		404,693	(646,155)
Net cash flows from/(used in) financing activities		**235,263**	**(1,953,732)**
Net (decrease)/increase in cash and cash equivalents		(4,344,249)	18,481,760
Cash and cash equivalents at the beginning of the financial period		61,453,120	42,971,360
Cash and cash equivalents at the end of the period	11	**57,108,871**	**61,453,120**

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2014

	Issued capital	Accumulated losses	Option premium reserve	Other reserves	Total Equity
2013					
At 1 July 2012	**279,086,186**	**(85,603,878)**	**18,728,928**	**612,522**	**212,823,758**
Profit for the year	-	8,672,314	-	-	8,672,314
Other comprehensive income, net of tax	-	-	-	(612,522)	(612,522)
Total comprehensive (loss)/profit for the year net of tax	-	8,672,314	-	(612,522)	8,059,792
Transactions with owners in their capacity as owners					
Issue of share capital - acquisition of Westgold Resources Limited	51,940,942	-	-	-	51,940,942
Limited	-	-	1,010,736	-	1,010,736
Share issue costs	(64,865)	-	-	-	(64,865)
At 30 June 2013	**330,962,263**	**(76,931,564)**	**19,739,664**	**-**	**273,770,363**
2014					
At 1 July 2013	**330,962,263**	**(76,931,564)**	**19,739,664**	**-**	**273,770,363**
Profit for the year	-	37,451,737	-	-	37,451,737
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive profit for the year net of tax	-	37,451,737	-	-	37,451,737
Transactions with owners in their capacity as owners					
Issue of share capital	87,000	-	-	-	87,000
Exercise of options	357,500	-	-	-	357,500
Share issue costs	(7,427)	-	-	-	(7,427)
At 30 June 2014	**331,399,336**	**(39,479,827)**	**19,739,664**	**-**	**311,659,173**

Notes to the Consolidated Financial Statements for the Year Ended 30 June 2014

1. CORPORATE INFORMATION

The financial report of Metals X Limited for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 21 August 2014.

Metals X Limited (“the Company or the Parent”) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors’ Report.

The address of the registered office is Level 3, 18 – 32 Parliament Place, West Perth, WA 6005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board which include International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Adoption of new accounting standards

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2013. The adoption of these new and revised Standards and Interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2013, adopted include the following. Adoption of these Standards and Interpretations did not have any effect on the financial position or the performance of the Consolidated Entity.

Reference	Title
AASB 10	**Consolidated Financial Statements** AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
AASB 11	**Joint Arrangements** AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business*****.
AASB 12	**Disclosure of Interests in Other Entities** AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
AASB 13	**Fair Value Measurement** AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.

Reference	Title
AASB 2012-2	**Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities** AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
AASB 2012-5	**Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle** AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: Repeat application of AASB 1 is permitted (AASB 1) Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*)
AASB 2012-9	**Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039** AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*.
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: a. Tier 1: Australian Accounting Standards b. Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: a. For-profit entities in the private sector that have public accountability (as defined in this standard) b. The Australian Government and State, Territory and Local governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: a. For-profit private sector entities that do not have public accountability b. All not-for-profit private sector entities c. Public sector entities other than the Australian Government and State, Territory and Local governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.
AASB 2011-4	**Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]** This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 119	**Employee Benefits** The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.

The following standards and interpretations have been issued by the AASB but are not yet effective and have not been adopted by the group for the period ending 30 June 2014. The Directors have not yet determined the impact of new and amended accounting standards and interpretations applicable 1 July 2014.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of **IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.** IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI). ► The remaining change is presented in profit or loss. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.	1 January 2018	1 July 2018
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*
		► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 July 2014	1 July 2014
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	^	^
Amendments to IAS 16 and IAS 38*****	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
IFRS 15 *****	Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes: (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	1 July 2017

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

***** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

^ The application dates of AASB 2013-9 are as follows:
Part B - periods beginning on or after 1 January 2014 — Application date for the Group: period beginning 1 July 2014
Part C - reporting periods beginning on or after 1 January 2015 — Application date for the Group: period beginning 1 July 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years, except as stated in note 2(b).

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries ('the Consolidated Entity') as at 30 June each year. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if and only if the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Consolidated Entity has less than a majority of the voting or similar rights of an investee, the Consolidated Entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Consolidated Entity’s voting rights and potential voting rights

The Consolidated Entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Consolidated Entity obtains control over the subsidiary and ceases when the Consolidated Entity loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Consolidated Entity gains control until the date the Consolidated Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Consolidated Entity and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Consolidated Entity’s accounting policies. All intra-Consolidated Entity assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated Entity are eliminated in full on consolidation.

(e) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars (A$).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date.

All exchange differences in the consolidated financial report are taken to the profit or loss.

(f) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The Consolidated Entity aggregates two or more operating segments when they have similar economic characteristics.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the statement of financial position.

(h) Trade and other receivables

Trade and other receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(j) Derivative financial instruments and hedging

The Consolidated Entity uses derivative financial instruments to manage commodity price exposures. Such derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to fair value.

Certain derivative instruments are also held for trading for the purpose of making short term gains. None of the derivatives qualify for hedge accounting and changes in fair value are recognised immediately in profit or loss in other revenue and expenses.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

(k) Joint arrangements

Joint arrangements are arrangements over which two or more parties have joint control. Joint Control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as ether a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Consolidated Entity with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Consolidated Entity recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly

To the extent the joint arrangement provides the Consolidated Entity with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Consolidated Entity's share of the net assets of the joint venture.

(l) Available-for-sale investments

All available-for-sale investments are initially recognised at fair value plus directly attributable transaction costs.

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. Investments are designated as available-for-sale if they do not have fixed maturities and fixed and determinable payments and management intends to hold them for the medium to long term.

After initial recognition, available-for-sale investments are measured at fair value. Gains or losses are recognised in other comprehensive income and presented as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Available-for-sale investments (continued)

The fair value of investments that are actively traded in organised markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

For investments with no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where fair value cannot be reliably measured for certain unquoted investments, these investments are measured at cost.

(m) Investments in associates

The Consolidated Entity's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Consolidated Entity has significant influence and that are neither subsidiaries nor joint ventures.

The Consolidated Entity generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in the associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate. The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Consolidated Entity. When necessary, adjustments are made to bring the accounting policies in line with those of the Consolidated Entity.

(n) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the appropriate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Consolidated Entity acquires a business, it assess the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured and subsequent settlement is accounted for within equity. In instances, where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Consolidated Entity's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine.

Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine or useful life. Useful life ranges from 2 to 10 years.
- Buildings – the shorter of life of mine or useful life. Useful life ranges from 5 to 40 years.
- Office Plant and equipment is depreciated at 33% per annum for computers and office machines and 20% per annum for other office equipment and furniture.

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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 item) is included in the profit and loss in the period the item is derecognised.

(p) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

ii) exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of 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. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

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

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the profit and loss.

(q) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

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.

Impairment
The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised mine properties and development expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Mine properties and development (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(r) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but is not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised as the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(s) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits or losses in the year the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(t) Impairment of non-financial assets

The Consolidated Entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Consolidated Entity bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Consolidated Entity's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit and loss, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Impairment of non-financial assets (continued)

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Consolidated Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. .

(u) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(v) Rehabilitation costs

The Consolidated Entity is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(w) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Consolidated Entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(y) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(z) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in profit and loss on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Leases (continued)

(ii) Finance Leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Consolidated Entity are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit and loss.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(aa) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(ab) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Tin sales
Revenue from tin production is recognised when the significant risks and rewards of ownership have passed to the buyer.

Copper sales
Revenue from copper production is recognised when the significant risks and rewards of ownership have passed to the buyer.

Gold sales
Revenue from gold production is recognised when the significant risks and rewards of ownership have passed to the buyer.

Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(ac) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Consolidated Entity has one plan in place that provides these benefits. It is the Long Term Incentive Plan ("LTIP") which provides benefits to all employees including Directors. The scheme has no direct performance requirements but has specified time restrictions on the exercise of options. The share options will vest immediately for Directors and after one year or as determined by the Board of Directors for employees. Employees and Directors are able to exercise the share options for up to three years after vesting before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after six months of ceasing employment.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model. Further details of which are given in note 30.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Metals X Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Share-based payment transactions (continued)

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to profit and loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(ad) Employee benefits

(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation
Contributions made by the Consolidated Entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

(ae) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(af) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(af) Other taxes (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

(ag) Income tax

The Consolidated Entity entered into a tax consolidated Consolidated Entity as of 1 July 2004.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Unrecognised income taxes are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Metals X Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2004. The head entity, Metals X Limited and the controlled entities in the tax Consolidated Entity continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the Consolidated Entity allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax Consolidated Entity.

(ah) Onerous operating lease provision

A provision for an onerous operating lease is recognised when the expected benefits to be derived from the lease are lower than the unavoidable cost of meeting the obligations under the lease. The provision is measured at the present value of the expected net cost of continuing with the lease.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements have been made as well as the following key estimates and assumptions that have the most significant impact on the financial statements. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant judgments made in applying accounting policies

- **Impairment of available-for-sale-investments**

  In determining the amount of impairment of financial assets, the Consolidated Entity has made judgments in identifying financial assets whose decline in fair value below cost is considered "significant" or "prolonged". A significant decline is assessed based on the historical volatility of the share price.

  The higher the historical volatility, the greater the decline in fair value required before it is likely to be regarded as significant. A prolonged decline is based on the length of time over which the share price has been depressed below cost. A sudden decline followed by immediate recovery is less likely to be considered prolonged compared to a sustained fall of the same magnitude over a longer period.

  The Consolidated Entity considers a less than a 10% decline in fair value is unlikely to be considered significant for investments actively traded in a liquid market, whereas a decline in fair value of greater than 20% will often be considered significant. For less liquid investments that have historically been volatile (standard deviation greater than 25%), a decline of greater than 30% is usually considered significant.

  Generally, the Consolidated Entity does not consider a decline over a period of less than three months to be prolonged. However, where the decline in fair value is greater than six months for liquid investments and 12 months for illiquid investments, it is usually considered prolonged.

- **Classification of assets and liabilities as held for sale**

  The Consolidated Entity classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Consolidated Entity must be committed to selling the assets either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

(ii) Significant accounting estimates and assumptions

- **Determination of mineral resources and ore reserves**

  The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for mine rehabilitation. Metals X Limited estimates its mineral resource and reserves in accordance with the *Australian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (*the "JORC code"). The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code.

  There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

  Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

- **Mine rehabilitation provision**

  The Consolidated Entity assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in note 2(v). Significant judgement is required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability include future development, changes in technology and changes in interest rates. When these factors change or become known in the future, such difference will impact the mine rehabilitation provision in the period in which they change or become known.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(ii) Significant accounting estimates and assumptions (Continued)

- **Impairment of capitalised exploration and evaluation expenditure**

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

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

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

  In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

- **Impairment of capitalised mine development expenditure**

  The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

  The Consolidated Entity regularly reviews the carrying values of its mine development assets in the context of internal and external consensus forecasts for commodity prices and foreign exchange rates, with the application of appropriate discount rates for the assets concerned.

  To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

- **Impairment of property, plant and equipment**

  Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of “value in use” (being net present value of expected future cash flows of the relevant cash generating unit) and “fair value less costs to sell”.

  In determining the value in use, future cash flows for each cash generating unit (CGU) (ie each mine site) are prepared utilising managements latest estimates of;

  - the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
  - royalties and taxation;
  - future production levels;
  - future commodity prices;
  - future cash costs of production and capital expenditure; and
  - other relevant cash inflows and outflows.

  Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a discount rate based on industry weighted average cost of capital.

  The Consolidated Entity’s cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular the Renison Tin Project’s forecasted cash flows are most sensitive to variations in the commodity prices and the South Kalgoorlie Operation is most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions.

  Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

  Cash flow scenarios for a range of commodity prices and foreign exchange rates are assessed using internal and external market forecasts, and the present value of the forecast cash flows is determined utilising a discount rate based on industry weighted average cost of capital.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

(ii) Significant accounting estimates and assumptions (Continued)

- **Impairment of property, plant and equipment (Continued)**

  The Consolidated Entity's cash flows are most sensitive to movements in commodity price, expected quantities of ore reserves and mineral resources and key operating costs. In particular the Renison Tin Project's forecasted cash flows are most sensitive to variations in the commodity prices and the South Kalgoorlie Operation is most sensitive to expected quantities of ore reserves and mineral resources to be extracted and therefore the estimated future cash inflows resulting from the sale of product produced is dependent on these assumptions.

  Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

- **Life of mine method of amortisation and depreciation**

  The Consolidated Entity applies the life of mine method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and resources and production capacity are the Consolidated Entity's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre tax profit and carrying values of assets. During the year there was an increase in the available reserves, which has had an impact on assets being amortised using the unit of production amortisation method resulting in a decrease in the amortisation expense for the period.

- **Share-based payment transactions**

  The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black & Scholes model, using the assumptions as discussed in note 30. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise receivables, payables, unsecured loans, finance lease and hire purchase contracts, cash and short-term deposits, available-for-sale investments and derivatives.

Risk exposures and responses

The Consolidated Entity manages its exposure to key financial risks in accordance with the Consolidated Entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated Entity's financial targets while protecting future financial security.

The Consolidated Entity enters into derivative transactions, principally zero cost collar put and call options. The purpose is to manage the commodity price risks arising from the Consolidated Entity's operations. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the board. The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, commodity risk, credit risk, equity price risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The accounting classification of each category of financial instruments as defined in note 2, and their carrying amounts, are set out below:

(a) Interest rate risk

The Consolidated Entity's exposure to risks of changes in market interest rates relate primarily to the Consolidated Entity's long term debt obligations and cash balances. The level of debt is disclosed in notes 23 and 26. The Consolidated Entity's policy is to manage its interest cost using fixed rate debt. Therefore the Consolidated Entity does not have any variable interest rate risk on its debt. The Consolidated Entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The sensitivity analysis is for variable rate instruments.

At 30 June 2014, if interest rates had moved by a reasonably possible 0.5%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

		Post tax profit higher/(lower)		**Other Comprehensive Income higher/(lower)**	
		2014	**2013**	**2014**	**2013**
	Judgements of reasonably possible movements:				
	+ 0.5% (50 basis points)	148,629	5,191	-	-
	- 0.5% (50 basis points)	(148,629)	(5,191)	-	-

A sensitivity of +%0.5 or -0.5% has been selected as this is considered reasonable given the current level of short-term and long-term Australian dollar interest rates. The movements in profit are due to possible higher or lower interest income from variable rate cash balances. The sensitivity is higher in 2014 than 2013 due to an Increase in the balance of cash and cash equivalents held in variable interest rate accounts in 2014.

At the reporting date the Consolidated Entity's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

2014	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
Financial Assets				
Cash and cash equivalents	42,465,511	14,643,360	-	57,108,871
Trade and other receivables	-	-	19,297,623	19,297,623
Other financial assets	-	6,481,192	-	6,481,192
	42,465,511	**21,124,552**	**19,297,623**	**82,887,686**
Financial Liabilities				
Trade and other payables	-	-	(33,064,474)	(33,064,474)
Interest bearing liabilities	-	(172,987)	-	(172,987)
	-	**(172,987)**	**(33,064,474)**	**(33,237,461)**
Net financial assets/(liabilities)				**49,650,225**

2013	Floating interest rate	Fixed interest	Non-Interest bearing	Total carrying amount
Financial Assets				
Cash and cash equivalents	1,483,016	59,970,104	-	61,453,120
Trade and other receivables	-	-	12,441,035	12,441,035
Other financial assets	-	6,885,885	-	6,885,885
	1,483,016	**66,855,989**	**12,441,035**	**80,780,040**
Financial Liabilities				
Trade and other payables	-	-	(11,108,270)	(11,108,270)
Interest bearing liabilities	-	(187,813)	-	(187,813)
	-	**(187,813)**	**(11,108,270)**	**(11,296,083)**
Net financial assets/(liabilities)				**69,483,957**

(b) Credit risk

Credit risk arises from the financial assets of the Consolidated Entity, which comprises cash and cash equivalents, trade and other receivables, available-for-sale financial assets, other financial assets held as security and derivative instruments. Cash and cash equivalents are held with National Australia Bank which is an Australian Bank with an AA credit rating (Standard & Poor's). The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note) as well as $6,481,192 (2013: $6,885,885) in relation to performance bond facilities and security deposits (refer to note 15).

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity does not have a significant exposure to bad debts.

Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Price risk

Equity Security Price Risk

The Consolidated Entity's revenues are exposed to equity security price fluctuations arising from investments in equity securities.

At 30 June 2014, if equity security prices had moved by a reasonably possible 20%, as illustrated in the table below, with all other variables held constant, post tax profits and equity would have been affected as follows:

	Post tax profit higher/(lower)		Other Comprehensive Income higher/(lower)	
	2014	**2013**	**2014**	**2013**
Judgements of reasonably possible movements:				
Price + 20%	-	-	83,381	371,039
Price - 20%	(83,381)	(371,039)	-	-

A sensitivity of +20% or -20% has been selected as this is considered reasonable given recent fluctuations in equity prices and management's expectations of future movements. The movements in other comprehensive income are due to possible higher or lower equity security prices from investments in equity securities that are classified as available-for-sale financial assets (refer to note 2(l)). The overall sensitivity for post-tax profits and equity in 2014 is lower due to decreases in the market value of the underlying securities during the financial year (refer to notes 16 and 17).

(d) Foreign currency risk exposure

As a result of sales receipts being denominated in Malaysian Ringgit and US dollars, the Consolidated Entity's cash flows can be affected by movements in the Malaysian Ringgit/Australian dollar and US dollar /Australian dollar exchange rates. The Consolidated Entity's exposure to foreign currency is however not considered to be significant.

(e) Liquidity risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due.

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of finance and hire purchase leases.

The table below reflects all contractually fixed payables and receivables for settlement, repayment and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as of 30 June 2014. For derivative financial instruments the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as 30 June.

The remaining contractual maturities of the Consolidated Entity's financial liabilities are:

	2014	**2013**
6 months or less	33,101,159	11,144,955
6 - 12 months	36,685	36,685
1 - 5 years	121,969	121,969
Over 5 years	-	-
	33,259,813	**11,303,609**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maturity analysis of financial assets and liabilities based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, management monitors its Consolidated Entity's expected settlement of financial assets and liabilities on an ongoing basis.

2014	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	43,839,439	15,117,131	-	-	58,956,569
Trade and other receivables	19,297,623	-	-	-	19,297,623
Available-for-sale financial assets	-	-	-	595,581	595,581
Derivatives-held for trading	-	-	-	-	-
Other financial assets	6,481,192	-	-	-	6,481,192
	69,618,254	15,117,131	-	595,581	85,330,965
Financial liabilities					
Trade and other payables	#########	-	-	-	(33,064,474)
Interest bearing loans	(36,685)	(36,685)	(121,969)	-	(195,339)
	#########	(36,685)	(121,969)	-	(33,259,813)
Net inflow/(outflow)	**36,517,095**	**15,080,446**	**(121,969)**	**595,581**	**52,071,152**

2013	<6 months	6-12 months	1-5 years	>5 years	Total
Financial assets					
Cash and equivalents	1,546,114	62,521,651	-	-	64,067,765
Trade and other receivables	12,441,035	-	-	-	12,441,035
Available-for-sale financial assets	-	-	-	2,650,277	2,650,277
Derivatives-held for trading	70,073	-	-	-	70,073
Other financial assets	6,885,885	-	-	-	6,885,885
	20,943,107	62,521,651	-	2,650,277	86,115,035
Financial liabilities					
Trade and other payables	#########	-	-	-	(11,108,270)
Interest bearing loans	(36,685)	(36,685)	(121,969)	-	(195,339)
	#########	(36,685)	(121,969)	-	(11,303,609)
Net inflow/(outflow)	**9,798,152**	**62,484,966**	**(121,969)**	**2,650,277**	**74,811,426**

(f) Fair values

For all financial assets and liabilities recognised in the statement of financial position, carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

The Consolidated Entity uses various methods in estimating the fair value of a financial instrument. The methods comprise:

4. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

(f) **Fair values (continued)**

Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 - the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from price).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	2014				2013			
	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	**Total**	Quoted market price (Level 1)	Valuation technique market observable inputs (Level 2)	Valuation technique non market observable inputs (Level 3)	**Total**
Financial Assets								
Available-for-sale financial assets								
Listed investments	595,581	-	-	**595,581**	2,650,277	-	-	**2,650,277**
Unlisted investments	-	-	-	**-**	-	-	-	**-**
Derivatives								
Listed investments	-	-	-	**-**	70,073	-	-	**70,073**
Unlisted investments	-	-	-	**-**	-	-	-	**-**
	595,581	**-**	**-**	**595,581**	**2,720,350**	**-**	**-**	**2,720,350**

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

Transfer between categories

In the previous year there was a transfer of the Aziana Limited shares into Level 1 from investment in associates (refer to note 18). There were no transfers between Level 1 and Level 2, and no transfers into and out of Level 3 fair value measurement. The fair value decrease of the available-for-sale investments has been recorded in profit and loss.

		2014	2013
5.	**REVENUE**	**2014**	**2013**
	Revenue from sale of tin concentrate	75,246,131	62,805,991
	Revenue from sale of copper concentrate	397,429	3,109,686
	Revenue from sale of gold	161,051,109	-
	Interest received - other corporations	1,905,163	2,800,695
	Total revenue	**238,599,832**	**68,716,372**
6.	**OTHER INCOME**		
	Net profit/(loss) on sale of assets	1,130,148	(127,199)
	Net gain on share investments	-	6,022,731
	Net profit from toll processing	2,808,299	-
	Other income	947,307	906,204
	Total other income	**4,885,754**	**6,801,736**
7.	**EXPENSES**		
(a)	**Cost of sales**		
	Salaries, wages expense and other employee benefits	25,019,802	7,344,167
	Superannuation expense	2,314,332	660,975
	Other production cash costs	113,032,828	40,142,129
	Net reversal of write-down in value of inventories to estimated net realisable value	(685,864)	(1,317,102)
	Royalty	12,633,139	1,547,198
	Depreciation and amortisation expense		
	Depreciation of non-current assets		
	Property, plant and equipment	6,815,889	3,438,473
	Buildings	429,006	279,698
	Amortisation of non-current assets		
	Mine, properties and development costs	26,739,758	7,132,933
	Total cost of sales	**186,298,890**	**59,228,471**
(b)	**Other expenses**		
	Administration expenses		
	Employee benefits expense		
	Salaries and wages expense	4,144,265	2,794,922
	Directors' fees and other benefits	261,507	147,529
	Superannuation expense	407,534	264,921
	Other employee benefits	18,527	22,527
	Share-based payments	-	-
		4,831,833	3,229,899
	Other administration expenses		
	Consulting expenses	1,112,029	818,633
	Travel and accommodation expenses	123,889	299,142
	Operating lease costs	569,707	246,494
	Stamp duty compliance costs	1,766,211	3,482,288
	Administration costs	119,903	898,371
		3,691,739	5,744,928
	Depreciation expense		
	Depreciation of non-current assets		
	Property plant and equipment	313,306	322,116
	Total Administration expenses	**8,836,878**	**9,296,943**
	Other expenses		
	Care and maintenance costs	808,309	606,197
	Foreign exchange (loss)/gain	(493,801)	28,524
		314,508	634,721
	Total other expenses	**9,151,386**	**9,931,664**

7.	EXPENSES (Continued)	2014	2013
(c)	**Fair value change in financial instruments**		
	Fair value change in derivatives	70,073	378,916
	Total fair value change in financial instruments	**70,073**	**378,916**
(d)	**Finance costs**		
	Interest	261,420	319,682
	Unwinding of rehabilitation provision discount	1,655,028	37,447
	Total finance costs	**1,916,448**	**357,129**

8.	INCOME TAX	2014	2013
(a)	Major components of income tax expense:		
	Income Statement		
	Current income tax expense		
	Current income tax expense/(benefit)	283,779	(9,305,880)
	Recognition of carry forward losses and other temporary differences	(12,188,200)	(14,645,002)
	Adjustments in respect of current income tax of previous years	6,101,423	724,364
	Deferred income tax		
	Relating to recoupment of carry forward tax losses in current year	-	-
	Relating to origination and reversal of temporary differences in current year	11,622,414	13,130,744
	Adjustments in respect of deferred income tax of previous years	(5,819,416)	(535,996)
	Income tax benefit reported in the income statement	**-**	**(10,631,770)**
(b)	Amounts charged or credited directly to equity		
	Deferred income tax related to items charged or credited directly to equity		
	Unrealised gain on available-for-sale investments	-	-
	Share issue costs	-	-
	Income tax benefit reported in equity	**-**	**-**
(c)	A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
	Total accounting loss before income tax	**37,451,737**	**(1,959,456)**
	At statutory income tax rate of 30% (2013: 30%)	11,235,521	(587,837)
	Non-deductible items	868,809	4,415,415
	Deductible items	(198,138)	(2,693)
	Prior year tax benefits	282,008	188,368
	Tax losses not brought to account	-	-
	Recognition of tax losses not previously recognised	(12,188,200)	(14,645,023)
	Income tax benefit reported in income the statement of comprehensive income	**-**	**(10,631,770)**

8. INCOME TAX (Continued)

(d) Deferred income tax at 30 June relates to the following:

	Statement of financial position		Statement of comprehensive income	
	2014	**2013**	**2014**	**2013**
Deferred tax liabilities				
Exploration	(22,563,590)	(24,761,022)	2,197,432	(9,670,409)
Deferred mining	(14,778,689)	(7,938,641)	(6,840,048)	(1,414,539)
Mine site establishment and refurbishment	(6,837,348)	(6,479,428)	(357,920)	(2,195,670)
Available-for-sale financial assets	2,743,658	3,560,318	(816,660)	4,344,577
Interest receivable	-	(252,244)	252,244	(36,083)
Inventories	(2,431,237)	(750,706)	(1,680,531)	(57,440)
Prepayments	-	(1,097)	1,097	(1,097)
Diesel rebate	(115,367)	9,926	(125,293)	11,879
Gross deferred tax liabilities	**(43,982,573)**	**(36,612,894)**		
Deferred tax assets				
Property, plant and equipment	335,452	3,175,170	(2,839,718)	667,283
Investment in associates	-	-	-	(4,075,487)
Derivative held for trading	-	175,666	(175,666)	45,194
Inventories	627,713	437,776	189,937	(419,876)
Borrowing costs	60,198	12,587	47,611	(5,733)
Accrued expenses	80,250	43,050	37,200	12,797
Provision for employee entitlements	1,689,238	621,604	1,067,634	190,636
Provision for fringe benefits tax	644	(667)	1,311	(2,013)
Provision for rehabilitation	4,127,695	889,323	3,238,372	11,233
Recognised tax losses	37,061,383	31,258,385		
Gross deferred tax assets	**43,982,573**	**36,612,894**		
Net deferred tax liabilities	**-**	**-**		
Deferred tax income benefit			**(5,802,998)**	**(12,594,748)**

(e) Tax Consolidation

The Company and its 100% owned subsidiaries are a tax consolidated group with effect from 1 July 2004. Metals X Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

8. INCOME TAX (Continued)

(f) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 'Income Taxes'.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Metals X Limited. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

(g) Unrecognised losses

At 30 June 2014, there are unrecognised losses of $5,245,036 for the Consolidated Entity (2013: $17,433,256).

9.	**EARNINGS PER SHARE**		
	The following reflects the income used in the basic and diluted earnings per share computations.		
		2014	**2013**
(a)	**Earnings used in calculating earnings per share**		
	For basic earnings per share:		
	Net profit attributable to ordinary equity holders of the parent	37,451,737	8,672,314
	Net profit attributable to ordinary equity holders of the parent	**37,451,737**	**8,672,314**
	Basic earnings per share (cents)	*2.26*	*0.56*
	For diluted earnings per share:		
	Net profit attributable to ordinary equity holders of the parent (from basic EPS)	37,451,737	8,672,314
	Net profit attributable to ordinary equity holders of the parent	**37,451,737**	**8,672,314**
	Fully diluted earnings per share (cents)	*2.26*	*0.56*
(b)	**Weighted average number of shares**		
	Weighted average number of ordinary shares for basic earnings per share	1,654,199,042	1,552,612,389
	Effect of Dilution:		
	Share Options	-	200,000
	Weighted average number of ordinary shares adjusted for the effect of dilution	**1,654,199,042**	**1,552,812,389**

The Company had 12,312,500 (2013: 36,890,000) shares options on issue that are excluded from the calculation of diluted earnings per share for the current financial period because they were anti-dilutive.

There have been no transactions involving ordinary shares or potential ordinary shares since that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and before the completion of these financial statements.

10.	**DIVIDENDS PAID AND PROPOSED**	**2014**	**2013**
	No dividends have been paid or declared by the Company during the financial period or up to the date of this report.		
	The amount of franking credits available for the subsequent financial year are:		
	• franking account balance as at the end of the financial year at 30% (2013: 30%)	6,071,472	5,930,931
	• franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
	• franking credits that will arising from the acquistion of subsidiary entity during the financial year	86,436	-
	• franking credits that will arise from the receipt of dividends received during the financial year	28,108	140,541
	The amount of franking credits available for future reporting years	**6,186,016**	**6,071,472**

11.	CASH AND CASH EQUIVALENTS	2014	2013
	Cash at bank and in hand	42,465,511	1,483,016
	Short-term deposits	14,643,360	59,970,104
	Total	**57,108,871**	**61,453,120**
	CASH FLOW RECONCILIATION		
	For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
	Cash at bank and in hand	42,465,511	1,483,016
	Short-term deposits	14,643,360	59,970,104
		57,108,871	**61,453,120**
	Reconciliation of net profit after income tax to net cash flows from operating activities		
	Profit after income tax	**37,451,737**	**8,672,314**
	Income tax benefit	-	(10,631,770)
	Amortisation and depreciation	34,297,959	11,173,221
	Impairment losses	1,622,700	5,537,406
	Share based payments	-	-
	Unwinding of rehabilitation provision discount	1,655,028	37,447
	Fair value change in financial instruments	70,073	378,916
	Exploration and evaluation expenditure written off	6,974,352	484,422
	Profit on disposal of available-for-sale financial assets	-	(6,022,731)
	(Profit)/loss on disposal of property, plant and equipment	(1,130,148)	127,199
	Share of associates' net losses	-	1,559,556
		80,941,701	**11,315,980**
	Changes in assets and liabilities		
	Increase in inventories	(2,339,477)	(2,744,244)
	Decrease/(increase) in trade and other debtors	(2,965,026)	1,719,840
	Decrease in trade and other creditors	(1,794,466)	(1,017,254)
	Increase/(decrease) in employee entitlements	(446,250)	646,634
	Net cash flows from operating activities	**73,396,482**	**9,920,956**
12.	**TRADE AND OTHER RECEIVABLES (current)**		
	Trade receivables (a)	5,843,660	3,860,222
	Other debtors (b)	13,453,963	8,580,813
		19,297,623	**12,441,035**

(a) Trade receivables are non-interest bearing and are generally on 30 - 90 day terms.

(b) Other debtors primarily relate to cash calls advanced to the Bluestone Mines Tasmania Joint Venture. Other debtors are non-interest bearing and are generally on 30 - 90 day terms.

(c) The carrying amounts disclosed above represent the fair value.

Collectibility of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. At the end of the year no allowance has been made for impairment of receiveables.

		2014	2013
13.	**INVENTORIES (current)**	**2014**	**2013**
	Ore stocks at net realisable value	1,929,939	91,705
	Gold in circuit at cost	9,199,154	-
	Gold metal at cost	1,093,439	-
	Tin in circuit at cost	76,673	84,342
	Tin concentrate at cost	14,538,525	12,334,358
	Copper concentrate at cost	77,644	38,075
	Stores and spares at cost	8,104,123	2,502,355
	Provision for obsolete stores and spares	(1,770,803)	(408,032)
	Total inventories at lower of cost and net realisable value	**33,248,694**	**14,642,803**

During the year was a net reversal of write-downs of $685,864 (2013: $1,317,102) for the Consolidated Entity. This expense is included in cost of sales refer to note 7(a).

14.	**OTHER ASSETS (current)**		
	Prepayments	**812,095**	**472,040**

15.	**OTHER FINANCIAL ASSETS (current)**		
	Other receivables - cash on deposit - performance bond facility	6,481,192	3,736,885
	Acquisition of subsidiary - performance bond facilities (refer to note 37)	-	3,149,000
		6,481,192	**6,885,885**

The cash on deposit is interest bearing and is used as security for government performance bonds.

16.	**AVAILABLE-FOR-SALE FINANCIAL ASSETS (non-current)**		
	Shares - Australian listed	**595,581**	**2,650,277**

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(a) The Company has a 14.76% (2013: 14.76%) interest in MRC, which is involved in the mining and exploration of base metals in Australia and Mongolia. MRC is listed on the Australian Securities Exchange, however at the end of the period due to the prolonged period of suspension from trading the fair value of the Company's investment was written down to nil (2013: $483,000 which was based on MRC's quoted

At the end of the period the market value of the investment was lower than the carrying value, the Company has recognised an impairment of $483,000 (2013: $2,247,000).

(b) The Company has a 0.39% (2013: 4.99%) interest in Reed, which is involved in the mining and exploration of base metals in Australia. Reed is listed on the Australian Securities Exchange. During the period the Company sold 4.60% of its holding in exchange for the acquistion of the Meekatharra Gold Operation's assets (refer to note 37). At the end of the period the fair value of the Company's investment was $35,000 (2013: $934,000) which is based on Reed's quoted share price.

At the end of the period the market value of the investment was lower than the carrying value, the Company has recognised an impairment of $467,000 (2013: $4,192,896).

(c) The Company has a 13.73% (2013: 13.73%) interest in Aziana, which is involved in the exploration for base metals in Madagascar. Aziana is listed on the Australian Securities Exchange. At the end of the period the fair value of the Company's investment was $560,580 (2013: $1,233,276) which is based on Aziana's

At the end of the period the market value of the investment was lower than the carrying value, the Company has recognised an impairment of $672,696 (2013: $3,251,364).

17.	DERIVATIVE FINANCIAL INSTRUMENTS (non-current)	2014	2013
	Derivatives - held for trading	-	70,073

Derivatives - held for trading

The Consolidated Entity held 14,014,500 listed options in Aziana which expired on 30 September 2013. These options were acquired for nil cost as part of the IPO of Aziana Limited. The fair value of the options for 30 June 2013 was determined by direct reference to published price quotations in an active market.

18.	**INVESTMENTS IN ASSOCIATES (non-current)**		
(a)	**Investment details**		
	Listed		
	Westgold Resources Limited	-	-
	Aziana Limited	-	-
		-	**-**
(b)	**Movements in carrying value of the Consolidated Entity's investment in associates**		
(i)	***Westgold Resources Pty Ltd***		
	At 1 July	-	15,755,563
	Additions	-	-
	Share of (losses)/profits after income tax	-	(1,600,863)
	Reversal of Impairment	-	2,905,137
	Share of change in reserves	-	383,822
	Acquisition of subsidiary (refer to note 37)	-	(17,443,659)
	At 30 June	**-**	**-**
(ii)	***Aziana Limited***		
	At 1 July	-	4,083,590
	Transfer from available-for-sale financial assets at cost	-	-
	Additions	-	-
	Share of (losses)/profits after income tax	-	(624,419)
	Impairment	-	(1,834,472)
	Share of change in reserves	-	(223,249)
	Transfer to available-for-sale financial assets (refer to note 16)	-	(1,401,450)
	At 30 June	**-**	**-**

(c) Fair Value of investment in listed entities

(i) In 2013 the Company had a 26.98% interest in Westgold, which is involved in the exploration for base metals in Australia. On 17 October 2012 Westgold ceased to be an associate of Metals X and became a wholly-owned subsidiary of Metals X following a merger by scheme of arrangement (refer to note 37).

At the date of the merger the market value of the investment was higher than the carrying value, in 2013 the Company recognised a reversal of impairment of $2,905,137.

(ii) As a result of the acquisition of Eternal Resources Limited by Aziana on 12 June 2013 the Company's interest in Aziana was diluted from 25% to 13.73%. In 2013 in assessing the factors determining the classification of the investment in Aziana it was determined that it was no longer an investment in an associate and was reclassified as an available-for-sale financial asset (refer to note 16).

19.	PROPERTY, PLANT & EQUIPMENT (non-current)	2014	2013
	Plant and equipment		
	At cost	114,735,726	33,772,108
	Accumulated depreciation	(58,870,802)	(23,134,286)
	Impairment	-	(3,942,962)
	Net carrying amount	55,864,924	6,694,860
	Land and buildings		
	At cost	21,676,240	6,848,023
	Accumulated depreciation	(15,958,748)	(1,543,467)
	Net carrying amount	5,717,492	5,304,556
	Capital work in progress at cost	1,845,878	568,300
	Total property, plant and equipment	**63,428,294**	**12,567,716**
	Movement in property, plant and equipment		
	Plant and equipment		
	At 1 July net of accumulated depreciation	6,694,860	12,647,265
	Additions	26,257,743	3,004,544
	Disposals	(1,850,227)	(5,657,838)
	Acquisition of subsidiary (refer to note 37)	31,521,276	461,478
	Reversal of impairment	370,467	-
	Depreciation charge for the year	(7,129,195)	(3,760,589)
	At 30 June net of accumulated depreciation	**55,864,924**	**6,694,860**
	Land and buildings		
	At 1 July net of accumulated depreciation	5,304,556	4,737,341
	Additions	290,114	305,186
	Disposals	(125,678)	-
	Acquisition of subsidiary (refer to note 37)	677,506	541,727
	Depreciation charge for the year	(429,006)	(279,698)
	At 30 June net of accumulated depreciation	**5,717,492**	**5,304,556**
	Capital work in progress		
	At 1 July net of accumulated depreciation	568,300	1,372,563
	Additions	27,426,684	3,826,802
	Acquisition of subsidiary (refer to note 37)	1,976,479	17,375
	Transfer to mine properties & development	(1,577,728)	(1,338,710)
	Transfer to plant and equipment	(26,257,743)	(3,004,544)
	Transfer to land and buildings	(290,114)	(305,186)
	At 30 June	**1,845,878**	**568,300**

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2014 is $399,134 (2013: 202,369). Value of plant and equipment leased under finance leases and acquired through hire purchase contracts for 30 June 2014 financial year is nil (2013: $1,695,902).

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase lease liabilities (refer to notes 23 and 26).

20.	MINE PROPERTY AND DEVELOPMENT (non-current)	2014	2013
	Development areas at cost		
	Mine site establishment	71,215,821	69,355,370
	Net carrying amount	71,215,821	69,355,370
	Mine site establishment		
	Mine site establishment	28,343,367	35,750,677
	Accumulated amortisation	(25,118,389)	(27,485,306)
	Impairment	-	(4,322,330)
	Net carrying amount	3,224,978	3,943,041
	Mine capital development	219,500,444	67,606,651
	Accumulated amortisation	(138,866,046)	(33,564,998)
	Impairment	-	(7,166,041)
	Net carrying amount	80,634,398	26,875,612
	Total mine properties and development	**155,075,197**	**100,174,023**
	Movement in mine properties and development		
	Development areas at cost		
	At 1 July	69,355,370	61,561,433
	Additions	1,860,451	5,041,398
	Acquisition of subsidiary (refer to note 37)	-	2,752,539
	At 30 June	**71,215,821**	**69,355,370**
	Mine site establishment		
	At 1 July net of accumulated amortisation	3,943,041	3,282,203
	Additions	-	-
	Transfer from capital work in progress (refer to note 19)	1,577,728	1,338,710
	Increase/(decrease) in rehabilitation provision	167,500	-
	Amortisation charge for the year	(2,463,291)	(677,872)
	At 30 June net of accumulated amortisation	**3,224,978**	**3,943,041**
	Mine capital development		
	At 1 July net of accumulated amortisation	26,875,612	22,236,993
	Additions	24,400,954	9,925,005
	Acquisition of subsidiary (refer to note 37)	53,634,299	
	Transfer from exploration and evaluation expenditure (refer to note 21)	-	1,168,675
	Amortisation charge for the year	(24,276,467)	(6,455,061)
	At 30 June net of accumulated amortisation	**80,634,398**	**26,875,612**

21.	EXPLORATION EXPENDITURE (non-current)	2014	2013
	Exploration and evaluation costs carried forward in respect of mining areas of interest		
	Pre-production areas		
	At Cost	95,114,871	81,867,452
	Accumulated impairment	-	-
	Net carrying amount	**95,114,871**	**81,867,452**
	Movement in deferred exploration and evaluation expenditure		
	At 1 July net of accumulated impairment	81,867,452	1,675,900
	Additions	10,361,690	2,077,793
	Acquisition of subsidiary (refer to note 37)	-	79,766,856
	Transferred to mine capital development (refer to note 20)	-	(1,168,675)
	Adjustment to rehabilitation liability (refer to note 25)	9,860,081	-
	Expenditure written off	(6,974,352)	(484,422)
	At 30 June net of accumulated impairment	**95,114,871**	**81,867,452**

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not recognised pending the

During the year a review was undertaken for each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. In assessing the carrying value of all of the Consolidated Entity's projects certain expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources. As a result exploration and evaluation expenditure of $6,974,352 (2013: $484,422) mainly relating to the Central Murchison Gold Project was written off to the statement of comprehensive income.

22.	TRADE AND OTHER PAYABLES (current)		
	Trade creditors (a)	12,919,506	2,617,809
	Sundry creditors and accruals (b)	20,144,968	8,490,461
		33,064,474	**11,108,270**

(a) Trade creditors are non-interest bearing and generally on 30 day terms.
(b) Sundry creditors and accruals are non-interest bearing and generally on 30 day terms.
Due to the short term nature of these payables, their carrying value approximates their fair value.

23.	INTEREST BEARING LOANS AND BORROWINGS (current)		
	Lease liability	**116,865**	**67,900**

Represents finance leases which have repayment terms of 36 months.

24.	PROVISIONS (current)		
	Provision for annual leave (a)	2,966,033	1,288,538
	Provision for fringe benefits tax payable (a)	2,147	(2,222)
	Provision for onerous lease (b)	479,496	-
		3,447,676	**1,286,316**

(a) The nature of the provisions are described in note 2(ad).
(b) The nature of the provisions are described below in note 25.

25.	PROVISIONS (non-current)		
	Provision for long service leave (a)	2,448,772	758,250
	Provision for onerous operating lease (b)	1,078,865	-
	Provision for rehabilitation (c)	79,290,472	6,113,412
		82,818,109	**6,871,662**

25. PROVISIONS (non-current) (Continued)

(a) Provision for long service leave

The nature of the provisions are described in note 2(ad).

(b) Provision for onerous lease

On the acquisition of Alacer (refer to note 27(a)), a provision was recognised for the fact that the lease premiums on the operating lease were significantly higher than the market rate at acquisition. The provision has been calculated based on the difference between the market rate and the rate paid. The operating lease has a life of four years.

(c) Provision for rehabilitation

Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the statement of comprehensive income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

(d)	**Movements in provisions**	**Onerous operating lease**	**Long service leave**	**Rehabilitation**	**Total**
	At 1 July 2013	**-**	**758,250**	**6,113,412**	**6,871,662**
	Arising during the year	-	1,690,522	537,967	2,228,489
	Utilised	(387,588)	-	-	(387,588)
	Adjustment due to revised conditions	-	-	9,860,081	9,860,081
	Rehabilitation expenditure	-	-	(1,774)	(1,774)
	Unwind of discount	67,924	-	1,655,028	1,722,952
	Disposal of a subsidiary	-	-	(1,256,727)	(1,256,727)
	Acquisition of subsidiary (refer to note 3	1,878,025	-	62,382,485	64,260,510
	At 30 June 2014	**1,558,361**	**2,448,772**	**79,290,472**	**83,297,605**
	At 1 July 2012	**-**	**438,200**	**2,926,965**	**3,365,165**
	Arising during the year	-	320,050	-	320,050
	Unwind of discount	-	-	37,447	37,447
	Acquisition of subsidiary (refer to note 3	-	-	3,149,000	3,149,000
	At 30 June 2013	**-**	**758,250**	**6,113,412**	**6,871,662**

26.	**INTEREST BEARING LOANS AND BORROWINGS (non-current)**		
	Lease liability	**56,122**	**119,913**
	Represents finance leases which have repayment terms of 36 months from inception.		
	The carrying amount of the Consolidated Entity's non-current loans and borrowings approximate their fair		
	Financing facilities available		
	At reporting date, the following financing facilities were available:		
	Total facilities		
	- finance lease facility	172,987	187,813
	Facilities used at reporting date		
	- finance lease facility	172,987	187,813
	Assets pledged as security:		
	The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities ar		
	Non-current		
	Finance lease		
	Plant and equipment	399,134	202,369
	Total non-current assets pledged as security	**399,134**	**202,369**
	Plant and equipment assets are pledged against lease liabilities for the term of the lease period.		

27. ISSUED CAPITAL

(a)	**Ordinary Shares**		
	Issued and fully paid	**331,399,336**	**330,962,263**
		Number	**$**
(b)	**Movements in ordinary shares on issue**		
	At 1 July 2012	1,316,663,257	279,086,186
	Acquistion of subsidiary (refer to note 37)	335,102,853	51,940,942
	Share issue costs	-	(64,865)
	At 30 June 2013	**1,651,766,110**	**330,962,263**
	Issue share capital	3,620,000	444,500
	Share issue costs	-	(7,427)
	At 30 June 2014	**1,655,386,110**	**331,399,336**

(c) Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Parent does not have authorised capital nor par value in respect of its issued shares.

(d) Escrow Restrictions

There are no current escrow restrictions on the issued capital of the Company.

(e) Options on issue

Unissued ordinary shares of the company under option at the date of this report are as follows:

Type	Expiry Date	Exercise Price	Number of options
Unlisted*	1 November 2014	21 cents	1,100,000
Unlisted**	30 November 2014	30 cents	4,750,000
Unlisted*	25 March 2015	44 cents	715,000
Total			**6,565,000**

* The above options are exercisable at any time on or before the expiry date.

** These options were issued pursuant to the Metals X Limited Employee Option Scheme and can onl exercised pursuant to the scheme rules.

Share options carry no right to dividends and no voting rights.

(f) Option conversions

Date of option conversion	Number of options	Price per option	Expiry date	contributed equity $
29 October 2013	400,000	13 cents	30 November 2013	52,000
25 November 2013	2,000,000	13 cents	30 November 2013	260,000
28 November 2013	100,000	13 cents	30 November 2013	13,000
30 November 2013	250,000	13 cents	30 November 2013	32,500
Total	2,750,000			357,500

28. ACCUMULATED LOSSES

	2014	**2013**
At 1 July	(76,931,564)	(85,603,878)
Net profit in current period attributable to members of the parent entity	37,451,737	8,672,314
At 30 June	**(39,479,827)**	**(76,931,564)**

29. RESERVES

	premium reserve $	Net unrealised gains reserve $	Total $
At 30 June 2012	**18,728,928**	**612,522**	**19,341,450**
Share based payments	-	-	-
Share of change in equity of associate	-	(505,153)	(505,153)
Fair value change in available-for-sale financial	-	(107,369)	(107,369)
Tax effect on fair value change in available-for-sale financial assets	-	-	-
Acquistion of subsidiary (refer to note 37)	1,010,736	-	1,010,736
At 30 June 2013	**19,739,664**	**-**	**19,739,664**
Share based payments	-	-	-
Share of change in equity of associate	-	-	-
Fair value change in available-for-sale financial	-	-	-
Tax effect on fair value change in available-for-sale financial assets	-	-	-
Acquistion of subsidiary (refer to note 37)	-	-	-
At 30 June 2014	**19,739,664**	**-**	**19,739,664**

Nature and purpose of reserves

Net unrealised gains reserve

This reserve records the movements in the fair value of available-for-sale investments, the movements in non-controlling interests and the share of changes in equity of associates.

Option premium reserve

This reserve is used to record the value of options issued.

The option premium reserve relates to the issue of:

Details of issue	Number of options	Fair value per option ($)	Value
Rights issue - capital raising cost	110,540,000	0.057	6,312,054
Employee option scheme	1,890,000	0.102	191,880
Employee option scheme	400,000	0.414	165,524
Employee option scheme	2,200,000	0.114	250,300
Employee option scheme	400,000	0.168	67,272
Employee option scheme	3,900,000	0.122	475,134
Employee option scheme	1,700,000	0.084	142,260
Employee option scheme	825,000	0.119	98,434
Employee option scheme	1,000,000	0.150	150,421
Employee option scheme	2,850,000	0.050	142,111
Employee option scheme	2,350,000	0.083	195,147
Share-based payment - director	4,000,000	0.174	694,563
Share-based payment - director	2,500,000	0.048	119,432
Share-based payment - director	2,500,000	0.083	207,603
Share-based payment - contractor	400,000	0.168	67,272
Share-based payment - contractor	1,000,000	0.120	119,631
Share-based payment - contractor	1,000,000	0.103	103,385
Placement fee - capital raising cost	2,000,000	0.049	97,288
Convertible notes equity portion	67,500,000	N/a	7,463,700
Acquisition of a subsidiary	16,750,000	0.099	1,665,517
Acquisition of a subsidiary	32,615,000	0.031	1,010,736
Total	**258,320,000**		**19,739,664**

The options have been valued using a Black & Scholes model, which takes account of factors including the options exercise price, the volatility, the risk-free interest rate, the market price of the underlying share at grant date and the expected life of the option.

30. SHARE-BASED PAYMENTS

(a) Recognised share-based payment expense

The expense recognised for services received during the year is shown in the table below:

Expense arising from equity-settled share-based payments	**-**	**-**

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2014 and 2013.

(b) Long Term Incentive Plan

The Consolidated Entity has a Long term Incentive Plan ("LTIP") for the granting of non-transferable options to senior executives and other staff members of the Consolidated Entity in accordance with guidelines established by the Board of the Company.

The options issued under the LTIP will vest when the following conditions are met:

(i) The LTIP has no direct performance requirements but has specified time restrictions on the exercise of options.

(ii) The director or senior executive or other staff member continues to be employed by the Consolidated Entity on the first anniversary of the grant date or as determined by the Board of Directors.

Other relevant terms and conditions applicable to the options granted under LTIP include:

(i) The options are issued for nil consideration;

(ii) The options will not be quoted on the ASX;

(iii) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the Board resolves to offer that Option;

(iv) Options vest after one year or as determined by the Board of Directors;

(v) Any options that are not exercised by the fourth anniversary of their grant date will lapse;

(vi) The options will lapse after six months if a person ceases employment with the Consolidated Entity; and

(vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company

(viii) The Board of Directors may alter, delete or add to the terms and conditions of the LTIP at any time.

(c) Summary of options granted under the Long Term Incentive Plan

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options issued under the LTIP.

	2014 Number	**2014 WAEP**	**2013 Number**	**2013 WAEP**
Outstanding at the beginning of the year	5,100,000	0.207	6,150,000	0.247
Granted during the year	-	-	-	0.000
Exercised during the year	(2,750,000)	0	-	-
Lapsed/cancelled during the year	(100,000)	0.215	(1,050,000)	-0.443
Outstanding at the year end	**2,250,000**	**0.300**	**5,100,000**	**0.207**
Exercisable at the year end	**2,250,000**	**0.300**	**5,100,000**	**0.207**

30. SHARE-BASED PAYMENTS (Continued)

(c) Summary of options granted under the Long Term Incentive Plan (Continued)

The outstanding balance as at 30 June 2014 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/ cancelled	Options exercised	Number of options at end of period	
							On issue	Vested
27 November 2009	6 July 2010	30 November 2013	13 cents	3,100,000	(350,000)	(2,750,000)	-	-
29 November 2011	29 November 2011	29 November 2014	30 cents	2,350,000	(100,000)	-	2,250,000	2,250,000
Total				**5,450,000**	**(450,000)**	**(2,750,000)**	**2,250,000**	**2,250,000**

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 0.42 years (2013: 0.87 years).

(e) Range of exercise price

The exercise price for options outstanding at the end of the year was $0.30 (2013: $0.13 - $0.30).

As the range of prices is wide, refer to section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.

(f) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2013: nil).

(g) Option pricing model

The fair value of the equity-settled share options granted under the LTIP is estimated at the date of grant using a Black & Scholes model, which takes into account factors including the options exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying share at grant date and the expected life of the option.

30. SHARE-BASED PAYMENTS (Continued)

(g) Option pricing model (Continued)

The following table gives the assumptions made in determining the fair value of the options granted:

	2014	2013	2012
Grant date	**Nil**	**Nil**	**29 November 2012**
Expected Volatility (%)	n/a	n/a	60%
Risk-free interest rate (%)	n/a	n/a	3.15%
Expected life of options (yrs)	n/a	n/a	2.5
Options exercise price ($)	n/a	n/a	$0.30
Share price at grant date ($)	n/a	n/a	$0.25
Fair value at grant date ($)	n/a	n/a	$0.083

The effects of early exercise have been incorporated into the calculations by using an expected life for the option that is shorter than the contractual life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of the Company's share price over a 12 month period. The resulting expected volatility therefore reflects the assumptions that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(h) Directors options

In addition to the LTIP, the Company has issued options to Directors.

Other relevant terms and conditions applicable to the options granted to Directors include:

(i) The options issued to Directors vested immediately;
(ii) The option issue has no direct performance requirements;
(iii) The options are issued for nil consideration;
(iv) The options will not be quoted on the ASX;
(v) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 20 trading days immediately preceding the day on which the members resolve to offer that Option;
(vi) Any options that are not exercised by the third anniversary of their grant date will lapse; and
(vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

(i) Summary of options granted to Directors

The following table illustrates the number and weighted average (WAEP) of, and movements in, share

	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at the beginning of the year	2,500,000	0.300	2,500,000	0.300
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed/cancelled during the year	-	-	-	-
Outstanding at the year end	**2,500,000**	**0.300**	**2,500,000**	**0.300**
Exercisable at the end of the year	**2,500,000**	**0.300**	**2,500,000**	**0.300**

30. SHARE-BASED PAYMENTS (Continued)

(i) Summary of options granted to Directors (Continued)

The outstanding balance as at 30 June 2014 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/ cancelled	Options exercised	Number of options at end of period	
							On issue	Vested
29 November 2011	29 November 2011	29 November 2014	30 cents	2,500,000	-	-	2,500,000	2,500,000
Total				**2,500,000**	**-**	**-**	**2,500,000**	**2,500,000**

(j) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 0.42 years (2013: 1.42).

(k) Range of exercise price

The exercise price for options outstanding at the end of the year was $0.30 (2013: $0.30).

(l) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2013: nil).

(m) Contractors options

In addition to the LTIP, the Company has issued options to Contractors.

Other relevant terms and conditions applicable to the options granted to Contractors include:

(i) The options issued to Contractors vest immediately;
(ii) The option issue has no direct performance requirements;
(iii) The options are issued for nil consideration;
(iv) The options will not be quoted on the ASX;
(v) The exercise price of the options is equal to 120% of the weighted average closing sale price of the Company's fully paid ordinary shares on ASX over the 5 trading days immediately preceding the day on which the members resolve to offer that Option;
(vi) Any options that are not exercised by the expiry date as determined by the Directors at their grant date will lapse; and
(vii) Upon exercise, these options will be settled in ordinary fully paid shares of the Company.

30. SHARE-BASED PAYMENTS (Continued)

(n) Summary of options granted to Contractors

The following table illustrates the number and weighted average (WAEP) of, and movements in, share

	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at the beginning of the year	1,000,000	0.320	1,000,000	0.320
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed/cancelled during the year	(1,000,000)	(0.32)	-	-
Outstanding at the year end	**-**	**-**	**1,000,000**	**0.320**
Exercisable at the end of the year	**-**	**-**	**1,000,000**	**0.320**

(n) Summary of options granted to Contractors

The outstanding balance as at 30 June 2014 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/	Options exercised	Number of options at end of period	
							On issue	Vested
Total				-	-	-	-	-

(o) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is nil (2013: 0.42).

(p) Range of exercise price

The exercise price for options outstanding at the end of the year was nil (2013: $0.32).

(q) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2013: nil).

31. COMMITMENTS

(a) Capital commitments

Commitments relating to jointly controlled assets

At 30 June 2014 the Consolidated Entity has capital commitments that relate principally to the purchase and maintenance of plant and equipment for its mining operations.

Capital expenditure commitments

Estimated capital expenditure contracted for at reporting date, but not recognised as liabilities in respect of the Bluestone Mines Tasmania Joint Venture

	2014	2013
- Within one year	**431,880**	**454,301**

(b) Operating lease commitments - Company as lessee

The Company has entered into commercial property leases on office rental and remote area residential accommodation. The Company has entered into commercial leases on office equipment. These operating leases have an average life of between one month and four years with renewal options included in the contracts. The Company also has commercial leases over the tenements in which the mining operations are located. These tenement leases have a life of between six months and twenty one years. In order to maintain current rights to explore and mine the tenements the Consolidated Entity is required to perform minimum exploration work to meet the expenditure requirements specified by the relevant state governing body. There are no restrictions placed on the lessee by entering into these contracts. The operating lease commitments include Joint Venture commitments as disclosed in note 35.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

		2014	2013
(i)	**Property leases as lessee:**		
	- Within one year	1,649,914	270,415
	- After one year but not more than five years	3,294,437	254,302
		4,944,351	**524,717**
(ii)	**Equipment leases:**		
	- Within one year	34,207	9,984
	- After one year but not more than five years	42,359	7,790
		76,566	**17,774**
(iii)	**Mineral tenement leases:**		
	- Within one year	4,990,395	925,208
	- After one year but not more than five years	14,909,580	2,512,278
	- After more than five years	40,399,769	4,387,251
		60,299,744	**7,824,737**

(c) Operating lease commitments - Company as lessor

The Company has entered into a commercial sub-lease on the above mentioned office space.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

		2014	2013
(i)	**Property leases as lessor:**		
	- Within one year	133,379	3,966
	- After one year but not more than five years	-	-
		133,379	**3,966**

31. COMMITMENTS (Continued)

(d) Finance lease and hire purchase commitments

The Company has finance leases and hire purchase contracts for various items of plant and machinery. The leases do have terms of renewal but no escalation clauses. Renewals are at the option of the specific entity that holds the lease. The finance and hire purchase contracts have an average term of 36 months with the right to purchase the asset at the completion of the lease term for a pre-agreed amount.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the minimum lease payments are as follows:

	2014	
	Minimum lease payments	**Present value of lease payments**
Within one year	119,448	116,865
After one year but not more than five years	64,550	56,122
Total minimum lease payments	183,998	172,987
Less amounts representing finance charges	(11,011)	-
Present value of minimum lease payments	172,987	172,987

	2013	
	Minimum lease payments	**Present value of lease payments**
Within one year	73,369	67,900
After one year but not more than five years	121,969	119,913
Total minimum lease payments	195,338	187,813
Less amounts representing finance charges	(7,525)	-
Present value of minimum lease payments	187,813	187,813

	2014	**2013**
Included in the financial statements as:		
Current interest-bearing loans and borrowings (note 23)	116,865	67,900
Non-current interest-bearing loans and borrowings (note 26)	56,122	119,913
Total included in interest-bearing loans and borrowings	**172,987**	**187,813**

The weighted average interest rate of leases for the Company is 7.35% (2013: 6.29%).

(e) Other commitments

The Consolidated Entity has obligations for various expenditures such as royalties, production based payments and exploration expenditure. Such expenditures are predominantly related to the earning of revenue in the ordinary course of business. The details of these obligations are not provided.

32. CONTINGENT ASSETS AND LIABILITIES

(i) Bank guarantees

The Consolidated Entity has a number of bank guarantees in favour of various government authorities and service providers. The bank gurantees primarily relate to environmental and rehabilitation bonds at the various projects. The total amount of these guarantees at the reporting date is $6,481,192 (2013: $6,885,885). These bank guarantees are fully secured by performance bonds (refer to note 15).

(ii) Clawback agreement

AngloGold Ashanti holds the right to earn back a 75% interest in any individual resource defined within the tenements aquired from AngloGold by Westgold (with the exception of Rover 1 and Explorer 108), under specific terms, conditions, specified payments and performance hurdles.

33. EVENTS AFTER THE BALANCE SHEET DATE

On 4 August 2014 the Company announced that it had entered into an agreement with Southern Gold Limited ("Southern") on the terms of a mining and profit sharing agreement to enable Southern's Cannon Gold Project to be mined and processed at the Company's processing plant at SKO.

34.	AUDITOR'S REMUNERATION	2014	2013
	Amounts received or due and receivable by Ernst & Young (Australia) for:		
	An audit or review of financial reports of the entity and any other entity within the Consolidated Entity	393,090	228,345
	Other services in relation to the entity and any other entity in the Consolidated Entity:		
	- tax compliance	129,800	77,860
	- stamp duty compliance	40,780	38,181
	Total auditor remuneration	**563,670**	**344,386**

35. INTERESTS IN JOINT OPERATIONS

The Consolidated Entity's interest in the assets and liabilities of joint operations are included in the consolidated statement of financial position.

RENISON TIN PROJECT

Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% interest in the Renison Tin Project. The Consolidated Entity is entitled to 50% of the production.

		2014	2013
(a)	**Share of joint operation's statement of financial position**	**2014**	**2013**
	Current assets	31,327,700	26,397,984
	Non-current assets	44,885,500	39,889,671
	Current liabilities	(7,330,477)	(8,754,317)
	Non-current liabilities	(12,246,315)	(2,179,858)
	Equity	**56,636,408**	**55,353,480**
(b)	**Share of joint operation's revenue and profit**		
	Revenue	75,785,336	65,970,052
	Cost of sales	(64,916,384)	(59,286,529)
	Finance costs	(40,507)	(266,471)
	Profit before tax	10,828,445	6,417,052
	Income tax benefit (expense)	21,321,854	(10,825,114)
	Profit for the year	**32,150,299**	**(4,408,062)**
(c)	**Commitments relating to the joint operation:**	**2014**	**2013**
	Share of capital commitments (refer to note 31(a))	**431,880**	**454,301**
	Share of operating lease commitments (refer to note 31(b))		
	Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
(i)	Property leases as lessee:		
	- Within one year	3,551	884
		3,551	**884**
(ii)	Equipment leases:		
	- Within one year	11,604	5,735
	- After one year but not more than five years	21,984	-
		33,588	**5,735**
(iii)	Mineral tenement leases:		
	- Within one year	182,454	202,776
	- After one year but not more than five years	198,119	413,906
	- After more than five years	-	-
		380,573	**616,682**

Impairment

No assets employed in the joint operation were impaired during the year (2013: nil).

35. INTERESTS IN JOINT OPERATIONS (Continued)

WARRUMPI EXPLORATION PROJECT

Subsidiary Castile Resources Pty Ltd has earned a 51% interest in the Warumpi exploration project in the Northern Territory and is currently undertaking an exploration program to earn up to 80% interest in the

		2014	2013
(a)	**Share of joint operation's statement of financial position**	**2014**	**2013**
	Non-current assets	1,105,041	909,813
	Equity	**1,105,041**	**909,813**
(b)	**Share of joint operation's revenue and profit**		
	Exploration and evaluation expenditure written off	(407,455)	-
	Loss before tax	(407,455)	-
	Income tax expense	-	-
	Loss for the year	**(407,455)**	**-**
(c)	**Commitments relating to the joint operation:**	**2014**	**2013**
	Share of operating lease commitments (refer to note 31(b))		
	Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
(i)	Mineral tenement leases:		
	- Within one year	102,063	24,855
	- After one year but not more than five years	69,957	34,778
	- After more than five years	-	-
		172,020	**59,633**

Impairment

Exploration and evaluation expenditure of $407,455 in relation the joint operation was written-off during the year (2013: nil).

36. SEGMENTS

For management purposes, the Consolidated entity is organised into operating segments determined by the similarity of the mineral being mined or explored, as these are the sources of the Consolidated Entity's major risks and have the most effect on rates of return

The Consolidated Entity comprises the following reportable segments:

- Tin Projects: Mining, treatment and marketing of tin concentrate.
- Nickel Projects: Exploration and development of nickel assets.
- Gold Projects: Mining, treatment, exploration and development of gold assets.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, consolidated financing (including finance costs and finance income) and income taxes are managed on a consolidated basis and are not allocated to operating segments

The Consolidated Entity does not have any inter-entity sales. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2014 and 30 June 2013.

Year ended 30 June 2014	**Tin Projects**	**Nickel Projects**	**Gold Projects**	**Adjustment, eliminations and corporate**	**Total**
Revenue					
External customers	75,643,560	-	161,051,109	-	236,694,669
Other revenue	-	-	-	1,905,163	1,905,163
Total revenue	**75,643,560**	**-**	**161,051,109**	**1,905,163**	**238,599,832**
Results					
Depreciation and amortisation	(8,429,069)	(90,766)	(25,469,473)	(308,651)	(34,297,959)
Exploration and evaluation expenditure written off	(173,863)	(279,065)	(6,521,424)	-	(6,974,352)
Profit before income tax	**11,136,219**	**(90,787)**	**43,095,418**	**1,915,698**	**56,056,548**
Total assets	**76,213,200**	**70,287,679**	**226,999,091**	**57,066,868**	**430,566,838**
Total liabilities	**(9,654,364)**	**(118,930)**	**(104,937,268)**	**(4,792,684)**	**(119,503,246)**
Other disclosures					
Capital expenditure	(13,431,753)	(3,332,884)	(31,953,066)	(14,239)	(48,731,942)
Year ended 30 June 2013	**Tin Projects**	**Nickel Projects**	**Gold Projects**	**Adjustment, eliminations and corporate**	**Total**
Revenue					
External customers	65,915,677	-	-	-	65,915,677
Other revenue	-	-	-	2,800,695	2,800,695
Total segment revenue	**65,915,677**	**-**	**-**	**2,800,695**	**68,716,372**
Results					
Depreciation and amortisation	(10,851,104)	(103,258)	(175,907)	(42,951)	(11,173,220)
Exploration and evaluation expenditure written off	(75,434)	-	(408,988)	-	(484,422)
Profit before income tax	**6,866,245**	**3,051**	**93,162**	**20,984,750**	**27,947,208**
Total assets	**67,768,142**	**67,331,291**	**89,035,653**	**66,368,988**	**290,504,074**
Total liabilities	**(11,886,378)**	**(634,503)**	**(3,632,366)**	**(3,300,814)**	**(19,454,061)**
Other disclosures					
Capital expenditure	(11,786,378)	(4,878,513)	(2,479,323)	(932,985)	(20,077,199)

36. OPERATING SEGMENTS (Continued)

Adjustment, eliminations and corporate

Finance income and costs, fair value gains and losses on financial assets and share of losses of associates are not allocated to individual segments as the underlying instruments are managed on a Consolidated Entity basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Consolidated Entity basis.

Capital expenditure consists of additions of property, plant and equipment, mine properties and development and exploration and evaluation expenditure including assets from the acquisition of subsidiaries.

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are not allocated to operating segments.

		2014	2013
(a)	**Reconciliation of profit/(loss)**		
	Profit before income tax	**56,056,548**	**27,947,208**
	Finance costs	(1,916,448)	(357,129)
	Corporate expenses	(9,151,386)	(9,931,664)
	Reversal of impairment/(impairment) of assets	-	1,070,664
	Share of loss of associates	-	(1,559,556)
	Exploration and evaluation expenditure written off	(6,974,352)	(484,422)
	Fair value gain on financial instruments	(70,073)	(378,916)
	Impairment loss on available-for-sale financial assets	(1,622,700)	(6,608,070)
	Net gains on disposal of available-for-sale investments	-	6,022,731
	Net gain on disposal of assets	1,130,148	(127,199)
	Total consolidated profit/(loss) before income tax	**37,451,737**	**15,593,647**
(b)	**Reconciliation of assets**		
	Segment operating assets	**430,566,838**	**290,504,074**
	Available-for-sale assets	595,581	2,650,277
	Derivative assets	-	70,073
	Total consolidated operating assets	**431,162,419**	**293,224,424**
(c)	**Reconciliation of liabilities**		
	Segment operating liabilities	**119,503,246**	**19,454,061**
	Total consolidated operating liabilities	**119,503,246**	**19,454,061**
(d)	**Segment revenue from external customers**		
	Segment revenue from external customers	**236,694,669**	**65,915,677**
	Other revenue	1,905,163	2,800,695
	Total segment revenue	**238,599,832**	**68,716,372**
	Revenue from external customers by geographical locations is detailed below. Revenue is attributable to geographical location based on the location of the customers. The Company does not have external revenues from external customers that are attributable to any foreign country other than as shown.		
	Australia	161,448,538	-
	South east asia	75,246,131	65,915,677
	Total revenue	**236,694,669**	**65,915,677**
	The Consolidated Entity has two customers to which it provides tin, copper and gold. The Consolidated Entity sends its tin and copper concentrates to one South East Asian customer that accounts for 32% of external revenue (2013: 100%). The Consolidated Entity sells its gold to one Australian customer that accounts for 68% of external revenue (2013: nil).		
(e)	Segment non-current assets, excluding financial assets, are all located in Australia.		

37. BUSINESS COMBINATION

Acquisitions in 2014

(a) Acquisition of Alacer Gold Pty Ltd

On 29 October 2013 Metals X completed the acquisition of 100% of the shares of Alacer Gold Pty Ltd ("Alacer"), a subsidiary of publicly listed company Alacer Gold Corp. which owns operating gold projects in Western Australia. The consideration for the acquisition was $44,000,000. The acquisition has been accounted for using the acquisition method.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Alacer Gold Pty Ltd as at the date of acquisition are:

Assets	Fair value recognised on acquisition
Cash and cash equivalents	14,470,399
Trade and other receivables	2,156,645
Inventories	16,266,414
Other assets	576,780
Property, plant and equipment	34,175,261
Mine properties and development costs	53,634,299
	121,279,798
Liabilities	
Trade and other payables	25,831,035
Provisions	51,448,763
	77,279,798
Purchase consideration transferred	**44,000,000**

Analysis of cash flows on acquisition:	
Cash paid	(44,000,000)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	14,470,399
Net cash outflow	**(29,529,601)**

From the date of acquisition, Alacer has contributed $164,551,130 of revenue and $27,228,067 to the net profit before tax of the Consolidated Entity. If the acquisition had occurred on 1 July 2013, consolidated revenue and consolidated profit before income tax for the period ended 30 June 2014 would have been $209,204,828 and $52,557,079 respectively.

The fair value of the trade receivables amounts to $2,156,645, which is equal to the gross amount of trade receivables. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

Transaction costs relating to stamp duty, external legal fees, technical fees and due diligence costs of $2,377,088 have been expensed and are included in the statement of comprehensive

37. BUSINESS COMBINATION (Continued)

(b) Acquisition of Meekatharra Gold Operation

On 27 June 2014 Metals X completed the acquisition of the assets of GMK Exploration Pty Ltd ("GMKE") from GMKE's Administrator. The assets comprise the fully refurbished processing plant, other supporting infrastucture and tenements of the Meekatharra Gold Operation which is currently under care and maintenance in Western Australia. The consideration for the acquisition was $9,400,000 and 24,000,000 Reed Resources Limited shares with a fair value of $432,000. The acquisition has been accounted for using the acquisition method.

Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities as at the date of acquisition

	Provisional Fair value recognised on acquisition
Assets	
Property, plant and equipment	22,680,309
Exploration and evaluation expenditure	1,950,527
	24,630,836
Liabilities	
Provisions	14,798,836
	14,798,836
Cash paid	9,400,000
Fair value of Reed Resources Limited shares	432,000
Purchase consideration transferred	**9,832,000**
Analysis of cash flows on acquisition:	
Cash paid	9,400,000
Net cash outflow	**9,400,000**

From the date of acquisition, the assets have not contributed any revenue or net profit before tax of the Consolidated Entity.

Transaction costs relating to stamp duty, external legal fees, technical fees and due diligence costs of $507,057 have been expensed and are included in the statement of comprehensive

37. BUSINESS COMBINATION (Continued)

Acquisitions in 2013

(a) Acquisition of Westgold Resources Limited

On 14 May 2012 Metals X announced a merger by scheme of arrangement to acquire all of the issued share capital of Westgold Resources Limited, a publicly listed Australian company which owns gold projects in Western Australia and the Northern Territory. The consideration for the merger was on a scrip for scrip basis, being 11 new Metals X shares for every 10 Westgold shares held and 11 new Metals X options for every 10 Westgold options held. The merger was successful and resulted in Metals X increasing its ownership of Westgold from 26.98% to 100%. The completion date of the acquisition was 17

In the period from acquisition to 30 June 2013 Westgold contributed interest income of $89,789 and a loss of $1,370,011 to the Consolidated Entity's results. If the acquisition had occurred on 1 July 2012, consolidated revenue and consolidated profit before income tax for the period ended 30 June 2013 would have been $171,822 and $3,117,321 respectively.

The following summarises the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

Purchase consideration	
Equity instruments issued at fair value (335,102,853 ordinary shares)	51,940,942
Replacement options issued	1,010,736
	52,951,678

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 17 October 2012 of $0.155 per share.

Replacement options issued

The terms of the acquisition required the Company to issue replacement options to the Westgold Resources Limited option holders. The terms and conditions of the replacement options are as follows:

Grant Date	Vesting Date	Expiry Date	Exercise Price	Number
17 Oct 2012	17 Oct 2012	8 Nov 2012	$ 0.41	275,000
17 Oct 2012	17 Oct 2012	25 Mar 2015	$ 0.44	715,000
17 Oct 2012	17 Oct 2012	30 Nov 2012	$ 0.19	2,750,000
17 Oct 2012	17 Oct 2012	7 Jan 2013	$ 0.18	1,100,000
17 Oct 2012	17 Oct 2012	30 Nov 2013	$ 0.19	550,000
17 Oct 2012	17 Oct 2012	31 Dec 2013	$ 0.18	19,250,000
17 Oct 2012	17 Oct 2012	11 Jan 2014	$ 0.29	1,127,500
17 Oct 2012	17 Oct 2012	24 Aug 2014	$ 0.20	440,000
17 Oct 2012	17 Oct 2012	3 Jul 2014	$ 0.26	2,007,500
17 Oct 2012	17 Oct 2012	15 Aug 2014	$ 0.26	3,300,000
17 Oct 2012	17 Oct 2012	1 Nov 2014	$ 0.21	1,100,000

The market based value of the new options at the acquisition date of 17 October 2012 was $1,010,736. All options are vested and exercisable immediately.

37. BUSINESS COMBINATION (Continued)

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Westgold Resources Limited as at the date of acquisition are:

Assets	**Fair value recognised on acquisition**
Cash and cash equivalents	1,126,934
Trade and other receivables	147,436
Other assets	17,784
Other financial assets	3,149,000
Property, plant and equipment	1,020,580
Mine properties and development costs	2,752,539
Exploration and evaluation expenditure	79,766,856
	87,981,129
Liabilities	
Trade and other payables	3,805,023
Provisions	3,149,000
Deferred tax liabilities	10,631,769
	17,585,792
Total identifiable assets at fair value	**70,395,337**
Purchase consideration	52,951,678
Fair value of existing interest in acquiree	17,443,659
	70,395,337
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	1,126,934
Net cash flow on acquisition	**1,126,934**

Transaction costs relating to stamp duty, external legal fees, technical fees and due diligence costs of $3,058,236 have been expensed and are included in administrative expenses.

38.	**KEY MANAGEMENT PERSONNEL**			
(a)	**Details of Key Management Personnel**			
			Appointed	**Resigned**
(i)	**Non-Executive Directors ("NEDs")**			
	PJ Newton	Non-Executive Chairman	14 December 2012	-
	PM Cmrlec	Non-Executive Director	23 July 2013	-
	AC Ferguson	Non-Executive Director	10 May 2012	-
	SD Heggen	Non-Executive Director	25 October 2012	-
	X Penggen	Non-Executive Director	9 February 2012	-
	Y Zhang	Alternate for Mr Xie Penggen	3 October 2007	-
(ii)	**Executive Directors**			
	PG Cook	CEO & Executive Director	23 July 2004	-
	WS Hallam	Executive Director	1 March 2005	-
(iii)	**Other Executives ("KMPs")**			
	RD Cook	General Manager - Tin Operations	22 April 2010	3 January 2014
	AH King	General Manager - Tin Operations	24 February 2014	-
	PD Hucker	Chief Operating Officer	17 October 2012	-
	MP Poepjes	Chief Mining Engineer	8 August 2011	-
	JW Russell	Chief Geologist	17 October 2012	-
	FJ Van Maanen	CFO & Company Secretary	1 July 2005	-
	There are no other changes of the key management personnel after the reporting date and the date the financial report was authorised for issue.			

(b) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

(c) Other transactions and balances with Key Management Personnel

PG Cook and WS Hallam were Directors of Westgold in 2013, which was charged $15,260 for director's fees.

PG Cook and WS Hallam are Directors of Aziana. FJ Van Maanen was the Company Secretary of Aziana in 2013. The Consolidated Entity provided accounting, secretarial and administrative services at cost to Aziana. In the current period $164,572 (2013: $86,945) has been charged to Aziana for these company secretarial and director's fees.

39. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements of the Consolidated Entity include Metals X Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Ownership interest 2014	Ownership interest 2013
Bluestone Australia Pty Ltd	Australia	100%	100%
Metals Exploration Pty Ltd	Australia	100%	100%
Westgold Resources Pty Ltd	Australia	100%	100%
Mad Metals Pty Ltd *	Australia	100%	100%
Chinggis Metals Pty Ltd *	Australia	100%	100%
Subsidiary companies of Metals Exploration Pty Ltd			
Austral Nickel Pty Ltd	Australia	100%	100%
Hinckley Range Pty Ltd	Australia	100%	100%
Metex Nickel Pty Ltd	Australia	100%	100%
Subsidiary companies of Bluestone Australia Pty Ltd			
Bluestone Mines Tasmania Pty Ltd	Australia	100%	100%
Bluestone Nominees Pty Ltd **	Australia	-	100%
Subsidiary companies of Westgold Resources Pty Ltd			
Castile Resources Pty Ltd	Australia	100%	100%
Aragon Resources Pty Ltd	Australia	100%	100%
Fulcrum Resouces Pty Ltd	Australia	100%	100%
Big Bell Gold Operations Pty Ltd	Australia	100%	100%
Hill 51 Pty Ltd ***	Australia	100%	-
Avoca Resources Pty Ltd ***	Australia	100%	-
Avoca Mining Pty Ltd ***	Australia	100%	-
HBJ Minerals Pty Ltd ***	Australia	100%	-
Dioro Exploration NL ***	Australia	100%	-
Hampton Gold Mining Areas Limited ***	United Kingdom	100%	-

* Mad Metals Pty Ltd and Chinggis Metals were deregistered on 28 April 2014

** Bluestone Nominees Pty Ltd (Collingwood Tin Project) was sold on 30 April 2014.

*** Entities acquired from Alacer Gold Corp. (refer to note 37(a)).

(b) Ultimate parent

Metals X Limited is the ultimate parent entity.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 39.

39.	RELATED PARTY DISCLOSURES (Continued)		
(d)	**Transactions with related parties**	**2014**	**2013**
(i)	**Jointly controlled operations**		
	Amounts charged by Bluestone Australia Pty Ltd to the joint operation of Bluestone Mines Tasmania Joint Venture for services provided *	121,905	646,340
(ii)	**Associates**		
	Amounts charged by Bluestone Australia Pty Ltd to Aziana Ltd for services provided **	309,227	351,828
	Amounts charged by Bluestone Australia Pty Ltd to Westgold Resources Ltd for services provided ***	-	125,293
*	Subsidiary Bluestone Mines Tasmania Pty Ltd has a 50% joint arrangement interest in the unincorporated Bluestone Mines Tasmania Joint Venture.		
**	The Company has a 13.73% interest in Aziana Limited (2013: 13.73%).		
***	The Company acquired Westgold Resources Limited in 2013 and had an interest of 26.98% in the previous year (refer to note 37).		

40.	INFORMATION RELATING TO METALS X LIMITED ("THE PARENT ENTITY")		
		2014	**2013**
	Current assets	51,077,828	41,549,376
	Total assets	242,494,262	306,386,181
	Current Liabilities	3,022,995	2,127,192
	Total Liabilities	3,022,995	2,127,192
	Issued capital	340,679,336	340,242,263
	Accumulated losses	(120,947,733)	(55,722,938)
	Option premium reserve	19,739,664	19,739,664
	Other reserves	-	-
	Total Equity	**239,471,267**	**304,258,989**
	Loss of the parent entity	(65,224,795)	(18,442,421)
	Total comprehensive loss of the parent entity	(65,224,795)	(5,834,942)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Pursuant to Class Order 98/1418, Metals X and its wholly owned subsidiaries (refer to note 39(a)) entered into a deed of cross guarantee on 11 November 2013. The effect of the deed is that Metals X has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of any debt subject to the guarantee. The controlled entities have given a similar guarantee in the event that Metals X is wound up or if it does not meet its obligations under the

The statement of financial position and statement of comprehensive income for the closed group is not materially different to the Consolidated Entity's statement of financial position and statement of

Contingent liabilities of the parent entity.		Nil
Contractual commitments by the parent entity for the acquisition of property, plant or equipment.		Nil

Directors' Declaration

In accordance with a resolution of the Directors of Metals X Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b) and;

(c) 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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 40 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board.

PG Cook
CEO & Executive Director
Perth, 26 August 2014

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Independent audit report to members of Metals X Limited

Report on the financial report

We have audited the accompanying financial report of Metals X Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Metals X 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 30 June 2014 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 Metals X Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
26 August 2014