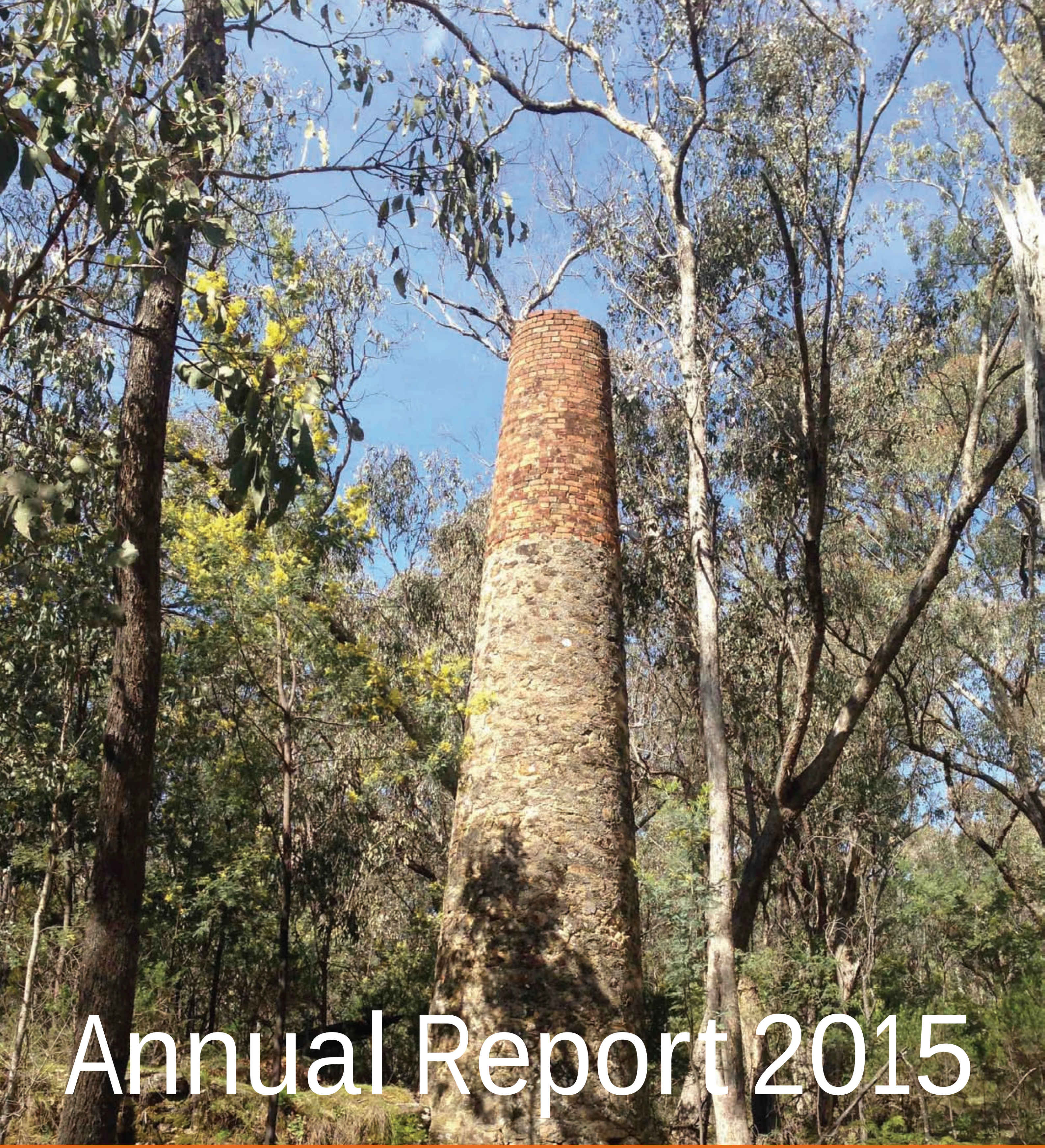

# Annual Report 2015

thomson
RESOURCES

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# Chairman's Report

Dear Shareholder

On behalf of the Board of Directors, I am pleased to present the fifth Annual Report of Thomson Resources Ltd.

Since the Company listed in 2010, Thomson has maintained a strong program of quality exploration on high value opportunities in New South Wales. The Company's initial focus was on the Thomson Fold Belt where it has discovered several large Intrusive-Related Gold (IRG) systems. This is an outstanding technical success but further exploration is clearly required to test the extent and tenor of these systems.

During 2014-2015 Thomson was successful in being awarded financial assistance under the NSW Government's New Frontiers Cooperative Drilling Scheme for holes at the Cuttaburra A and Cuttaburra B prospects in the Thomson Fold Belt. The funds allocated by the Government proved to be insufficient to justify the drilling at this time. However, it is understood that the scheme has been revised for 2015-2016 to increase the proportion of assistance provided which may allow the Company to progress additional drilling.

During the year Thomson continued to expand its high-quality exploration portfolio through both acquisitions and tenement applications, with a strong focus on tin opportunities in NSW. The Company sees the outlook for tin as favourable given the looming supply side issues and NSW is considered one of the best regions for tin exploration having regard to both its historic production and diverse geological potential.

One of the key tin projects acquired by Thomson was the Bygoo project located just north of NSW's largest former tin mine at Ardlethan where it believes that there good potential to discover shallow, high grade tin mineralisation. The Company conducted an initial drill program in June 2015 which returned excellent results including 13m at 1.0% Sn, 5m at 1.3% Sn and 18m at 0.8% Sn, as well as establishing the existence of a previously unrecognised tin-bearing greisen zone.

Thomson has also applied for an exploration licence over a significant tin-tungsten project at Mt Paynter in southern NSW which includes a modest tin and tungsten resource.

Important volcanogenic massive sulphide (VMS) base metal targets the Company controls includes Wilga Downs and Havilah where VTEM surveys during the year have identified significant conductors suggestive of stratabound mineralisation. Ground follow-up EM confirmed the VTEM conductor at Wilga Downs which is considered an outstanding copper-zinc target being in comparable rocks to the Tritton copper mine to the south.

Likewise the Havilah project is an attractive target where mineralisation has been identified in Silurian volcanic rocks comparable to those that host the important VMS deposits at Woodlawn and Captains Flat. Follow-up ground EM is planned.

Thomson's important gold exploration asset near Mt Jacob, inland from Kempsey, appears to be an Intrusive Related Gold system with strong surface anomalous geochemistry and gold intercepts in historic drilling. Once access and environmental processes have been resolved this target will warrant drill testing.

The Company's recent Bygoo drilling success has positively impacted Thomson's share price and it is expected that further exploration success will enhance investor confidence. Thomson has an excellent suite of drill-ready targets across its preferred commodity profile. The Company is also constantly on the outlook for funding and joint venture opportunities that will add value to the Company's exploration portfolio and thus ultimately to shareholder value.

As you would no doubt be aware, times continue to be tough for the junior exploration sector. This is a time when good exploration and company management is fundamental and the Company is indeed fortunate to have a CEO of Mr Eoin Rothery's calibre. He continues to maintain an impressive and technically adept exploration campaign at minimal costs, consistent with the Company's purpose to discover NSW's next mineral mine.

**Lindsay Gilligan PSM**
Chairman

# Review of Operations

## Project activities

Thomson Resources Ltd has had a landmark year, with acquisition of a new tin project and early drill success. Thomson also followed up its airborne VTEM survey with ground EM surveys that delineated a compelling drill target. In a challenging investment climate these achievements have been made with minimal cash outlay or share dilution, leaving Thomson well positioned to take these projects to the next phase.

Thomson Resources Ltd is exploring in NSW for mineral deposits containing gold, tin and copper. Thomson had early success in discovering several Intrusion-Related Gold (IRG) systems in its namesake Thomson Fold Belt of northwestern NSW. Tin is commonly associated with IRG systems and Thomson Resources has used this experience to enhance its tin focus with the acquisition of the advanced tin exploration project at Bygoo near Ardlethan (Figure 1).

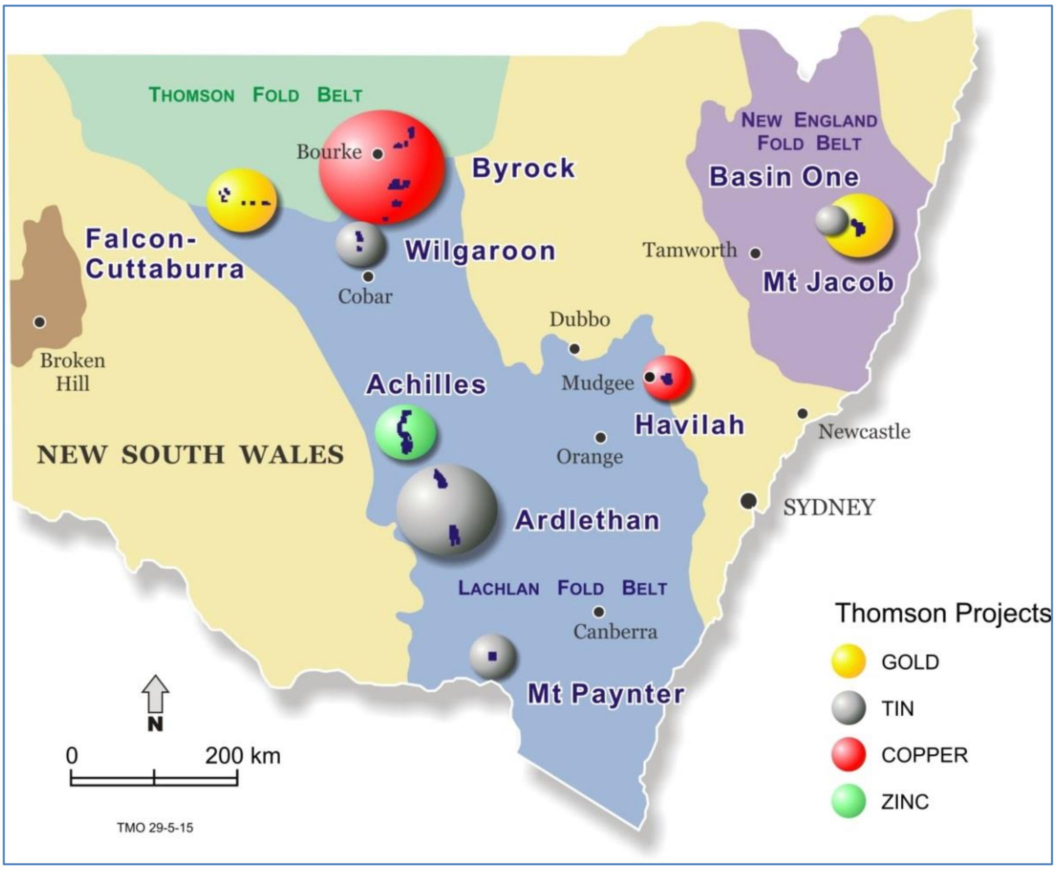


*Figure 1: Thomson Projects in NSW*

### Bygoo tin

During the year Thomson Resources acquired the Bygoo Project - an outstanding tin exploration project located near the Ardlethan Mine, NSW, through a share acquisition of Riverston Tin PL. Ardlethan is the biggest tin occurrence in NSW with recorded production of 25,000 tonnes of tin in concentrate from open cut and underground operations between 1964 and 1986.

Within the project area is the key prospect of Bygoo North on EL 8260 where historic mining is estimated to have produced around 26,000 tonnes of ore at an average grade of 1.0% tin from underground workings on three levels to a maximum depth of 30m.

Thomson completed an inaugural drilling program at Bygoo North in June 2015 with excellent results. Examples include **13m at 1.0% Sn** from 66m (BNRC010), **5m at 1.3% Sn** from 130m (BNRC004) and **18m at 0.8% Sn** from 118m (BNRC003). The drilling confirmed the wide tin-bearing greisen zone intersected in 1977 drilling (Figure 1) and discovered a new greisen position in the footwall of the main zone (Figure 2).

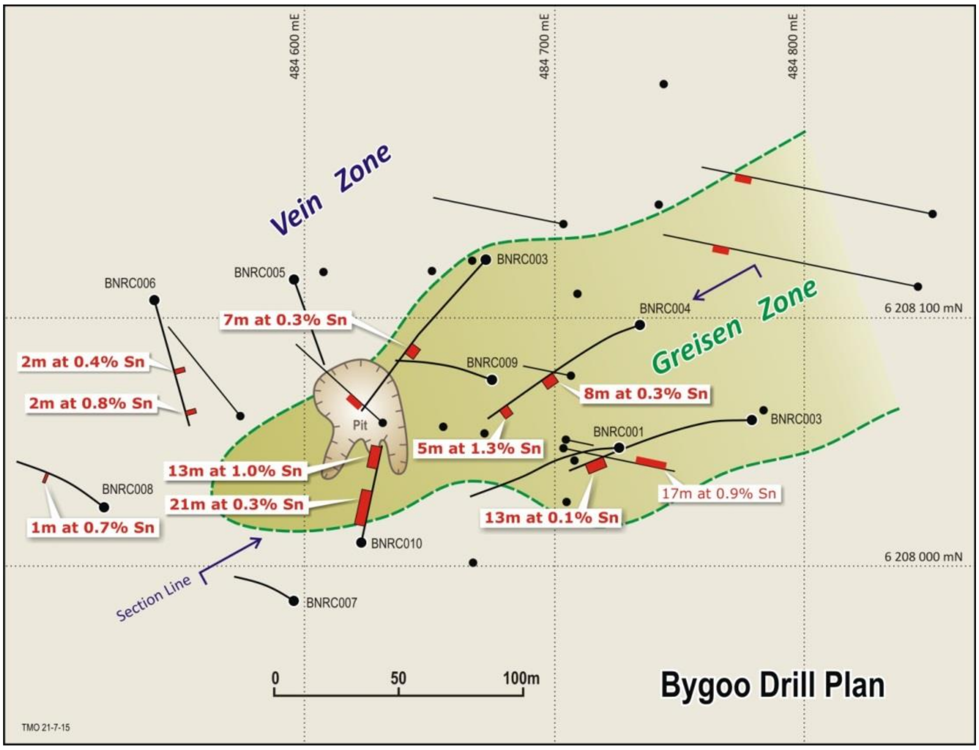


*Figure 2: Plan view of Bygoo North, showing Thomson's recent drilling*

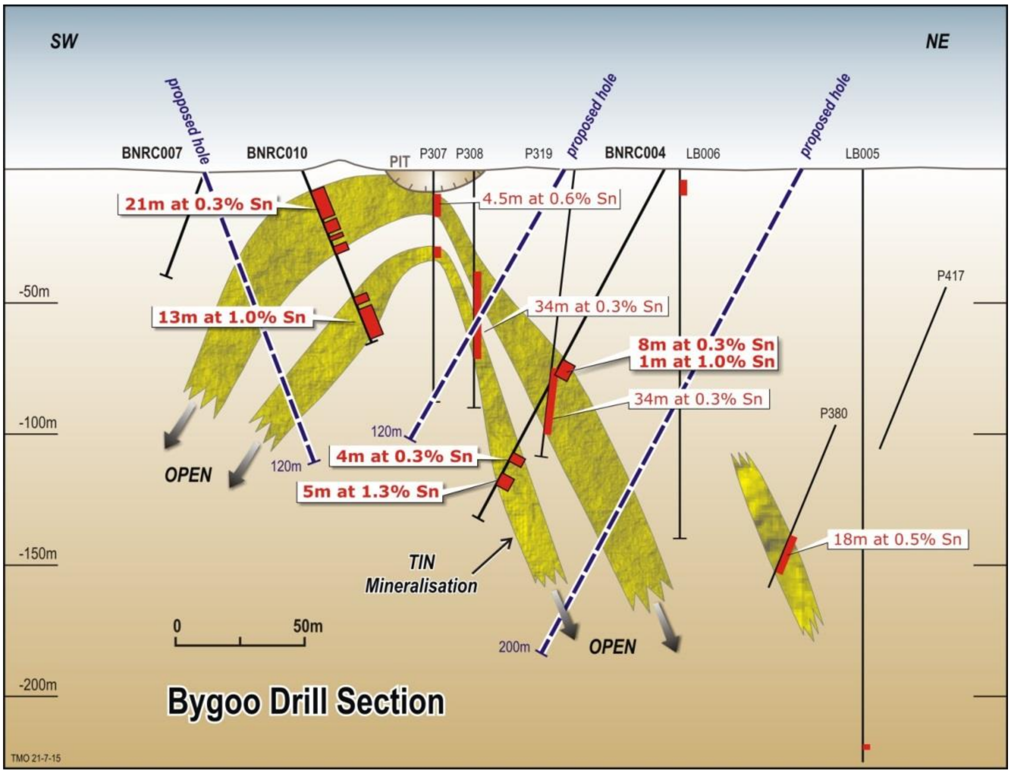


*Figure 3: Sectional view of Bygoo North, showing new greisen discoveries (south dipping limb of Upper Greisen and hidden Lower Greisen).*

A new model of the greisen zones has been developed and a follow-up drill program is being designed to test this model. Follow-up drilling is designed to concentrate on the zones intersected in drill hole BNRC010 (Figures 2, 3, and 4). The southern limb of the new model is virtually untested and the Phase 2 holes are designed to confirm the model and the continuity of mineralisation.

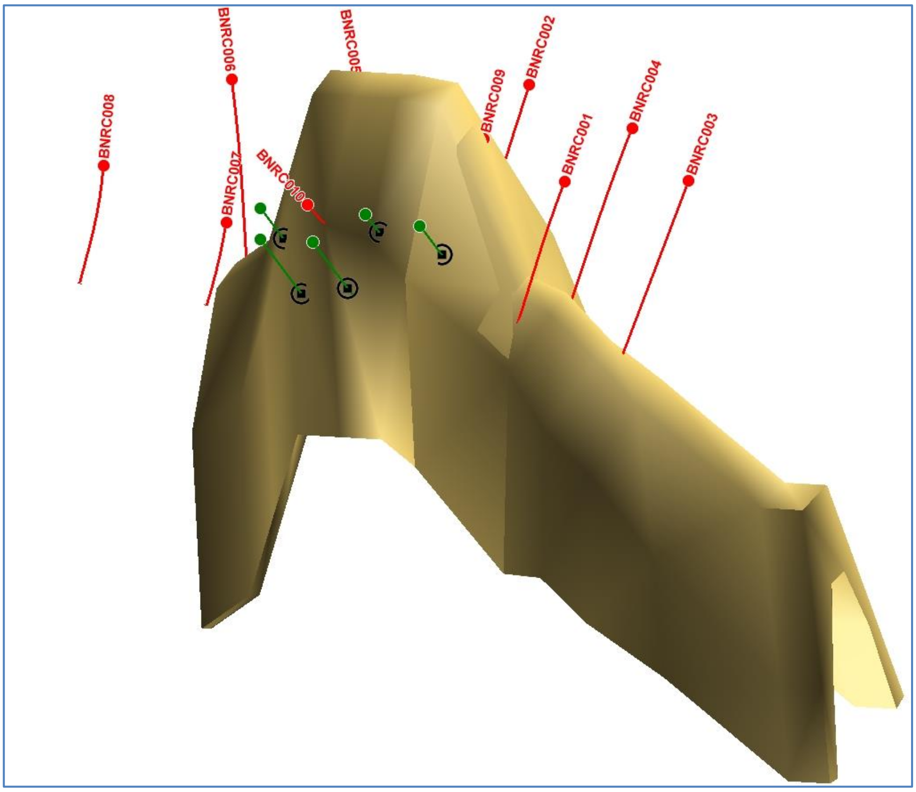


*Figure 4: Oblique view of Bygoo North greisen model, with Thomson's June 2015 drilling in red, with proposed holes in green.*

## Byrock copper-zinc

Thomson Resources commissioned ground EM in early July 2015 over a number of prospects at the Byrock project. The strong 2014 VTEM anomaly at Wilga Downs on EL 8136 was confirmed by the ground based survey, with the new information adding higher resolution, greater depth penetration and new definition of the conductive response.

The anomaly and its geological setting are consistent with a Tritton-type volcanogenic massive sulphide (VMS) deposit: the Tritton copper mine, operated by Straits Resources, occurs in the same Ordovician age rock package 100km to the southeast. The top of the Tritton orebody is at about 180m below surface and it was discovered by a ground EM survey in 1995.

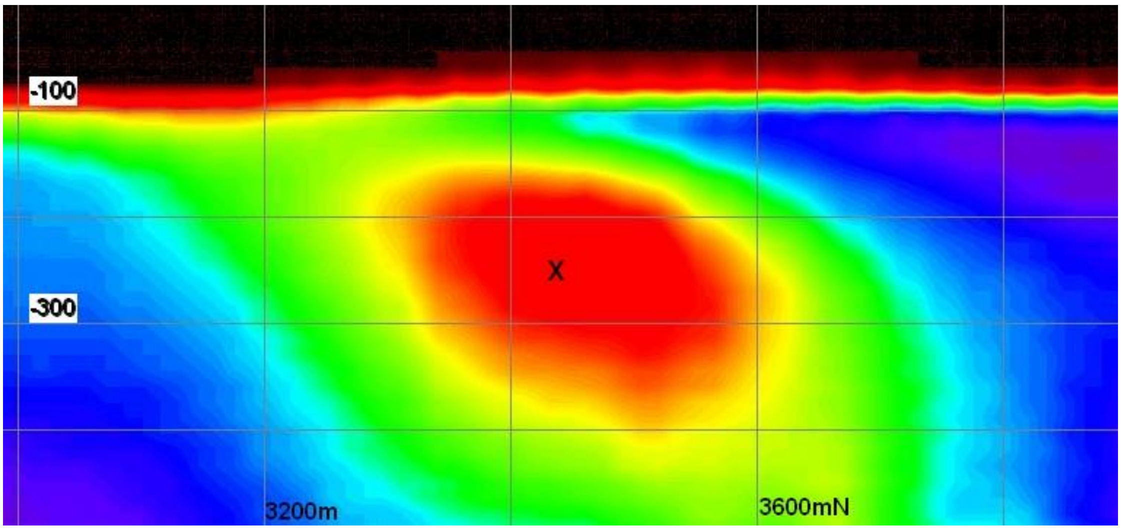


*Figure 5: Wilga Downs EM anomaly. This is a conductivity-depth image showing a strong anomaly dipping to the right (north). The X marks the drill target - the centre of the strongest conductivity at about 250m below surface.*

Previous drilling was by CRAE in 1978 and was collared 120m east of the Wilga Downs anomaly. Hole 78WD01 was angled south, so it actually drilled away from the position of the new model. Even so, the hole still intersected low grade copper and zinc mineralisation, suggesting a large mineralised halo. A drill test is being prepared with the proposed hole angled to the northwest and designed to intersect the strongest conductivity seen in the model (Figure 3).

## VTEM Copper – Zinc drill targets – Havilah (EL 7391)

The Havilah VTEM anomalies are hosted by Silurian age volcanic rocks. Like the Ordovician of the western Lachlan Belt, the Silurian rock sequence of the eastern Lachlan Belt also hosts important VMS deposits including Woodlawn and Captains Flat. Ground EM is planned to pinpoint a drill target at the most prominent VTEM anomaly which has had no known previous mineral exploration.

## Mt Paynter Project – tin and tungsten

In April 2014, Thomson lodged an exploration licence application (ELA 5181) over a significant tin-tungsten (Sn-W) exploration project at Mt Paynter in southern NSW (Figure 1). Mt. Paynter is within the Lachlan Fold Belt within a similar geological setting to Thomson's Bygoo project. The application is awaiting approval.

A small Inferred JORC 2004 Resource was defined on the Main Lode in 2007. This comprises **245,000 tons grading 0.45% tungsten and 0.27% tin (1100 tons of tungsten and 660 tons of tin).** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Whilst the current resource is modest, there are good exploration prospects for additional mineralisation with potential to extend to the east and west as well as down dip. Further, there are several other veins in the area that have not been drill tested. Previous mining and exploration was mainly focused on tin, and there is evidence that tungsten-bearing greisens may have been overlooked.

## Gold target – Mt Jacob (EL 8256)

Ministerial consent was received for exploration over land where native title may exist. The access and environmental approval process is underway. The priority target here is gold in an Intrusion-Related Gold system with a strong surface anomaly confirmed by several shallow drill holes including 88m at 0.4 g/t Au from surface to end-of-hole (see Thomson's ASX Release of 7 September, 2014 for full details). Previous work has also discovered a substantial tin-copper skarn, which also requires further drilling (see Thomson's Quarterly Report dated December 2013 for a full description).

## Kidman Joint Venture

Kidman Resources (ASX:KDR) continues to earn an 80% interest in the Achilles-Tooroonga joint venture. Kidman has identified several exploration anomalies on the joint venture tenements, which are adjacent to the Browns Reef zinc deposit.

## Thomson Fold Belt

Thomson was awarded three 2014-2015 drilling grants under the NSW Government's New Frontiers Cooperative Drilling Scheme including for drilling at its discoveries under cover at Cuttaburra A and Cuttaburra B on EL 6224 in the Thomson Fold Belt. However, the grants were not sufficiently attractive for Thomson to commit to expensive deep drilling in this New Frontier area. The Government has recently announced a revised scheme for the next round with up to 100% of drilling costs to be reimbursed and Thomson will resubmit these projects for additional funding later in the year.

## Research

Thomson is co-operating with Geoscience Australia (GA) and the Geological Survey of NSW in GA's Southern Thomson Project. To quote Geoscience Australia at http://www.ga.gov.au/about/what-we-do/projects/minerals/current/continental-geophysics/airborne-electromagnetics

The Southern Thomson Orogen is a priority area for mineral systems research. Much of the area lies underneath cover of sedimentary basins and is a poorly-understood element of Australia's geology. The Orogen contains Cambro-Ordovician rocks that have potential for Iron Oxide Copper-Gold (IOCG) resources, porphyry copper-gold and Volcanic-Hosted Massive Sulphide (VHMS) deposits".

# Review of Operations

## Tenements

Thomson Resources has been very active in tenement review, relinquishment and selection. As part of its ongoing strategy to focus only on priority projects and reduce tenement costs, eight tenements were relinquished during the year and most tenements were reduced in area, resulting in a reduction in the area managed by Thomson by 959 sq. km. The Achilles JV of 404 sq. km is managed by Kidman Resources under the Achilles JV agreements. After the Riverston Tin acquisition Thomson now manages exploration on eleven tenements in NSW covering an area of 932 sq. km.

## Competent Person

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Eoin Rothery, (MSc), who is a member of the Australian Institute of Geoscientists. Mr Rothery is a full time employee of Thomson Resources Ltd. Mr Rothery has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Rothery consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Note:
The JORC 2004 Resource quoted above for Mt Paynter is contained in a prospectus lodged on the ASX by Noah Resources NL on 30 October, 2007 and is available at: http://www.asx.com.au/asxpdf/20071030/pdf/315h6xfhkbk353.pdf

The Competent Person's statement is reproduced from that report:

The information in this report relating to exploration results and resources is based on information compiled by Sue Border who is a fellow of the Australian Institute of Geoscientists and who is employed by Geos Mining. Sue has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves." Sue Border consents to the inclusion in the report of the matters based on her information in the form and context in which it appears."

# Schedule of Tenements

As at 10 September 2015

| Tenement | Tenement No. | Interest | Joint Venture Details |
|---|---|---|---|
| **New South Wales** | | | |
| Cuttaburra | EL 6224 | 100% | |
| Yantabangee | EL 6631 | 100% | |
| Lillyfield 2 | EL 7253 | 100% | |
| Havilah | EL 7391 | 100% | |
| Wallenburra | EL 7642 | 50% | Mr P Prendergast 50% |
| Achillles | EL 7746 | 24% | Kidman 51%, can earn 80%, Variscan 25% |
| Tooronga | EL 7891 | 49% | Note 1, Kidman 51%, can earn 80% |
| Chiron | EL 7931 | 24% | Kidman 51%, can earn 80%, Variscan 25% |
| Toburra | EL 8011 | 100% | |
| Mullagalah | EL 8102 | 50% | Mr P Prendergast 50% |
| Whooey | EL 8103 | 49% | Kidman 51%, can earn 80% |
| Wilga Downs | EL 8136 | 100% | |
| Gibsonvale | EL 8163 | 100% | Note 2 |
| Mt Jacob | EL 8256 | 100% | |
| Bygoo | EL 8260 | 100% | Note 2 |
| Mt Paynter | ELA 5181 | 100% | |
| Ottery | ELA 5194 | 100% | |

EL = Exploration Licence

ELA = Exploration Licence Application

Note 1: EL 7891 is held by Lassiter Resources Pty Ltd which as at 25 March 2014 became a wholly owned subsidiary of Thomson Resources.

Note 2: ELs 8163 and 8260 are held by Riverston Tin Pty Ltd which as at 26 March 2015 became a wholly owned subsidiary of Thomson Resources.

Your Directors submit their report for the year ended 30 June 2015.

## Directors

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

### Lindsay Gilligan, PSM, BSc (Hons), MAppSc, MBA, FAIG, FSEG

#### Non-executive chairman

**Director since 16 December 2009**

Lindsay was formerly the Director of the Geological Survey of New South Wales. Lindsay's career has focused on the geology of mineral resources and fostering mineral exploration and discovery in the state and has over 40 years' experience as a geologist. Lindsay has extensive experience in government geoscience. He has published widely on aspects of mineral deposits. Whilst Director, he led the NSW State Government's highly successful New Frontiers exploration initiative. He has actively promoted mineral exploration investment in New South Wales both nationally and internationally.

Lindsay has a broad network across the exploration industry, government, and research organisations, as well as internationally in both government and industry and has a high public profile in the minerals industry. He is currently a director on the governing board of Deep Exploration Technologies Cooperative Research Centre Ltd. He also consults to Commonwealth and state agencies on government geoscience issues.

Lindsay was awarded the Public Service Medal in the 2008 Queen's Birthday Honours and, in the same year, was also awarded the Australian Mining magazine's "Most Outstanding Contribution to Australian Mining" Award.

During the past three years Lindsay has not served as a director of any other listed companies.

### Eoin Rothery, MSc MAIG

#### Chief executive officer, Executive director

**Director since 8 July 2010**

Eoin was educated at Trinity College, Dublin, Ireland and spent 10 years in the resources industry there exploring for copper, zinc, uranium, gold and silver, before emigrating to Australia in 1989. Eoin then worked at the major base metal deposits of Broken Hill and Macarthur River as well as at the world class Jundee Gold Mine before joining Consolidated Minerals in 2001.

Eoin was in charge of the successful manganese exploration at Woodie Woodie, increasing both the mine life and resource base 4-fold, as well as managing successful iron ore, chromite and nickel exploration. Eoin was Managing Director of ASX listed India Resources Limited (IRL) from start up in October 2006 till early 2010. IRL was the first foreign company to start a mine in India since nationalisation in the 1970's. IRL's Surda copper mine broke a 50 year production record in its first full year of production.

During the past three years Eoin has not served as a director of any other listed companies.

### Gregory Jones, BSc (Hons) (UTS), MAusIMM

#### Non-executive director

**Director since 17 July 2009**

Greg is a geologist with over 30 years of exploration and operational experience gained in a broad range of metalliferous commodities within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Mining Limited. His experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia.

During the past three years Greg has also served as a director of the following listed companies:

- Variscan Mines Limited – appointed 20 April 2009
- Eastern Iron Limited – appointed 24 April 2009
- Silver City Minerals Limited – appointed 30 April 2009
- Moly Mines Limited – appointed August 2014

### Antonio Belperio, PhD, BSc (Hons)

#### Non-executive director

**Director since 17 July 2009**

Tony is a geologist with over 30 years' experience in a broad range of geological disciplines including environmental, marine and exploration geology.

He has held research positions at the Universities of Adelaide and Queensland, and was Chief Geologist with the South Australian Department of Mines and Energy prior to joining the Minotaur Group.

He held the positions of Chief Geologist with Minotaur Gold, Minotaur Resources and Minotaur Exploration from 1996 to 2007.

Tony is currently Director of Business Development at Minotaur Exploration Ltd. He has been awarded the University of Adelaide's Tate Memorial Medal, the Geological Society of Australia's Stillwell Award in 1993, and AMEC's Prospector of the Year (jointly) in 2003.

During the past three years Tony has also served as a director of the following listed company:

- Minotaur Exploration Limited – appointed 22 August 2007

## Directors' interests in shares and options

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

| Directors | Shares directly and indirectly held | Options |
|---|---|---|
| L Gilligan | 10,000 | 1,000,000 |
| E Rothery | 1,485,000 | 2,750,000 |
| G Jones | 310,000 | 1,000,000 |
| T Belperio | 60,000 | 1,000,000 |

## Company Secretary

### Ivo Polovineo, FIPA

Ivo was appointed Company Secretary of Thomson Resources on 16 February 2010. Ivo has over 30 years' experience in corporate accounting, finance and company secretarial work for a diverse range of companies. He has spent the past 20 years in senior management roles in the resources sector including 7 years as company secretary (and 5 years as CFO) of Sino Gold Mining Limited (a former ASX 100 company) until December 2009. Ivo is currently Company Secretary of Variscan Mines Limited, Silver City Minerals Limited, Lynas Corporation Ltd and KBL Mining Limited.

## Principal activities

The principal activity of the consolidated entity is exploration for the discovery and delineation of high grade base and precious metal deposits particularly within NSW and the development of those resources into cash flow generating businesses.

## Results

The net result of operations of the consolidated entity after applicable income tax expense was a loss of $1,312,015 (2014: loss of $1,754,455).

## Dividends

No dividends were paid or proposed during the period.

## Review of operations

A review of the operations of the Company during the financial period and the results of those operations commence on page 2 in this report.

## Significant changes in the state of affairs

The Directors are not aware of any significant changes in the state of affairs of the Group occurring during the financial period, other than as disclosed in this report.

## Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- A placement was made in July 2015 with an issue of 3,750,000 ordinary shares at $0.02 to raise $75,000.

## Likely developments and expected results

As the Company's areas of interest are at an early stage of exploration, it is not possible to postulate likely developments and any expected results. The Company is hoping to establish resources from some of its current prospects and to identify further base and precious metal targets.

## Shares under option or issued on exercise of options

Details of unissued shares or interests under option for Thomson Resources Ltd as at the date of this report are:

| No. shares under option | Class of share | Exercise price of option | Expiry date of options |
|---|---|---|---|
| 750,000 | Ordinary | $0.30 | 5 Sep 16 |
| 6,150,000 | Ordinary | $0.05 | 12 Dec 17 |
| 6,900,000 | | | |

The holders of these options do not have the right, by virtue of the option, to participate in any share issue of the Company or of any other body corporate or registered scheme.

There were no shares issued during or since the end of the financial year as a result of exercise of the above options.

## Indemnification and insurance of directors and officers

### Indemnification

The Company has not, during or since the end of the financial period, in respect of any person who is or has been an officer of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

### Insurance premiums

During the financial period the Company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The premiums paid are not disclosed as such disclosure is prohibited under the terms of the contract.

## Environmental performance

Thomson Resources holds exploration licences issued by New South Wales Department of Industry – Resources and Energy, which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the Department's guidelines and standards. There have been no significant known breaches of the licence conditions.

## Remuneration report (audited)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group 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 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 Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

### Details of key management personnel (KMP)

Details of KMP including the top five remunerated executives of the Group are set out below.

| Directors | |
|---|---|
| L Gilligan | Chairman |
| E Rothery | Executive Director/CEO |
| G Jones | Non-Executive Director |
| A Belperio | Non-Executive Director |
| **Key management personnel** | |
| I Polovineo | Company Secretary |

## Remuneration philosophy

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- Competitiveness and reasonableness.
- Acceptability to shareholders.
- Performance linkage/alignment of executive compensation.
- Transparency.
- Capital management.

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources.

Fees and payments to the Company's Non-Executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-Executive Directors, Senior Executives and Officers are entitled to receive options under the Company's Employee Share Option Scheme.

## Non-executive director (NED) remuneration arrangements

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the Non-Executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the Non-Executive Directors has been fixed at a maximum of $250,000 per annum to be apportioned among the Non-Executive Directors in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

The Chairman's fee is set at $50,000 p.a. and NED fees at $36,000 p.a. At present, no Committee fees are paid to Directors.

On 1 October 2014 the Directors temporarily reduced their fees by $10,000 per annum with a further reduction from 1 January 2015 to 50% of their fees.

## Service agreements

Remuneration and other terms of employment for key management personnel are formalised in employment contracts and contractors agreements. Details of these agreements are set out below.

### Executive Director/CEO – Eoin Rothery

- Contract term: Commenced 8 July 2010. No fixed term. Either party may terminate the letter of employment with 2 months' notice.
- Remuneration: $249,138 p.a. as at 30 June 2015 (2014: $248,569) to be reviewed annually. 1,500,000 options with 750,000 granted on appointment and the remaining 750,000 granted by shareholders at the 2012 AGM
- Termination payments: A 3 month severance pay with an additional 3 months after more than five years employment.

### Company Secretary – Ivo Polovineo

- Contract term: Commenced 16 February 2010. 12 month rolling contract. Either party may terminate the contract with 30 days' notice.
- Remuneration: $1,350 per day plus GST as at 30 June 2015 (2014: $1,350 per day).
- Termination payments: Nil.

## Directors and key management personnel remuneration for the year ended 30 June 2015

| | Short-term benefits | Post employment | Share-based payments | | |
|---|---|---|---|---|---|
| | Cash salary and fees $ | Superannuation $ | Options $ | Total $ | Consisting of options % |
| **Directors** | | | | | |
| L Gilligan | 31,963 | 3,037 | 8,700 | 43,700 | 19.9% |
| E Rothery | 227,523 | 21,615 | 17,400 | 266,538 | 6.5% |
| G Jones | 22,374 | 2,126 | 8,700 | 33,200 | 26.2% |
| T Belperio | 22,374 | 2,126 | 8,700 | 33,200 | 26.2% |
| | 304,234 | 28,904 | 43,500 | 376,638 | |
| **Other key management personnel** | | | | | |
| I Polovineo | 32,400 | - | 4,350 | 36,750 | 11.8% |
| | 336,634 | 28,904 | 47,850 | 413,388 | |

No performance based remuneration was paid in the 2015 and 2014 financial period.

## Directors and key management personnel remuneration for the year ended 30 June 2014

| | Short-term benefits | Post employment | Share-based payments | | |
|---|---|---|---|---|---|
| | Cash salary and fees $ | Superannuation $ | Options $ | Total $ | Consisting of options % |
| **Directors** | | | | | |
| L Gilligan | 45,872 | 4,243 | - | 50,115 | - |
| E Rothery | 227,523 | 21,046 | - | 248,569 | - |
| G Jones | 33,027 | 3,055 | - | 36,082 | - |
| T Belperio | 33,027 | 3,055 | - | 36,082 | - |
| | 339,449 | 31,399 | - | 370,848 | |
| **Other key management personnel** | | | | | |
| I Polovineo | 32,400 | - | - | 32,400 | - |
| | 371,849 | 31,399 | - | 403,248 | |

## Share-based compensation

**Employee share option plan**

The Company has adopted an Employee Share Option Plan in order to assist in the attraction, retention and motivation of employees and key consultants to the Company. At the date of this report there are 1,150,000 options on issue pursuant to the Employee Option Plan.

## Compensation options: granted and vested during the year

The following options were granted during the financial year.

**Share-based payments awarded during the year to directors and key management**

| | Grant date | Granted no. | Vested no. | Vested % | Value of options granted at the grant dated (note 14) $ | Number of options exercised | Value of options exercised at the exercise date $ | Value of options lapsed during the year $ |
|---|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | | |
| L Gilligan | 25 Nov 14 | 1,000,000 | 1,000,000 | 100% | 8,700 | - | - | 41,805 |
| E Rothery | 25 Nov 14 | 2,000,000 | 2,000,000 | 100% | 17,400 | - | - | 92,550 |
| G Jones | 25 Nov 14 | 1,000,000 | 1,000,000 | 100% | 8,700 | - | - | 41,805 |
| T Belperio | 25 Nov 14 | 1,000,000 | 1,000,000 | 100% | 8,700 | - | - | 41,805 |
| I Polovineo | 25 Nov 14 | 500,000 | 500,000 | 100% | 4,350 | - | - | 18,780 |

The value of options granted during the period is recognised as compensation over the vesting period of the grant, in accordance with Australian Accounting Standards. There were no options exercised during the year.

For details on the valuation of the options, including models and assumptions used, please refer to Note 14.

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

## Meetings of directors

The following table sets out the number of Directors' meetings (including meetings of Committees of Directors) held during the financial year and the number of meetings attended by each director:

| | Board of directors | | Audit committee | | Remuneration committee | |
|---|---|---|---|---|---|---|
| | Held | Attended | Held | Attended | Held | Attended |
| **Directors** | | | | | | |
| L Gilligan | 3 | 3 | 2 | 2 | 1 | 1 |
| E Rothery | 3 | 3 | - | - | - | - |
| G Jones | 3 | 3 | 2 | 1 | 1 | 1 |
| T Belperio | 3 | 3 | 2 | 2 | 1 | 1 |

## Auditor's independence

bdjpartners
CHARTERED ACCOUNTANTS

partners
A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate
M A Nakkan CA

consultant
C H Barnes FCA

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**Auditor's Independence Declaration**

To the directors of Thomson Resources Limited

As engagement partner for the audit of Thomson Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

BDJ Partners
Chartered Accountants

………………………………………………
Gregory W Cliffe
Partner

16 September 2015



## Non-audit services

The Company's auditor, BDJ Partners did not provide non-audit services during the year ended 30 June 2015 (2014: nil). The Directors are satisfied that the provision of any non-audit services 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.

Signed at Sydney this 29th day of September 2015 in accordance with a resolution of the Directors.

**Lindsay Gilligan PSM**
Chairman

# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Revenue** | 3 | 285,792 | 417,196 |
| | | | |
| ASX and ASIC fees | | (19,969) | (16,507) |
| Audit fees | 18 | (23,000) | (29,000) |
| Contract administration services | | (92,507) | (77,438) |
| Depreciation expense | 8 | (8,878) | (16,036) |
| Employee costs (net of costs recharged to exploration projects) | | (114,823) | (155,474) |
| Exploration expenditure expensed | 9 | (1,122,246) | (1,748,588) |
| Insurance | | (13,616) | (15,915) |
| Rent | | (28,800) | (28,908) |
| Share based payments | 14 | (53,505) | - |
| Other expenses from ordinary activities | | (120,463) | (83,785) |
| **Profit/(loss) before income tax expense** | | (1,312,015) | (1,754,455) |
| | | | |
| Income tax expense | 4 | - | - |
| | | | |
| **Profit/(loss) after income tax expense** | 13 | (1,312,015) | (1,754,455) |
| | | | |
| **Other comprehensive income** | | | |
| Other comprehensive income for the period, net of tax | | - | - |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income/(loss) attributable to members of Thomson Resources Ltd** | | (1,312,015) | (1,754,455) |
| | | | |
| Basic loss per share (cents per share) | 15 | 1.75 | 2.43 |
| Diluted loss per share (cents per share) | 15 | 1.75 | 2.43 |

*The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Financial Position

As at 30 June 2015

| | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 183,272 | 637,715 |
| Receivables | 6 | 151,505 | 192,459 |
| Tenement security deposits | 7 | - | 20,000 |
| **Total current assets** | | 334,777 | 850,174 |
| | | | |
| **Non-current assets** | | | |
| Tenement security deposits | 7 | 130,000 | 200,000 |
| Property, plant and equipment | 8 | 7,654 | 16,532 |
| Deferred exploration and evaluation expenditure | 9 | 2,049,257 | 2,510,636 |
| **Total non-current assets** | | 2,186,911 | 2,727,168 |
| **Total assets** | | 2,521,688 | 3,577,342 |
| | | | |
| **Liabilities** | | | |
| Payables | 10 | 49,864 | 49,520 |
| Provisions | 11 | 36,108 | 37,973 |
| **Total current liabilities** | | 85,972 | 87,493 |
| | | | |
| **Non-current liabilities** | | | |
| Provisions | 11 | 23,852 | 19,578 |
| **Total non-current liabilities** | | 23,852 | 19,578 |
| **Total liabilities** | | 109,824 | 107,071 |
| **Net assets** | | 2,411,864 | 3,470,271 |
| | | | |
| **Equity** | | | |
| Contributed equity | 12 | 7,392,828 | 7,192,725 |
| Accumulated losses | 13 | (5,185,219) | (4,147,509) |
| Reserves | 14 | 204,255 | 425,055 |
| **Total equity** | | 2,411,864 | 3,470,271 |

*The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Cash Flows

For the year ended 30 June 2015

| | Note | 2015<br>$ | 2014<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payment to suppliers and employees | | (326,742) | (379,521) |
| Consulting fees | | 136,555 | 38,156 |
| R&D tax concession offset | | 95,391 | 204,318 |
| Interest received | | 8,081 | 33,683 |
| **Net cash flows (used in) operating activities** | 25 | (86,715) | (103,364) |
| | | | |
| **Cash flows from investing activities** | | | |
| Expenditure on mining interests (exploration) | | (457,728) | (694,991) |
| Purchase of tenements | | - | (10,000) |
| Purchase of investments | | (20,000) | - |
| Tenement security deposits | | 110,000 | (75,000) |
| **Net cash flows (used in) investing activities** | | (367,728) | (779,991) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | - | - |
| Equity raising expenses | | - | - |
| **Net cash flows from financing activities** | | - | - |
| | | | |
| **Net increase/(decrease) in cash held** | | (454,443) | (883,355) |
| Add opening cash brought forward | | 637,715 | 1,521,070 |
| **Closing cash carried forward** | 25 | 183,272 | 637,715 |

*The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

| | Note | Issued capital $ | Accumulated losses $ | Reserves $ | Total equity $ |
|---|---|---|---|---|---|
| **At 1 July 2013** | | 7,100,725 | (2,393,054) | 425,055 | 5,132,726 |
| Profit/(loss) for the period | | - | (1,754,455) | - | (1,754,455) |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive income/(loss) for the period** | | - | (1,754,455) | - | (1,754,455) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Issue of share capital, net of transaction costs | 12 | 92,000 | - | - | 92,000 |
| **At 30 June 2014** | | 7,192,725 | (4,147,509) | 425,055 | 3,470,271 |
| | | | | | |
| **At 1 July 2014** | | 7,192,725 | (4,147,509) | 425,055 | 3,470,271 |
| Profit/(loss) for the period | | - | (1,312,015) | - | (1,312,015) |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive income/(loss) for the period** | | - | (1,312,015) | - | (1,312,015) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Share based payments | 14 | - | - | 53,505 | 53,505 |
| Issue of share capital, net of transaction costs | 12 | 200,103 | - | - | 200,103 |
| Expired option value transferred to Accumulated Losses | 14 | - | 274,305 | (274,305) | - |
| **At 30 June 2015** | | 7,392,828 | (5,185,219) | 204,255 | 2,411,864 |

*The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

## 1. Corporate information

The financial report of Thomson Resources Ltd (the Company) for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the Directors on 29 September 2015.

Thomson Resources Ltd (the parent) is a company limited by shares, incorporated on 17 July 2009 and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd using the ASX code TMZ.

The consolidated financial statements comprise the financial statements of Thomson Resources Ltd and its subsidiaries (the Group or Consolidated Entity).

The nature of the operations and principal activities of the Company are described in the Directors' Report.

## 2. Summary of significant accounting policies

### 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. The financial report has been prepared on a historical cost basis. All amounts are presented in Australian dollars.

### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Thomson Resources Ltd (Thomson or the Company) and its subsidiaries (collectively, the Group) as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Non-controlling interests are allocated their share of profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. At this date, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate.

### Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Plant and equipment – 2 - 5 years.

#### 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.

An item of plant and equipment is derecognised upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

### Borrowing costs

Borrowing costs are recognised as an expense when incurred.

### Interest in jointly controlled operations – joint ventures

The Group has an interest in exploration joint ventures that are jointly controlled. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operations by recognising the assets that it controls and the liabilities that it incurs. The Group also recognises the expenses that it incurs and its share of any income that it earns from the sale of goods or services by the jointly controlled operations.

## Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

## Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as held-for-trading and available-for-sale, are measured at fair value. Gains or losses on investments held-for-trading are recognised in the income statement. Gains or losses on available-for-sale investments are recognised 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 the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process. For investments that are actively traded in organised financial markets, fair value is determined by reference to Securities Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase he asset.

## Exploration, evaluation, development and restoration costs

### Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale.
- Exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

### Exploration and evaluation – impairment

The Directors assess at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry-forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis, provisions would be reviewed and if appropriate, written back.

### Development

Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

### Restoration

Provisions for restoration costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Trade and other receivables

Trade receivables, which generally have 7-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

## Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of one year or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts, if any.

## Trade and other payables and provisions

Provisions are recognised when the Group 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.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Employee entitlements

Liabilities for wages and salaries are recognised and are measured as an amount unpaid at the reporting date at current pay rates in respect of an employee's services up to that date. Current employee contracts do not entitle them to annual leave and long service leave. A liability in respect of superannuation at the current superannuation guarantee rate has been accrued at the reporting date.

## Share-based payments

In addition to salaries, the Group provides benefits to certain employees (including Directors and Key Management personnel) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The Group intends to adopt an Employee Share Option Plan prior to listing on the Stock Exchange in order to assist in the attraction, retention and motivation of employees of the Group.

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 of the options is determined by using the Binomial option pricing model. In valuing transactions settled by way of issue of options, no account is taken of any vesting limits or hurdles, or the fact that the options are not transferable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. In addition, an 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 the cancellation, and any expense not yet recognised is recognised immediately.

However, if a new award is substituted for the cancelled award and designated a replacement award on the date it is granted, the cancelled and the new award are treated as if there was 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 earnings per share except where such dilution would serve to reduce a loss per share.

## Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, 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 against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

## Revenue

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

### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

### Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

## Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

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

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

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences 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 where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

## Other taxes

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

- Where 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.
- Receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the Cash Flow Statement 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 the amount of GST recoverable from, or payable to, the taxation authority.

## Currency

Both the functional and presentation currency is Australian dollars (A$).

## Investment in controlled entities

The Company's investment in its controlled entities is accounted for under the equity method of accounting in the Company's financial statements.

## Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and 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 and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot 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 revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## Significant accounting judgements, estimates and assumptions

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

### Share-based payment transactions

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Binomial formula taking into account the terms and conditions upon which the instruments were granted, as detailed in Notes 15 and 17.

### Capitalisation and write-off of capitalised exploration costs

The determination of when to capitalise and write-off exploration expenditure requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions.

## Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity divided by the weighted average number of ordinary shares.

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

- Costs of servicing equity.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary 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.

## Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe that the Company will have sufficient working capital to meet its minimum project development and administrative expenses in the next twelve months following the date of signing of the financial report.

## Accounting standards issued but not yet effective

Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2015. The Consolidated Entity plans to adopt these standards at their application dates as detailed below.

***AASB 9 Financial Instruments (Application date 1 January 2018)***

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.

(a) Financial assets are 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. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

(b) AASB 9 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. 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.

***AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127] (Application date 1 January 2018)***

The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is 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.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

It is anticipated that the application of these standards will not have a material effect on the Group's results or financial reports in future periods.

## 3. Revenue from ordinary activities

| | 2015 $ | 2014 $ |
|---|---|---|
| Interest received – other persons/corporation | 6,614 | 29,922 |
| R&D tax concession offset | 225,123 | 204,318 |
| Consulting and joint venture income | 54,055 | 182,956 |
| | 285,792 | 417,196 |

## 4. Income tax

| | 2015 $ | 2014 $ |
|---|---|---|
| Prima facie income tax (credit) on operating (loss) at 30% | 393,605 | 526,336 |
| Future income tax benefit in respect of timing differences – not recognised | (393,605) | (526,336) |
| Income tax expense | - | - |

No provision for income tax is considered necessary in respect of the Company for the period 30 June 2015.

The Group has a deferred income tax liability of Nil (2014: Nil) associated with exploration costs deferred for accounting purposes but expensed for tax purposes. This liability has been brought to account and offset by deferred tax assets attributed to available tax losses. No recognition has been given to any deferred income tax asset which may arise from available tax losses, except to the extent offset against deferred tax liabilities. The Group has estimated its losses at $5,070,054 (2014: $5,294,258) as at 30 June 2015.

A benefit of 30% of approximately $1,521,016 (2014: $1,588,277) associated with the tax losses carried forward will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.
- The Company continues to comply with the conditions for deductibility imposed by the law.
- No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

## 5. Cash and cash equivalents

| | 2015 $ | 2014 $ |
|---|---|---|
| Cash at bank | 183,272 | 287,334 |
| Money market securities – bank deposits | - | 350,381 |
| | 183,272 | 637,715 |

Bank negotiable certificates of deposit, which are normally invested between 7 and 365 days were used during the period and are used as part of the cash management function.

## 6. Receivables – current

| | 2015 $ | 2014 $ |
|---|---|---|
| Trade debtors | 72,307 | 154,807 |
| Provision for doubtful debts | (72,307) | - |
| GST receivables | 9,212 | 5,801 |
| Interest receivable | - | 1,467 |
| Prepayments | 12,559 | 27,933 |
| Other debtors | 129,734 | 2,451 |
| | 151,505 | 192,459 |

## 7. Tenement security deposits

| | 2015 $ | 2014 $ |
|---|---|---|
| Cash at bank – bank deposits | 130,000 | 220,000 |

These deposits are restricted so that they are available for any rehabilitation that may be required on exploration tenements (refer to Note 21). The bank deposits are interest bearing.

## 8. Property, plant and equipment

| | Plant and equipment | Total |
|---|---|---|
| **Year ended 30 June 2014** | | |
| Opening net book amount | 32,568 | 32,568 |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | (16,036) | (16,036) |
| Closing net book amount | 16,532 | 16,532 |
| **At 30 June 2014** | | |
| Cost | 96,819 | 96,819 |
| Accumulated depreciation | (80,287) | (80,287) |
| Net book amount | 16,532 | 16,532 |
| **Year ended 30 June 2015** | | |
| Opening net book amount | 16,532 | 16,532 |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | (8,878) | (8,878) |
| Closing net book amount | 7,654 | 7,654 |
| **At 30 June 2015** | | |
| Cost | 96,819 | 96,819 |
| Accumulated depreciation | (89,165) | (89,165) |
| Net book amount | 7,654 | 7,654 |

## 9. Deferred exploration and evaluation expenditure

| | 2015 $ | 2014 $ |
|---|---|---|
| Costs brought forward | 2,510,636 | 3,486,232 |
| Costs incurred during the period | 516,867 | 700,994 |
| Acquisition costs of tenements | 144,000 | 71,998 |
| Expenditure written off during period | (1,122,246) | (1,748,588) |
| Costs carried forward | 2,049,257 | 2,510,636 |
| | | |
| **Exploration expenditure costs carried forward are made up of:** | | |
| Expenditure on joint venture areas | 190,533 | 256,740 |
| Expenditure on non joint venture areas | 1,858,724 | 2,253,896 |
| Costs carried forward | 2,049,257 | 2,510,636 |

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 2. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

## 10. Current liabilities – payables

| | 2015 $ | 2014 $ |
|---|---|---|
| Trade creditors | 21,087 | 18,518 |
| Accrued expenses | 18,185 | 15,128 |
| GST receivable | 2,706 | - |
| PAYG payable | 7,886 | 15,874 |
| | 49,864 | 49,520 |

## 11. Liabilities - provisions

| | 2015 $ | 2014 $ |
|---|---|---|
| **Current** | | |
| Annual leave | 36,108 | 37,973 |
| **Non-current** | | |
| Long Service Leave | 23,852 | 19,578 |

## 12. Contributed equity

| | | 2015 $ | 2014 $ |
|---|---|---|---|
| **Share capital** | | | |
| 84,144,506 fully paid ordinary shares (2014: 73,027,701) | | 8,117,103 | 7,917,000 |
| Fully paid ordinary shares carry one vote per share and carry the right to dividends. | | | |
| **Share issue costs** | | (724,275) | (724,275) |
| | | 7,392,828 | 7,192,725 |

| | | Number | $ |
|---|---|---|---|
| **Movements in ordinary shares on issue** | | | |
| **At 30 June 2013** | | 71,351,511 | 7,825,000 |
| Shares issued | (i) | 476,190 | 20,000 |
| Shares issued | (ii) | 1,200,000 | 72,000 |
| **At 30 June 2014** | | 73,027,701 | 7,917,000 |
| Shares issued | (iii) | 8,000,000 | 144,000 |
| Shares issued | (iv) | 3,116,805 | 56,103 |
| **At 30 June 2015** | | 84,144,506 | 8,117,103 |

(i) The Company issued 476,190 shares at $0.042 in August 2013 as part settlement for services provided.

(ii) The Company issued 1,200,000 shares at $0.06 in March 2014 as part consideration for the purchase of Lassiter Resources Pty Ltd.

(iii) The Company issued 8,000,000 shares at $0.018 in April 2015 as part consideration for the purchase of Riverston Tin Pty Ltd.

(iv) The Company issued 3,116,805 shares at $0.018 in June 2015 to a creditor as settlement for services provided.

| | Number | $ |
|---|---|---|
| **Movements in options on issue** | | |
| **At 30 June 2013** | 6,500,000 | - |
| Options issued | - | - |
| **At 30 June 2014** | 6,500,000 | |
| Options expired | (6,500,000) | - |
| **At 30 June 2015** | - | - |

Note: An additional 8,050,000 options are on issue under Share based payments (Note: 14).

### Terms and conditions of contributed equity

#### Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, 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.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

#### Options

Options do not carry voting rights or rights to dividends until options are exercised.

## 13. Accumulated losses

| | 2015 $ | 2014 $ |
|---|---|---|
| Balance at the beginning of period | (4,147,509) | (2,393,054) |
| Expired option value transferred to Accumulated Losses | 274,305 | - |
| Operating gain/( loss) after income tax expense | (1,312,015) | (1,754,455) |
| Balance at 30 June | (5,185,219) | (4,147,509) |

## 14. Reserves/share-based payments

### Reserves

| | 2015 $ | 2014 $ |
|---|---|---|
| Balance at 1 July | 425,055 | 425,055 |
| Expired option value transferred to Accumulated Losses | (274,305) | - |
| Share-based payment expense during the financial year | 53,505 | - |
| Balance at 30 June | 204,255 | 425,055 |

### Share-based payments

The Company has established the Thomson Resources Limited Employee Share Option Plan ("ESOP") to assist in the attraction, retention and motivation of employees of the Company. There have been no cancellations or modifications to any of the plans during 2015. At the date of this report there were 1,150,000 options issued under this ESOP.

### Summary of options granted

| | 2015 $ | 2014 $ |
|---|---|---|
| Outstanding at the beginning of the year | 5,850,000 | 5,850,000 |
| Granted during the year | 6,150,000 | - |
| Forfeited during the year | - | - |
| Exercised during the year | - | - |
| Expired during the year | (3,950,000) | - |
| Outstanding at the end of the year | 8,050,000 | 5,850,000 |

The outstanding balance as at 30 June 2015 is represented by:

- 400,000 options exercisable at $0.30, expiry 19 May 2016 – cancelled on 18 August 2015
- 750,000 options exercisable at $0.30, expiry 5 September 2016
- 750,000 options exercisable at $0.10, expiry 31 July 2015
- 6,150,000 options exercisable at $0.05, expiry 12 December 2017

### Option pricing model and terms of options

The following table lists the inputs to the options model and the terms of options granted:

| Grant date | Number of options granted | Exercise price | Expiry date | Expected volatility | Risk-free rate | Expected life years | Estimated fair value | Model used | |
|---|---|---|---|---|---|---|---|---|---|
| May 11 | 400,000 | $0.30 | 19 May 16 | 116.14% | 5.24% | 5 | $0.1500 | Binomial | (a) |
| Nov 11 | 750,000 | $0.30 | 5 Sep 16 | 123.14% | 3.82% | 5 | $0.1400 | Binomial | (b) |
| Nov 12 | 750,000 | $0.10 | 31 Jul 15 | 65.94% | 4.75% | 2.5 | $0.0119 | Binomial | (c) |
| Nov 14 | 6,150,000 | $0.05 | 12 Dec 17 | 112.85% | 2.52% | 3 | $0.0087 | Binomial | (d) |
| **TOTAL** | 8,050,000 | | | | | | | | |

(a) 400,000 options were issued to an employee under the Company's ESOP. The options vested on grant date.

(b) 750,000 options were issued to a Director of the Company as a performance incentive. The options vested on grant date.

(c) 750,000 options were issued the CEO of the Company as a performance incentive. The options vested on grant date.

(d) 5,000,000 options were issued to Directors of the Company and approved by shareholders at the Company's AGM held on 25 November 2014. 1,150,000 options were issued to employees and consultants under the Company's ESOP. The options vested on grant date.

### Weighted average disclosures on options

| | 2015 | 2014 |
|---|---|---|
| Weighted average exercise price of options at 1 July | $0.27 | $0.27 |
| Weighted average exercise price of options granted during period | $0.05 | - |
| Weighted average exercise price of options outstanding at 30 June | $0.09 | $0.27 |
| Weighted average exercise price of options exercisable at 30 June | $0.09 | $0.27 |
| Weighted average contractual life | 2.04 years | 0.95 years |
| Range of exercise price | $0.05 - $0.30 | $0.10 - $0.30 |

## 15. Earnings per share

| | 2015 | 2014 |
|---|---|---|
| Net profit/(loss) used in calculating basic and diluted gain/(loss) per share | (1,312,015) | (1,754,455) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS | 74,827,521 | 72,128,044 |
| | **Cents per share** | **Cents per share** |
| Basic earnings (loss) per share | (1.75) | (2.43) |
| Diluted earnings (loss) per share | (1.75) | (2.43) |

## 16. Key management personnel

### Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below:

| | 2015 $ | 2014 $ |
|---|---|---|
| Short-term employee benefits | 336,634 | 371,849 |
| Post-employment benefits | 28,904 | 31,399 |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| Share-based payments | 47,850 | - |
| | 413,388 | 403,248 |

### Shareholdings of key management personnel

**Fully paid ordinary shares held in Thomson Resources Ltd**

| | Balance at 1 July no. | Granted as compensation no. | Received on exercise of options no. | Net other change * no. | Balance at 30 June no. |
|---|---|---|---|---|---|
| **2015** | | | | | |
| L Gilligan | 10,000 | - | - | - | 10,000 |
| E Rothery | 285,000 | - | - | 1,200,000 | 1,485,000 |
| G Jones | 310,000 | - | - | - | 310,000 |
| T Belperio | 60,000 | - | - | - | 60,000 |
| I Polovineo | 25,000 | - | - | - | 25,000 |
| | 680,000 | - | - | 1,200,000 | 1,890,000 |
| **2014** | | | | | |
| L Gilligan | 10,000 | - | - | - | 10,000 |
| E Rothery | 275,000 | - | - | 10,000 | 285,000 |
| G Jones | 310,000 | - | - | - | 310,000 |
| T Belperio | 60,000 | - | - | - | 60,000 |
| I Polovineo | 5,000 | - | - | 20,000 | 25,000 |
| | 660,000 | - | - | 30,000 | 690,000 |

**Purchased on market*

## Option holdings of key management personnel

**Share options held in Thomson Resources Ltd**

| | Balance at 1 July no. | Granted as compen-sation no. | Exerc-ised no. | Net other change no. | Balance at 30 June no. | Balance vested at 30 June no. | Vested but not exerc-isable no. | Vested and exercise-able no. | Options vested during year no. |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | | | | | | | | | |
| L Gilligan | 600,000 | 1,000,000 | - | (600,000) | 1,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| E Rothery | 2,750,000 | 2,000,000 | - | (1,250,000) | 3,500,000 | 3,500,000 | - | 3,500,000 | 2,000,000 |
| G Jones | 600,000 | 1,000,000 | - | (600,000) | 1,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| T Belperio | 600,000 | 1,000,000 | - | (600,000) | 1,000,000 | 1,000,000 | - | 1,000,000 | 1,000,000 |
| I Polovineo | 300,000 | 500,000 | - | (300,000) | 500,000 | 500,000 | - | 500,000 | 500,000 |
| | 4,850,000 | 5,500,000 | - | (3,350,000) | 7,000,000 | 7,000,000 | - | 7,000,000 | 5,500,000 |
| **2014** | | | | | | | | | |
| L Gilligan | 600,000 | - | - | - | 600,000 | 600,000 | - | 600,000 | - |
| E Rothery | 2,750,000 | - | - | - | 2,750,000 | 2,750,000 | - | 2,750,000 | - |
| G Jones | 600,000 | - | - | - | 600,000 | 600,000 | - | 600,000 | - |
| T Belperio | 600,000 | - | - | - | 600,000 | 600,000 | - | 600,000 | - |
| I Polovineo | 300,000 | - | - | - | 300,000 | 300,000 | - | 300,000 | - |
| | 4,850,000 | - | - | - | 4,850,000 | 4,850,000 | - | 4,850,000 | - |

# 17. Related party disclosures

## Subsidiaries

The consolidated financial statements include the financial statements of Thomson Resources Ltd (the Parent Entity) and the following subsidiaries:

| | | % Equity interest | |
|---|---|---|---|
| Name | Country of incorporation | 2015 | 2014 |
| Lassiter Resources Pty Ltd | Australia | 100 | 100 |
| Riverston Tin Pty Ltd | Australia | 100 | - |

## Transactions with other related parties

### Related party transactions with Variscan Mines Limited

Variscan Mines Limited (Variscan) is a 21.39% shareholder of Thomson Resources. The Company engaged Variscan to provide the consulting services of Greg Jones, with payments made to Variscan as at 30 June 2015 totalling Nil (2014: $Nil).

The Company has paid Variscan for rent and reimbursement of office costs totalling $28,800 (2014: $28,800) for the period ended 30 June 2015. The contract with Variscan is based on normal commercial terms and conditions.

# 18. Auditors' remuneration

| | 2015 $ | 2014 $ |
|---|---|---|
| Total amounts receivable by the current auditors of the Company for: | | |
| Audit of the Company's accounts | 23,000 | 29,000 |
| Other services | - | - |
| | 23,000 | 29,000 |

## 19. Joint ventures

### Joint venture agreements

The Company is a party to a number of exploration joint venture agreements to explore for copper, gold, zinc and lead. Under the terms of the agreements, other companies are required to contribute towards exploration and other costs if they wish to maintain or increase their percentage holdings. The joint ventures are not separate legal entities. There are contractual arrangements between the participants for sharing costs and future revenues in the event of exploration success. There are no assets and liabilities attributable to the Company at the balance date resulting from these joint ventures other than exploration expenditure costs carried forward as detailed in Note 9 and a contingent liability under the Bohuon Success Fee Agreement as detailed in Note 21.

Costs are accounted for in accordance with the terms of joint venture agreements and in accordance with Note 2(i). Percentage equity interests in joint ventures at 30 June 2015 were as follows:

| | Percentage interest 2015 | Percentage interest 2014 |
|---|---|---|
| **Joint Ventures** | | |
| Cuttaburra EL 6224 | 100 | 100 |
| Bohuon Success Fee Agreement EL 6224 | 0 | 0 |
| Lilleyfield EL 7253 | 100 | 100 |
| Achilles and Chiron ELs 7746 and 7931 | 0 | 0 |
| Knightvale EL 7643 | - | 100 |
| Wallenburra EL 7642 | 100 | 100 |
| Tooronga and Whooey ELs 7891 and 8103 | 49 | 100 |

## 20. Segment information

The operating segments identified by management are as follows:

### Exploration projects funded directly by Thomson Resources Ltd ("Exploration")

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 9 of this financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned. Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 9.

Financial information about each of these tenements is reported to the Chief Executive Officer on an ongoing basis.

Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- Interest revenue.
- Corporate costs.
- Depreciation and amortisation of non-project specific property, plant and equipment.

The Company's accounting policy for reporting segments is consistent with that disclosed in Note 2.

## 21. Contingent liabilities

The Group has provided guarantees totalling $130,000 in respect of exploration tenements in NSW as at 30 June 2015. These guarantees in respect of exploration tenements are secured against term deposits with a banking institution and cash held by the NSW Department of Industry – Resources and Energy. The Company does not expect to incur any material liability in respect of the guarantees.

### Bohuon success fee agreement

The Company has assumed the obligations of Raptor Minerals Ltd from an agreement with Bohuon Resources Pty Ltd whereby commercial production from the tenements in the Cuttaburra Joint Venture are subject to a 3% net profits interest payments to Bohuon. This joint venture covered exploration on ELs 6870, 6969, 6224 and 6727, however EL 6224 is the only licence which is still current, all others have been relinquished.

The net profits interest payment may be replaced by exploration success fee payment of $3 million at the completion of a feasibility study on the first mine project in the tenements. Further payments of $1.5 million and $1 million are applicable if second or third mining operations are developed in the tenements.

## 22. Financial instruments

The Board as a whole is responsible for reviewing the Company's policies on risk oversight and management and satisfying itself that Senior Management have developed and implemented a sound system of risk management and internal control. The Company's risk management policy has been designed to identify, assess, monitor and manage material business risks to ensure effective management of risk. These policies are reviewed regularly to reflect material changes in market conditions and the Company's risk profile.

The main risks identified in the Company's financial instruments are capital risk, credit risk, liquidity risk, interest rate risk and commodity price risk. Summarised below is information about the Company's exposure to each of these risk, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. In order to achieve this objective, the Company seeks to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through the issue of shares for the continuation of the Company's operations when required.

The Company considers its capital to comprise of its ordinary share capital, option reserve and accumulated losses. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

### Financial risk management objectives

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

During the period there have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are designed to minimise the potential impacts of these risks on the results of the Company where such impacts may be material. The Board receives regular reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. These risks include credit risk, liquidity risk, interest rate risk and commodity price risk. The Company does not use derivative financial instruments to hedge these risk exposures.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these risks are set out below.

## Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company mitigates credit risk on cash and cash equivalents by dealing with banks that have high credit-ratings assigned by Standard and Poors. There are two counterparties for Cash and Cash equivalents which are Commonwealth Bank of Australia and Bank of Western Australia Limited. Credit risk of receivables is low as it consists predominantly of GST recoverable from the Australian Taxation Office and interest receivable from deposits held with regulated banks.

The maximum exposure to credit risk at balance date is as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| Cash and cash equivalents | 183,272 | 637,715 |
| Receivables | 151,505 | 192,459 |
| Deposit with bank | 130,000 | 220,000 |
| | 464,777 | 1,050,174 |

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk rests with the Board of Directors, who have built an appropriate risk management framework for the management of the Company's short, medium and long-term funding and liquidity requirements. The Company manages liquidity by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's contractual maturities of financial liabilities:

| Financial liabilities | Carrying amount $ | <12 months $ | 1-3 years $ | >3 years $ |
|---|---|---|---|---|
| **2015** | | | | |
| Payables | 49,864 | 49,864 | - | - |
| | 49,864 | 49,864 | - | - |
| **2014** | | | | |
| Payables | 49,520 | 49,520 | - | - |
| | 49,520 | 49,520 | - | - |

The following table details the Company's expected maturity for financial assets:

| Financial assets | Carrying amount $ | <12 months $ | 1-3 years $ | >3 years $ |
|---|---|---|---|---|
| **2015** | | | | |
| Cash at bank and term deposits | 183,272 | 183,272 | - | - |
| Receivables | 151,505 | 151,505 | - | - |
| Deposit with bank | 130,000 | - | - | 130,000 |
| | 464,777 | 334,777 | - | 130,000 |
| **2014** | | | | |
| Cash at bank and term deposits | 637,715 | 637,715 | - | - |
| Receivables | 192,459 | 192,459 | - | - |
| Deposit with bank | 220,000 | 20,000 | - | 200,000 |
| | 1,050,174 | 850,174 | - | 200,000 |

## Interest rate risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's cash holdings and short term deposits. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At balance date, the Company was exposed to floating weighted average interest rates as follows:

| | 2015 $ | 2014 $ |
|---|---|---|
| **Weighted average rate of cash balances** | 0.31% | 0.16% |
| Cash balances | 183,272 | 287,334 |
| **Weighted average rate of term deposits** | - | 3.4% |
| Term deposits | - | 350,381 |

The Company invests surplus cash in interest-bearing term deposits with financial institutions and in doing so it exposes itself to the fluctuations in interest rates that are inherent in such a market. Term deposits are normally invested between 7 to 90 days and other cash at bank balances are at call.

The Company's exposure to interest rate risk is set out in the table below:

| | | +1.0% of AUD IR | | -1.0% of AUD IR | |
|---|---|---|---|---|---|
| Sensitivity analysis | Carrying amount $ | Profit $ | Other equity $ | Profit $ | Other equity $ |
| **2015** | | | | | |
| Cash and cash equivalents | 183,272 | 1,833 | - | (1,833) | - |
| Tax charge of 30% | - | (550) | - | 550 | - |
| After tax profit increase/(decrease) | 183,272 | 1,283 | - | (1,283) | - |
| **2014** | | | | | |
| Cash and cash equivalents | 637,715 | 6,377 | - | (6,377) | - |
| Tax charge of 30% | - | (1,913) | - | 1,913 | - |
| After tax profit increase/(decrease) | 637,715 | 4,464 | - | (4,464) | - |

The above analysis assumes all other variables remain constant.

### Commodity price risk

The Company is exposed to commodity price risk. This risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

### Net fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities of the Company approximate their net fair values, given the short time frames to maturity and or variable interest rates.

## 23. Commitments

Exploration licence expenditure requirements

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence. These commitments are not binding as exploration tenements can be reduced or relinquished at any time.

| | 2015 $ | 2014 $ |
|---|---|---|
| Payable not later than one year | 62,942 | 143,947 |
| Payable later than one year but not later than two years | 0 | 327,167 |
| | 62,942 | 471,114 |

It is likely that the granting of new licences and changes in licence areas at renewal or expiry will change the expenditure commitment to the Company from time to time.

## 24. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than:

- A placement was made in July 2015 with an issue of 3,750,000 ordinary shares at $0.02 to raise $75,000.

## 25. Statement of cash flows

| | | 2015 $ | 2014 $ |
|---|---|---|---|
| **Reconciliation of net cash outflow from operating activities to operating loss after income tax** | | | |
| (a) | Operating (loss) after income tax | (1,312,015) | (1,754,455) |
| | Depreciation | 8,878 | 16,036 |
| | Share based payments | 53,505 | - |
| | Bad debt provisions | 72,307 | 32,987 |
| | Exploration costs expensed | 1,122,246 | 1,748,588 |
| | Exploration expensed in creditors and accrual balances | (3,035) | - |
| | Annual and long service leave expensed | 2,408 | (8,446) |
| | **Change in assets and liabilities:** | | |
| | (Increase)/decrease in receivables (excluding bad debts & GST) | (34,642) | (140,682) |
| | (Decrease)/increase in trade and other creditors (excluding exploration costs in creditors) | 3,633 | 2,608 |
| | Net cash outflow from operating activities | (86,715) | (103,364) |

(b) For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank, deposits and bank bills used as part of the cash management function. The Company does not have any unused credit facilities.

| The balance at 30 June 2015 comprised: | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Cash assets | 183,272 | 287,334 |
| Bank deposits (Note: 5) | - | 350,381 |
| Cash on hand | 183,272 | 637,715 |

## 26. Parent entity information

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Current assets | 334,775 | 850,174 |
| **Total assets** | 2,522,005 | 3,577,342 |
| Current liabilities | 85,972 | 87,493 |
| **Total liabilities** | 109,824 | 107,071 |
| Issued capital | 7,392,828 | 7,192,725 |
| Accumulated losses | (5,184,902) | (4,147,509) |
| Reserves | 204,255 | 425,055 |
| **Total shareholders' equity** | 2,412,181 | 3,470,271 |
| | | |
| Profit/(loss) of the parent entity | (1,311,698) | (1,754,455) |
| **Total comprehensive income/(loss) of the parent entity** | (1,311,698) | (1,754,455) |

# Directors' Declaration

In accordance with a resolution of the directors of Thomson Resources Ltd, I state that:

In the opinion of the directors:

(a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

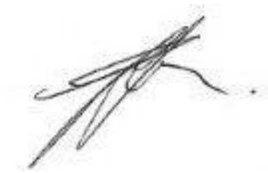
- (i) Giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

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

(c) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(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 ending 30 June 2015.

On behalf of the Board



**Lindsay Gilligan PSM**
Chairman
Sydney, 29 September 2015

**bdjpartners**
CHARTERED ACCOUNTANTS

partners
A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate
M A Nakkan CA

consultant
C H Barnes FCA

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## Independent Auditor's Report

To the members of Thomson Resources Limited

**Report on the Financial Report**

We have audited the accompanying financial report of Thomson Resources Limited, which comprises the statements of financial position as at 30 June 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements 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 company and the consolidated entity.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

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

*Opinion*

In our opinion:

(a) the financial report of Thomson Resources Limited is 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 2015 and of their performance for the year ended on that date; and

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

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

*Report on the Remuneration Report*

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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 Thomson Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDJ Partners

Chartered Accountants

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Gregory W Cliffe

Partner

29 September 2015

## Information relating to shareholders

Information relating to shareholders at 08 September 2015.

**Ordinary fully paid shares**

There were a total of 87,894,506 fully paid ordinary shares on issue.

**Options**

There were a total of 6,900,000 unlisted options on issue.

| Substantial shareholders | Shareholding |
|---|---|
| VARISCAN MINES LIMITED | 18,000,000 |
| MINOTAUR RESOURCES INVESTMENTS PTY LTD | 10,000,000 |
| VAN DER HORST ENERGY LTD | 10,000,000 |

At the prevailing market price of $0.040 per share, there were 142 shareholders with less than a marketable parcel of $500.

| Top 20 shareholders of ordinary shares as at 08 September 2015 | Number | % |
|---|---|---|
| VARISCAN MINES LIMITED | 10,500,000 | 11.95 |
| MINOTAUR RESOURCES INVESTMENTS PTY LTD | 10,000,000 | 11.38 |
| VAN DER HORST ENERGY LTD | 10,000,000 | 11.38 |
| BLUESTONE 23 LIMITED | 7,500,000 | 8.53 |
| AUSTRALIAN MINERAL & WATERWELL DRILLING PTY LTD | 4,765,006 | 5.42 |
| SPRING CREEK EQUITIES PTY LTD <RIVERSDALE SPRING CRK FAM AC> | 4,000,000 | 4.55 |
| MR DAVID ANTHONY WARD & MS JENNIFER ANN NASH <PEEL TOUT | 4,000,000 | 4.55 |
| LEE KIM YEW | 3,750,000 | 4.27 |
| OPEKA DALE PTY LTD <OPEKA DALE P/L S/F NO 2 A/C> | 2,900,000 | 3.30 |
| DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT> | 2,725,000 | 3.10 |
| MR ARNOLD GETZ & MRS RUTH GETZ | 2,448,484 | 2.79 |
| WANG JIN | 2,000,000 | 2.28 |
| CURRACLOE PTY LTD <ROTHERY SUPER FUND A/C> | 1,430,000 | 1.63 |
| KIMBRIKI NOMINEES PTY LTD <KIMBRIKI HAMILTON SF A/C> | 850,000 | 0.97 |
| ALCARDO INVESTMENTS LIMITED <STYLED 102501 A/C> | 710,000 | 0.81 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 706,000 | 0.80 |
| CODE NOMINEES PTY LTD <CLIENT A/C 25373> | 685,000 | 0.78 |
| MR RAUL USED <THE RAUL USED FAMILY A/C> | 681,113 | 0.78 |
| MR GEORGE DAVID BUTKERAITIS | 651,500 | 0.74 |
| MAWSON RESOURCES LTD | 600,000 | 0.68 |
| **Total of top 20 holdings** | **71,502,103** | **81.35** |
| Other holdings | 16,392,403 | 18.65 |
| **Total fully paid shares issued** | **87,894,506** | **100.00** |

# Additional Information

| Distribution of shareholders | | |
|---|---|---|
| **Range** | **No of shareholders** | **Ordinary shares** |
| 1 – 1,000 | 3 | 1,564 |
| 1,001 – 5,000 | 9 | 33,848 |
| 5,001 – 10,000 | 124 | 1,229,050 |
| 10,001 – 100,000 | 199 | 7,982,634 |
| 100,001 – and over | 47 | 78,647,410 |
| | **382** | **87,894,506** |

**Voting rights**

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Optionholders have no voting rights until the options are exercised.

| Distribution of optionholders | | |
|---|---|---|
| **Range** | **No of optionholders** | **Unlisted options** |
| 1 – 1,000 | 0 | 0 |
| 1,001 – 5,000 | 0 | 0 |
| 5,001 – 10,000 | 0 | 0 |
| 10,001 – 100,000 | 0 | 0 |
| 100,001 – and over | 9 | 6,900,000 |
| | **9** | **6,900,000** |

## Corporate governance statement

Thomson Resources is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board had adopted a comprehensive framework of Corporate Governance Guidelines.

The Group's Corporate Governance Statement can be viewed at: www.thomsonresources.com.au/company-profile/corporate-governance

# Corporate Directory

| | |
|---|---|
| **Board of Directors** | Lindsay Gilligan<br>Non-Executive Chairman<br><br>Eoin Rothery<br>Chief Executive Officer<br><br>Gregory Jones<br>Non-Executive Director<br><br>Antonio Belperio<br>Non-Executive Director |
| **Company Secretary** | Ivo Polovineo |
| **Registered Office and Place of Business** | Level 1, 80 Chandos Street<br>St Leonards, NSW 2065<br>PO Box 956, Crows Nest<br>NSW 1585<br>Phone: (+61 2) 9906 6225<br>Email: info@thomsonresources.com.au<br>Website: www.thomsonresources.com.au |
| **Share Registry** | Boardroom Pty Limited<br>GPO Box 3993<br>Sydney, NSW 2001<br>Phone: (+61 2) 9290 9600<br>Website: www. boardroomlimited.com.au |
| **Auditors** | BDJ Partners<br>Level 13, 122 Arthur Street<br>North Sydney, NSW 2060 |
| **Bankers** | Macquarie Bank<br>Commonwealth Bank<br>Bankwest |
| **Securities Exchange Listing** | Australian Securities Exchange<br>ASX Code: TMZ |
| **ACN** | 138 358 728 |

**THOMSON RESOURCES**
Level 1, 80 Chandos Street
St Leonards, NSW 2065 Australia
ACN 138 358 728