Metals Finance Limited

ABN 83 127 131 604

and its Controlled Entities

2014 Annual Report

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DIRECTORY

CORPORATE INFORMATION

Registered Office
Level 14, 52 Phillip Street
Sydney, NSW, 2000
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400
Website: www.metalsfinance.com
Email: info@metalsfinance.com

Share Registry
Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney, NSW, 2000
Telephone: +61 2 9290-9600
Facsimile: +61 2 9279-0664
Website: www.boardroomlimited.com.au

Directors
Geoff Hill (Chairman)
Richard Anthon (Non-Executive Director)
Simon Bird (Non-Executive Director)
Matthew Hill (Alternate Director for Geoff Hill)

Bankers
Bank of Queensland – Australia

Principal Place of Business
Level 14, 52 Phillip Street
Sydney, NSW, 2000
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400

Auditor
BDO Audit Pty Ltd
Level 10, 12 Creek Street
Brisbane, QLD 4000

Solicitors
Rick Anthon Lawyer
Level 5, 10 Market Street
Brisbane, QLD, 4000
Telephone: +61 7 3212-6220
Facsimile: +61 7 3212-6250

Investor enquires
Level 14, 52 Phillip Street
Sydney, NSW, 2000
GPO 3486, Sydney, NSW, 2001
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400
www.metalsfinance.com

Chief Executive Officer
Mark Sykes

Company Secretary
Ian Morgan

DIRECTORS' REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (**Consolidated Entity**) consisting of Metals Finance Limited (**Company** or **MFC**)and the entities it controlled at the end of, or during, the year ended 31 August 2014.

1. DIRECTORS

The Directors of the Company during the year and until the date of this report are:

NAME AND POSITION	QUALIFICATIONS, EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
Geoffrey Hill Non-Executive Chairman Appointed Director 18 October 2007 and Chairman 18 December 2008	Geoff Hill BEcon (Syd), MBA (NSW), FFIN, FCPA, FAICD is a merchant banker and Director with over 30 years of international experience. He is the Founder of Bancorp Holdings Limited, a former MD of Morgan Grenfell Australia and a former Director of Morgan Grenfell PLC. Mr. Hill was also the founding Partner and Managing Director of Pitt Capital Partners in Australia and a former Chairman of Pitt Capital Partners Asia Limited (HK). He is the Executive Chairman of International Pacific Securities Limited Group and Chairman of Hong Kong Administrative Services Limited, a Partner of Hill Sherlock and Willis [Sydney] and was Chairman of Australasian Investment Holdings Limited [Singapore]. A Director and Founder of Asian Property Services Limited and Asian Property Investments Limited, he is also the Non-Executive Chairman of Parry International Trading. Mr Hill is the Hong Kong Representative of Lagerkvist & Partners, Sweden. An experienced Company Director for over 30 years, current public company boards include Chairman Texas & Oklahoma Coal Company Inc. Geoff is a former director of: • Broken Hill Prospecting Limited (February 1989 to June 2014) • Heritage Gold NZ Limited (July 1999 to April 2012) • Mount Gibson Iron Limited (May 2011 to April 2014) A current member of RHKYC and WPO Hong Kong Chapter in Hong Kong, Mr Hill is a member of the Australian Union, Royal Sydney Yacht Squadron and CYCA in Sydney.
Richard Anthon Independent Non-Executive Director Appointed 7 October 2009	Rick Anthon BA (ANU) LLB (ANU) MAICD is a lawyer. He has practiced extensively in corporate, mining and resources law for over 28 years. He has advised on numerous acquisitions, joint ventures, and debt and capital raisings both in Australia and overseas. Additionally, Rick has acted as non-executive director and chairman for a number of public resource companies over the last 20 years and has chaired audit and remuneration committees for those companies. Other Listed Company Directorships include: • Baru Resources Limited (ASX: BAC) (listed September 2011, resigned July 2013) • Bass Metals Limited (ASX: BSM) (appointed October 2013) • International Coal Limited (ASX: ICX)) (listed August 2011, resigned November 2011) • Lamboo Resources (ASX: LMB) (appointed June 2013, resigned January 2014) • Laneway Resources Limited (ASX: LNY) (appointed June 1996) • Stratum Metals Limited (ASX: SXT) (appointed May 2011)
Simon Bird Independent Non-Executive Director Appointed 13 July 2010	Simon Bird B.Compt (University of South Africa), B.Compt (Hons) (University of South Africa), FCPA, FAICD is a Non-Executive Director and Chairman of the Audit Committee (since 13 July 2010). Simon's 30 year professional career in Australia, Africa and Europe includes six years with PricewaterhouseCoopers and senior roles in the resources, financial services, property, infrastructure and agricultural sectors. His time in Australia includes terms as Chief Financial Officer with Stockland Limited, GrainCorp Limited and the Wizard Mortgage Corporation as well as Chief Executive Officer of ASX listed mining company King Island Scheelite Limited. He is currently Non-Executive Director and Chairman of the Audit Committee of ASX listed Mount Gibson Iron Limited (ASX: MGX) (appointed 23 February 2012) and Chairman of ASX listed oil and gas company Rawson Resources Limited (ASX: RAW) (appointed 26 July 2013). His former public company directorships include King Island Scheelite Limited (ASX:KIS) (ceased August 2013), CPA Australia Limited and Kosciusko Alpine Club Limited. Simon is a Fellow of the Australian Institute of Company Directors (FAICD) and Fellow of CPA Australia (FCPA).
Matthew Hill Alternate Director for Geoffrey Hill Appointed 23	Matthew Hill MBA MAICD FINSIA is Chief Executive Officer of ASX listed mining company New Talisman Gold Mines Limited (ASX: NTL). Matt is an experienced merchant banker having worked previously at Potter Warburg; Eventures (a joint venture between News Corp and Softbank); Pitt Capital and Souls Private Equity Limited. He specializes in resources and company listings and holds an authorized Financial Services

NAME AND POSITION	QUALIFICATIONS, EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
June 2014	Licence in Australia and Fiji. He has previously advised a number of multinational companies in Australia, India and China. Mr Hill is currently Executive Director of ASX listed New Talisman Gold Mines Limited (ASX: NTL) (appointed 10 October 2006), Non-Executive Director of ASX listed Broken Hill Prospecting Limited (ASX: BPL) (appointed 6 June 2014), a Director of International Pacific Capital, Managing Director of So Co Limited (an unlisted public resources company).

All Directors shown were in office from the beginning of the year until the date of this report, unless otherwise stated.

2. CHIEF EXECUTIVE OFFICER

Mark Sykes – appointed 1 May 2013

Mark Sykes B.Eng (Mining) (WASM), Masters Minerals and Energy Economics (Macquarie University) is an experienced Mining Engineer with a wealth of operations and business development experience, during a career of some 23 years. Mark's career includes time with BHP in an operational capacity and with Mitsubishi Development in a senior corporate investment role. Mark has exposure to a broad range of commodities including coal, uranium, iron ore, platinum group metals and other minerals. Mark brings exceptional experience in areas of corporate and strategic development, transactional due diligence, operations, technical engineering and project management.

3. COMPANY SECRETARY

Ian Morgan

Ian Morgan B Bus (NSW Institute of Technology), MComLaw (Macquarie University), Grad Dip App Fin (Securities Institute), CA, ACIS, ACSA, MAICD, F Fin, was appointed Company Secretary on 11 March 2010.

Ian is a qualified Company Secretary and Chartered Accountant with over 30 years of experience in businesses operating in Australia and overseas. Ian holds a Bachelor of Business from the NSW Institute of Technology (now University of Technology, Sydney), a Master of Commercial Law from Macquarie University, and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia (now FINSIA). He is an Associate Member of the Institute of Chartered Accountants in Australia, an Associate Member of Chartered Secretaries Australia, a Member of the Australian Institute of Company Directors, and a Fellow of the Financial Services Institute of Australasia (FINSIA).

Ian's experience includes:

- Twelve years as an independent specialist consultant supplying company secretarial services to clients, including effective management of compliance to enable Australian listed public companies to comply with Australian law, including ASIC and ASX requirements;
- Seven years as Managing Director of Corporate and Administrative Services and Financial Controller / Company Secretary of the Republic Group, a boutique merchant bank;
- Eight years as Group Financial Controller / Financial Accountant for various listed and other public companies including Green's Foods Limited, Foxtel and AKZO Chemicals Limited; and
- Seven years as a professional chartered accountant, including three years with a major international accounting firm.

4. CORPORATE GOVERNANCE

The Board adheres to strict Corporate Governance practices in accordance with its corporate charter (a copy of which is provided on the company web site www.metalsfinance.com) and in accordance with ASX best practice guidelines. Further information is provided in the last section of this report on page 45.

5. MEETINGS OF DIRECTORS AND COMMITTEES OF BOARD

The number of meetings held (including Meetings of Directors) and the number of meetings attended during the financial year are:

		Board Meetings		Audit Committee Meetings	
Directors	Appointed	Eligible to Attend	Attended	Eligible to Attend	Attended
G Hill	18 October 2007	7	7	-	-
R Anthon	7 October 2009	7	7	2	2
S Bird	13 July 2010	7	7	2	2

During the year, the Board met to independently consider that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. No separate Remuneration Committee meetings were held during the year.

6. PRINCIPAL ACTIVITIES

The most notable of MFC's recent achievements prior to the year ended 31 August 2014 was to assemble a portfolio of promising nickel developments. MFC looked long and hard at consolidating these interests and listing them as a separate entity but regrettably, this proved to be impossible because of the difficult nickel markets and associated lack of investor interest.

Metals Finance actively sought out new investment opportunities capable of bringing value to MFC shareholders. This review process concluded in the signing of a Heads of Agreement with privately owned Texas and Oklahoma Coal Co Limited (TOCC). Metal Finance has been conducting extensive due diligence, including a site visit to the TOCC Oklahoma assets.

TOCC is an unlisted public company that is focused on developing substantial coking coal projects in Canada and USA.

During the last three years, TOCC acquired a portfolio of exploration and development projects. It also has an option to acquire a producing, profitable coal mine in Oklahoma.

TOCC had been in the process of assessing its options for a public listing and a merger between MFC and TOCC is being proposed for approval by MFC's members.

7. REVIEW OF OPERATIONS

The consolidated loss after income tax for the Consolidated Entity was $729,604 (2013: $1,022,332).

Summary of activities during the year include:

- The option agreement that the Consolidated Entity entered into, through its wholly owned subsidiary Nickel Developments Limited (**NDL**), with Metallica Minerals Limited (ASX: MLM) last year that NDL had the exclusive right to acquire 100% of Lucky Break nickel project for a cash consideration of $1,000,000 expired on 28 February 2014.
- In March 2014 the Company signed a Heads of Agreement with TOCC to acquire 100% of TOCC for a consideration of $11.1 m. Subject to approval by the Company's members, this acquisition will create an international mining company with a coal producing asset in Oklahoma and exploration projects in Oklahoma and British Columbia in North America. TOCC also offers the Company shareholders a portfolio of coking coal exploration tenements.

  The parties have completed due diligence and, at 31 August 2014, had agreed the terms of a binding merger implementation, and were obtaining an Independent Expert's Report on the fairness and reasonableness of the respective company valuations.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of evaluation expenditure, is dependent on the ability of the consolidated entity to successfully raise additional capital and or sell off its investments.

8. CAPITAL EXPENDITURE

There were no capital expenditures in 2014 (2013: $Nil)

9. CASH FLOW AND LIQUIDITY

During 2014 the net cash used in operating activities reduced by $209,526 from $883,354 for the year ended 31 August 2014. In the current financial year a research and development tax refund of $243,318 (2013: $587,698) was received.

10. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

11. DIVIDENDS

There were no dividends paid or declared by the Consolidated Entity (2013: $Nil).

12. ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under relevant local laws, council policies and state and federal government legislation in relation to operating activities.

Operations are closely monitored in accordance with operating procedures to ensure that the potential for environmental contamination is minimised.

The Directors are not aware of any significant breaches in environmental regulations during the period covered by this report.

13. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 31 August 2014, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 31 August 2014, except for as follows:

Texas and Oklahoma Coal Co Limited (TOCC)

On 6 March 2014 the Company signed a Heads of Agreement with TOCC to acquire 100% of TOCC for a consideration of $11.1 m.

Subject to approval by the Company's members, this acquisition will create an international mining company with a coal producing asset in Oklahoma and exploration projects in Oklahoma and British Columbia in North America.

TOCC also offers the Company's shareholders a portfolio of coking coal exploration tenements.

The parties have completed due diligence and finalised the terms of a binding merger implementation deed, and obtained an Independent Expert's Report on the fairness and reasonableness of the respective company valuations.

A general meeting of the Company's shareholders is being held on 28 October 2014, for the Company's shareholders to consider approving:

(i) Change in nature and scale of activities for the Company to acquire 100% of the issued capital of TOCC;
(ii) Consolidation of capital – consolidate the number of shares on a one (1) for ten (10) basis;
(iii) Acquisition of TOCC for 56,048,622 shares (post consolidation) issued by the Company for 20 cents per share and granting of 26,564,605 options exercisable at 25 cents each on or before 31 December 2017;
(iv) Capital raising pursuant to a Prospectus of up to $5,000,000 by way of issuing up to 25,000,000 shares for 20 cents per share plus a free attaching option exercisable at 25 cents each on or before 31 December 2017 for every share applied for; and
(v) Change of company name to Pacific American Coal Limited.

Approval of each resolution is subject to approval of the other four resolutions.

The Prospectus dated 1 October 2014 can be downloaded from http://www.metalsfinance.com/prospectus.aspx

This capital raising will enable the Company to embark on a three-phased development strategy, as the Company seeks to acquire an interest in the P8 coal producing mine in Oklahoma. Through the offer, the Company will make an initial equity investment of between 30% and 47% in P8 and advance TOCC's Canadian coking coal tenements.

Available for Sale Financial Asset

Since 31 August 2014, the Company sold its available for sale financial asset, being 29,746,778 shares issued by Bass Metals Limited (ASX: BSM) for $118,987 cash (0.4 cents per share). Refer to Note 8 (b) of the attached financial statements for more information.

Going Concern

Since 31 August 2014, the Company has closely controlled its cash and cash equivalent outgoings. The Company's cash movements from 1 September 2014 to the date of this report are as follows:

	$
Cash and cash equivalents at 31 August 2014	40,632
Goods and services tax refund	18,917
Sale of BSM shares	118,987
Cash payments in the course of operations	(23,259)
Cash and cash equivalents at the date of this report	155,277

14. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Due to the weakness in current and expected market and business conditions, the sustained difficulty in attracting sufficient project funding and the general weakness in equity markets, the Board has decided that it is prudent to reduce non-essential project, corporate and administration expenditure to conserve cash. The Board will revisit this decision once it has either secured funding or any new project that might take the company further in creating wealth for its shareholders. Whilst the Board has taken this decision to conserve cash, the company is continuing to identify, pursue and explore new opportunities together with procuring funding for its existing projects.

With the acquisition of Texas and Oklahoma Coal Co Limited (TOCC) in progress, this will provide the Consolidated Entity with a coal producing asset in Oklahoma and exploration projects in Oklahoma and British Columbia in Canada.

The company will continue actively seek new project and investment opportunities whist procuring funding for its existing projects.

15. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options issued by the Company, as notified by the Directors to the Australian Securities Exchange ('ASX') in accordance with Section 205G(1) of the *Corporations Act 2001*, at the date of this Directors' Report is as follows:

	Ordinary Shares	Options
G Hill [1]	12,171,016	-
R Anthon [1]	1,716,666	-
S Bird [1]	1,433,333	-
M Hill[2]	-	-

[1] Held directly and indirectly

[2] Alternate Director for G Hill

16. AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* which is set out on page 13.

17. AUDITOR

BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

18. SHARES UNDER OPTION

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

19. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

Indemnification

Under the Company's Constitution, the Company indemnifies each Director, Officer and Agent of the Company ('Officer') against:

- any liability incurred by that Officer as such in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the Officer or which are discontinued, withdrawn, dismissed or struck out, or in which the Officer is acquitted, or in connection with any application in relation to those proceedings in which relief is granted to the Officer by the Court; and
- any liability incurred by an Officer in carrying out the business or exercising the powers of the Company which does not involve any negligence, default, breach of duty or breach of trust by the Officer in relation to the Company.

Insurance Premiums

Each of the Directors of the Company have entered into an Indemnity Agreement with the Company whereby the Company has agreed at the Company's discretion, to effect and maintain insurance in respect of directors and officers liability. The Company has also agreed to provide certain indemnities to each of the Directors, to the fullest extent permitted by law.

Since the end of the financial year, the Company has paid insurance premiums of $3,144 (2013: $13,030) in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former Officers, including senior executives of the Company and directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to:

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

The insurance policies outlined above do not contain details of the premiums paid in respect of individual Officers.

20. NON-AUDIT SERVICES

There were no non-audit services provided by BDO Audit Pty Ltd, its related practices and non-related audit firms in the 2014 financial year.

21. REMUNERATION REPORT - AUDITED

The remuneration committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the executive officers and directors of the Company and of other executives of the Consolidated Entity. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The members of the remuneration committee during the year were:

- Rick Anthon (Chairman) – Non-Executive Director
- Geoff Hill – Non-Executive Board Chairman

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for security holders. The remuneration structures take into account a range of factors, including the following:

- the capability and experience of the key management personnel;
- the requirement to utilise those skills in the furtherance of the Consolidated Entity's strategic objectives;
- the performance of the key management in their particular role;
- the Consolidated Entity's overall performance;
- the remuneration levels being paid by competitors for similar positions; and
- the need to ensure continuity of executive talent and smooth succession planning.

In assessing the performance of a particular executive, consideration of various other aspects are taken into account regardless of only the immediate profit and loss performance. The nature of the Consolidated Entity's operations and investment is such that decisions are constantly being taken that will not have profit repercussions for several years. Moreover, the evaluation of executive performance also has regard to the Executive's effectiveness in developing a capable support team and in showing leadership qualities and instilling positive cultural values within the Consolidated Entity.

Remuneration packages included fixed remuneration only for the past financial year, but a revision of a performance bonus structure is under consideration. There was no performance-based remuneration in either the current or the prior financial year. Equity-based remuneration is detailed below.

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles, car parking and other specified benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers the factors outlined above.

Non-executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No remuneration consultants were used in the 2014 financial year. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. On 16 December 2008, shareholders last approved a maximum aggregate amount totalling $250,000. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Non-Executive Directors' interests with shareholders' interests, the Non-Executive Directors are encouraged to hold shares in the Consolidated Entity and may receive options as long-term incentive remuneration.

Executives

Executive Directors and other Company executives (Executives) receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.25% and 9.50% as from 1 July 2014, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and based on an Executive's performance.

Base Salary

Structured as a total employment cost package comprising cash, leave benefits and superannuation, Executives' remuneration is reviewed annually for competitiveness and performance. There are no guaranteed salary increases fixed in any Executives' contract.

Benefits

Executives may receive reimbursement for out-of-pocket expenses incurred in undertaking their duties, including reasonable travel, accommodation and entertainment expenses.

When considering the relationship between the Consolidated Entity's Remuneration Policy and the performance of the Consolidated Entity and Executives and the subsequent benefits the performance had on shareholders' wealth, the Remuneration Committee had regard to the following:

	2014	2013 (restated)	2012 (restated)	2011	2010
Net loss ($)	(729,604)	(1,022,332)	(7,721,774)	(2,766,999)	(2,930,928)
Loss per share (cents)	(1.00)	(1.40)	(10.56)	(3.1)	(4.0)
Dividends / distributions ($)	-	-	-	-	-
Share price at year end (cents)	0.008	1.0	2.3	7.5	5.8
Market capitalisation ($)	584,877	731,096	1,681,520	5,483,218	4,240,355
Director & Key Management Personnel remuneration ($)	511,095	602,429	755,021	742,986	1,135,456

The Remuneration Committee considers that the Consolidated Entity's remuneration policy is appropriate.

Employment Contracts

No director or key management personnel are employed under an official contract of service as at 31 August 2014.

Details of Key Management Personnel

(i) *Directors*

Name	Position
G Hill	Non-Executive Chairman
R Anthon	Non-Executive Director
S Bird	Non-Executive Director
M Hill	Alternate Director for G Hill

(ii) *Other Key Management Personnel*

Name	Position
M Sykes	Chief Executive Officer
I Morgan	Chief Financial Officer /Company Secretary

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the Consolidated Entity.

Details of the nature and amount of each element of the remuneration of Directors and other Key Management Personnel of the Company during the financial year are:

Key Management Personnel	Year	Short-Term Employee Benefits			Post-Employment	Share Based Payments		Performance Related %	% Consisting of Options
		Salary & Fees	Bonus	Non-Monetary Benefits	Super-annuation Benefits	Options	Total		
		$	$	$	$	$	$		
Directors									
Non-executive Directors									
G Hill	**2014**	**67,500**	**-**	**-**	**-**	**-**	**67,500**	**-**	**-**
	2013	67,500	-	-	-	-	67,500	-	-
R Anthon	**2014**	**28,192**	**-**	**-**	**-**	**-**	**28,192**	**-**	**-**
	2013	22,330	-	-	2,209	-	24,539	-	-
S Bird	**2014**	**32,700**	**-**	**-**	**-**	**-**	**32,700**	**-**	**-**
	2013	29,774	-	-	2,945	-	32,719	-	-
M Hill[1]	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2013	-	-	-	-	-	-	-	-
Executive Director									
T Treasure[2]	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2013	256,987	-	-	-	-	256,987	-	-
Executives (Other)									
M Sykes[3]	**2014**	**241,061**	**-**	**-**	**-**	**-**	**241,061**	**-**	**-**
	2013	42,077	-	-	3,786	-	45,863	**-**	**-**
I Morgan	**2014**	**53,102**	**-**	**-**	**-**	**-**	**53,102**	**-**	**-**
	2013	21,002	-	-	-	-	21,002	-	-
A de Vos[4]	**2014**	**88,540**	**-**	**-**	**-**	**-**	**88,540**	**-**	**-**
	2013	153,819	-	-	-	-	153,819	-	-
Total	**2014**	**511,095**	-	-	**-**	**-**	**511,095**	**-**	**-**
	2013	593,489	-	-	8,940	-	602,429	-	-

[1] M Hill was appointed alternate Director for G Hill on 23 June 2014.

[2] T Treasure was appointed as Director on 2 September 2003 and resigned 1 May 2013. During 2013, Mr Treasure earned the fees through Karton Investments Pty Ltd of which he is a Director.

[3] M Sykes, in addition to CEO of Nickel Developments Limited was appointed CEO of the Company on 1 May 2013. M Sykes earned the fees shown above through Larkin Sykes Pty Ltd of which he is a Director.

[4] During 2013 A de Vos earned fees through Konkola Investments Pty Ltd of which he is a Director. A de Vos resigned as Company Secretary on 17 December 2013.

No termination or long-term benefits have been paid or accrued for any director or key management personnel in the year ended 31 August 2014 (2013: $Nil).

Compensation options: Granted and vested during the year

No options were issued during the year to Directors or key management personnel as part of their remuneration.

No options were exercised during the year. The following options were cancelled during the year.

	Number of Options Cancelled	Expiry Date
A de Vos	1,000,000	28/02/2017

Shares issued on exercise of compensation options

No shares were issued on the exercise of compensation options in the 2014 or 2013 financial years.

Equity Instruments held by Key Management Personnel

The number of shares and options over shares in the Company held during the financial year by each Director of and each of the other key management personnel, including their personally related entities, are set out below:

(i) *Movement in Share holdings held by Key Management Personnel*

	Held at 1 September 2013	Received During the Year on the Exercise of Options	Other Changes During the Year	Held at 31 August 2014
2014				
Directors				
G Hill [1]	12,171,016	-	-	**12,171,016**
R Anthon [1]	1,716,666	-	-	**1,716,666**
S Bird [1]	1,433,333	-	-	**1,433,333**
M Hill[2]	-	-	-	**-**
Executives				
M Sykes[1]	1,150,000		-	**1,150,000**
I Morgan	174,518	-	-	**174,518**
A de Vos[3]	630,000	-	32,336	**662,336**
Total	**17,275,533**	**-**	**32,336**	**17,307,869**

[1] Held directly and indirectly

[2] M Hill was appointed as alternate Director for G Hill on 23 June 2014

[3] A de Vos resigned as Company Secretary on 17 December 2013. Balance at 31 August represents balance on resignation.

No shares were granted as remuneration in 2014.

(ii) *Movement in Option holdings held by Key Management Personnel*

	Held at 1 September 2013	Issued as Remuneration	Options Exercised	Net Change Other	Held at 31 August 2014	Total Vested and Exercisable
Directors						
G Hill	-	-	-	-	**-**	**-**
R Anthon	-	-	-	-	**-**	**-**
S Bird	-	-	-	-	**-**	**-**
M Hill[1]	-	-	-	-	**-**	**-**
Executives						
M Sykes	-	-	-	-	**-**	**-**
I Morgan	-	-	-	-	**-**	**-**
A de Vos[2]	1,000,000	-	-	(1,000,000)[2]	**-**	**-**
Total	**1,000,000**	**-**	**-**	**(1,000,000)**	**-**	**-**

[1] M Hill was appointed as alternate Director for G Hill on 23 June 2014

[2] A de Vos resigned as Company Secretary on 17 December 2013 and options cancelled after resignation.

Loans to Key Management Personnel

There were no loans to key management personnel during the year.

Transactions with Related Entities

(i) *Legal Services – Rick Anthon Lawyer*

Rick Anthon Lawyer, a firm related to a non-executive Director (R Anthon), provides legal services to the Consolidated Entity. The cost of these services, aggregating $47,965 (2013: $Nil) was charged to legal expenses. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

There was $13,901 owing to the related entities identified above as at the end of 2014 (2013: $Nil)

(ii) *Professional Services – Simon Bird*

Peregrine International Pty Ltd, a firm related to a non-executive Director (S Bird), provides consulting services to the Consolidated Entity. The cost of these services, aggregating $6,000 (2013: $Nil) was charged to consulting expenses. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

END - REMUNERATION REPORT – AUDITED

22. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

23. ROUNDING OF AMOUNTS

Amounts in the financial report and Directors' Report are rounded off to the nearest dollar, unless otherwise stated.

Signed in accordance with a resolution of the Directors

Director

Sydney, 27 October 2014

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF METALS FINANCE LIMITED

As lead auditor of Metals Finance Limited for the year ended 31 August 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Metals Finance Limited and the entities it controlled during the period.

C R JENKINS
Director

BDO Audit Pty Ltd

Brisbane, 27 October 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 August 2014

	Note	2014 $	2013 $ (Restated)
Revenue			
Consulting revenue		-	33,000
Interest revenue		8,377	49,842
		8,377	82,842
Other income			
Other income		16,819	-
Gain on sale of property, plant and equipment		-	13,602
		16,819	13,602
Expenses			
Employee expenses		(132,656)	(149,596)
Depreciation and amortisation expense		-	(15,585)
Foreign exchange loss		-	(8,683)
Finance costs		(1,285)	(429)
Other expenses from ordinary activities			
Project and feasibility costs		(4,136)	(349,508)
Administration		(707,974)	(898,553)
Impairment of property, plant and equipment		-	(122,410)
Impairment of receivables		-	(161,710)
Impairment of available-for-sale financial asset		(148,734)	-
Fair value loss on financial assets at fair value through profit or loss		(3,333)	-
Loss before income tax benefit		(972,922)	(1,610,030)
Income tax benefit	2	243,318	587,698
Loss after income tax		(729,604)	(1,022,332)
Loss after income tax attributable to:			
Owners of the Parent Entity		(729,604)	(1,022,332)
Non-Controlling Interest		-	-
		(729,604)	(1,022,332)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		-	999
Changes in the fair value of available-for-sale financial assets		(118,987)	118,987
Income tax on other comprehensive income		-	-
Total other comprehensive income		(118,987)	119,986
Total comprehensive income		(848,591)	(902,346)
Total comprehensive income attributable to:			
Owners of the Parent Entity		(848,591)	(902,346)
Non-Controlling Interest		-	-
		(848,591)	(902,346)
Loss per Share:			
Basic and diluted loss per share (cents)	3	(1.00)	(1.40)

CONSOLIDATED BALANCE SHEET
as at 31 August 2014

	Note	2014 $	2013 $ (Restated)	2012 $ (Restated)
Current Assets:				
Cash and cash equivalents	4	**40,632**	768,958	1,634,926
Trade and other receivables	5	**68,604**	18,831	109,541
Financial assets at fair value through profit or loss	8 (a)	**-**	3,333	3,333
Other assets	6	**11,734**	-	-
Total Current Assets		**120,970**	791,122	1,747,800
Non-Current Assets:				
Trade and other receivables	5	**-**	-	140,510
Plant and equipment	7	**-**	-	172,393
Available-for-sale financial assets	8 (b)	**89,240**	356,961	237,974
Total Non-Current Assets		**89,240**	356,961	550,877
Total Assets		**210,210**	1,148,083	2,298,677
Current Liabilities:				
Trade and other payables	9	**123,566**	170,874	362,758
Provisions	10	**-**	41,974	67,724
Interest bearing loans		**-**	-	7,315
Total Current Liabilities		**123,566**	212,848	437,797
Non-Current Liabilities				
Interest bearing loans		**-**	-	23,299
Total Non-Current Liabilities		**-**	-	23,299
Total Liabilities		**123,566**	212,848	461,096
Net Assets		**86,644**	935,235	1,837,581
Equity:				
Contributed equity	11	**22,083,126**	22,083,126	22,083,126
Reserves	12	**271,832**	390,819	270,833
Accumulated losses		**(22,268,314)**	(21,538,710)	(20,516,378)
Total equity attributable to the equity holders of the Company		**86,644**	935,235	1,837,581
Non-controlling interest		**-**	-	-
Total Equity		**86,644**	935,235	1,837,581

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 August 2014

	Contributed Equity	Reserves	Accumulated Losses	Total Parent Equity	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$
Balance at 1 September 2012	22,083,126	480,936	(20,701,565)	1,862,497	(619,780)	**1,242,717**
Adjustment on change of accounting policy (net of tax)	-	(210,103)	185,187	(24,916)	619,780	**594,864**
Balance at 1 September 2012 (restated)	22,083,126	270,833	(20,516,378)	1,837,581	-	**1,837,581**
Total comprehensive income						
Loss after income tax for the year as previously reported	-	-	(1,068,143)	(1,068,143)	(67,411)	**(1,135,554)**
Adjustment on change of accounting policy (net of tax)	-	-	45,811	45,811	67,411	**113,222**
Restated profit for the year	-	-	(1,022,332)	(1,022,332)	-	**(1,022,332)**
Foreign currency translation differences for foreign operations	-	50,261	-	50,261	50,261	**100,522**
Change in the fair value of available-for-sale financial assets	-	118,987	-	118,987	-	**118,987**
Other Comprehensive Income for the Year previously reported	-	169,248	-	169,248	50,261	**219,509**
Adjustment on change of accounting policy (net of tax)	-	(49,262)	-	(49,262)	(50,261)	**(99,523)**
Restated Other Comprehensive Income for the Year	-	119,986	-	119,986	-	119,986
Total comprehensive income for the year	-	119,986	(1,022,332)	(902,346)	-	**(902,346)**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 August 2013 (restated)	**22,083,126**	**390,819**	**(21,538,710)**	**935,235**	**-**	**935,235**
Balance at 1 September 2013	22,083,126	390,819	(21,538,710)	935,235	-	**935,235**
Total comprehensive income						
Loss after income tax for the year	-	-	(729,604)	(729,604)	-	**(729,604)**
Change in the fair value of available-for-sale financial assets	-	(118,987)	-	(118,987)	-	**(118,987)**
Total comprehensive income for the year	-	(118,987)	(729,604)	(848,591)	-	**(848,591)**
Transactions with owners in their capacity as owners	-	-	-	-	-	**-**
Balance at 31 August 2014	**22,083,126**	**271,832**	**(22,268,314)**	**86,644**	**-**	**86,644**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the Year Ended 31 August 2014

	Note	2014 $	2013 $ (Restated)
Cash Flows from Operating Activities:			
Cash receipts in the course of operations		**16,819**	43,833
Interest received		**8,377**	42,720
Cash payments in the course of operations		**(941,057)**	(1,557,176)
Income tax benefit received		**243,318**	587,698
Finance costs paid		**(1,285)**	(429)
Net Cash Used In Operating Activities	15	**(673,828)**	(883,354)
Cash Flows from Investing Activities:			
Proceeds from sale of property, plant and equipment		**-**	48,000
Net Cash Provided by Investing Activities		**-**	48,000
Cash Flows from Financing Activities:			
Loans to third parties		(54,498)	-
Principal repayment - finance leases		**-**	(30,614)
Net Cash (Used In) Financing Activities		**(54,498)**	(30,614)
Net decrease in cash and cash equivalents		**(728,326)**	(865,968)
Cash and cash equivalents at beginning of financial year		**768,958**	1,634,926
Cash and Cash Equivalents at End of Financial Year	4	**40,632**	768,958

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Introduction

This financial report covers the Consolidated Entity of Metals Finance Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity"). Metals Finance Limited is a listed public company, incorporated and domiciled in Australia.

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

Operations and principal activities:

The principal activity of the Consolidated Entity is metals extraction, recovery and processing from raw materials.

Currency:

The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent Entity.

Authorisation of financial report:

The financial report was authorised for issue on 27 October 2014.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Metals Finance Limited is a for-profit entity for the purpose of preparing the financial statements.

<u>Accounting Policies</u>

Except for the changes stated below, the accounting policies and methods of computation applied by the Consolidated Entity in the consolidated financial report are the same as those applied by the Consolidated Entity in the previous financial year and corresponding reporting period.

<u>Changes in Accounting Policies</u>

The Consolidated Entity had to change some of its accounting policies as the result of new or revised accounting standards, which became effective for the annual reporting period commencing on 1 September 2013.

The main affected policies and standards relate to the new standard AASB 10 Consolidated Financial Statements.

Refer to Note 1 (c) for details of the impact.

Other new standards that are applicable for the first time for the 2014 financial report are AASB 11 Joint Arrangements, revised AASB 119 Employee Benefits, AASB 13 Fair Value Measurement, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the financial report but did not affect the Consolidated Entity's accounting policies or any of the amounts recognised in the financial statements.

<u>Compliance with IFRS</u>

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

<u>Historical cost convention</u>

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

<u>Critical accounting estimates and judgements</u>

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

Key estimates – impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Going concern basis of accounting

The Consolidated Entity incurred a net loss of $729,604 for the year ended 31 August 2014. As at 31 August 2014 the Consolidated Entity has cash and cash equivalents of $40,632, net current assets of ($2,596) and net assets of $86,644.

Current operating cash inflows are not sufficient to continue to fund operations and based on current and projected expenditure levels required to meet minimum commitments and operating expenses, management anticipates that a capital raising may be required to continue to fund operations.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Consolidated Entity to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value from its projects that are under development.

These conditions give rise to a material uncertainty over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities;
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating until it can raise sufficient further capital to fund its ongoing activities; and
- Since 31 August 2014, the Company has:
  - Proposed, for approval by the Company's shareholders, a capital raising pursuant to a Prospectus of up to $5,000,000 by way of issuing up to 25,000,000 shares for 20 cents per share plus a free attaching option exercisable at 25 cents each on or before 31 December 2017 for every share applied for; and
  - Sold its available for sale financial asset, being 29,746,778 shares issued by Bass Metals Limited (ASX: BSM) for $118,987 cash (0.4 cents per share). Refer to Note 8 (b) for more information; and
  - At the date of these financial statements holds cash and cash equivalents totalling $155,277.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of Metals Finance Limited and its subsidiaries at 31 August 2014 each year ("the group"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

Where controlled entities have entered or left the Consolidated Entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

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

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

Under the new standards there has been no change to the method used to consolidate entities that are controlled. As at 1 September 2013, the Metals Finance Limited re-assessed the control conclusion for its investees and changed its control conclusion in respect of its investment in Metals Finance Africa Ltd, which was previously accounted for as a controlled entity, to one accounted for as an associate using the equity method.

Business combinations

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

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

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

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

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

Joint Ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint ventures are included in the appropriate items of the consolidated financial statements.

Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Consolidated Entity's investment in associates includes goodwill identified on acquisition.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Change in accounting policy

As a result of AASB 10 Consolidated Financial Statements, the Consolidated Entity has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 introduces a new control model that focuses on whether the Consolidated Entity has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. Under the new standards there has been no change to the method used to consolidate entities that are controlled.

As at 1 September 2012, the Consolidated Entity re-assessed the control conclusion for its investees and changed its control conclusion in respect of its investment in Metals Finance Africa Ltd, which was previously accounted for as a controlled entity, to one accounted for as an associate using the equity method.

As required under AASB 10, the change in policy has been applied retrospectively and, as consequence, adjustments were recognised in the balance sheet as of 1 September 2012.

The impact of this change in the entity's accounting policy on individual line items in the financial statements can be summarised as follows:

Restated Consolidated Statement of Comprehensive Income for the year ended 31 August 2013

	Previously reported year ended 31 August 2013 $	Adjustment $	**Restated year ended 31 August 2013 $**
Revenue			
Consulting revenue	44,394	(11,394)	**33,000**
Interest revenue	49,855	(13)	**49,842**
	94,249	(11,407)	**82,842**
Other Income			
Gain on disposal of subsidiary	14,000	(14,000)	**-**
(Loss)/Gain on sale of property, plant and equipment	(398)	14,000	**13,602**
	13,602	-	**13,602**
Expenses			
Employee expenses	(178,031)	28,435	**(149,596)**
Depreciation and amortisation expense	(18,396)	2,811	**(15,585)**
Foreign exchange loss	(83,404)	74,721	**(8,683)**
Finance costs	(429)	-	**(429)**
Other expenses from ordinary activities			
Project and feasibility costs	(353,000)	3,492	**(349,508)**
Administration	(913,723)	15,170	**(898,553)**
Impairment of property, plant and equipment	(122,410)	-	**(122,410)**
Impairment of receivables	(161,710)	-	**(161,710)**
Loss before income tax benefit	(1,723,252)	113,222	**(1,610,030)**
Income tax benefit	587,698	-	**587,698**
Loss after income tax	(1,135,554)	113,222	**(1,022,332)**
Loss after income tax attributable to:			
Owners of the Parent Entity	(1,068,143)	45,811	**(1,022,332)**
Non-controlling interest	(67,411)	67,411	**-**
	(1,135,554)	113,222	**(1,022,332)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences	100,522	(99,523)	**999**
Changes in the fair value of available-for-sale	118,987	-	**118,987**
Income tax on other comprehensive income	-	-	**-**
Total other comprehensive income	219,509	(99,523)	**119,986**
Total comprehensive income	(916,045)	13,699	**(902,346)**
Total comprehensive income attributable to:			
Owners of the Parent Entity	(898,895)	(3,451)	**(902,346)**
Non-controlling Interest	(17,150)	17,150	**-**
	(916,045)	13,699	**(902,346)**
	Cents per share		**Cents per share**
Loss per share:			
Basic and diluted (cents)	(1.6)	0.2	**(1.4)**

Restated Consolidated Balance Sheet

	Previously reported 31 August 2013 $	Adjustment $	**Restated 31 August 2013 $**	Previously reported 1 September 2012 $	Adjustment $	**Restated 1 September 2012 $**
Current Assets						
Cash and cash equivalents	768,958	-	**768,958**	1,635,682	(756)	**1,634,926**
Trade and other receivables	18,858	(27)	**18,831**	110,493	(952)	**109,541**
Financial assets at fair value	3,333	-	**3,333**	3,333	-	**3,333**
Total Current Assets	791,149	(27)	**791,122**	1,749,508	(1,708)	**1,747,800**
Non-Current Assets						
Trade and other receivables	-	-	**-**	140,510	-	**140,510**
Property, plant and equipment	-	-	**-**	175,355	(2,962)	**172,393**
Available-for-sale financial assets	356,961	-	**356,961**	237,974	-	**237,974**
Total Non-Current Assets	356,961	-	**356,961**	553,839	(2,962)	**550,877**
Total Assets	1,148,110	(27)	**1,148,083**	2,303,347	(4,670)	**2,298,677**
Current Liabilities						
Trade and other payables	174,075	(3,201)	**170,874**	369,797	(7,039)	**362,758**
Provisions	41,974	-	**41,974**	67,724	-	**67,724**
Interest bearing loans	605,389	(605,389)	**-**	599,810	(592,495)	**7,315**
Total Current Liabilities	821,438	(608,590)	**212,848**	1,037,331	(599,534)	**437,797**
Non-Current Liabilities						
Interest bearing loans	-	-	**-**	23,299	-	**23,299**
Total Non-Current Liabilities	-	-	**-**	23,299	-	**23,299**
Total Liabilities	821,438	(608,590)	**212,848**	1,060,630	(599,534)	**461,096**
Net Assets	326,672	608,563	**935,235**	1,242,717	594,864	**1,837,581**
Equity						
Contributed equity	22,083,126	-	**22,083,126**	22,083,126	-	**22,083,126**
Reserves	650,184	(259,365)	**390,819**	480,936	(210,103)	**270,833**
Accumulated losses	(21,769,708)	230,998	**(21,538,710)**	(20,701,565)	185,187	**(20,516,378)**
Total equity attributed to equity holders of the Company	963,602	(28,367)	**935,235**	1,862,497	(24,916)	**1,837,581**
Non-controlling interest	(636,930)	636,930	**-**	(619,780)	619,780	**-**
Total Equity	326,672	608,563	**935,235**	1,242,717	594,864	**1,837,581**

Restated Consolidated Statement of Cash Flows for the year ended 31 August 2013

	Previously reported year ended 31 August 2013 $	Adjustment $	**Restated year ended 31 August 2013 $**
Cash Flows Used In Operating Activities:			
Cash receipts in the course of operations	55,228	(11,395)	**43,833**
Interest received	42,720	-	**42,720**
Cash payments in the course of operations	(1,582,372)	25,196	**(1,557,176)**
Finance costs paid	(429)	-	**(429)**
Income tax benefit received	587,698	-	**587,698**
Net Cash Used In Operating Activities	(897,155)	13,801	**(883,354)**
Cash Flows Used In Investing Activities:			
Proceeds from sale of property, plant & equipment	48,151	(151)	**48,000**
Net Cash received from Investing Activities	48,151	(151)	**48,000**
Cash Flows from Financing Activities:			
Proceeds from borrowings	12,894	(12,894)	**-**
Principal repayment - finance leases	(30,614)	-	**(30,614)**
Net Cash used in Financing Activities	(17,720)	(12,894)	**(30,614)**
Net decrease in cash and cash equivalents	(866,724)	756	**(865,968)**
Cash and cash equivalents at beginning	1,635,682	(756)	**1,634,926**
Cash and Cash Equivalents at End	768,958	-	**768,958**

(d) Income tax

The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense). Current income tax benefit (expense) credited (charged) to profit or loss is the tax receivable (payable) on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

The credit (charge) for current income tax benefit (expense) is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer below for details of impairment).

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leases

Leases where the Consolidated Entity assumes all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(g) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

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

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

Financial guarantees

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

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

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

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard.

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

(i) Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The volatility input in the pricing model is determined by the historical volatility of the Company's share price over a similar period to the exercise period. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the balance sheet.

(l) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(m) Share capital

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

(n) Earnings per share

The Consolidated Entity presents basic and diluted earnings (loss) per share (EPS) data for the Parent's ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted as appropriate. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(o) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by directors. The new classifications have been made to reflect a more accurate view of the Consolidated Entity's operations.

(p) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 August 2014 reporting periods. The Consolidated Entity has decided against early adoption of these standards. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments

These amendments are applicable to annual reporting periods beginning on or after 1 January 2018. It includes requirements for the classification and measurement of financials assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB139. The main changes are described as:

(a) Financial assets that are debt instruments will be classified based on:
   (i) The objective of the entity's business model for managing the financial assets;
   (ii) The characteristics of the contractual cash flows.
(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the investment.
(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
   (i) The change attributable to changes in credit risk are presented in other comprehensive income
   (ii) The remaining change is presented in profit or loss

Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

It is expected that the amendments will not have a material impact on the Consolidated Entity.

IFRS 15 Revenue from Contracts with Customers

This standard establishes a single revenue recognition framework and supersedes IAS 11 Construction Contracts, IAS 18 Revenue, Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, and Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. This standard is applicable to annual reporting periods beginning on or after 1 January 2017, with early adoption permitted once approved by the AASB in Australia. Under the new standard, an entity should recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Hence, the revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently in IAS 18 Revenue. This new standard requires the use of either method using retrospective application to each reporting period in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, or retrospective application with the cumulative effect of initially applying IFRS 15 recognised directly in equity. The Consolidated Entity is currently assessing the impact of this standard.

(q) Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the development of mining projects) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

Currently all of the Consolidated Entity's projects have not yet reached the stage where costs are capitalised.

2. INCOME TAX

(a) Income Tax Benefit

	2014 $	2013 $
Current tax:		
Current tax year movement	**243,318**	587,698
Deferred tax:		
Current tax year movement	**-**	-
Income Tax Benefit	**243,318**	587,698

(b) Reconciliation of Income Tax Benefit to Loss Before Income Tax

	2014	2013
Loss before income tax	**(972,922)**	(1,610,030)
Tax at the Australian tax rate of 30%	**(291,877)**	(483,009)
Non-deductible expenses	**(12,892)**	(170,906)
Deferred tax assets not recognised	**304,769**	653,915
R&D tax concession	**243,318**	587,698
Income Tax Benefit	**243,318**	587,698

(c) Unrecognised Deferred Tax Assets

	2014	2013
Deferred tax assets not brought to account	**4,436,995**	4,132,226

At 31 August 2014 the Consolidated Entity had Australian tax losses of $14,789,985 (2013: $13,774,088) which may be carried forward and used to reduce certain taxable income in future years. The Australian losses carry forward indefinitely.

No tax benefit has been recognised at reporting date as the Directors of the Company believe it is too uncertain to determine whether sufficient taxable income will be generated in future periods to utilise these tax losses.

3. LOSS PER SHARE

(a) Basic and Diluted Loss per Share

	2014	2013
Basic and diluted loss per share	**(1.00) cents**	(1.40) cents

(b) Weighted Average Number of Shares used as the Denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	**73,109,576**	73,109,576
Number of options excluded from the diluted loss per share calculation because they are anti-dilutive	**-**	1,000,000

4. CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank	**40,632**	768,958
Total Cash and Cash Equivalents	**40,632**	768,958

5. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Current:		
Trade receivables	**-**	-
Other receivables	**68,604**	18,831
Total Current Receivables	**68,604**	18,831
Non-Current:		
Due from related parties	**161,710**	161,710
Impairment of receivable	**(161,710)**	(161,710)
Total Non-Current Receivables	**-**	-

Ageing and Impairment

A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. There is no impairment or provision for doubtful debts recognised in the current year. At 31 August 2013 an impairment expense had been recognised due to the doubt over the recoverability of the receivable from Met-Solve Laboratories Inc.

6. OTHER ASSETS

	2014 $	2013 $
Current:		
Prepayments	**11,734**	-
Total other assets	**11,734**	-

7. PROPERTY, PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment		
At cost	**731,890**	731,890
Accumulated depreciation	**(90,558)**	(90,558)
Allowance for impairment [1]	**(641,332)**	(641,332)
Total Plant and Equipment	**-**	-

Movements during the Year

	2014 $	2013 $
Plant and Equipment:		
Balance at beginning of year	**-**	172,393
Additions	**-**	-
Disposals	**-**	(34,398)
Depreciation	**-**	(15,585)
Impairment [1]	**-**	(122,410)
Balance at End of Year	**-**	-

[1] During the year ended 31 August 2008 the Company halted development of the Lucky Break project due to uncertainty over the project's feasibility. All capitalised development costs were written off in the 31 August 2008 year. During the 31 August 2008 year the Company had also acquired plant to develop the Lucky Break project and this has been stored since the project was halted. This plant was tested for impairment at 31 August 2013 and an impairment loss of $122,410 was recognised due to the plant not being utilised for its intended purpose as a result of the project halt.

8. OTHER FINANCIAL ASSETS

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

Financial assets at fair value through profit or loss are held for trading and include the following:

	2014 $	2013 $
Current:		
Derivative instruments – Bass Metals Ltd Options [1]	-	3,333
Total Derivative Instruments	-	3,333

[1] At 31 August 2013 the Consolidated Entity held 3,333,333 listed options over Bass Metals Ltd shares. The options were reflected at a value of 0.1 cents being the market bid price at 31 August 2013. Given that the each option has an exercise price of 20 cents and expires on 30 September 2014, the Consolidated Entity does not consider the options to have any realisable value as at 31 August 2014.

(b) Available-for-sale financial assets

	2014 $	2013 $
Non-current:		
Listed shares – Bass Metals Ltd [2]	89,240	356,961

[2] At 31 August 2014 the Consolidated Entity held 29,746,778 (2013: 29,746,778) ordinary shares. The ordinary shares in Bass Metals Ltd were reflected at a value of 0.3 cents (2013: 1.2 cents).

(c) Fair Value

The carrying amount of the Consolidated Entity's financial assets and financial liabilities approximate their fair value.

Fair value of financial liabilities is calculated based on present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For interest bearing loans and borrowings, the market rate of interest is determined by reference to similar liabilities in the same industry and with a similar risk rating, and for finance leases, by reference to similar finance leases at reporting date.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table analyses the Group's financial instruments carried at fair value by the measurement levels set out above:

	Level 1 $	Level 2 $	Level 3 $	Total $
2014				
Financial assets at fair value through profit or loss				
Listed options – Bass Metals Ltd	-	-	-	-
Available-for-sale financial assets				
Listed shares – Bass Metals Ltd	89,240	-	-	89,240
Total assets	89,240	-	-	89,240
2013				
Financial assets at fair value through profit or loss				
Listed options – Bass Metals Ltd	3,333	-	-	3,333
Available-for-sale financial assets				
Listed shares – Bass Metals Ltd	356,961	-	-	356,961
Total assets	360,294	-	-	360,294

Level 1 Investments: Quoted prices (unadjusted) in active markets for identical assets

2014 - Listed shares and options: For the year ended 31 August 2014 the value of the listed shares and options was based on the closing price of Bass Metals Ltd's securities as quoted on the ASX on 31 August 2014.

2013 - Listed shares and options: For the year ended 31 August 2013 the value of the listed shares and options was based on the closing price of Bass Metals Ltd's securities as quoted on the ASX on 31 August 2013.

Unlisted derivative instruments (2014 and 2013): The fair value at financial year end is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at year end and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

9. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Current:		
Trade payables	**15,643**	76,916
Other creditors and accruals	**107,923**	93,958
Total Current Trade and Other Payables	**123,566**	170,874

Trade payables are usually due within 30 days.

Secured Amounts Payable

None of the payables are secured.

10. PROVISIONS

	2014 $	2013 $
Current:		
Employee benefits	**-**	41,974

11. CONTRIBUTED EQUITY

	2014	2013
Issued Capital - Number of shares	**73,109,576**	73,109,576
Value of Issued Capital	**$22,083,126**	$22,083,126

Movement in contributed equity during the year:

Share Capital Movements	**2014**		2013	
	Number	**$**	Number	$
Fully paid ordinary shares at 1 September	**73,109,576**	**22,083,126**	73,109,576	22,083,126
Movement during the year	**-**	**-**	-	-
Total fully paid ordinary shares at 31 August	**73,109,576**	**22,083,126**	73,109,576	22,083,126

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital, reserves and retained losses as disclosed in the Balance Sheet. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

Options

The Company grants incentive stock options for the purchase of ordinary fully paid shares of the Company to its officers, directors, employees and consultants. The exercise price and vesting terms of the share options is determined by the board of directors of the Company at the time of the option grant.

Information relating to the Metals Finance Limited's Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in Note 24.

12. RESERVES

	2014	2013
	$	$
Share based payments reserve	**266,594**	266,594
Foreign exchange translation reserve	**5,238**	5,238
Investment revaluation reserve	**-**	118,987
Total Reserves	**271,832**	390,819

Movement in Reserves

	Share-based Payments		Foreign Exchange Translation		Investment Revaluation Reserve	
	2014	2013	**2014**	2013	**2014**	2013
	$	$	**$**	$	**$**	$
Balance at 1 September	**266,594**	266,594	**5,238**	5,238	**118,987**	-
Options expensed	**-**	-		-	**-**	-
Change in fair value	**-**	-	**-**	-	**(118,987)**	118,987
Reclassification through profit and loss	**-**	-	**-**	-	**-**	-
Foreign currency translation	**-**	-	**-**	-	**-**	-
Balance at 31 August	**266,594**	266,594	**5,238**	5,238	**-**	118,987

Nature and purpose of reserves

Share based payments reserve

The share based payment reserve is used to record the value of share based payments provided to employees, including key management personnel, as part of their remuneration.

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

13. COMMITMENTS

(a) Operating Lease Commitments

The Consolidated Entity did not have any operating lease commitments in the current year and in the prior year.

(b) Finance Lease Payment Commitments

The Consolidated Entity did not have any finance lease commitments in the current year and in the prior year.

14. CONTINGENT LIABILITIES

The Consolidated Entity has no known contingent assets or contingent liabilities at 31 August 2014.

15. CASH FLOW INFORMATION

	2014 $	2013 $
Loss after income tax	**(729,604)**	(1,022,332)
Add / (less) non-cash items:		
Depreciation and amortisation	**-**	15,585
Impairment of property, plant and equipment	**-**	122,410
Impairment of receivables	**-**	161,710
Fair value losses on financial assets at fair value through profit or loss	**152,067**	-
Gain on sale of property, plant and equipment	**-**	(13,602)
Change in operating assets and liabilities		
Decrease in trade receivables	**-**	10,834
Decrease in other receivables	**4,727**	58,675
(Increase) in other assets	**(11,734)**	-
(Decrease) in accounts payable	**(61,275)**	(44,069)
Increase / (Decrease) in other payables and accruals	**13,965**	(146,815)
(Decrease) in provisions	**(41,974)**	(25,750)
Net Cash Used In Operating Activities	**(673,828)**	(883,354)

Non-cash Investing Activities

There were no non-cash financing activities in the current financial year.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	2014 $	2013 $
Short-term benefits	**511,095**	593,489
Post-employment superannuation benefits	**-**	8,940
	511,095	602,429

(b) Loans to Key Management Personnel

There were no loans to key management personnel during the year.

17. RELATED PARTIES

Transactions with Related Entities

(a) ***Legal Services – Rick Anthon Lawyer***

Rick Anthon Lawyer, a firm related to a non-executive Director (R Anthon), provides legal services to the Consolidated Entity. The cost of these services, aggregating $47,965 (2013: $Nil) was charged to legal expenses. These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

There was $13,901 owing to the related entities identified above as at the end of 2014 (2013: $Nil)

(b) ***Professional Services – Simon Bird***

Peregrine International Pty Ltd, a firm related to a non-executive Director (S Bird), provides consulting services to the Consolidated Entity. The cost of these services, aggregating $6,000 (2013: $Nil) was charged to consulting expenses. . These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

18. AUDITOR'S REMUNERATION

	2014 $	2013 $
Audit of the Consolidated Entity		
BDO Audit Pty Ltd:		
Audit and review of Financial Reports	**38,410**	27,000
Non-Audit Services:		
BDO (Qld) Pty Ltd:		
Taxation services	**-**	-
	38,410	27,000

19. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise deposits with banks, accounts receivable and payable, investments and borrowings. The main purpose of these financial instruments is to raise cash for the Consolidated Entity's operations. The Consolidated Entity's policy is to manage its finance costs using a mix of fixed and variable rate debt. Borrowings are carried at amortised cost and it is acknowledged that fair value exposure is a by-product of the Consolidated Entity's attempt to manage its cash flow volatility arising from interest rate changes.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the directors of the Consolidated Entity. They review and agree to policies for managing each of the risks identified below, including limits for approved instruments, transaction values, tenor and counterparties with whom the Consolidated Entity transacts. The Consolidated Entity does not enter into financial transactions for the purpose of short-term trading.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will affect the Consolidated Entity's income or the value of its instruments, and arises on floating rate instruments. The Consolidated Entity's exposure to market interest rates relates primarily to cash and cash equivalents.

At reporting date, the Consolidated Entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Note	2014 $	2013 $
Financial Assets:			
Cash assets	4	**40,632**	768,958
		40,632	768,958

Interest rates over the 12 month period were analysed and a sensitivity analysis determined to show the effect on profit and equity after tax if the interest rates at the reporting date had been 1.0% higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 31 August, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2014 $	2013 $	2014 $	2013 $
Consolidated Entity				
+1.00%	**406**	7,690	**406**	7,690
- 1.00%	**(406)**	(7,690)	**(406)**	(7,690)

(b) Foreign Currency Risk

Foreign currency risk arises as a result of having instruments/cash flows denominated in a currency other than the functional currency. At 31 August, the Consolidated Entity did not have any instruments/cash denominated in foreign currency and was not subject to foreign currency risk.

(c) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet contractual obligations. The consolidated entity does not hold any collateral.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

At 31 August 2014 the Consolidated Entity had a concentration of credit risk relating to cash deposits totalling $40,632 (2013: $768,958. Cash deposits are only held with banks and financial institutions who are independently rated parties with a minimum rating of 'A'.

The Consolidated Entity had no other concentrations of credit risk with any single counterparty or group of counterparties.

(d) Liquidity Risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of convertible notes, related party loans and finance leases.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 31 August 2014. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial liabilities are:

	≤ 6 months $	6-12 months $	1-2 years $	2-5 years $	5+ years $	Contractual cash flows $	Carrying Amount $
2014							
Financial Liabilities:							
Payables	123,566	-	-	-	-	**123,566**	**123,566**
	123,566	**-**	**-**	**-**	**-**	**123,566**	**123,566**
2013							
Financial Liabilities:							
Payables	170,874	-	-	-	-	170,874	170,874
	170,874	**-**	**-**	**-**	**-**	**170,874**	**170,874**

(e) Price Risk

The Consolidated Entity's exposure to securities in the current period arose from an investment in one listed company, Bass Metals Ltd.

The Consolidated Entity actively monitors the underlying investment in the context of its overall strategic and financial objectives.

At 31 August, the Consolidated Entity had the following exposure to price risk:

	Note	**2014 $**	2013 $
Financial assets at fair value through profit and loss			
Derivative instruments – Bass Metals Ltd Options	8	**-**	3,333
Available-for-sale financial assets			
Listed shares – Bass Metals Limited	8	**89,240**	356,961
Total other financial assets		**89,240**	360,294

Bass Metals Ltd's share price volatility over the 12 month period was analysed and a sensitivity analysis determined to show the effect on profit and equity after tax if the share price at reporting date had been 20.0% higher or lower, with all other variables held constant. The following sensitivity analysis is based on the price risk exposures in existence at the reporting date:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2014 $	2013 $	**2014 $**	2013 $
Consolidated Entity				
Financial assets at fair value through profit and loss				
+ 20.0%	**-**	667	**-**	667
- 20.0%	**-**	(667)	**-**	(667)
Available-for-sale financial assets				
+ 20.0%	**17,848**	-	**17,848**	71,393
- 20.0%	**(17,848)**	-	**(17,848)**	(71,393)

20. SEGMENT INFORMATION

Identification of reportable operating segments

The Consolidated Entity operates solely in Australia and has no reportable segments.

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

In previous years, the Consolidated Entity had identified two reportable segments identified on the basis of geographical location, being the resource industry and specifically metals recovery in Australia and Africa.

Following the change of accounting policy as discussed in Note 1 to the financial report, management currently identifies the Consolidated Entity as having only one reportable segment, being the resource industry and specifically metals recovery in Australia. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity.

All assets are located in Australia.

21. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 August 2014, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 31 August 2014, except for as follows:

Texas and Oklahoma Coal Co Limited (TOCC)

On 6 March 2014 the Company signed a Heads of Agreement with TOCC to acquire 100% of TOCC for a consideration of $11.1 m.

Subject to approval by the Company's members, this acquisition will create an international mining company with a coal producing asset in Oklahoma and exploration projects in Oklahoma and British Columbia in North America.

TOCC also offers the Company's shareholders a portfolio of coking coal exploration tenements.

The parties have completed due diligence and finalised the terms of a binding merger implementation deed, and obtained an Independent Expert's Report on the fairness and reasonableness of the respective company valuations.

A general meeting of the Company's shareholders is being held on 28 October 2014, for the Company's shareholders to consider approving:

(i) Change in nature and scale of activities for the Company to acquire 100% of the issued capital of TOCC;
(ii) Consolidation of capital – consolidate the number of shares on a one (1) for ten (10) basis;
(iii) Acquisition of TOCC for 56,048,622 shares (post consolidation) issued by the Company for 20 cents per share and granting of 26,564,605 options exercisable at 25 cents each on or before 31 December 2017;
(iv) Capital raising pursuant to a Prospectus of up to $5,000,000 by way of issuing up to 25,000,000 shares for 20 cents per share plus a free attaching option exercisable at 25 cents each on or before 31 December 2017 for every share applied for; and
(v) Change of company name to Pacific American Coal Limited.

Approval of each resolution is subject to approval of the other four resolutions.

The Prospectus dated 1 October 2014 can be downloaded from http://www.metalsfinance.com/prospectus.aspx

This capital raising will enable the Company to embark on a three-phased development strategy, as the Company seeks to acquire an interest in the P8 mine in Oklahoma. Through the offer, the Company will make an initial equity investment of between 30% and 47% in P8 and advance TOCC's Canadian coking coal tenements.

Available for Sale Financial Asset

Since 31 August 2014, the Company sold its available for sale financial asset, being 29,746,778 shares issued by Bass Metals Limited (ASX: BSM) for $118,987 cash (0.4 cents per share). Refer to Note 8 (b) of the attached financial statements for more information.

22. DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There were no franking credits available to the shareholders of the Consolidated Entity.

23. PARENT ENTITY INFORMATION

The parent entity within the Consolidated Entity is Metals Finance Limited. The ultimate parent entity in Australia is Metals Finance Limited.

	2014 $	2013 $
Current assets	**85,375**	755,259
Non-current assets	**89,240**	1,938,984
Total assets	**174,615**	2,694,243
Current liabilities	**361,071**	212,848
Non-current liabilities	**-**	-
Total liabilities	**361,071**	212,848
Net assets	**(186,456)**	2,481,395
Contributed equity	**22,083,126**	22,083,126
Reserves	**266,594**	385,581
Accumulated losses	**(22,536,176)**	(19,987,312)
Total equity	**(186,456)**	2,481,395
Loss after income tax	**(2,548,864)**	(884,830)
Other comprehensive income	**(118,987)**	118,987
Total comprehensive income	**(2,667,851)**	(765,843)

(a) Guarantees entered into by the parent entity
The parent entity has not provided any financial guarantees as at 31 August 2014 (2013: $Nil).

(b) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 31 August 2014 or 31 August 2013.

(c) Contractual commitments for acquisition of property, plant and equipment
As at 31 August 2014, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

Significant investment in subsidiaries:

Name	**Formation / Incorporation**	**Class of Share**	**Interest Held % [1] 2014**	**2013**
Nickel Developments Limited	Australia	Ordinary	100	100
Metals Finance Chile Limitada	Chile	Ordinary	100	100
Metals Finance Africa Pty Ltd	South Africa	Ordinary	50 [2]	50 [2]
Metals Finance Zambia Limited	Zambia	Ordinary	75	75
MFCH Pte Ltd	Singapore	Ordinary	-	100[3]

[1] Percentage of voting power is in proportion to ownership being a combined direct and indirect holding.

[2] The Company has a 50% representation on the board of Metals Finance Africa Pty Ltd; however Metals Finance Limited has the power to appoint the chairman who controls the casting vote. Previously it was assessed that this gives the Company the power to govern the financial and operating policies of Metals Finance Africa Pty Ltd, deeming it to be a subsidiary in accordance with AASB 127: *Consolidated and Separate Finance Statements*. On 1 September 2013, the Company re-assessed the control conclusion for Metals Finance Africa Pty Ltd and changed its control conclusion in respect of its investment in Metals Finance Africa Ltd under AASB10: *Consolidated Financial Statements*, which was previously accounted for as a controlled entity, to one accounted for as an associate using the equity method. Refer Note 1 (c) for further details on the impact of the change.

[3] MFCH Pte Ltd was deregistered on 9 October 2013.

All companies have a 31 August reporting date.

Accounting Policies

The financial information for the parent entity, Metals Finance Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Metals Finance Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

24. SHARE BASED PAYMENTS

Equity based instruments – Options

Employee option plan

The Metals Finance Directors and Employee Option Incentive Plan ("the Employee Plan") was last approved by shareholders at the annual general meeting held 20th December 2012.

Options granted to Company employees are issued under the Employee Plan. Options are granted under the Employee Plan for no consideration and once capable of exercise entitle the holder to subscribe for one fully-paid ordinary share upon exercise at the exercise price.

Options granted under the Employee Plan that have not vested at the time an option holder becomes ineligible (i.e. no longer an employee), are forfeited and not capable of exercise. When an option holder becomes ineligible and the options have already vested then the option holder has 3 months to exercise or they expire. Options must be exercised by the expiry dates or they lapse.

At 31 August 2013 there were 1,000,000 options over ordinary shares outstanding. These options were forfeited during the year when the option holder became ineligible and failed to exercise within 3 months from ineligibility.

Grant date	Expiry Date	Exercise Price $	Number beginning of year	Granted	Forfeited/ Lapsed	Exercised	Number at end of year	Vested and exercisable
2014								
Options granted								
30/03/2012	28/02/2017	0.15	1,000,000	-	(1,000,000)	-	-	-
Total			**1,000,000**	**-**	**(1,000,000)**	**-**	**-**	**-**
Weighted average exercise price			0.15	-	0.15	-	-	-
2013								
Options granted								
18/01/2010	31/01/2013	0.25	2,000,000	-	(2,000,000)	-	-	-
18/01/2010	31/01/2013	0.30	2,000,000	-	(2,000,000)	-	-	-
30/03/2012	28/02/2017	0.15	2,500,000	-	(1,500,000)	-	1,000,000	1,000,000
Total			**6,500,000**	**-**	**(5,500,000)**	**-**	**1,000,000**	**1,000,000**
Weighted average exercise price			0.227	-	0.204	-	0.15	0.15

The weighted average remaining contractual life of share options outstanding at the end of the period was nil years (2013 – 3.49 years).

25. INTERESTS IN OTHER ENTITIES

(a) Individually immaterial associates

The Consolidated Entity has an interest in Metals Finance Africa Ltd that is accounted for as an associate. As disclosed in Note 1 (c) as at 1 September 2012, the Consolidated Entity re-assessed the control conclusion for its investees and changed its control conclusion in respect of its investment in Metals Finance Africa Ltd, which was previously accounted for as a controlled entity, to one accounted for as an associate using the equity method.

Below is a summary of the financial information of Metals Finance Africa:

	2014	2013
	$	$
Carrying amount	**-**	-
Amount of the group's share of:		
Loss from continuing operations	**(73,658)**	(134,823)
Post tax loss from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive income	**(73,658)**	(134,823)

The above amounts are not recognised in the accounts of the Consolidated Entity as the Consolidated Entity's interest has been reduced to zero and additional losses are not provided for as the consolidated entity has not incurred legal or constructive obligations or made payments on behalf of Metals Finance Africa Ltd.

Should Metals Finance Africa subsequently reports profits, the Consolidated Entity will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

DIRECTORS' DECLARATION

The directors of Metals Finance Limited ("the Company") declare that:

(a) The financial statements, comprising the statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

(i) comply with Accounting Standards and the Corporations Regulations 2001; and
(ii) give a true and fair view of the Consolidated Entity's financial position as at 31 August 2014 and of its performance for the year ended on that date.

(b) The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

(c) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) The remuneration disclosures included in page 8 to page 12 of the directors' report (as part of audited Remuneration Report), for the year ended 31 August 2014, comply with section 300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

Signed for and on behalf of the directors by:

Director

Sydney, 27 October 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Metals Finance Limited

Report on the Financial Report

We have audited the accompanying financial report of Metals Finance Limited, which comprises the consolidated balance sheet as at 31 August 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, 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 Metals Finance 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 Metals Finance Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 August 2014 and of its performance for the year ended on that date; and

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the consolidated entity incurred a net loss of $729,604 during the year ended 31 August 2014 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $2,596. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 31 August 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Metals Finance Limited for the year ended 31 August 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

C R Jenkins
Director

Brisbane, 27 October 2014

SHAREHOLDER INFORMATION

The information set out below was prepared as at 16 October 2014.

(a) Class of Shares and Voting Rights

There are currently 343 holders of ordinary fully paid shares of the Company. The voting rights attaching to ordinary shares and set out in the Company's Constitution are:

(a) On a show of hands each person present as a member, proxy, attorney or representative has one vote; and
(b) On a poll each member present in person or by proxy, attorney or representative has:
   (i) one vote for each fully paid share held by him; and
   (ii) in respect of each partly paid share held by him, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call shall be ignored when calculating the proportion.

(b) Distribution of Shareholders

Holdings Ranges	Number Holders	Number of Shares	Percentage of Total Shares
1-1,000	12	798	0.01
1,001-5,000	48	194,741	0.27
5,001-10,000	51	464,699	0.64
10,001-100,000	149	5,743,538	7.86
100,001- and over	83	66,705,800	91.24
Rounding	-	-	(0.02)
Totals	**343**	**73,109,576**	**100.00%**
Minimum $ 500.00 parcel	**245**	**4,938,776**	**6.76%**

(c) Substantial Shareholders

Substantial shareholders, as disclosed by substantial shareholder notices given to the Company:

Substantial Holder Name	Balance of Shares Held	Percentage of Total Shares
H F T NOMINEES PTY LTD - HFT SUPER FUND A/C	12,171,016	16.65
MRS JULIE GAY McCALL	5,149,140	7.04
KARTON INVESTMENTS PTY LTD	4,665,929	6.38
MS PHAIK CHIN LIM	4,380,000	5.99
MESUTA PTY LTD	3,818,127	5.22

(d) Largest Twenty Shareholders

	Holder Name	Balance of Shares Held	Percentage of Total Shares
1	HFT NOMINEES PTY LTD	11,671,017	15.96
2	MRS JULIE GAY MCCALL	5,979,539	8.18
3	MS PHAIK CHIN LIM	4,380,000	5.99
4	BOND STREET CUSTODIANS LIMITED <IDAVID - D06155 A/C>	2,600,000	3.56
5	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,384,352	3.26
6	MR COLIN WEEKES	2,104,756	2.88
7	DR HENRY MARTIN STENNING	2,000,000	2.74
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,961,442	2.68
9	MR PATRICK ANTHONY TREASURE	1,762,500	2.41
10	CITICORP NOMINEES PTY LIMITED	1,670,850	2.29
11	NAMBIA PTY LTD <SUPER FUND A/C>	1,666,666	2.28
12	KARTON INVESTMENTS PTY LTD <KARTON INV P/L STAFF S/F A/C>	1,570,096	2.15
13	BLUMOS S A	1,500,000	2.05
14	G & N LORD SUPERANNUATION PTY LTD <GNR SUPERANNUATION FUND A/C>	1,500,000	2.05
15	MARLEY HOLDINGS PTY LTD	1,500,000	2.05
16	BNE MANAGEMENT PTY LTD <BIRD SUPER FUND A/C>	1,433,333	1.96
17	MR ROBERT NEIL CATTERALL	1,410,000	1.93
18	KARTON INVESTMENTS PTY LTD	1,333,333	1.82
19	MRS CLARE SYKES	1,150,000	1.57
20	MJMD SUPER PTY LTD <MARK JM DITCHFIELD S/F A/C>	1,100,000	1.50
	TOTAL	**50,677,884**	**69.31%**

(e) On-market Buy Back

There is no current on-market buy back.

(f) Securities Exchange

The Company's ordinary fully paid shares are listed on the Australian Securities Exchange and trade under the ASX code: MFC.

The Company's home exchange is Sydney.

CORPORATE GOVERNANCE

1. INTRODUCTION

The Board and management are committed to corporate governance and to the extent they are applicable to the Company, have adopted the Corporate Governance Principles.

The ASX Corporate Governance Council encourages companies to use the guidance stated in the Corporate Governance Principles and Recommendations as a focus for their corporate governance practices. The principles (Principles) are:

(a) Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.

(b) Principle 2 – Structure the Board to add value. Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

(c) Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.

(d) Principle 4 – Safeguard integrity in financial reporting. Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

(e) Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.

(f) Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

(g) Principle 7 – Recognise and manage risk. Companies should establish a sound system of risk oversight and management and internal control.

(h) Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

2. LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board has adopted a Corporate Governance Policy, which appears on the Company's website www.metalsfinance.com .

The Company's Corporate Governance Policy defines functions reserved for the Board and those delegated to the Company's management.

The Board is accountable to shareholders for the performance of the Company and has overall responsibility for its operations.

The Board's primary objective is to protect and enhance shareholder value within a defined, informed structure which protects the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed.

The Board, together with Company's management, is responsible to shareholders and other stakeholders for the Company's total business performance.

Management of the business of the Company is conducted by the Chief Executive Officer or Managing Director (as the case may be) as designated by the Board and by officers and employees to whom the management function is delegated by the Chief Executive Officer or Managing Director (as the case may be).

3. STRUCTURE THE BOARD TO ADD VALUE

There is a majority of independent directors, the Chairperson and Chief Executive Officer are different persons; but the Chairperson is a substantial shareholder and not independent.

The Board considers that the Board's structure is appropriate for the Company's size. Each Director, independent or not, brings an independent judgement to bear on Board decisions. Directors of the Company have access to any information which the Directors may consider necessary to perform their responsibilities and exercise their independent judgement when making decisions.

In assessing the independence of directors, the Company has regard to Principle 2 Recommendation 2.1 of the Corporate Governance Principles and regards an independent director as a non-executive director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement and who:

(a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;

(b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;

(c) within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;

(d) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and

(e) has no material contractual relationship with the Company or another group member other than as a director of the Company.

The Board of three (3) directors consists of two (2) independent directors:

(a) Geoff Hill Non-Executive Chairperson and substantial shareholder;

(b) Richard Anthon Non-Executive Director; and

(c) Simon Bird Non-Executive Director.

The Company is a small company with limited operations. Accordingly, the Board considers that maintaining two independent directors is appropriate for the Company's size

The Board considers that given the current size, scale and level of complexity of the Company's operations, it is not presently justified to set up a discrete Nominations Committee. The Board as a whole operates as a Nominations Committee (Principle 2, Recommendation 2.4).

The Company has established a Remuneration Committee. The charter of the Company's Remuneration Committee, including the process for evaluating the performance of the Board, its committees and individual directors, is incorporated into the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com .

Details of the professional experience and qualifications for each director are set out in the Directors' Report included in this Annual Report.

4. PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Company has established a Code of Conduct. This Code sets out the standard which the Board, management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community. This Code is incorporated into the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com.

The Company has established a policy concerning diversity:

(a) Purpose

The Company recognises the importance of:

(i) corporate benefits arising from employee and Board diversity;

(ii) the Company benefiting from all available talent; and

(iii) promoting an environment conducive to the appointment of well qualified employees, senior management and Board candidates so that there is appropriate diversity to maximise the achievement of corporate goals.

(b) Scope

The Diversity Policy is aimed at implementing Principle 3 Recommendation 3.2 of the Corporate Governance Principles and Recommendations.

This Policy appears on the Company's website www.metalsfinance.com.

As proposed by Principle 3 Recommendation 3.3 of the Corporate Governance Principles and Recommendations, the Company will apply its best endeavours to disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

5. SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has established an Audit Committee (Principle 4, Recommendation 4.1). The Audit Committee consists of the following:

(a) Only non-executive directors;

(b) A majority of independent directors;

(c) An Independent Chairperson who is not Chairperson of the Board; and

(d) Two members, but where there are not two or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

Each member of the Audit Committee is financially literate and at least one member of the Committee has accounting or related financial management experience.

The members of the Audit Committee are:

(a) Simon Bird (Audit Committee Chairperson) Non-Executive Director; and

(b) Richard Anthon Non-Executive Director.

The Audit Committee is a committee of the Board.

The Audit Committee's primary function is to approve all financial statements issued by the Company and to assist the Board in discharging its responsibility to exercise due care, diligence and skill, including in relation to the Company's financial statements:

(a) quality of financial controls;

(b) reviewing scope and results of external audits;

(c) monitoring corporate conduct and business ethics;

(d) maintaining open lines of communication between the Board, management and the external auditors;

(e) reviewing matters of significance affecting the financial welfare of the Company;

(f) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;

(g) reviewing the Company's internal financial control system; and

(h) considering the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.

The Audit Committee meets at least twice a year. The attendees are the Audit Committee Members, Chief Financial Officer, External Auditor and Company Secretary.

The Audit Committee charter is incorporated into the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com.

6. MAKE TIMELY AND BALANCED DISCLOSURE

Under the provisions of ASX Listing Rule 3.1, the Company is required to immediately notify the ASX of any information concerning the Company of which it is, or becomes, aware, and which a reasonable person would expect to have a material effect on the price and value of the Company securities.

The Company's corporate ethics policy, including disclosure obligations, appears in the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com .

7. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company's shareholder communications policy is included in the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com:

(a) Purpose

The Company recognises the value of providing current, relevant information to its shareholders and of empowering its shareholders through effective communication.

(b) Scope

The Shareholder Communications Policy is aimed at implementing Principle 6 of the Corporate Governance Principles and Recommendations.

(c) Maintaining Shareholder Communications

It will be the responsibility of the Managing Director or Chief Executive Officer (as the case may be) to ensure that:

(i) materials required to be disclosed by the Shareholder Communications Policy incorporated into the Company's Corporate Governance Charter are available on the Company website www.metalsfinance.com within a reasonable timeframe;

(ii) shareholder communications are distributed to shareholders in accordance with the Corporations Act and ASX Listing Rules; and

(iii) the Shareholder Communications Policy is updated and maintained as required.

8. RECOGNISE AND MANAGE RISK

The Company has adopted a Risk Management Policy, included in the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com:

(a) Purpose

The Company recognises the value of controlling the risk that arises through its activities. Eliminating all risk however also adversely affects the ability of the Company to take up opportunities for potential reward.

(b) Scope

The Risk Management Policy is aimed at implementing Principle 7 of the Corporate Governance Principles and Recommendations.

Included in the Company's Risk Management Policy is the requirement for the Board to ensure that certain necessary controls are in place for risk management policies to be maintained, including by ensuring that the Board has received assurance from the Chief Executive Officer or Managing Director (if applicable) and the Chief Financial Officer that the declaration required under section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks (Principle 7, Recommendation 7.3).

9. REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Remuneration Committee (Principle 8, Recommendation 8.1). The Remuneration Committee consists of the following: (Principle 8, Recommendation 8.2):

(a) A Chairperson who is an Independent Director; and

(b) Two members, but where there are not two or more non-executive directors of the Company, the Board may appoint executive directors to the Committee.

The members of the Remuneration Committee are:

(a) Richard Anthon (Remuneration Committee Chairperson) Non-Executive Director; and

(b) Geoff Hill Non-Executive Board Chairperson.

The Company is a small company with limited operations. Accordingly, the Board considers that maintaining an independent chair of the Remuneration Committee and two members is appropriate for the Company's size

The Remuneration Committee is a committee of the Board. The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

(a) executive remuneration and incentive plans:

(b) the remuneration packages for Management, directors and the Managing Director (if any):

(c) non-executive director remuneration:

(d) the Company's recruitment, retention and termination policies and procedures for senior Management;

(e) incentive plans and share allocation schemes:

(f) superannuation arrangements;

(g) remuneration of members of other committees of the Board; and

(h) remuneration by gender.

The Company's Remuneration Committee Charter is included in the Company's Corporate Governance Charter on the Company's website www.metalsfinance.com:

The table below contains each of the ASX Best Practice Recommendations. The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website at www.metalsfinance.com under the heading "Corporate Governance".

ASX BEST PRACTICE RECOMMENDATIONS

Where the Company has complied with a recommendation during the reporting period, this is indicated with "Comply" in the appropriate column and the policy is contained in the Company's Corporate Governance Charter available on the Company's website at www.metalsfinance.com. Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "Does not comply" and the Company's reasons are set out in the corresponding note in the table.

ASX Principles/Recommendations	Compliance	MFC Corporate Governance Charter Reference www.metalsfinance.com	Disclosure Requirement for Non Compliance
Principle 1			
Principle 1 – Lay solid foundations for management and oversight. Companies should establish and disclose the respective roles and responsibilities of board and management.			

ASX Principles/Recommendations	Compliance	MFC Corporate Governance Charter Reference www.metalsfinance.com	Disclosure Requirement for Non Compliance
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions. Box 1.1 Content of a director's letter upon appointment	Comply	SECTION B.3	Not Applicable
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	Comply	SECTION D	Not Applicable
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	Comply		Not Applicable
Principle 2			
Principle 2 – Structure the board to add value Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.			
Recommendation 2.1: A majority of the board should be independent directors. Box 2.1: Relationships affecting independent status.	Comply	SECTION B.3 (c)	Not Applicable
Recommendation 2.2: The chair should be an independent director.	Does not comply	SECTION B.3 (c)	The Company is small with limited operations. Accordingly, the Board considers that maintaining a non- executive Chairperson who is not independent is appropriate for the Company's size.
Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.	Comply	SECTION B.3 (c)	Not Applicable
Recommendation 2.4: The board should establish a nomination committee.	Comply	SECTION E	Not Applicable
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply	SECTION D	Not Applicable
Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	Comply		Not Applicable
Principle 3			
Principle 3 – Promote ethical and responsible decision-making. Companies should actively promote ethical and responsible decision-making.			

ASX Principles/Recommendations	**Compliance**	**MFC Corporate Governance Charter Reference** www.metalsfinance.com	**Disclosure Requirement for Non Compliance**
Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. • Box 3.1: Suggestions for the content of a code of conduct	Comply	SECTION B.7	Not Applicable
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them. Box 3.2: Suggestions for the content of a diversity policy.	Comply	SECTION H	Not Applicable
Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Does not comply	SECTION H 4 (a)	The Company has not established measurable objectives for gender diversity in its annual report. The Board considers that given the current small size, scale and level of complexity of the Company's operations, measurable objectives for gender diversity are not presently justified.
Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Comply	SECTION H 4 (b) There are no women in senior executive positions or on the board.	Not Applicable
Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.	Comply		Not Applicable
Principle 4			

ASX Principles/Recommendations	Compliance	MFC Corporate Governance Charter Reference www.metalsfinance.com	Disclosure Requirement for Non Compliance
Principle 4 – Safeguard integrity in financial reporting Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.			
Recommendation 4.1: The board should establish an audit committee.	Comply	SECTION C	Not Applicable
Recommendation 4.2: The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • have at least three members.	Does not comply	SECTION C.1	The Company is small with limited operations. Accordingly, the Board considers that maintaining two (2) audit committee members, instead of three (3), is appropriate for the Company's size.
Recommendation 4.3: The audit committee should have a formal charter.	Comply	SECTION C	Not Applicable
Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.	Comply		Not Applicable
Principle 5			
Principle 5 – Make timely and balanced disclosure. Companies should promote timely and balanced disclosure of all material matters concerning the company.			
Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Box 5.1: Continuous disclosure policies	Comply	SECTION G.11	Not Applicable
Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.	Comply		Not Applicable
Principle 6			
Principle 6 – Respect the rights of shareholders. Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.			

ASX Principles/Recommendations	Compliance	MFC Corporate Governance Charter Reference www.metalsfinance.com	Disclosure Requirement for Non Compliance
Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Box 6.1: Using electronic communications effectively	Comply	SECTION I	Not Applicable
Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.	Comply		Not Applicable
Principle 7			
Principle 7 – Recognise and manage risk Companies should establish a sound system of risk oversight and management and internal control.			
Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Comply	SECTION J	Not Applicable
Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Comply	SECTION J.4	Not Applicable
Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Comply	SECTION J.4	Not Applicable
Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.	Comply		Not Applicable
Principle 8			
Principle 8 – Remunerate fairly and responsibly. Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.			

Corporate Governance (continued)

ASX Principles/Recommendations	Compliance	MFC Corporate Governance Charter Reference www.metalsfinance.com	Disclosure Requirement for Non Compliance
• Recommendation 8.1: The board should establish a remuneration committee.	Comply	SECTION D	Not Applicable
Recommendation 8.2: The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	Does not comply	SECTION D.1	The Company is small with limited operations. Accordingly, the Board considers that maintaining an independent chair and two (2) members is appropriate for the Company's size
• Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. • Box 8.1: Guidelines for executive remuneration packages • Box 8.2: Guidelines for non-executive director remuneration	Comply	SECTION D.3	Not Applicable
• Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.	Comply		Not Applicable