

**JINDALEE RESOURCES LIMITED
AND CONTROLLED ENTITIES**

A.B.N. 52 064 121 133

**ANNUAL REPORT
30 JUNE 2014**

CORPORATE DIRECTORY

Board and Management

Lindsay Dudfield BSc
(Executive Chairman & Managing Director)

Justin Mannolini B.Com/LL (Hons), LL.M (Law)
(Non Executive Director)

Patricia Anne Farr GradCertProfAcc GAICD
(Executive Director/Company Secretary)

Greg Ledger B.Com CA
(Company Secretary)

Principal Registered Office

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18 Kings Park Road
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Email: enquiry@jindalee.net
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Auditor

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Solicitors

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
WEST PERTH WA 6005

Share Registry

Advanced Share Registry
110 Stirling Highway
NEDLANDS WA 6009
Telephone: 61 8 9389 8033
Facsimile: 61 8 9262 3723

Bankers

National Australia Bank Limited
100 St Georges Terrace
PERTH WA 6000

Stock Exchange Listing

The Company's shares are listed by the Australian Securities Exchange Limited ("ASX") - Code **JRL**.
The home exchange is Perth.

Website Address

www.jindalee.net

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DIRECTORS' REPORT

The Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Jindalee Resources Limited and the entity it controlled at the end of, or during the year ended 30 June 2014.

Directors

The following persons were directors of Jindalee Resources Limited during the whole of the financial year and up to the date of this report unless noted otherwise:

Lindsay Dudfield
Justin Mannolini
Patricia Farr
Mark Scott

Justin Mannolini was appointed as a director on 30 September 2013 and continues in office at the date of this report.

Mark Scott was a director from the beginning of the financial year until his resignation on 1 October 2013.

Principal activities

The principal activity during the year of Jindalee Resources Limited was mineral exploration. During the year there was no change in the nature of this activity.

Financial results

The consolidated loss of the Group after providing for income tax for the year ended 30 June 2014 was \$1,593,410 (2013: loss \$1,053,961).

Dividends

No dividends have been declared since the end of the previous financial year and no dividends have been recommended by the Directors.

Significant changes in the state of affairs

During the year there has been no significant change in the state of affairs of the Group.

Operations and financial review

The principal activity of the Group is mineral exploration. The Group holds interests in tenements in Western Australia prospective for gold, base metals and iron ore through joint ventures, with the Group's interests mostly free carried to completion of a Bankable Feasibility Study. The Group also has indirect interests in uranium, gold and base metals through investee companies.

In line with the Company's business strategy, during the period management also evaluated numerous advanced projects in both Australia and overseas, with a view to securing an opportunity capable of growing the Group and creating wealth for shareholders, and this continues to be our primary focus.

The net assets of the Group have fallen by \$1,558,410 from \$8,943,323 at 30 June 2013 to \$7,384,913 at 30 June 2014 principally due to changes in the market value of available for sale financial assets.

The Directors believe the Group is in a strong financial position to continue its exploration endeavours.

Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years not already disclosed in this report.

Environmental regulation

The Group is subject to significant environmental regulation in respect of its exploration activities. Tenements in Western Australia are granted subject to adherence to environmental conditions with strict controls on clearing, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Jindalee Resources Limited conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breach of statutory conditions or obligations.

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the period ended 30 June 2014, however reporting requirements may change in the future.

Information on Directors

L Dudfield BSc. Executive Chairman/Managing Director		
Experience and expertise	Mr Dudfield is a qualified geologist with over 32 years experience exploring for gold and base metals in Australia and abroad, including close involvement with a number of greenfields discoveries. Mr Dudfield is a member of the AusIMM, SEG, AIG and GSA. He is a founding director of Jindalee Resources and has been Managing Director for 11 years.	
Other current directorships	Energy Metals Limited - Non-Executive Director Alchemy Resources Limited – Non-Executive Director	
Former directorships in last 3 years	Extract Resources Limited – Non-Executive Director. Appointed 16/03/2012, resigned 25/06/2012.	
Special responsibilities	Chair of the Board Managing Director	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited	11,180,393
	Options over ordinary shares	-

J Mannolini B.Com/LL (Hons), LL.M (Law). Non-Executive Director		Appointed 30/09/2013
Experience and expertise	Mr Mannolini has been an Executive Director with Macquarie Capital, the investment banking division of the Macquarie Group since March 2013, and is responsible for cross-industry coverage of the Western Australian Market. Prior to joining Macquarie, Mr Mannolini had been Managing Director and head of Gresham Advisory Partners' Perth Office, and before that, a partner in the mergers and acquisitions group of leading Australian law firm Freehills in both the Sydney and Perth offices. As a lawyer and banker, Mr Mannolini has more than 18 years experience in corporate finance ranging across industry sectors and product lines.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Options over ordinary shares - JRLAK	- 500,000

P Farr GradCertProfAcc. GAICD Executive Director/Joint Company Secretary		
Experience and expertise	Ms Farr is an experienced company administrator with over 16 years experience in the mining industry having previously worked for Resolute Mining. Ms Farr was also the Company Secretary of uranium junior Energy Metals Limited from 2005 to 2010 and Fox Resources Limited from 2013 to 2014. Ms Farr is a graduate member of the Australian Institute of Company Directors and the Governance Institute of Australia.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Options over ordinary shares	306,533 -

M Scott MSc, MCom (Hons). Non-Executive Chairman		Resigned 01/10/2013
Experience and expertise	Mr Scott has an investment banking and corporate finance background. Mr Scott was a founding director of Jindalee Resources.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares – Jindalee Resources Limited Options over ordinary shares	3,000,000 -

Company Secretary Information

Mr Greg Ledger was appointed Company Secretary on 4 April 2002 and has held that position, as well as other accounting and managerial roles since that date. Mr Ledger is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia.

Ms Farr was appointed joint Company Secretary on 1 July 2010. She is an experienced company administrator with over 16 years experience in the mining industry having previously worked for Resolute Mining. Ms Farr was also the Company Secretary of uranium junior Energy Metals Limited from 2005 to 2010 and Fox Resources Limited from 2013 to 2014. Ms Farr is a graduate member of the Australian Institute of Company Directors and Governance Institute of Australia (formerly Chartered Secretaries Australia).

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2014 the numbers of meetings attended by each Director.

	Number Held Whilst in Office	Number Attended
L Dudfield	9	9
J Mannolini (appointed 30/09/2013)	6	6
P Farr	9	9
M Scott (resigned 01/10/2013)	3	3

As at the date of this report, the Group did not have an Audit Committee of the Board of Directors. The Board considers that due to the Group's size, an Audit Committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Group's mechanisms designed to ensure independent judgement in decision making.

Retirement, election and continuation in office of directors

Mr Justin Mannolini is the director retiring by rotation who, being eligible, may offer himself for re-election at Annual General Meeting.

AUDITED REMUNERATION REPORT

The directors are pleased to present Jindalee Resources Limited 2014 remuneration report which sets out remuneration information for the Company's non-executive directors, executive directors and other key management personnel.

The report contains the following sections:

- (a) Key management personnel disclosed in this report
- (b) Remuneration governance and the use of remuneration consultants
- (c) Executive remuneration policy and framework
- (d) Relationship between remuneration and the Group's performance
- (e) Non-executive director remuneration policy
- (f) Voting and comments made at the Company's 2013 Annual General Meeting
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

(a) *Key management personnel disclosed in this report*

L G Dudfield	Executive Chairman/Managing Director
J J Mannolini	Non-Executive Director (appointed 30 September 2013)
P A Farr	Executive Director/Company Secretary
M R Scott	Non-Executive Chairman (until 1 October 2013)

For further details on each director see page 4-5.

(b) *Remuneration governance and use of remuneration consultants*

The Company does not have a formal remuneration policy and has not established a separate remuneration committee. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers that it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any deliberations regarding their own remuneration or related issues.

Independent external advice is sought from remuneration consultants when required, however no advice has been sought during the period ended 30 June 2014.

The Corporate Governance Statement provides further information on the Company's remuneration governance.

(c) Executive remuneration policy and framework

In determining executive remuneration, the board aims to ensure that remuneration practices are:

- Competitive and reasonable, enabling the Company to attract and retain key talent
- Aligned to the Company's strategic and business objectives and the creation of shareholder value
- Transparent and easily understood, and
- Acceptable to shareholders.

All executives receive consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executive's performance and comparable information from industry sectors and other listed companies in similar industries.

Board members are allocated superannuation guarantee contributions as required by law, and do not receive any other retirement benefits. From time to time, some individuals may choose to sacrifice their salary or consulting fees to increase payments towards superannuation.

All remuneration paid to directors and specified executives is valued at the cost to the Group and expensed. Options are valued using the Black-Scholes methodology.

(d) Relationship between remuneration and the Group's performance

The policy setting the terms and conditions for the executive directors, was developed and approved by the Board and is considered appropriate for the current exploration phase of the Group's development. Emoluments of Directors are set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to directors are not linked to the performance of the Group. This policy may change once the exploration phase is complete and the Company is generating revenue. At present the existing remuneration policy is not impacted by the Group's performance including earnings and changes in shareholder wealth (dividends, changes in share price or returns of capital to shareholders). The Board has not set short term performance indicators, such as movements in the company's share price, for the determination of director emoluments as the Board believes this may encourage performance which is not in the long term interests of the Company and its shareholders. The Board has structured its remuneration arrangements in such a way it believes is in the best interests of building shareholder wealth in the longer term. The Board believes participation in the Company's Employee Share Option Plan motivates key management and executives with the long term interests of shareholders.

The following table shows the share price and the market capitalisation of the Group at the end of each of the last five financial years.

	2010	2011	2012	2013	2014
Share Price	\$1.36	\$0.35	\$0.20	\$0.18	\$0.165
Market Capitalisation	\$47.3M	\$12.18M	\$6.96M	\$6.26M	\$5.74M
Dividends (cents per share)	55*	-	-	-	-

*On 31 May 2010 the Group announced a fully franked 55 cent dividend to shareholders in respect of the year ended 30 June 2010. This dividend was paid to shareholders on 22 July 2010.

(e) Non-executive director remuneration policy

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms including remuneration, relevant to the office of director.

The Board policy is to remunerate non-executive directors at commercial market rates for comparable companies for their time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$200,000 per annum.

Fees for non-executive directors are not linked to the performance of the Group. Non-executive directors' remuneration may also include an incentive portion consisting of options, subject to approval by Shareholders.

(f) Voting and comments made at the Company's 2013 Annual General Meeting

Jindalee received more than 90% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(g) Details of remuneration

The following table sets out details of the remuneration received by the Group's key management personnel for the current and previous financial year.

Non-Executive Directors		Short-term benefits		Post-employment benefits	Share-based payment	Remuneration consisting of options	
		Directors Fees	Cash Salary, Consulting Fees	Super-annuation	Options	Total	%
		\$	\$	\$	\$	\$	
M R Scott	2014	7,825	-	5,831	-	13,656	-
	2013	70,000	-	6,300	-	76,300	-
J J Mannolini	2014	30,000	-	2,775	35,000	67,775	51.64%
	2013	-	-	-	-	-	-
Executive Directors							
L G Dudfield	2014	-	138,000	-	-	138,000	-
	2013	-	127,125	-	-	127,125	-
P A Farr	2014	-	107,077	9,947	-	117,024	-
	2013	-	126,000	11,340	-	137,340	-

(h) Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods.

M R Scott

Mr Scott was appointed a non-executive director on 31 July 2000. Mr Scott directors' fees are set at \$50,000 plus statutory superannuation of \$4,625 per annum. The appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Scott resigned on 1 October 2013 and did not receive any termination benefits.

L G Dudfield

Mr Dudfield was appointed a director on 22 January 1996 and is Managing Director. Mr Dudfield is remunerated pursuant to the terms and conditions of a consultancy agreement entered into with Mr Dudfield and Jopan Management Pty Ltd trading as Western Geological Services. During the financial year ended 30 June 2014 Mr Dudfield was paid consulting fees of \$138,000. Unless extended for a further period, the current consultancy agreement will expire in June 2015. The agreement may be terminated by either party on the giving on 90 days notice or earlier in the event of a default not remedied within 14 days.

J J Mannolini

Mr Mannolini was appointed a non-executive director on 30 September 2013 and was paid directors fees and superannuation of \$32,775 during the financial year ended 30 June 2014. Mr Mannolini's directors' fees for the forthcoming financial year have been set at \$40,000 plus statutory superannuation of \$3,700 per annum in accordance with his letter of appointment. Mr Mannolini's appointment is contingent upon satisfactory performance and successful re-election by shareholders of the Company as and when required by the Constitution of the Company and the Corporations Act. Mr Mannolini is not entitled to any termination benefits.

P A Farr

Ms Farr was appointed as a director on 29 August 2008. Ms Farr is paid a salary of \$120,000 per annum plus statutory superannuation pursuant to the terms and conditions of an ongoing employment contract. Due to reduced hours during the financial year Ms Farr was paid a salary and superannuation of \$117,024 for the year ended 30 June 2014. Ms Farr's employment contract may be terminated by either party on the giving of one months notice. Upon termination of the contract for any reason the company will pay leave entitlements due to Ms Farr.

(i) Details of share-based compensation and bonuses

Options over shares in Jindalee Resources Limited are granted under the Employee Share Option Plan. Participation in the plan and any vesting criteria, is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Any options issued to directors of the Company are subject to shareholder approval.

Details of options over ordinary shares in the Company provided as remuneration to each director of the Company are set out below. All options are fully vested on grant date.

Name	Number of options granted during the year		Number of options vested during the year		Exercise Price	Expiry	Value per option at grant date
	2014	2013	2014	2013			
L G Dudfield	-	-	-	-			
J J Mannolini	500,000	-	500,000	-	\$0.50	30/06/2017	\$0.07
P A Farr	-	-	-	-			
M R Scott	-	-	-	-			

The fair value of services received in return for share options granted to employees is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on Black-Scholes option valuation methodology. The life of the options and early exercise option are built into the option model.

Further information on the fair value of share options and assumptions is set out in Note 18 to the financial statements.

(j) Equity instruments held by key management personnel

The following tables detail the number of fully paid ordinary shares and options over ordinary shares in the Company that were held during the financial year and the previous financial year by key management personnel and their associated related parties.

2014 Name	Balance at the start of the year	Options granted during the year	Received during the year on the exercise of options	Number of options forfeited during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable	Unvested
L G Dudfield								
Ordinary fully paid shares	9,784,774	-	-	-	955,701	10,740,475	-	-
Unlisted Options (ASX Code JRLAI)	1,000,000	-	-	(1,000,000)	-	-	-	-
M R Scott								
Ordinary fully paid shares	3,000,000	-	-	-	-	3,000,000	-	-
Unlisted Options (ASX Code JRLAI)	500,000	-	-	(500,000)	-	-	-	-
P A Farr								
Ordinary fully paid shares	265,000	-	-	-	41,533	306,533	-	-
Unlisted Options (ASX Code JRLAI)	500,000	-	-	(500,000)	-	-	-	-
J J Mannolini								
Ordinary fully paid shares	-	-	-	-	-	-	-	-
Unlisted Options (ASX Code JRLAK)	-	500,000	-	-	-	500,000	500,000	-

Securities Policy

The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior management and employees of the Company act ethically and do not use confidential inside information for personal gain. The policy states acceptable and unacceptable times for trading in Company securities and outlines the responsibility of directors, senior management and employees to ensure that trading complies with the *Corporations Act 2001*, the Australian Securities Exchange (ASX) Listing Rules and Company Policy. A copy of this policy was lodged with the ASX and is available on the Company's website.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

Shares provided on exercise of options

During the year, no ordinary shares in the Company were provided as a result of the exercise of remuneration options.

All options are vested at grant date. No amounts are unpaid on any shares issued on the exercise of options.

For details on the valuation of the options, including models and assumptions used, please refer to Note 18. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. All options issued are fully vested at grant date.

(k) Loans to key management personnel

There were no loans to individuals or members of key management personal during the financial year or the previous financial year.

(l) Other transactions with key management personnel

During the year the Group paid a total of \$138,000 to Western Geological Services (a division of Jopan Management Pty Ltd), the fees being for the provision of technical and management services provided to the Group by Mr Lindsay Dudfield. Mr Dudfield's spouse is the major shareholder of and the sole director and company secretary of Jopan Management Pty Ltd.

End of Audited Remuneration Report**Shares under option**

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

<u>Grant Date</u>	<u>Number</u>	<u>Date vested & exercisable</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Value per option at grant date</u>
28/11/2013	500,000	28/11/2013	30/06/2017	\$0.50	\$0.07

Shares Issued on Exercise of Options

There were no shares issued on exercise of options during the year and up to the date of this report.

Directors and Officers insurance

Jindalee Resources Limited paid a premium during the year in respect of directors' and officers' liability insurance policy, insuring the directors and officers of the company against a liability incurred whilst acting in the capacity of a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy as such disclosure is prohibited under the terms of the contract of insurance.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company from time to time may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor as set out below did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- the non-audit services have been reviewed by the Board to ensure they do no impact on the impartiality and objectivity of the auditor; and
- none the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year ended 30 June 2014 and in the previous financial year there were no fees paid or payable for non-audit services provided by the auditor of the consolidated entity.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 49.

This report which includes the accompanying Corporate Governance Statement is signed in accordance with a resolution of the Directors.



L G DUDFIELD
Executive Chairman
Managing Director

Perth
1st September 2014

Corporate Governance Statement

It is the responsibility of the Board of Directors of Jindalee Resources Limited to monitor the business affairs of the Company and to protect the rights and interests of the shareholders. The Board believes that high standards of corporate governance are an essential prerequisite for creating sustainable value for shareholders. This statement sets out the Company's main corporate governance policies and practices. All these practices, unless otherwise stated, were in place for the entire year. The policies and practices have aimed to ensure the implementation of a strategic business plan and an integrated framework of accountability over the Company's resources, functions and assets.

The Company's most significant governance policies are available on the Company's website www.jindalee.net

Principal 1: Lay solid foundations for management and oversight

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals. Due to the size of the Board, all issues are considered by the full Board which currently consists of three directors. The Board is responsible for corporate strategy, implementation of business plans, allocation of resources, approval of budgets and capital expenditure, reviewing and monitoring systems of risk management, internal control and compliance and the adherence to Company policies.

The appointment of non-executive directors is formalised in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarised the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the Managing Director and other Executive Directors and Senior Managers are formalised in service agreements which are summarised in the Directors Report.

The Directors of the Company in office at the date of this statement are:

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Special Expertise</u>
Lindsay Dudfield	57	Executive Chairman/ Managing Director	Resource Industry
Justin Mannolini - <i>appointed 30/09/13</i>	45	Non Executive Director	Corporate Finance, Law
Patricia Farr	42	Executive Director/ Company Secretary	Company Management

The Board comprises an Executive Chairman/Managing Director, a Non-Executive Director and an Executive Director/Company Secretary. The Board believes this structure is effective for the current range of duties of the Board to be properly discharged.

The Company's Executive Chairman/Managing Director has the responsibility for guiding management in effectively carrying out tasks and achieving Company objectives and is responsible for leadership and governance of the board and ensuring its efficient organization and conduct.

The Executive Director/Company Secretary responsibilities include ensuring the Board receives regular financial information and reports, preparation of statutory financial statements, corresponding with corporate regulators the Australian Securities Exchange and Australian Securities & Investments Commission and maintaining details of the Company's banking arrangements and funds on hand. Ms Farr was appointed joint Company Secretary on 1 July 2010.

At every Annual General Meeting one third of the Directors must retire and sit for re-election.

The Board reviews the performance of senior executives against appropriate measures relating to their respective roles and responsibilities. The reviews are done at least annually and more often when deemed necessary.

Given the recent changes to the composition of the Board, a review was not undertaken during the reporting period to which this Annual Report relates.

A copy of the statement of matters reserved for the board and senior executives is available on the Company's website.

Principle 2: Structure the Board to add value

The ASX Corporate Governance Council's Principles and Recommendations (ASX Guidelines) recommend that a majority of the Board should be independent directors. The ASX guidelines define independence as not being a member of management and being free from any business or other relationships that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their independent judgement to act in the best interests of Jindalee Resources.

In considering the Corporate Governance Councils definition of independence and recommendation that a majority of directors and the Chair be independent, the Company has not complied with recommendation 2.1 or 2.2 (bearing in mind that in determining independence the Company is required to take into account reasonable perceptions as well as actual facts and circumstances) by virtue of directors substantial shareholdings in the Company or their employment status.

The role of the Chair and the Managing Director became combined on 1 October 2013 which does not comply with recommendation 2.3. The board believes it is best positioned to determine appropriate board leadership and the combined role, whilst not in accordance with the recommendations is appropriate given the size and current level of activity of the Company. The board will however continue to review its leadership and governance structures in line with its policy on succession planning.

It is considered that in the present circumstances of the Company and its current size and stage of development, that the Board is of a sufficient size and comprises a diverse mix of persons with appropriate qualifications, commitment, skills and experience to govern the Company and that the costs involved in appointing additional non-executive directors in order to comply with the recommendation would outweigh the benefit of making such an appointment. The Board will consider the appointment of additional non-executive directors where required by law, if an outstanding candidate is identified or if it is considered that additional expertise is required in specific areas as the Company develops.

The ASX Guidelines recommend listed entities establish a nomination committee. The Company does not have a separately established nomination committee, however responsibilities of the full Board include the duties and responsibilities typically delegated to such a committee. Given the size and the Company's current stage of development, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

When a new director appointment is to be made the remaining board members will seek a candidate that has relevant industry experience, time availability to devote to the position of director and appropriate skills and expertise that will increase or enhance board diversity and effectiveness. Following such an appointment that director will stand for re-election by Shareholders at the next annual general meeting. The only publicly available policy for the nomination and appointment of directors is the corporate governance statement in the annual report.

Due to the nature of the Company's activities and small size of the Company there is currently no internal formal process for performance evaluation of the Board, however, Shareholders are able to assess the

performance of the board and individual directors by the way they govern and manage the Company and vote for or against their re-appointment at the annual general meeting.

The skills, experience and expertise relevant to the position held by each director is disclosed in the Directors' Report which forms part of this report.

The Directors may, in fulfilling their duties, obtain independent professional advice at the Company's expense, however prior notification by the Director to the Board is required.

The Board has agreed on the following guidelines for assessing the materiality of matters:

Materiality – Quantitative

Statement of financial position items

Statement of financial position items are material if they have a value of more than 10% of pro-forma net asset.

Profit and loss items

Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.

Materiality – Qualitative

Items are also material if:

- (a) they impact on the reputation of the Company;
- (b) they involve a breach of legislation;
- (c) they are outside the ordinary course of business;
- (d) they could affect the Company's rights to its assets;
- (e) if accumulated they would trigger the quantitative tests;
- (f) they involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items; or
- (g) they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.

Material Contracts

Contracts will be considered material if:

- (a) they are outside the ordinary course of business;
- (b) they contain exceptionally onerous provisions in the opinion of the Board;
- (c) they impact on income or distribution in excess of the quantitative tests;
- (d) there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests;
- (e) they are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests;
- (f) they contain or trigger change of control provisions;
- (g) they are between or for the benefit of related parties; or
- (h) they otherwise trigger the quantitative tests.

Any matter which falls within the above guidelines is a matter which triggers the materiality threshold ("**Materiality Threshold**").

Principle 3: Promote ethical and responsible decision making

The Board is responsible for setting the tone of legal, ethical and moral conduct to ensure that the Company is considered reputable by the industry and other outside entities. This involves considering the impact of the Company's decisions on the industry, colleagues and the general community. The Code of Conduct adopted by the Company requires that all employees abide by the laws, regulations and business practices wherever the Company operates. The Board maintains an approach that preserves the integrity of any laws or regulations under which the Company operates. The Company has also put in place various internal policies which provide internal controls to ensure employees only act within the authority given to them by the Board. This is to ensure that the Board has responsibility for any material transactions and dealings with outside parties, and

that any legal, environmental and social consequences of such dealings will be properly considered before any action is taken.

The Company has an Environmental Policy which requires that all employees comply with the environmental regulations in force in the region in which work is undertaken. The Company is committed to dealing fairly and equitably with interested parties relating to environmental issues, such as landholders, governmental agencies and native title claimants.

The Company is committed to maintaining the highest standards of integrity and seeks to ensure that all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions are consistent with the need to maintain the confidentiality of commercial-in-confidence material and market integrity. The Company has implemented a policy on trading in the Company's securities designed to ensure that all directors, senior managers and employees of the Company act ethically and do not use confidential information for personal gain.

Any transaction conducted by Directors with regards to shares of the Company requires notification to the ASX. Each Director has entered into an agreement to provide any such information with regards to Company dealings directly to the Company Secretary promptly to allow the Company to notify the ASX within the required reporting timeframes.

The Company has not adopted the so called "whistleblower" recommendations as it is considered unnecessary at this stage of the Company's development.

A copy of the Company's Code of Conduct, Health & Safety, Environmental and Share Trading policy is available on the Company's website.

The Company acknowledges the importance of diversity within the organisation and recognises the advantages arising from a workforce comprising individuals with diverse backgrounds, skills, age and experience. The benefits of promoting a diverse workforce include providing a broader pool of high quality employees, improving employee retention, accessing different perspectives, ideas and innovation as well as the benefits resulting from utilising all available talent. Accordingly the Company has established a diversity policy, a copy of which can be found on the Company's website. In accordance with this policy, the Board provides information pertaining to the proportion of women employees across the organisation:

	Actual	
	Number	Percentage
Number of women employees in the whole organisation	1	25%
Number of women in senior executive positions	1	25%
Number of women on the Board	1	33%

The Company however has not complied with recommendation 3.3 in setting measurable objectives for achieving gender diversity. The Board continues to monitor diversity across the organisation and is satisfied with the current level of gender diversity within the Company as disclosed above. Due to the small size of the Company, its level of activity and its small number of employees, the Board does not consider it appropriate at this time, to formally set measurable objectives for gender diversity.

Principle 4: Safeguard Integrity in Financial Reporting

The ASX Guidelines recommend listed entities establish an audit committee. The Company has not complied with recommendations as it does not have a separately established audit committee structured in accordance with the principles. The Board considers that due to the Company's size, an audit committee's functions and responsibilities can be adequately and efficiently discharged by the Board as a whole, operating in accordance with the Company's mechanisms designed to ensure independent judgement in decision making. The Board as

a whole meets with the Company auditor separately and prior to the final sign-off of the half yearly and final annual accounts.

The Board considers and deals with matters which would ordinarily be attended to by an audit committee including:

- monitoring the Company's performance against strategy;
- approving and monitoring all significant or major business transactions;
- designing and implementing an appropriate organisational structure;
- appointing and monitoring the conduct and performance of management and personnel, and overseeing all remuneration, development and succession;
- approving and monitoring financial reporting and compliance;
- monitoring the principal risks and opportunities of the Company's business;
- ensuring appropriate risk management systems are established and reviewed;
- approving and monitoring procedures for the selection of the external auditor and rotation of external audit partners;
- assessing the performance and independence of the external auditors;
- overseeing control and accountability systems; and
- reviewing and approving corporate governance systems.

The Managing Director is accountable to the Board for management of the Company within authority levels approved by the Board and is subject to the supervision of the Board. The Managing Director and Company Secretary are required to periodically state in writing to the Board that the Company's financial report presents a true and fair view of the Company's financial position and that results are reported in accordance with relevant accounting standards.

External auditor

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.

The auditor is required to attend the Annual General Meeting of Shareholders. The Chairman will permit shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report, in accordance with section 250T of the *Corporations Act 2001*.

Principle 5: Make Timely and balanced disclosure

The Company must comply with the continuous disclosure requirements of the ASX Listing Rules and *Corporations Act 2001*. The Company is required to disclose to the ASX any information which a reasonable person would expect to have a material effect on the price or value of the Company's securities unless certain exemptions from the requirements apply. To ensure it meets its continuous disclosure obligations, the Board has nominated the Managing Director and Company Secretary as responsible for all disclosure matters. Their role is to collate and, where appropriate, disclose price sensitive information.

In the Company's current stage of development, matters of crucial importance arise regularly. The Managing Director will discuss significant issues with Board members who jointly will make a decision on the timely release of factual and balanced information concerning the Company's activities.

Presentations that are made to analysts or investors are posted on the Company's website. If the presentations contain information that has not previously been announced to ASX that could have a material effect on the share price, the presentation is released to the ASX before the presentation is delivered.

A copy of the Company's continuous disclosure policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

The Board of Jindalee Resources Limited endeavours to ensure that shareholders are informed of activities affecting the Company. Information is conveyed to shareholders via the annual report, quarterly reports and other announcements which are delivered to the Australian Securities Exchange and posted on the Company's website (<http://www.jindalee.net>). Shareholders with access to the internet are encouraged to submit their email addresses to receive electronic copies of information distributed by the Company. Hard copies of this information is available on request.

The Board encourages the attendance and participation of shareholders at the Annual General Meeting and specifically convened General Meetings by holding those meetings in a location accessible by a large number of shareholders. Presentations that are made to analysts or investors are posted in a clearly marked tab on the Company's website.

The Board of Jindalee Resources Limited has adopted a policy to promote effective communication with shareholders. A copy of the policy is available from the Company's website.

Principle 7: Recognise and Manage Risk

Taking and managing risk are central to business and building shareholder value. The Board is responsible for the identification of significant areas of business risk, implementing procedures to assess, monitor and manage such risks and developing policies regarding the establishment and maintenance of appropriate ethical standards to:

- ensure compliance in legal, statutory and ethical matters;
- monitor the business environment, identify potential opportunities & risk areas therein; and
- monitor systems established to ensure prompt and appropriate responses to Stakeholder complaints and/or enquiries.

The Board meets on a regular basis and reviews and monitors the parameters under which such risks will be managed. The Board has established a Risk Management Team ("RMT") which comprises the Managing Director and Company Secretary and any other senior executives the RMT consider appropriate to oversee the daily management of risk and make recommendations to the Board on risk management matters. The RMT is not a committee of the Board and the Board acknowledges that it is ultimately responsible for the implementation of any policies, actions or decisions made by the RMT.

The Managing Director and Company Secretary are required to periodically report to the Board that the Company has a sound system of risk management, that internal compliance and control systems are in place to ensure the implementation of Board policies, and that those systems are operating efficiently and effectively in all material aspects.

The Board also receives a declaration pursuant to s295A of the Corporations Act from the Chief Executive Officer (Managing Director) and Company Secretary prior to the approval of financial statements.

A copy of the risk management policy is available from the Company's website.

Principle 8: Remunerate fairly and responsibly

The Company does not have a formal remuneration policy and has not established a separate remuneration committee and therefore has not complied with recommendation 8.1 and 8.2. Due to the early stage of development and small size of the Company a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for directors and key executives. The Board considers it is more appropriate to set aside time at a Board meeting each year to specifically address matters that would ordinarily fall to a remuneration committee such as reviewing remuneration, succession planning, recruitment, retention and termination procedures and evaluating senior executives remuneration packages and incentives.

In addition, all matters of remuneration will continue to be in accordance with the Corporations Act requirement, especially with regard to related party transactions. That is, none of the directors participate in any discussions or deliberations regarding their own remuneration or related issues.

Remuneration is currently in accordance with the general principles recommended by the ASX, that is, non-executive directors receive a fixed fee for their services and do not receive performance based remuneration. Fees for non-executive directors are not linked to the performance of the Company.

Non-executive directors' remuneration may also include an incentive portion consisting of options to subscribe for shares, subject to approval by Shareholders. The Company has not complied with the ASX Guideline in this regard but considers the nature and quantum of remuneration of its non-executive directors to be appropriate and reasonable for a Company of its size and the granting of options is a useful tool for attracting retaining and motivating quality directors without diminishing the Company's cash resources.

All executives receive either consulting fees or a salary, part of which may be taken as superannuation, and from time to time, options. Options issued to Directors are subject to approval by Shareholders. The Board reviews executive packages annually by reference to the executives performance and comparable information from industry sectors and other listed companies in similar industries.

There are no schemes for retirement benefits for non-executive directors. The Company is required to disclose in its annual report details of Directors' remuneration. A detailed explanation of the basis and quantum of Directors' remuneration is set out in the Directors' Report.

JINDALEE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
		\$	\$
Revenue from continuing operations	4(a)	207,960	287,964
Other income	4(b)	500	500
Employee benefits expense		(187,968)	(281,102)
Share-based payments		(35,000)	-
Depreciation expense	12	(8,440)	(17,950)
Exploration expenditure	13	(235,160)	(305,961)
Impairment of available for sale financial assets	11	(1,199,930)	(1,016,078)
Tenancy and operating expenses		(90,189)	(80,385)
Other administration expenses		(103,453)	(151,320)
Corporate and regulatory expenses		(69,157)	(70,380)
Finance costs		-	(486)
Loss before income tax		(1,720,837)	(1,635,198)
Income tax benefit	5	127,427	581,237
Loss for the year		(1,593,410)	(1,053,961)
Loss attributable to owners of Jindalee Resources Limited		(1,593,410)	(1,053,961)
Other comprehensive loss			
<i>Items that may be reclassified to profit and loss</i>			
Revaluation of investments taken to equity		-	(303,978)
Other comprehensive income/(loss) for the year		-	(303,978)
Total comprehensive income/(loss) for the year attributable to the ordinary equity holders of the Company		(1,593,410)	(1,357,939)
Loss per share for profit/loss attributable to the ordinary equity holders of the Company			
Basic loss per share (cents per share)	7	(4.58)	(3.03)
Diluted loss per share (cents per share)	7	(4.58)	(3.03)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

JINDALEE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	9	5,252,718	5,755,241
Trade and other receivables	10	45,475	36,338
Total Current Assets		5,298,193	5,791,579
NON-CURRENT ASSETS			
Available for sale financial assets	11	2,026,262	3,226,192
Property, plant and equipment	12	27,488	35,928
Exploration and evaluation expenditure	13	162,899	152,645
Total Non-Current Assets		2,216,649	3,414,765
TOTAL ASSETS		7,514,842	9,206,344
CURRENT LIABILITIES			
Trade and other payables	14	21,501	23,095
Dividend payable	8	87,903	87,903
Provision for annual leave		14,294	16,058
Total Current Liabilities		123,698	127,056
NON-CURRENT LIABILITIES			
Deferred tax liabilities	5	-	127,427
Provision for long service leave		6,231	8,538
Total Non-Current Liabilities		6,231	135,966
TOTAL LIABILITIES		129,929	263,021
NET ASSETS		7,384,913	8,943,323
EQUITY			
Contributed equity	15	7,207,254	7,207,254
Accumulated losses	16	(1,757,591)	(164,181)
Reserves	17	1,935,250	1,900,250
TOTAL EQUITY		7,384,913	8,943,323

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**JINDALEE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	Consolidated	
		2014	2013
		\$	\$
Cash flows from operating activities			
Payments in the course of operations		(454,246)	(604,449)
Interest received		197,137	322,601
Interest paid		-	(486)
Net cash (outflow) from operating activities	6	<u>(257,109)</u>	<u>(282,334)</u>
Cash flows from investing activities			
Payments for exploration and evaluation		(245,414)	(294,547)
Net cash (outflow) from investing activities		<u>(245,414)</u>	<u>(294,547)</u>
Cash flows from financing activities			
Payment of dividend		-	(7,640)
Net cash (outflow) from financing activities		<u>-</u>	<u>(7,640)</u>
Net decrease in cash and cash equivalents		(502,523)	(584,521)
Cash and cash equivalents at the beginning of the financial year		5,755,241	6,339,762
Cash and cash equivalents at the end of the financial year	9	<u>5,252,718</u>	<u>5,755,241</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

JINDALEE RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Contributed equity	Share- based payment reserve	Available for sale investments revaluations reserve	Retained earnings/ accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2012	7,207,254	1,900,250	303,978	889,780	10,301,262
Total comprehensive loss for the year:					
Profit/(loss) for the year	-	-	-	(1,053,961)	(1,053,961)
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	(303,978)	-	(303,978)
Total comprehensive loss for the year	-	-	(303,978)	(1,053,961)	(1,357,939)
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance at 30 June 2013	7,207,254	1,900,250	-	(164,181)	8,943,323
Total comprehensive loss for the year:					
Profit/(loss) for the year	-	-	-	(1,593,410)	(1,593,410)
<i>Other comprehensive income</i>					
Revaluation of investments	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,593,410)	(1,593,410)
Transactions with owners in their capacity as owners					
Share-based payments	-	35,000	-	-	35,000
Balance at 30 June 2014	7,207,254	1,935,250	-	(1,757,591)	7,384,913

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. CORPORATION INFORMATION

These financial statements of Jindalee Resources Limited for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of directors on 9 September 2014.

The financial statements cover the Group of Jindalee Resources Limited and its controlled entity. Jindalee Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Jindalee Resources Limited is a for-profit entity for the purposes of preparing the financial statements.

The nature of the operations and principal activities of the Group are described in Note 3.

Unless otherwise stated, policies adopted in the preparation of the financial statements are consistent with those of the previous year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In order to assist in the understanding of the accounts, the following summary explains the material accounting policies that have been adopted in the preparation of the accounts.

(a) Statement of Compliance

The financial statements are a general purpose financial report which has been prepared in accordance with the requirements of applicable Accounting Standards including Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial statements include the consolidated financial statements of Jindalee Resources Limited and its controlled entity.

The consolidated financial statements of Jindalee Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Separate financial statements of Jindalee Resources Limited, as an individual entity, are no longer presented as the consequence of a change to the Corporations Act 2001. Financial information for Jindalee Resources Limited as an individual entity is included in Note 26.

The financial statements are presented in the Australian currency.

(b) New Accounting Standards and Interpretations

The following standards and interpretations relevant to the operations of the Group and effective from 1 July 2013 have been adopted. The adoption of these standards did not have any impact on the current period, any prior period nor is their adoption likely to affect future periods.

- *AASB 10: Consolidated Financial Statements*. AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation - Special Purpose Entities*.
- *AASB 11: Joint Arrangements*. AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities - Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change.
- *AASB 12: Disclosure of Interests in Other Entities*. AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.
- *AASB 13: Fair Value Measurement*. AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

- *AASB 119: Employee Benefits.* The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income.
- *AASB 2011-4: Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124].* This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
- *AASB 2012-2: Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities.* AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.
- *AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.* AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle.
- *AASB 2012-9: Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039.*

New accounting standards and interpretations

The following new and amended accounting standards and interpretations have been published but are not mandatory for the current financial year. The Group has decided against early adoption of these standards, and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations.

New or revised requirement	Application date of standard	Application date for Group
<p><i>AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</i></p> <p>AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p>	1 Jan 2014	1 Jul 2014
<p><i>AASB 9: Financial Instruments</i></p> <p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.</p>	1 Jan 2018	1 Jul 2018

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

New or revised requirement	Application date of standard	Application date for Group
<p><i>AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i>. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.</p> <p><i>AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements.</i></p> <p>The AASB has made amendments to the disclosures required by AASB 136 Impairment of Assets which:</p> <ul style="list-style-type: none"> • remove the requirement to disclose the recoverable amount of all cash generating units (CGU) that contain goodwill or identifiable assets with indefinite lives if there has been no impairment; • require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed; and • require detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. 	1 Jan 2014	1 Jul 2014
<p><i>AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.</p>	1 Jan 2014	1 Jul 2014
<p><i>AASB 1031: Materiality</i></p> <p>The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.</p>	1 Jan 2014	1 Jul 2014
<p><i>AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.</p>	1 Jan 2014	1 Jul 2014

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(c) Basis of Preparation/Accounting

The financial statements have been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

In applying IFRS, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These accounting policies have been consistently applied throughout the period.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial statements for the year ended 30 June 2014 and the comparative information.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Jindalee Resources Limited (“company” or “parent entity”) as at 30 June 2014 and the results of all subsidiaries for the year then ended. Jindalee Resources Limited and its subsidiary together are referred to in the financial statements as the Group or consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the parent entity information disclosures of Jindalee Resources Limited.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Jindalee Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that the amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(e) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, and deposits repayable on demand with a financial institution. The cash and cash equivalents balance primarily consists of funds on term deposit with original maturity at time of purchase of three months or less that are readily convertible to known amounts of cash and which are subject to minimal risk of changes in value.

(f) Trade and Other Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months. Cash on deposit in respect of environmental bonds is not due for settlement until rights of tenure are forfeited or performance obligations are met.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognized in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(g) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax.

Revenue in relation to joint venture agreements is recognised over the period the services are rendered. Revenue from the sale of investments is recorded when all risks and rewards relating to the assets are posted to the third party.

(h) Property, Plant and Equipment

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

Depreciation is calculated using the diminishing value and prime cost methods and is brought to account over the estimated economic lives of all property, plant and equipment. The rates used are based on the useful life of the assets and range from 10% to 40%.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(i) Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's values in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an

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asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

(j) Exploration and Evaluation Expenditure

The Group's policy with respect to exploration and evaluation expenditure is to use the area of interest method. Under this method exploration and evaluation expenditure is carried forward on the following basis:

- i) Each area of interest is considered separately when deciding whether, and to what extent, to carry forward or write off exploration and evaluation costs.
- ii) Exploration and evaluation expenditure related to an area of interest is carried forward provided that rights to tenure of the area of interest are current and that one of the following conditions is met:
 - such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
 - exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Exploration and evaluation costs accumulated in respect of each particular area of interest include only net direct expenditure.

(k) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(l) Employee Entitlements

The Group's liability for employee entitlements arising from services rendered by employees to reporting date are recognised in other payables. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

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

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(m) Share Based Payment Transactions

Share based payments

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using a black-scholes model.

(n) Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial period.

(ii) Diluted Earnings Per Share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the period.

(o) Contributed Equity

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

(p) Income Tax and Other Taxes

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

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

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

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

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

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

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

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

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

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

Goods & Services Tax

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

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

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

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

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

(q) *Critical Accounting Estimates and Judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised exploration and evaluation expenditure

The Group's accounting policy is stated at 1(j). There is some subjectivity involved in the carrying forward as capitalised or writing off to the statement of profit or loss and other comprehensive income exploration and evaluation expenditure, however management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure fairly reflect the prevailing situation.

(r) *Investment and other financial assets*

Financial Instruments

The Group has exposure to interest rate risk which is the risk that the Group's financial position will be adversely affected by movements in interest rates. Interest rate risk on cash and short term deposits is not considered to be a material risk due to the short term nature of these financial instruments.

The Group has no monetary foreign currency assets or liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

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Available for sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Details on how the fair value of financial instruments is determined is disclosed in Note 19 and 22.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as available-for-sale are recognised in equity.

(s) Provisions

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(u) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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3. SEGMENT INFORMATION

Management has determined that the Group has one reportable segment, being mineral exploration in Australia. As the Group is focused on mineral exploration, the Board periodically monitors the Group based on actual versus budgeted exploration expenditure incurred on the Group as a whole. This internal reporting framework is most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration programmes and activities, while also taking into consideration the results of exploration work that has been performed to date.

	Jindalee	Total
	\$	\$
Year ended 30 June 2014		
<i>Reconciliation of segment revenue to Group revenue</i>		
Revenue from external sources	-	-
Unallocated revenue	-	207,960
Total revenue	-	207,960
 <i>Reconciliation of segment result to Group profit</i>		
Segment result	(1,622,558)	(1,622,558)
Unallocated		
- Interest revenue		207,960
- Corporate expenses and other costs		(306,239)
Loss before tax		(1,720,837)
 As at 30 June 2014		
<i>Reconciliation of segment assets to Group assets</i>		
Segment assets	7,514,842	7,514,842
Intersegment eliminations		-
Total assets		7,514,842
 <i>Reconciliation of segment liabilities to Group liabilities</i>		
Segment liabilities	129,929	129,929
Intersegment eliminations		-
Total liabilities		129,929

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3. SEGMENT INFORMATION (continued)

	Jindalee	Total
	\$	\$
Year ended 30 June 2013		
<i>Reconciliation of segment revenue to Group revenue</i>		
Revenue from external sources	-	-
Unallocated revenue	-	287,964
Total revenue	-	287,964
 <i>Reconciliation of segment result to Group profit</i>		
Segment result	(1,628,367)	(1,628,367)
Unallocated		
- Interest revenue		287,964
- Corporate expenses and other costs		(302,084)
Loss before tax		(1,642,488)
 As at 30 June 2013		
<i>Reconciliation of segment assets to Group assets</i>		
Segment assets	9,206,344	9,206,344
Intersegment eliminations		-
Total assets		9,206,344
 <i>Reconciliation of segment liabilities to Group liabilities</i>		
Segment liabilities	263,021	263,021
Intersegment eliminations		-
Total liabilities		263,021

4. REVENUE

	2014	2013
	\$	\$
(a) From continuing operations		
Interest	207,960	287,964
 (b) Other revenue		
Underwriting fee	500	500

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5. TAXATION

	2014	2013
	\$	\$
(a) Income tax expense		
Current tax	-	-
Deferred tax	(127,427)	(581,237)
	(127,427)	(581,237)
Deferred income tax expense included in income tax expense comprises:		
(Decrease)/increase in deferred tax liability	(127,427)	(581,237)
Fair value movements through reserve	-	-
	(127,427)	(581,237)
Opening balance - deferred tax liability	127,427	708,664
Movement for period	(127,427)	(581,237)
Closing Balance – deferred tax (asset)/liability	-	127,427
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax : (per other comparatives)	(1,720,836)	(1,642,488)
Tax at the Australian tax rate of 30% (2013: 30%)	(516,251)	(492,746)
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible expenses	280	518
Valuation impairment recognised in equity	-	(89,009)
Tax losses not recognised	378,044	-
Share-based payments	10,500	-
Total income tax expense/(benefit)	(127,427)	(581,237)

The franking account balance at year end was \$nil (2013: \$nil).

Jindalee Resources Limited and its wholly owned subsidiary have not implemented the tax consolidation legislation.

Jindalee Resources Limited has unrecognised deferred tax assets at year-end of \$378,044 (2013: nil) representing unrecognised tax losses.

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6. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2014	2013
	\$	\$
Loss after income tax	(1,593,410)	(1,053,961)
Exploration expenditure written off	235,160	305,961
Depreciation	8,440	17,950
Impairment of available for sale financial assets net of tax	1,199,930	1,016,078
Share-based payments	35,000	-
Change in operating assets and liabilities during the financial year:		
(Increase)/decrease in trade and other receivables	(10,823)	34,637
Increase/(decrease) in trade and other payables	91	(10,366)
Increase/(decrease) in provisions	(4,071)	(11,396)
Increase/(decrease) in deferred tax	(127,427)	(581,237)
Net cash (outflow) from operating activities	<u>(257,109)</u>	<u>(282,334)</u>

7. EARNINGS PER SHARE

	2014	2013
	\$	\$
Loss used in calculation of basic and diluted loss per share	(1,593,416)	(1,053,961)
Basic loss per share (cents per share)	(4.58)	(3.03)
Diluted loss per share (cents per share)	(4.58)	(3.03)
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share.	34,794,775	34,794,775
Adjustments for calculation of diluted loss per share:		
- Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	<u>34,794,775</u>	<u>34,794,775</u>

Options on issue were not considered to be dilutive as their impact would have been to increase the loss per share.

8. DIVIDENDS

As at 30 June 2014 the Company held \$87,903 in unclaimed dividends (2013: \$87,903).

No dividend has been declared for the year ended 30 June 2014 (2013: nil).

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9. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Term deposits	5,024,276	5,608,530
Cash at bank	228,442	146,711
	<u>5,252,718</u>	<u>5,755,241</u>

Term deposits include \$65,071 deposited as a guarantee. The Group's exposure to interest rate risk is disclosed in Note 19.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
<i>Current</i>		
Trade and other receivables	45,475	36,338
	<u>45,475</u>	<u>36,338</u>

Trade and other receivables are denominated in Australian dollars are interest free with settlement terms of between 7 and 30 days. No trade receivables were past due or impaired as at 30 June 2014 (2013: nil).

Due to the short-term nature of these receivables their carrying value is assumed to be their fair value. Please refer to Note 19 for information on credit risk.

11. NON-CURRENT AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014	2013
	\$	\$
Shares in listed corporations	2,026,262	3,226,192
	<u>2,026,262</u>	<u>3,226,192</u>

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

At 30 June 2014 the market value of the Group's shareholding in Energy Metals was \$1,684,594 (2013: \$2,597,082). The movement in shares in listed corporations includes an impairment of \$1,199,930 (2013: \$1,016,078) mainly attributed to the prolonged decrease in the Alchemy Resources and Energy Metals respective share price, with the balance of the movement, net of tax, arising from adjustments for the movement in fair value of shares in listed corporations.

Refer to Note 19 for information on Group's exposure to price risk.

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12. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	2014	2013
	\$	\$
Plant and equipment - at cost	182,547	182,547
Less: accumulated depreciation	(155,059)	(146,619)
	27,488	35,928
Reconciliation of the carrying amount of property, plant and equipment:		
Carrying amount	35,928	53,878
Additions	-	-
Less: depreciation expense for year net of disposals	(8,440)	(17,950)
Carrying amount	27,488	35,928
Total property, plant and equipment	27,488	35,928

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION EXPENDITURE

	2014	2013
	\$	\$
Balance at beginning of year	152,645	164,059
Exploration expenditure incurred	245,414	294,547
Exploration expenditure written off	(235,160)	(305,961)
Balance at the end of the year	162,899	152,645

The balance carried forward represents projects in the exploration and evaluation phase.

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

14. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Trade payables	21,501	23,095

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

The carrying value of trade and other payables are assumed to be the same as their fair values, due to their short term nature.

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15. CONTRIBUTED EQUITY

	2014	2013
	\$	\$
Share capital		
34,794,775 ordinary fully paid shares (2013: 34,794,775)	7,207,254	7,207,254

Ordinary shares participate in dividends. On winding up of the Group any proceeds would be distributed in proportion to the number of the shares held.

At shareholder meetings on a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16. ACCUMULATED LOSS

	2014	2013
	\$	\$
Retained earnings at the beginning of the financial year	(164,181)	889,780
Loss attributable to members of the Group	(1,593,410)	(1,053,961)
Accumulated losses at the end of the financial year	(1,757,591)	(164,181)

17. RESERVES

	2014	2013
	\$	\$
Share-based payment reserve		
Balance at the beginning of the year	1,900,250	1,900,250
Share-based payments	35,000	-
Balance at the end of the year	1,935,250	1,900,250
Available for sale investments revaluations reserve		
Balance at the beginning of year	-	303,978
Revaluation /disposal of investments	-	(303,978)
Balance at the end of the year	-	-
Total reserves	1,935,250	1,900,250

Nature and purpose of the reserves:

- (i) The share-based payments reserve is used to recognise the fair value of options issued but not exercised.
- (ii) The available for sale investment revaluation reserve is used to recognise the change in fair value.

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18. SHARE BASED PAYMENT TRANSACTIONS

Share based payments transactions are recognised at fair value in accordance with AASB 2. The adoption of AASB 2 is equity-neutral for equity-settled transactions. The expense in the year was \$35,000 (2013: \$nil).

Employee Share Option Plan

Jindalee Resources Limited Employee Share Option Plan (“ESOP”) was established to encourage all eligible directors, executive officers and employees who have been continuously employed by the Group to have a greater involvement in the achievement of the Group’s objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Group through share ownership.

The ESOP allows the Group to issue free options to eligible persons. The options can be granted free of charge and are exercisable at a fixed price in accordance with the rules of the ESOP. All options on issue are fully vested at grant date.

Set out below are summaries of options granted under the plan:

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
2014								
28/11/2013	30/06/2017	\$0.50	-	500,000	-	-	500,000	500,000
20/06/2011	30/06/2014	\$0.75	2,850,000	-	-	2,850,000	-	-
	Weighted average exercise price			\$0.50	-	-	\$0.50	\$0.50
2013								
20/06/2011	30/06/2014	\$0.75	2,850,000	-	-	-	2,850,000	2,850,000
	Weighted average exercise price		\$0.75	-	-	-	\$0.75	\$0.75

The weighted average remaining contractual life of share options outstanding at the end of the period is 3 years (2013: 1 year).

Fair Value of Share Options and Assumptions

The fair value of services received in return for share options granted to directors is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology. This life of the options and early exercise option are built into the option model.

The assumptions used for the options valuation are as follows:

Exercise Price	\$0.50
Expected Life	3 years
Share Price at Time of Issue	\$0.20
Expected Volatility	60%
Dividend Yield	0%
Risk Free Interest Rate	3.31%
Option Value	0.070 cents

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19. FINANCIAL AND CAPITAL RISK MANAGEMENT

(a) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern.

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders. In order to achieve this object, the Group seeks to maintain a capital structure that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or sourcing of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

The capital structure of the Group consists of cash and cash equivalents (Note 9) and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings (accumulated losses) as disclosed in Notes 15, 16 and 17 respectively.

(b) Significant Accounting Policies

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

(c) Categories of Financial Instruments

	2014	2013
	\$	\$
Financial Assets		
<i>Current</i>		
Cash and cash equivalents	5,252,718	5,755,241
Trade and other receivables	45,474	36,337
Total Current Financial Assets	5,298,192	5,791,579
<i>Non-current</i>		
Available for sale financial assets ¹	2,026,262	3,226,192
Total Non-Current Financial Assets	2,026,262	3,226,192
Financial Liabilities		
<i>Current</i>		
Trade and other payables	109,404	110,998
Total Current Financial Liabilities	109,404	110,998

¹Refer to note 22 for details of fair value of available for sale financial assets

(d) Credit Risk Exposure

As at the reporting date, the Group has no significant concentrations of credit risk. The carrying amount reflected above represents the Group's maximum exposure to credit risk.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(e) Interest Rate Risk Exposure

The Group's exposure to interest rate risk arises from assets bearing variable interest rates. The weighted average interest rate on cash holdings was 3.50% at 30 June 2014. All other financial assets and liabilities are non interest bearing. The net fair value of the Group's financial assets and liabilities approximates their carrying value.

The Group invests its surplus funds on deposit with Australian banking financial institutions, namely the National Australia Bank, ANZ Bank, Bank of Queensland and Goldfields Money. For banks and financial institutions, only independently rated parties with a minimum rating of AA- are accepted.

The table below summarises the impact of an increase/decrease in interest rates received on cash deposits held at year end on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that rates increased/decreased proportionally by 10% with all other variables held constant.

	2014	2013
	\$	\$
Impact on profit and equity		
Increase of 10%	20,796	28,800
Decrease of -10%	(20,796)	(28,800)

(f) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available for sale. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The table below summarises the impact of an increase/decrease in prices of securities held at year end on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the prices of all securities increased/decreased by 10% with all other variables held constant.

	2014	2013
	\$	\$
Impact on profit and equity		
Increase of 10%	202,626	322,619
Decrease of -10%	(202,626)	(322,619)

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

19. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

(g) Liquidity Risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet our financial commitments in a timely and cost-effective manner. The Board reviews the Group's liquidity position on a regular basis including cash flow statements to determine the forecast liquidity position and maintain appropriate liquidity levels. Note 14 details the Group's current obligations.

There are no unused borrowing facilities from any financial institution.

(h) Fair Values

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

Consolidated	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents	5,252,718	5,755,241
Trade and other receivables	45,474	36,337
Available for sale financial assets	2,026,262	3,226,192
Total Financial Assets	<u>7,324,454</u>	<u>9,017,771</u>
Financial Liabilities		
Trade and other payables	109,404	110,998
Total Financial Liabilities	<u>109,404</u>	<u>110,998</u>

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/payables

Due to the short term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Available for sale financial assets

The current bid price as at 30 June 2014 is used to determine the carrying value of the available for sale financial assets and any movement is taken to the reserve. An impairment loss of available for sale financial assets is taken to the statement of comprehensive income.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Refer to note 22 for further details.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The table following analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2014				
Available-for-sale financial asset	2,026,262	-	-	2,026,262
Total as at 30 June 2014	2,026,262	-	-	2,026,262
30 June 2013				
Available-for-sale financial asset	3,226,192	-	-	3,226,192
Total as at 30 June 2013	3,226,192	-	-	3,226,192

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value.

23. CONTROLLED ENTITIES

	% held					Investment at Cost	
Controlled Entities	2014	2013	Class	State of Incorporation	Date of Incorporation	2014	2013
						\$	\$
Eastmin Pty Limited	100%	100%	Ord	WA	15/04/05	2	2

The date of acquisition of the controlled entities was on the date of incorporation. The fair value of net assets acquired at the date of acquisition was nil.

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

24. RELATED PARTY TRANSACTIONS

- (a) Parent entities
The parent entity within the Group is Jindalee Resources Limited.
- (b) Subsidiaries
Interests in subsidiaries are set out in Note 23.
- (c) Key management personnel compensation

	2014	2013
	\$	\$
Short-term employee benefits	287,577	323,125
Post-employment benefits	13,878	17,640
Share-based payments	35,000	-
	336,455	340,765

Disclosures relating to key management personnel are set out the Directors' report.

25. REMUNERATION OF AUDITORS

	2014	2013
	\$	\$
Amounts paid or payable at 30 June to the auditors for:		
Audit and review of financial statements	29,000	29,000
Total remuneration for audit and other assurance services	29,000	29,000

JINDALEE RESOURCES LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

26. PARENT ENTITY FINANCIAL INFORMATION

The following details information related to the parent entity, Jindalee Resources Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

	2014	2013
	\$	\$
Financial Position		
<i>Assets</i>		
Current assets	4,580,957	5,058,626
Non-current assets	2,522,384	3,733,230
Total assets	7,103,341	8,791,856
<i>Liabilities</i>		
Current liabilities	123,698	127,055
Non-current liabilities	6,231	135,966
Total liabilities	129,929	263,021
Net assets	6,973,412	8,528,835
<i>Equity</i>		
Issued capital	7,207,254	7,207,254
Accumulated losses	(2,169,092)	(578,669)
Reserves	1,935,250	1,900,250
Total equity	6,973,412	8,528,835
Financial Performance		
Loss for the year	(1,590,423)	(972,577)
Other comprehensive loss	-	(303,978)
Total comprehensive loss	(1,590,423)	(1,276,555)

No guarantees have been entered into by Jindalee Resources Limited in relation to the debts of its subsidiary.

Jindalee Resources Limited had no commitments or contingent liabilities at year end other than those disclosed in Notes 20 and 21.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations, the results of those operations, or the state of affairs of the Group in future financial years.

JINDALEE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ACN 064 121 133

DECLARATION BY DIRECTORS

The Directors of the Group declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001*, and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.
4. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with international financial reporting standards.

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



L G DUDFIELD

Executive Chairman/Managing Director

1st day of September 2014 at Perth, Western Australia.

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF JINDALEE RESOURCES LIMITED

As lead auditor of Jindalee Resources Limited for the year ended 30 June 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 Jindalee Resources Limited and the entity it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 1 September 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Jindalee Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Jindalee Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other 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 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Jindalee Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Jindalee Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Glyn O'Brien
Director

Perth, 1 September 2014