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AND

CONTROLLED ENTITIES

Annual Report
For the year ended
30 June 2013

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Ian D. Finch

EXPLORATION DIRECTOR

Mark Le Grange

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Managing Director's Letter

Dear members,

Industry uncertainties, caused as a result of weak equity markets worldwide, persisted throughout much of last year. These uncertainties have been felt, more acutely at the high risk end of the spectrum (exploration), with many companies floundering, and in some cases, disappearing entirely. Conditions have been exacerbated by weak political leadership in this country and a general misunderstanding of the Chinese "slow down" to a planned 7.5% growth level (wouldn't Australia and the rest of the world like to have that problem?).

What should an innovative, aspiring mining house do under such circumstances?

The options are few – asset sales, staff reductions, hibernation and inactivity amongst them. This has been the route followed by many explorer companies around the world.

This is not the Trafford way!

Please excuse the sporting / military parallel here - but most often the best form of defence is attack. In this instance, and at this time, there are many good reasons to adopt this stance.

- Most of our assets have been hard won and are valuable.
- Selling them at the bottom of the market (even if possible) realises the worst price for them.
- On the contrary – buying low cost, high value assets at this time will pay dividends later (remember the Robust investment of 2008.).
- The industry is cyclical – it will not remain down for ever.
- On an upswing the Company needs a high quality, dedicated staff to hit the ground running – not a set of untested, new recruits.
- It is a great time to get out on the ground and prepare drilling targets for the inevitable market upswing utilising low cost techniques – like geological mapping and geochemical sampling.

Trafford is extremely fortunate in that many of you, the shareholders of the Company, know and understand this philosophy. With your continued support we have been able to grow our asset base substantially over the past seven years – despite massive financial and market obstacles, since 2008. At the same time we have been able to maintain a tight capital structure, the envy of many junior resource companies.

The year ahead is, once again, full of excitement and promise.

Our timely, and low cost, investment in ASX listed Orinoco Gold Limited provides the Company with enormous upside potential in the gold sector, whilst, at the same time, allowing us with the perfect entree into the unlocked mineral wealth of South America.

At Wilcherry Hill, in South Australia, we have, along with others in the area, been instrumental in developing a whole new mineral field – the commercial extent of which remains limitless. Our exploration efforts at Wilcherry Hill in the past year have highlighted the potential for exciting new discoveries of Silver (Black Hill and Ultima Dam West), Tin (Zealous), Tungsten (Golden Gate) and Manganese (Hercules and Pier Prospect). Although not further tested in the year, the lead, zinc and silver at Telephone Dam, remains a high priority target when suitable drilling funds become available.

With an eye to the future, your Company has also acquired control of over 7,000 Km² of exploration tenements around the large Challenger gold mine in the highly prospective North Gawler Craton, also in South Australia.

In all, Trafford controls the third largest tenement package in South Australia behind BHP and Rio Tinto!

Drilling at the Twin Peaks iron ore project in Western Australia was highly successful with large intersections of direct shipping grades of over 65% Fe being achieved. The Company is now well on its way to earning a 51% stake in this potentially lucrative project, with the real possibility of achieving over an 80% stake in the not too distant future.

Last, but by no means least, Trafford's involvement in the IronClad joint venture (20:80) became increasingly active during the year. As a result of the temporary downturn in iron prices early in the year, Trafford instigated a total review of all projected capital and operating costs at the Wilcherry Hill Iron Ore project. This full scale review has taken most of the year but is now nearing completion and, as a result, the mine start up draws ever closer.

The coming year promises to be a game changing year for your Company with income from the IronClad J/V funding increased levels of exploration on strong targets, already outlined by our skilled geological staff.

Once again I thank you sincerely for your continued support and look forward to the coming year with great anticipation and excitement.



Ian Finch
Managing Director

30th August 2013

Project Overview

Wilcherry Hill

The Wilcherry Hill area represents Trafford's flagship poly-metallic Project lying within the highly prospective Gawler Craton of South Australia. The Craton is host to the world-class Olympic Dam copper-uranium-gold mine and is the site of gold, silver, iron and copper projects both as operating mines and major new developments.

Since listing Trafford has pioneered the discovery of numerous economic intersections of Iron Ore, Gold, Silver, Lead, Zinc, Tin, Manganese, Copper and Uranium at Wilcherry Hill. Mineralisation is hosted in various Skarn and Epithermal Deposits within hosted carbonate sediments that have been intruded by mineralising fluids from the known Hiltaba granite suite. Mineralisation has also been concentrated along major shear zones and faults associated with the emplacement of the overlying Gawler Range Volcanics.

Recent success of the discovery of high grade Tin (7m @ 3.16% Tin (Sn)) at our Zealous prospect is an example of the high grade nature and prospectivity of mineralisation at Wilcherry Hill.

The Wilcherry Hill Project was initially comprised of four Exploration Licenses, covering 976 km². Contiguous title to most of the area has been held since the early 1980's. The original tenements were explored by, amongst others, Shell, Aberfoyle and Anglo Gold. Aquila Resources Ltd acquired the project from AngloGold in 2002. Trafford Resources subsequently acquired the tenements from Aquila on 28 February 2006. Since then an additional three Exploration Licenses were added to the project in 2010, 2011 and 2012 respectively, Mount Double (EL4443), Mount Miccollo (EL4748), and Pinkawillinie (EL4870). The project area expanded to over 1,476 km². In 2012 Trafford again expanded its footprint in the Wilcherry Hill area to a total of 2,692km² with the granting of two tenements; Reid Lookout (EL4945) and Siam (EL4946).

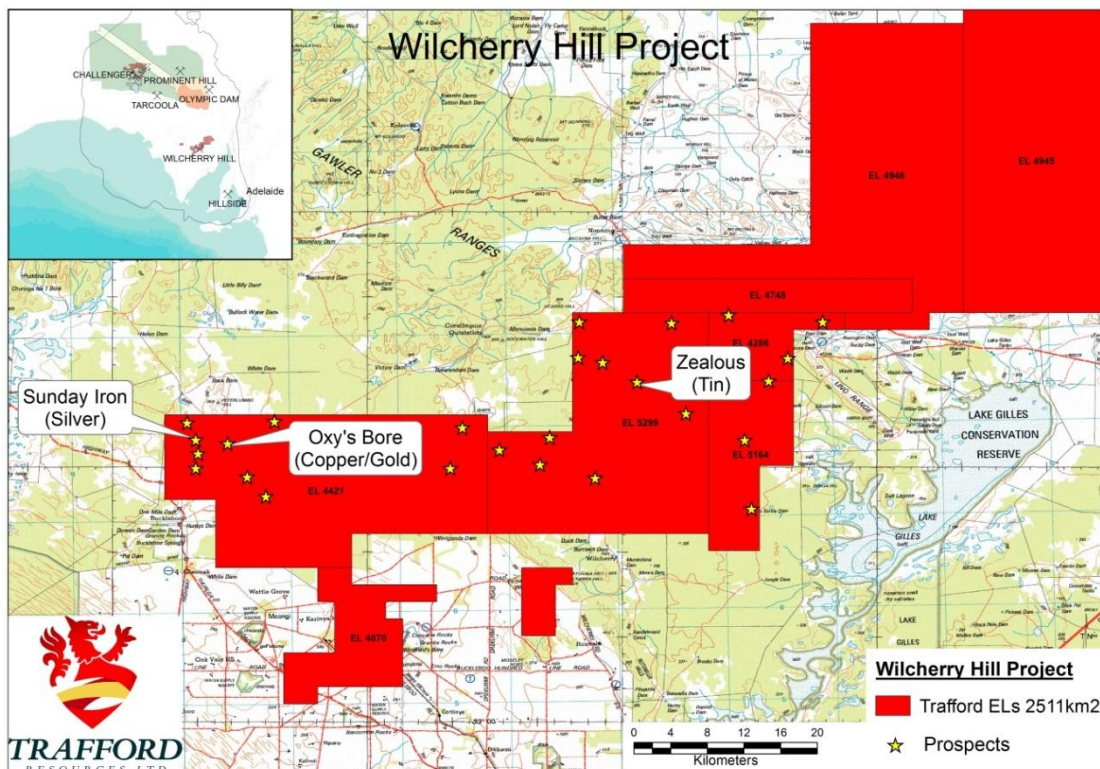


Figure 1: Wilcherry Hill Project tenements showing position of currently active Projects

Project Overview

Regional trends are strengthening as more discoveries are made along strike, around and in Trafford's ground, both at Wilcherry Hill and Challenger.

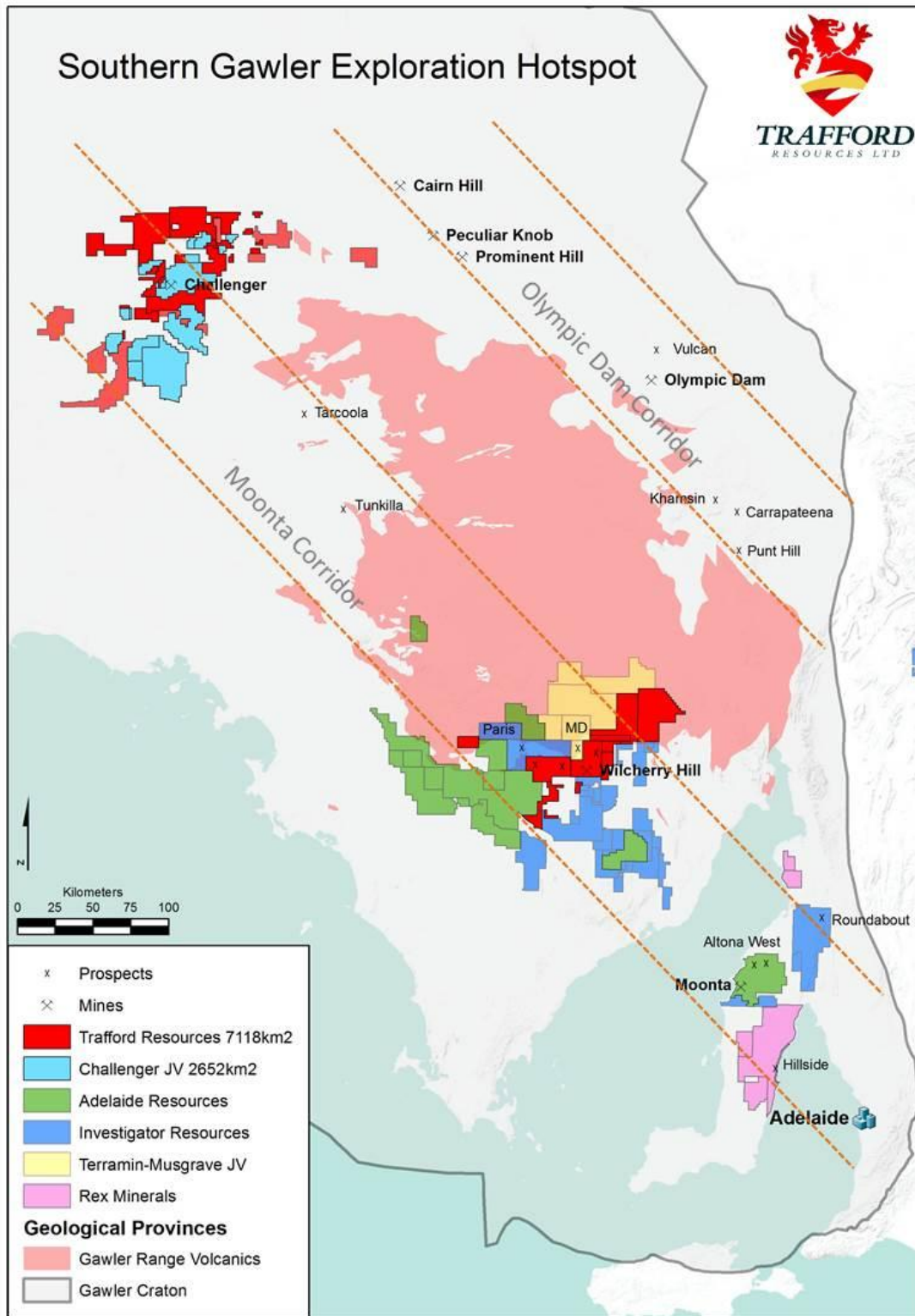


Figure 2: Regional trends of new discoveries on the Gawler Craton

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Project Overview

Black Hill

Trafford announced a new discovery of high grade silver at the “Sunday Iron” prospect in the Black Hill Prospect area, West of Wilcherry Hill in South Australia during the year. The high grade silver intersection is within the North West – South East mineralised corridor recognised by both Investigator Resources (ASX: IVR) and Trafford and encompasses Investigator’s Paris silver deposit as well as many highly rated drill targets established by both companies.

Recent drilling at the “Sunday Iron” Prospect (aka “Black Hills West”) by IronClad Mining Limited (ASX: IFE) revealed geology with the potential to host base and precious metals. Initial assays from two down hole sections of hole 12BWRC020 returned results of

- 5m from 71-76m @ 493g/t Silver (Ag), 0.58% Lead (Pb) and 0.27% Zinc (Zn) including 1m @ 950g/t Silver (Ag), 1.08% Lead (Pb) and 0.39% Zinc (Zn) and
- 3m from 82-85m @ 71g/t Silver (Ag), 0.23% Lead (Pb) and 0.1% Zinc (Zn) including 1m @ 150g/t Silver (Ag), 0.38% Lead (Pb) and 0.11% Zinc (Zn).

The mineralisation reported remains open in all directions and Trafford are currently busy with a drilling and re-assay program to test the extent of this high Silver mineralisation.

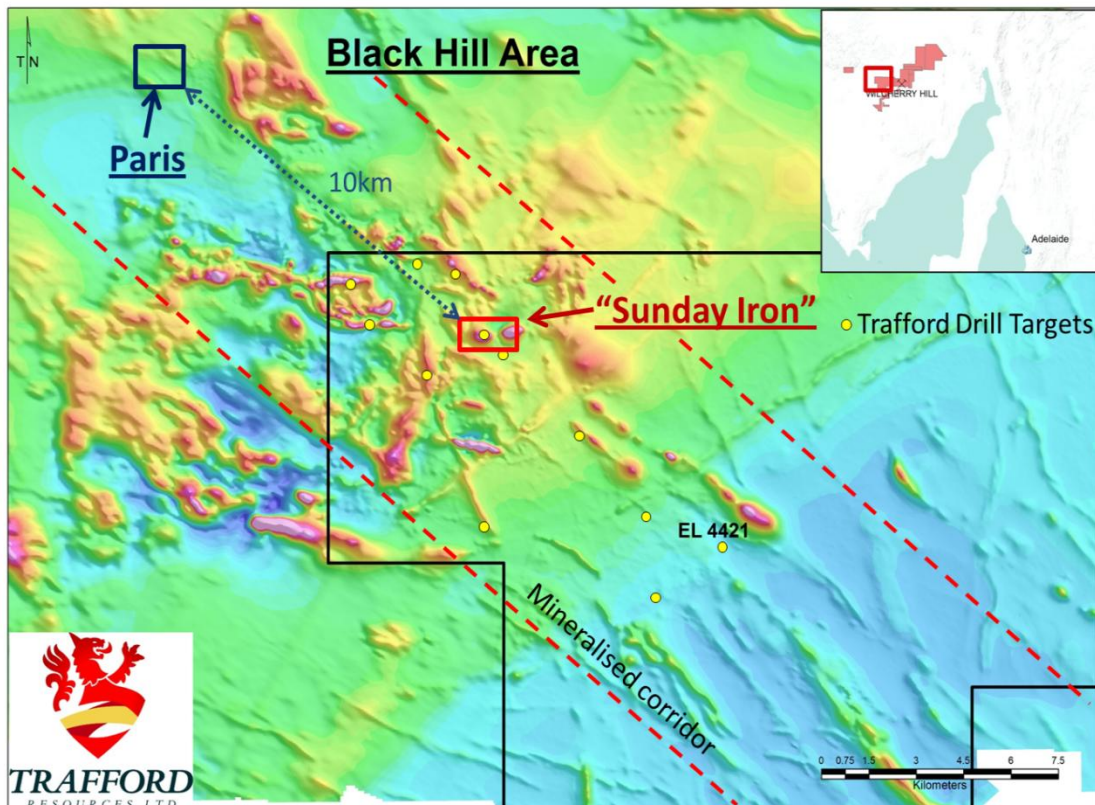


Figure 3: “Sunday Iron” location in relation to Investigator Resources’ Paris Silver Deposit

Project Overview

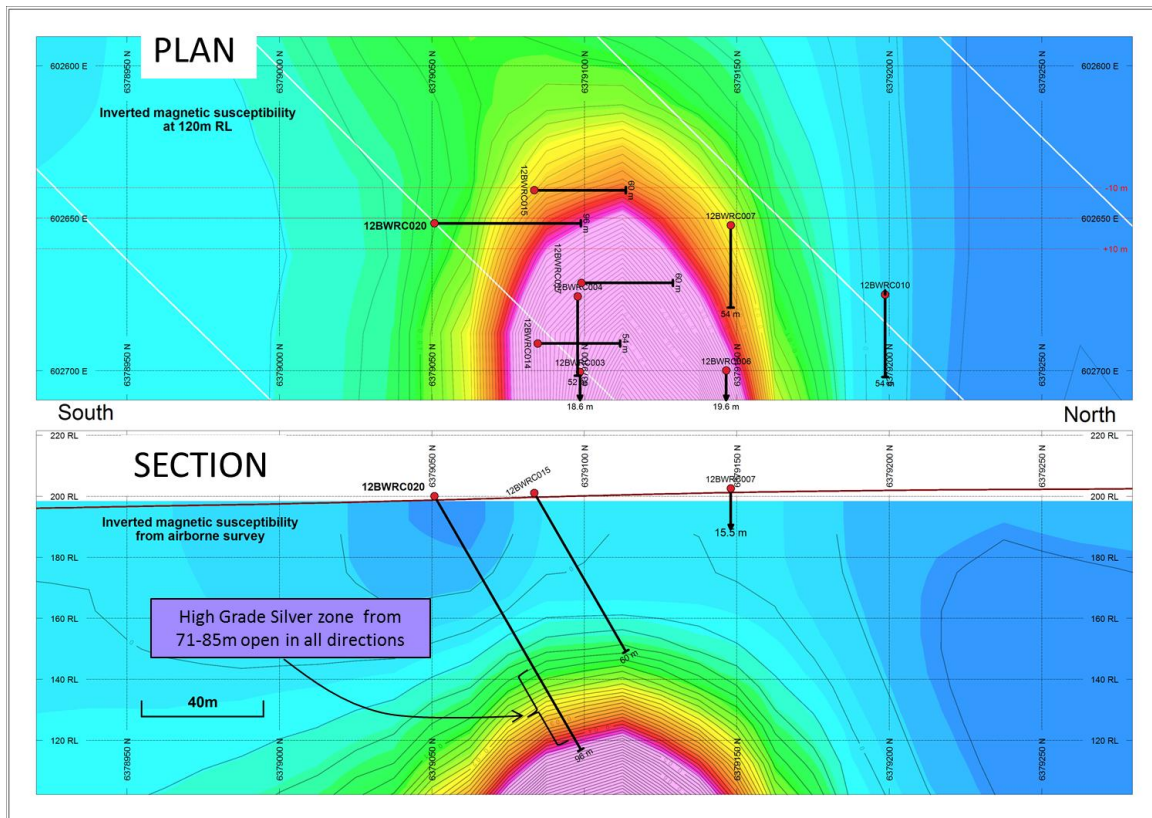


Figure 4: Cross section showing magnetic susceptibility at “Sunday Iron”

Zealous

During the year, Trafford Resources announced that 7m @ 3.16% Tin (Sn) was intersected at its Wilcherry Hill project in South Australia. The hole 12ZLRC007 is one of 10 holes recently drilled at the Zealous Prospect. RC drilling of further holes at Zealous are currently underway.

New tin mines being targeted for production are in the order of 0.5% tin for open pits and 1% for underground. Tin enjoys the highest price amongst the mainstream London Metal Exchange (LME)-traded metals at a prevailing price of around US\$20,000 / tonne. For comparative purposes, the next highest-priced LME mainstream metal is nickel, with a current price in the order of US\$15,000 per tonne. Furthermore, the concentrate off take terms for tin are amongst the most attractive of the LME metals (more favourable than for nickel for example), which further adds weight to the importance of the high-grade nature of the tin discovery at the Zealous Prospect.

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Project Overview

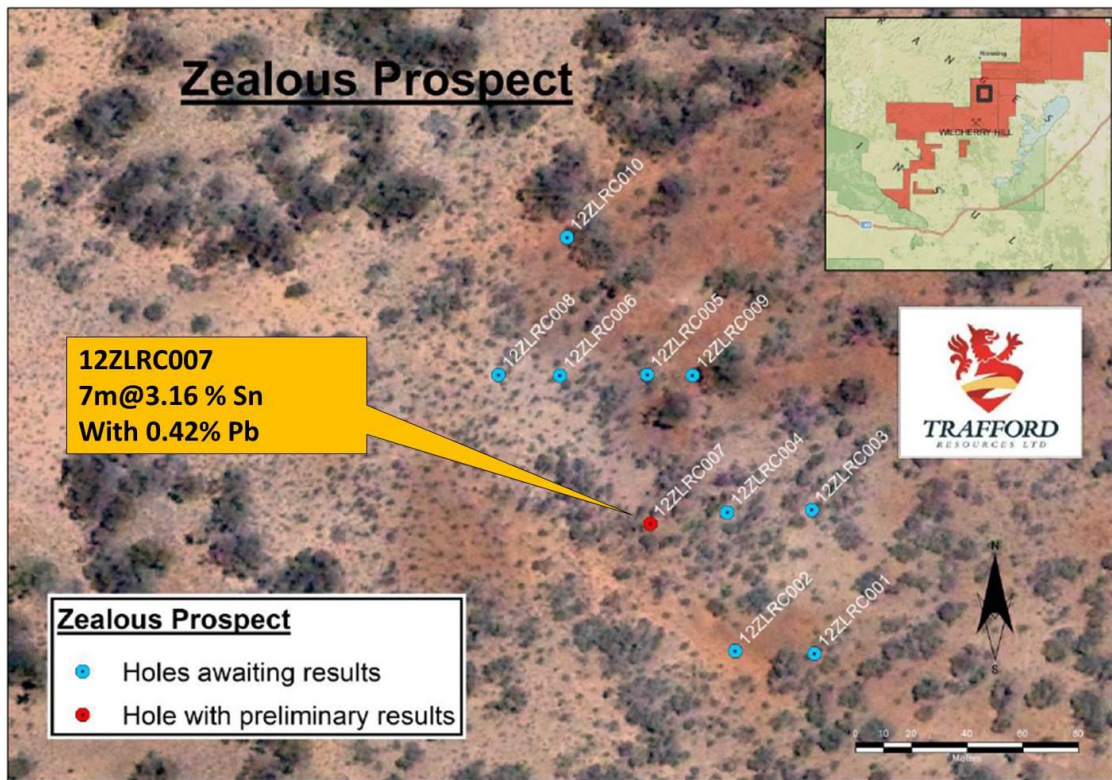


Figure 5: Location of drill holes at Zealous Prospect

Death Adder

Final results have been received for first pass drilling at the 10km x 2.5km Death Adder IOCG target. The massive target is defined by a coincident copper in soil anomaly overlying a deep gravity anomaly. Magnetic anomalies occur along the flanks of the gravity feature – a characteristic which is seen in other IOCG systems in South Australia. A crustal scale conductivity anomaly detected during an MT/seismic survey by PISRA and Geoscience Australia in 2008-09 adds to the potential of a large mineralisation system at Death Adder. Additionally a slightly offset chargeability anomaly was also detected from an Induced Polarisation (IP) survey carried out prior to the drilling. Three holes were planned though due to difficult drilling conditions some re-drilling was required.

Project Overview

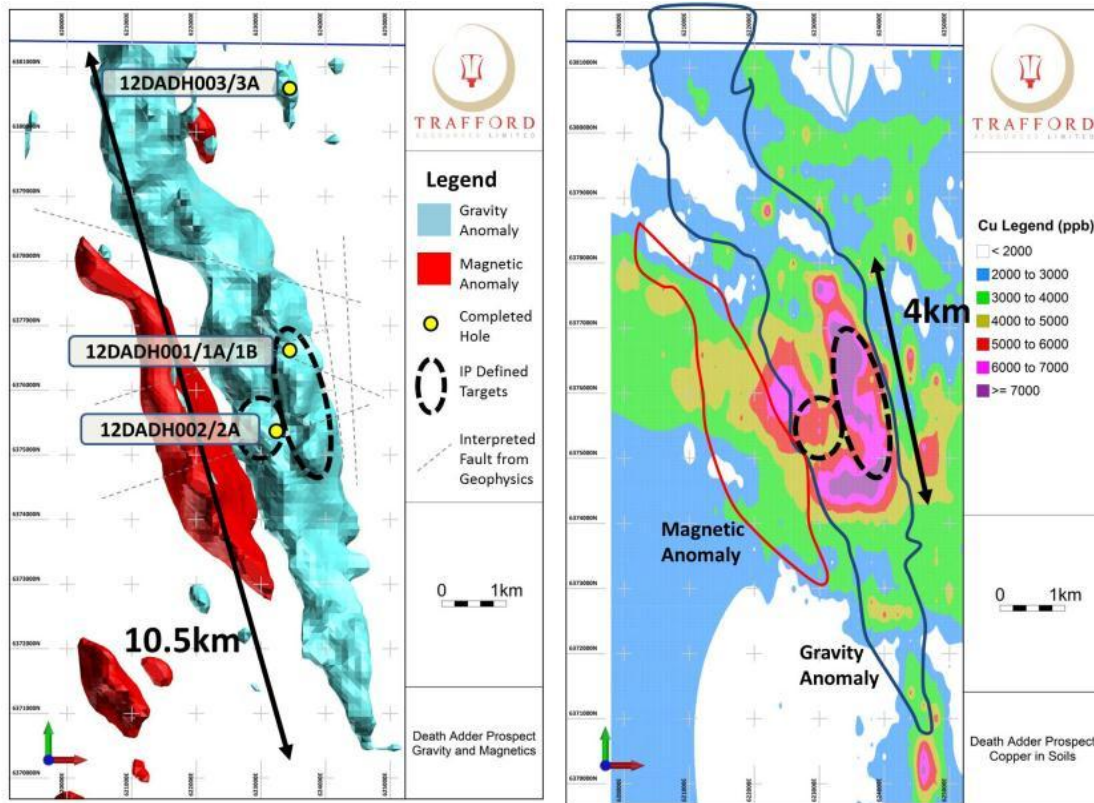


Figure 6: Death Adder target showing magnetics/gravity (left). Copper in soil anomaly (right)

Hole ID	Depth From (m)	Depth To (m)	Interval (m)	Ag (ppm)	Pb (%)	Zn (%)	Au (ppm)	As (ppm)	Cu (ppm)	W (ppm)
12DADH001	10	11	1	0.5			0.28	300	135	
12DADH001	185.9	190	4.1	1		0.1				
12DADH001	220	223	3	24.43	0.94	0.65	0.015	18.5		
including	220.6	221.2	0.6	85	3.37	1.71	0.04			
12DADH001B	540	541	1	3.3	0.003	0.011				
12DADH001B	645.6	645.9	0.03	1.3	0.11	0.09	0.08	1045		
12DADH001B	612	614.1	2.1	1.93	0.03	0.05	0.02	15.5	160	
12DADH001B	785	786	1	2.3	0.004	0.015				
12DADH001B	617	622	5	8.7	0.46	0.1		44	97	
including	617	619	2	16.1	0.9	0.17		93	105	
including	618	618.6	0.6	31.5	1.88	0.21		55	100	
12DADH003	43	56	13	3.33				39.7	97	
including	46	52	6	5.2				48	162	
including	50	52	2	7.5				50	190	
12DADH003	156	158	2							560
12DADH003A	129	131	2	0.3					745	
12DADH003A	293	294	1	1		0.15	0.01	550		

Table 1: Significant intercepts from Death Adder drilling

Project Overview

Hole 12DADH001B was drilled to 799m and is one of the deepest exploration drill holes on the Eyre Peninsula. The hole was targeting the soil anomaly as well as the gravity and chargeability anomalies. The periphery of the chargeability feature was drilled, however due to difficult ground conditions the hole was steered away from the main chargeability high leaving it untested. The drill hole returned no evidence for the presence of the gravity anomaly or copper values high enough to explain the overlying soil anomaly. The intersections of elevated base metals, 0.6m @ 5.08% Pb+Zn and 85ppm Ag, appear to be more geologically similar to the Menninnie Dam and Telephone Dam Lead-Zinc-Silver projects displaying replacement of carbonate with lead (galena), zinc (sphalerite) and iron (pyrite, pyrrhotite) sulphides in veins.

Holes 12DADH003 and 12DADH003A were drilled to test a separate gravity anomaly in the north where a hematite breccia rock sample at surface returned results of 1.44ppm Au, 12.5ppm Ag and 41% Fe. The intersection of 13m @ 3.33ppm Ag from hole 12DADH003 is encouraging considering the hole failed to hit the gravity target due to adverse drilling conditions. The confirmed presence of epithermal style Ag-Au mineralisation in the area may be applicable to the periphery of the northern gravity target which could indicate an underlying intrusive. The drill hole 12DADH003A which was drilled into the gravity target was unsuccessful in explaining the anomalous geochemistry and gravity anomaly. This suggests the structure is likely to be more steeply dipping than the current geophysics implies. Re-modelling and geological interpretation of the data is underway while further detailed gravity work is being planned.

Hercules

Recent drilling at the Hercules Prospect at Trafford's 100% owned Wilcherry Hill project in South Australia by IronClad Mining Limited was aimed at near surface Direct Shipping Hematite Iron (Fe). The drilling intersected 23m @ 22% Manganese (Mn) from 55 metres. This intersection also includes 7m @ 28% Mn and 4m @ 29% Mn. A second hole intersected 7m @ 20% Mn from 55 metres.

Drilling at Hercules in 2008 estimated a JORC Compliant inferred resource of Manganese of 8.75Mt @ 10.01% Mn (with 35% Fe). Details of the Ironclad Hercules inferred resource were released to the ASX on the 22nd of December 2008.

The recent drilling, combined with the 2008 results from the southern portion of Hercules, shows the potential for continuity of manganese mineralisation along the entire 6km strike length of Hercules along with the new discovery of mineralisation in the 3km long eastern flank.

The current 8.75Mt inferred resource is derived from drilling a 1.5km strike length. The total strike length of Hercules is 6km with the Eastern Limb at 3km, giving a total of 9km strike.

Ultima Dam West

Following on from the emergence of Paris as a potential high grade silver deposit an internal review of the Wilcherry Hill area was undertaken to delineate additional silver prospects apart from those currently being defined at the Black Hill area. This has yielded positive results at a variety of new targets with intersects of up to 28m @ 45.6g/t Ag having been recorded at Ultima Dam West and 41m @ 56.2g/t Ag with 5m @ 198.8g/t Ag at Golden Gate. At the time these prospects were being drilled the silver results were barely being reported due to the exploration focus being on other commodities. This renewed focus now adds to the silver potential of the Wilcherry Hill area where, after over 30 years of exploration in the area, the only previously identified silver target was Telephone Dam, where intersections of over 1000g/t Ag have been recorded.

Project Overview

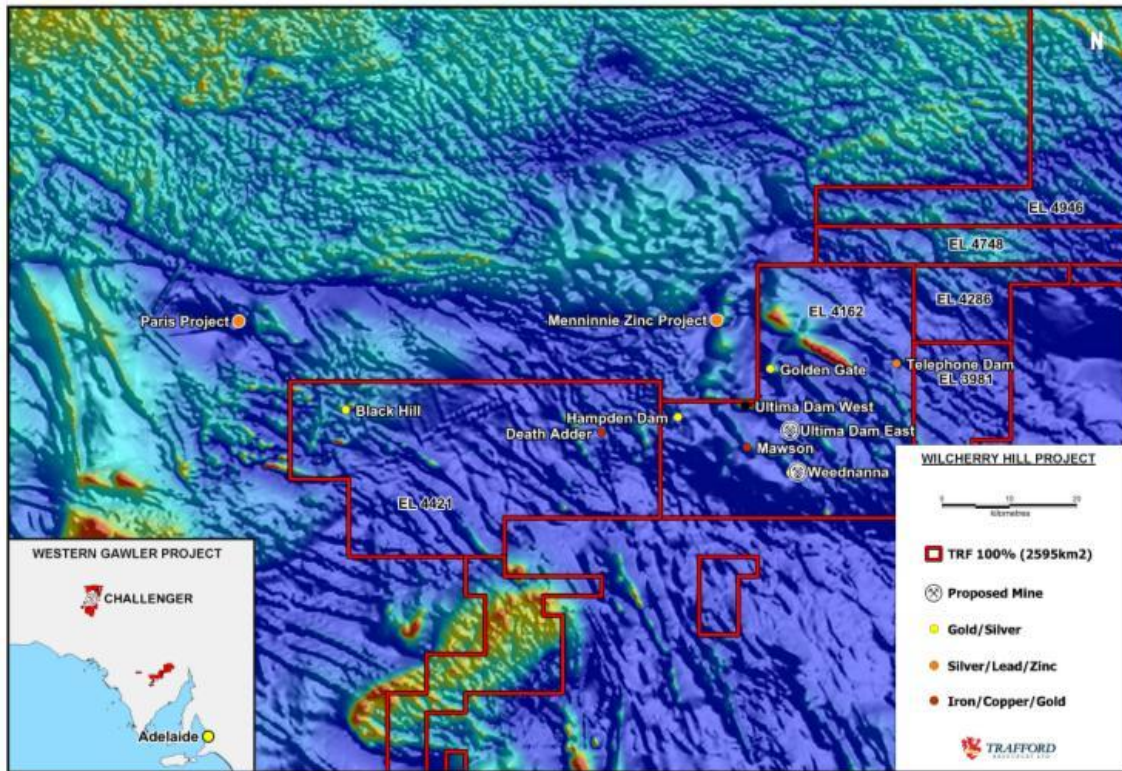


Figure 7: Silver Prospects Location Map

Prospect	Hole ID	Depth From (m)	Depth To (m)	Interval (m)	Ag (g/t)
Ultima Dam West	UD1	122	143	21	15.2
	And	173	208	35	10.46
	UD2	56	134	78	3.55
	And	187	224	37	4.6
	UD3	30	56	26	45.6
	including and	32	33	1	260
		54	55	1	340
Hampden Dam	97HAMREX8	4	8	4	74
Death Adder	RO/01/8	48	52	4	27
Golden Gate	RGG005	48	56	8	20.75
	DDH – GG1	252	293	41	56.2
	including	252	257	5	198.8
Weednanna	00WDRC072	69	76	7	49.14
	and	98	102	4	61.38
Ultima Dam East	04AC005	72	76	2	111.5

Table 2: Significant Silver Intercepts from Regional Review

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Project Overview

Results at Ultima Dam West were recorded in 3 holes drilled in the early 1980's over a 2km strike length. It also appears that the mineralised host geology was not intersected in holes UD1 and UD2, hence the lower grades. It should be noted that there are 38 RC holes for almost 4,800m drilled by Trafford's JV partner IronClad Mining at the prospect which are yet to be assayed for silver. Re-analysis of these samples is currently underway.

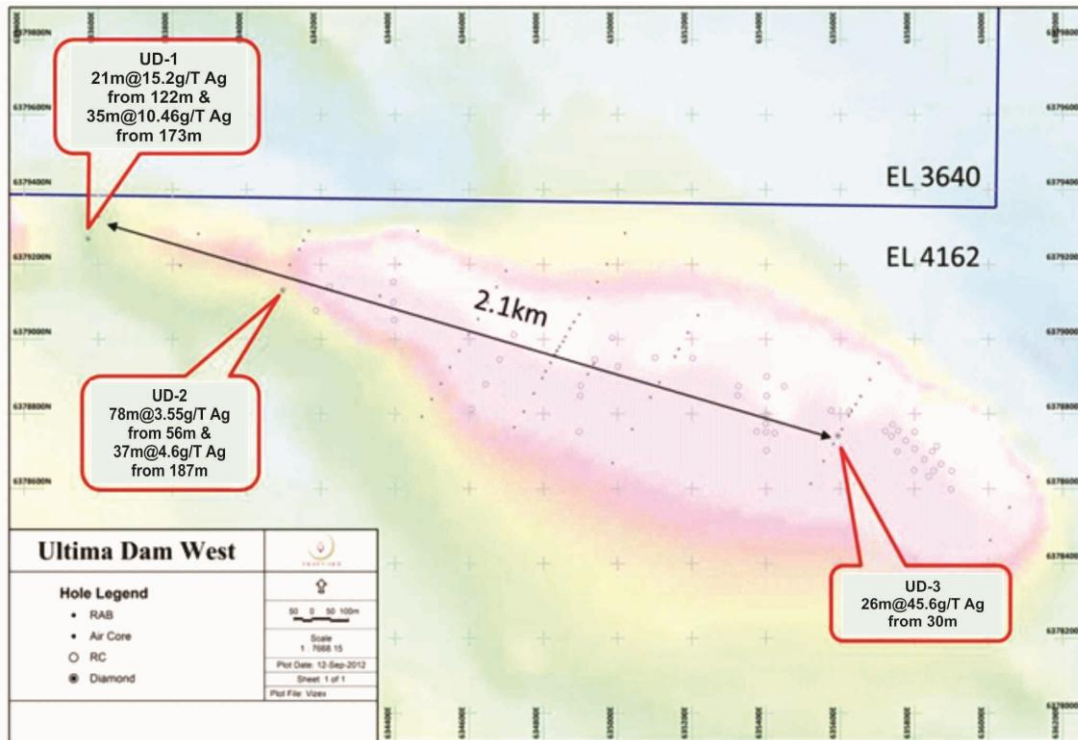


Figure 8: Map of Ultima Dam West on TMI Background Showing Historic Silver Intersections

Results at Golden Gate showed significant silver intersections in the regional Rotary Air Blast (RAB) holes first done across the area, particularly RGG005 and more substantially in the single diamond of the area DDH-GG1 all drilled in early 1980's. Trafford and its JV partner IronClad Mining drilled 12 RC holes in this area of Golden Gate for a total of 1,752m. The Trafford holes repeated the silver anomaly seen in RGG005 but never reached the depth to confirm the larger silver anomaly seen in DDH-GG1 which ended in 41m of significant Silver values and is open ended. The IronClad holes never have yet to be tested for Silver and so re-analysis is planned for the near future and well as re-analysis of the historic diamond core.

It is now clear from Trafford's perspective that these results are of significance and follow up work and further review of data is planned for these areas.

Western Gawler Craton Project

Trafford Resources now has a significant footprint in the Western Gawler District surrounding the Challenger Gold Mine with the purchase of Southern Gold Limited's (SAU) 51% share in the Challenger Joint Venture with Dominion Gold Operations (DGO), a 100% owned subsidiary of Kingsgate Consolidated Limited (KCN).

Together with this area Trafford now controls 7,136 Km² of highly prospective exploration licences on South Australia's Gawler Craton immediately adjacent to the Kingsgate's Challenger Operations (2,652 Km² Western Gawler Craton Gold JV (TRF 51%/ DGO 49%) and 4,484 Km² 100% Trafford owned).

Project Overview

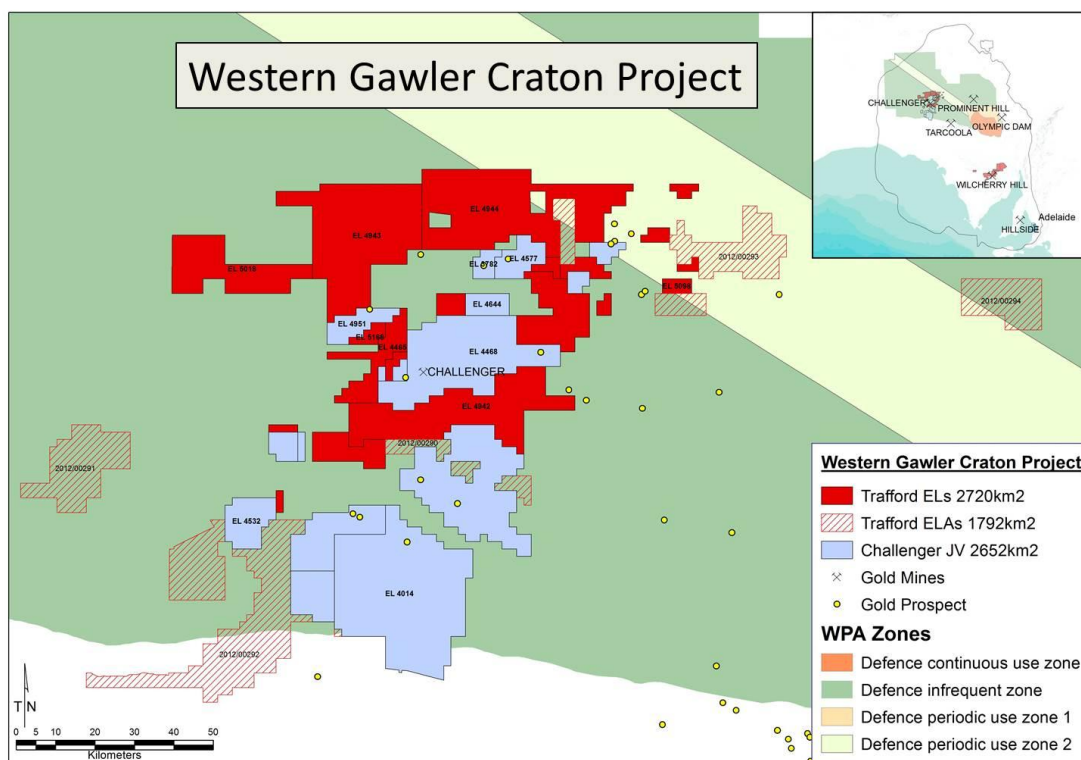


Figure 9: Western Gawler Craton Project location

Preliminary discussions have been held with Kingsgate and in terms of the Joint Venture Agreement, Trafford activities in the area fall under an existing and ongoing Access Deed already arranged by DGO with the Australian Defence Department and South Australian Government for the Woomera Prohibited Area (WPA).

Trafford activities stand to be further boosted by the announcement (May 2012) by the South Australian government to provide \$2.0 million of funding to promote exploration on the Gawler Craton within the recently opened WPA. While Southern Gold Limited earned their 51% share in the Joint Venture by spending \$2 million on the tenements surrounding Challenger. Trafford have purchased this for \$500,000 cash and 3,000,000 Trafford shares. Upon Trafford entering into a feasibility study on a JORC resource of over 500,000oz gold, Trafford will issue a further \$1 million worth of Trafford shares to Southern Gold Limited.

Twin Peaks/Moorarie JV Project

The Twin Peaks project covers over 20km of a highly prospective, north-south striking, Banded Iron Formation (BIF) belt. These BIF units throughout the Mid-West contain iron ore deposits such as Jack Hills, Weld Range and Tallering Peaks (Figure 10). The Project is a Joint Venture between Trafford and Independence Group whereby Trafford may earn up to 80% equity in the iron ore rights by expending \$5M over 5 years.

No drilling for iron ore has been previously undertaken on the Twin Peaks tenements and only minimal drilling targeting iron ore has been completed on the Moorarie tenements. Recent exploration programs of aeromagnetics, ground gravity and rock chip sampling have been completed over the entire belt identifying a large Direct Shipping Ore (DSO) potential.

Detailed geological mapping and sampling has been completed over the Twin Peaks area and government, as well as aboriginal, approvals have been met. With this, Trafford commenced and completed its maiden 5076m drilling program at Twin Peaks where three significant Iron Formations types were intersected; Direct Shipping Ore (DSO), Hematite / Limonite and Magnetite BIF, and Channel Iron Deposits (CIDs).

Project Overview

A Total of 52 Reverse Circulation (RC) holes were for 5,076m, testing 9 out of 15 delineated iron ore prospects with (60%) within the Twin Peaks Project area most of which remain open in most directions. All assay results have now been received from this first pass of drilling with the most significant results now summarised in Table 3. All iron ore prospects will be priority rated and further drill tested, once all statutory approvals have been obtained.

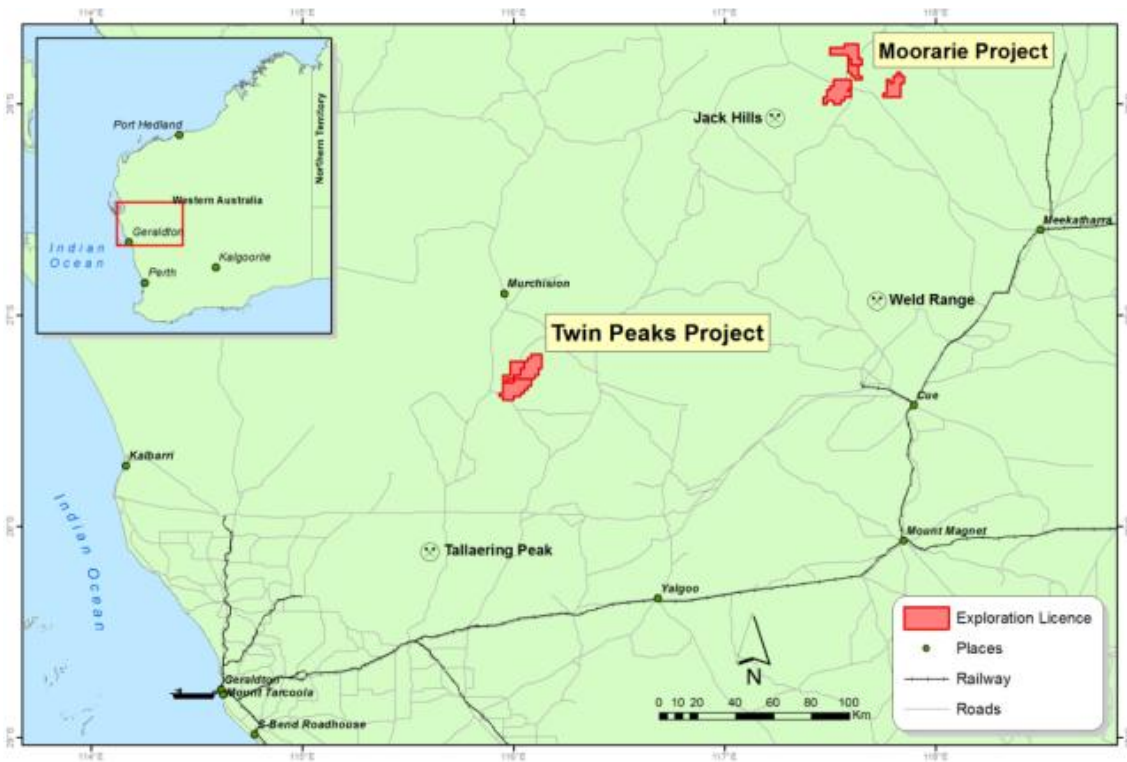


Figure 10: Location of Twin Peaks and Moorarie Project Areas

DSO Hematite

Drilling results from Woolbung Peak show thickened sections of high grade hematite within a large scale fold closure area. The hematite is continuous from surface down to 145m depth demonstrating the down dip and open cut potential of this prospect. Assays for this prospect show significant massive hematite intersections of 22m @ 65.4 % Fe from 62m (including 6m @ 68.2 % Fe) in hole 13TPRC015, 31m @ 64.6 % Fe from 38m (including 24m @ 66.5 % Fe) in hole 13TPRC002, 22m @ 59.6 % Fe from 43m (including 15m @ 63.4 % Fe) in hole 13TPRC004, and 17m @ 64.4 % Fe from 79m (including 6m @ 67.7 % Fe) in hole 13TPRC003.

Project Overview

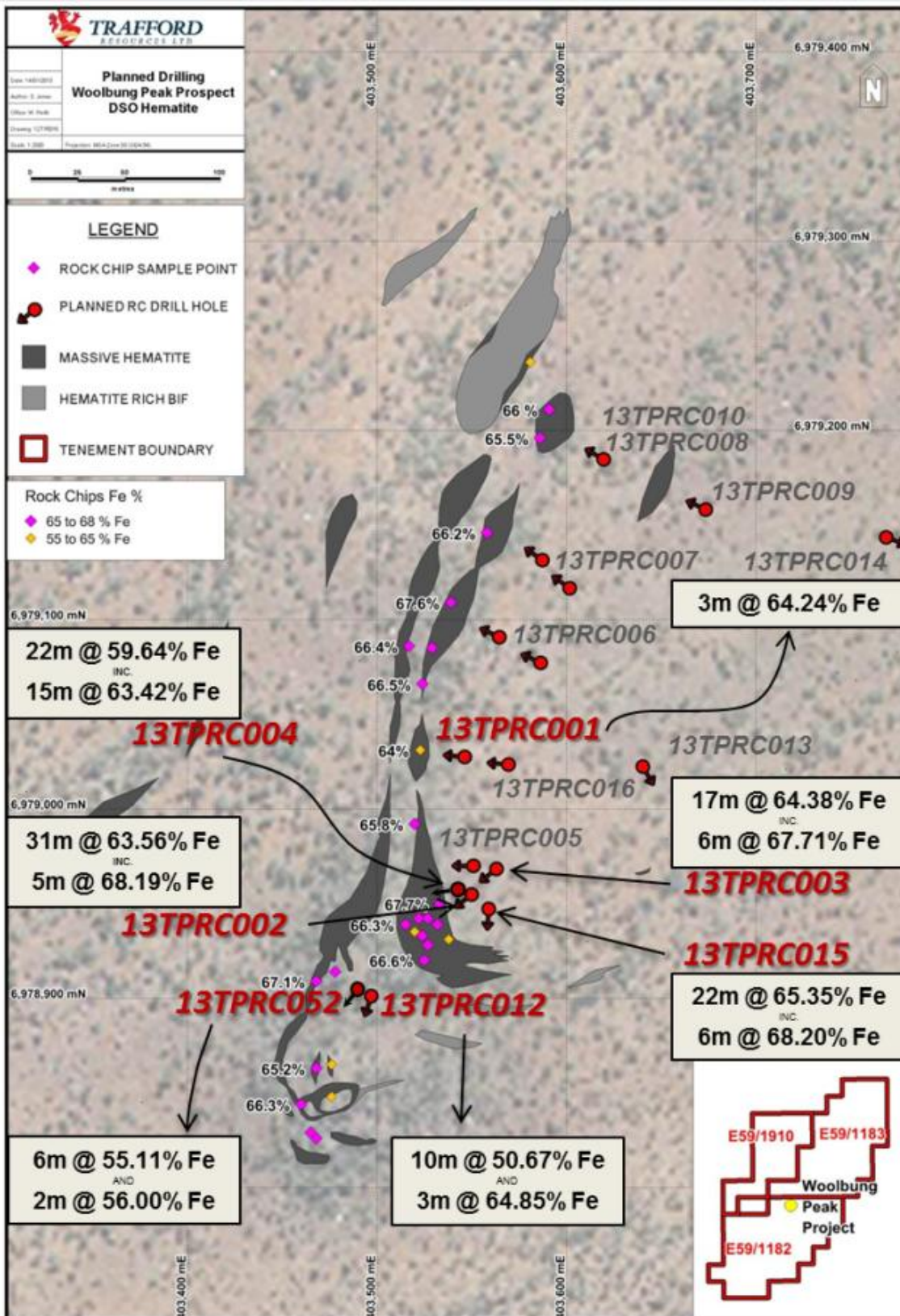


Figure 11: Detailed outcrop map of Woolbung peak indicating hole positions and significant intersections

Project Overview

Channel Iron Deposits (CIDs)

First pass drilling across two of the Channel Iron Deposit (CID) prospects, Surprise Extension and East-West CID, intersected iron rich pisolites below shallow cover sequences. Assay results showed encouraging values of 5m @ 35.05 % Fe from 21m in 13TPRC045 at East-West CID and 4m @ 37.88 % Fe from 39m including 1m @ 42.79 % Fe in 13TPRC048 at Surprise Extension.

Iron rich pisolitic CID's have been intersected beneath shallow cover sequences (4-5m) at both prospects which both remain open to the North, South, East, and West. Further drilling is required at all CID prospects to further investigate their overall geometry, average iron grades and associated impurities. Test work is also proposed to determine how the ore can be beneficiated by simple, conventional metallurgical techniques.

Magnetite and Banded Iron Formations (BIF's)

Most of the topographic highs within the northern section of the Twin Peak Project area are associated with magnetic highs and with field mapping indicating BIF outcrops at surface, they were strongly suspected to be magnetite bodies. First pass drilling at the Big Lunch, Pleiades and Billy Tea Prospects intersected an oxidized section containing limonite, goethite and hematite. This layer of oxidized BIF averages ~40m true thickness and overlies primary magnetite at depth.

Highlights of the near/at surface oxidized Limonite / Goethite / Hematite BIF include; 18m @ 47.20 % Fe including 5m @ 51.05 % Fe in hole 13TPRC024 and 24m @ 49.72 % Fe including 16m @ 54.51 % Fe in hole 13TPRC026 at Big Lunch, and 38m @ 38.82 % Fe including 6m @ 54.08 % Fe in hole 13TPRC017 at Pleiades.

Highlights of the at depth Magnetite BIF include; 36m @ 34.10 % Fe followed by 21 m @ 44.78 % Fe in hole 13TPRC017 and 47m @ 35.24 % Fe including 6m @ 43.79 % Fe followed by 36m @ 33.4 % Fe including 6m @ 40.52 % Fe in hole 13TPRC018 at Pleiades, 21m @ 32.97 % Fe in hole 13TPRC024 at Big Lunch, and 13m @ 34.92 % Fe in hole 13TPRC029 at Billy Tea.

It is important to note that the at the Big Lunch and Billy Tea Prospects drilling was stopped ~20m into the magnetite layer as drilling was to test the overlying oxidized BIF zone. Only at the Pleiades Prospect was Magnetite drilled to depth and even then the RC drill only reached 100 meters into the magnetite zone and so it remains open at depth. Taking these factors into consideration, as well as the combination magnetic and gravity anomalies found over these prospects and in the area, these prospects show great potential as large tonnage magnetite deposits which are known to be found in this area (ie. Jack Hills).

Project Overview

Prospect	Iron Formation	Hole ID	From	To	Interval (m)	Fe%	Al ₂ O ₃	P%	SiO ₂ %	S%	LOI%	Sampling
Woolbung Peak	DSO	13TPRC001	36	39	3	64.24	1.97	0.026	4.24	0.023	1.26	1m
Woolbung Peak	DSO	13TPRC002	38	69	31	63.56	2.75	0.020	4.12	0.005	1.32	1m
		including	45	69	24	66.51	1.58	0.018	2.26	0.005	0.75	1m
		including	57	62	5	68.19	0.77	0.015	1.14	0.006	0.46	1m
Woolbung Peak	DSO	13TPRC003	79	96	17	64.38	2.31	0.018	3.62	0.008	1.07	1m
		including	81	96	15	65.79	1.91	0.018	2.67	0.007	0.86	1m
		including	90	96	6	67.71	1.00	0.016	1.38	0.008	0.50	1m
		13TPRC003	111	130	19	56.93	3.55	0.088	7.16	0.004	2.42	1m
		including	118	123	5	60.56	2.81	0.060	5.45	0.004	1.76	1m
Woolbung Peak	DSO	13TPRC004	43	65	22	59.64	3.74	0.030	6.16	0.010	2.06	1m
		including	50	65	15	63.42	2.22	0.040	4.17	0.010	1.37	1m
Woolbung Peak	DSO	13TPRC005	66	69	3	60.17	3.46	0.033	5.59	0.008	1.76	1m
Woolbung Peak	DSO	13TPRC006	57	61	4	58.18	3.81	0.023	8.57	0.011	1.93	1m
		including	58	60	2	63.25	2.35	0.022	5.02	0.010	1.21	1m
Woolbung Peak	DSO	13TPRC012	80	90	10	50.67	1.98	0.220	13.18	0.007	2.50	1m
	DSO	13TPRC012	100	103	3	64.85	0.84	0.075	3.46	0.002	0.91	1m
Woolbung Peak	DSO	13TPRC015	62	84	22	65.35	1.79	0.018	2.81	0.008	0.94	1m
	DSO	including	67	73	6	68.20	0.62	0.018	1.16	0.006	0.38	1m
Woolbung Peak	DSO	13TPRC051	141	144	3	52.41	1.30	0.510	7.97	NA	3.82	1m
Woolbung Peak	DSO	13TPRC052	58	64	6	55.13	2.22	0.195	7.89	NA	2.66	1m
	DSO	including	60	62	2	59.07	1.65	0.119	5.32	NA	2.19	1m
	DSO	13TPRC052	118	120	2	56.00	3.75	0.020	8.05	NA	2.36	1m
Pleiades	Limonite	13TPRC017	12	50	38	38.82	8.82	0.037	23.52	0.080	6.15	1m
	Limonite	including	12	18	6	54.08	4.84	0.023	13.03	0.045	4.22	1m
	Limonite	including	22	34	12	41.25	8.17	0.043	21.13	0.010	5.60	1m
	Magnetite	13TPRC017	53	89	36	34.10	1.54	0.081	39.88	1.200	2.98	1m
	Magnetite	13TPRC017	123	144	21	44.78	5.20	0.057	22.03	0.270	2.16	1m
Pleiades	Magnetite	13TPRC018	72	119	47	35.24	1.32	0.088	39.38	0.760	1.83	1m
	Magnetite	including	72	78	6	43.79	2.13	0.088	24.92	0.195	4.17	1m
	Magnetite	13TPRC018	170	206	36	33.40	2.66	0.440	42.88	0.200	1.79	1m
	Magnetite	including	200	206	6	40.52	2.63	0.056	31.85	0.006	2.47	1m
	Magnetite	including	202	205	3	46.07	2.78	0.061	22.91	0.002	3.29	1m
El CID South	CID's	13TPRC019	24	25	1	36.08	10.92	0.133	24.58	0.011	10.81	1m
Big Lunch	Limonite	13TPRC024	5	23	18	47.20	3.08	0.008	23.03	0.005	3.80	1m
	Limonite	including	13	18	5	51.05	3.79	0.008	16.28	0.004	4.16	1m
	Magnetite	13TPRC024	64	85	21	32.97	0.49	0.048	46.92	0.058	0.54	4m
Big Lunch	Limonite	13TPRC026	12	36	24	49.72	6.30	0.033	15.73	0.013	6.04	1m
	Limonite	including	16	32	16	54.51	6.25	0.032	9.32	0.011	5.63	1m
Billy Tea	Magnetite	13TPRC028	40	54	14	34.12	0.81	0.084	44.25	0.350	0.07	4m
Billy Tea	Magnetite	13TPRC029	61	74	13	34.92	0.61	0.064	44.91	0.280	0.29	4m
Billy Tea	Magnetite	13TPRC031	44	52	8	33.98	1.78	0.067	43.57	0.370	0.05	4m
East-West CID	Fe sediments	13TPRC036	30	32	2	35.32	14.35	0.008	21.49	0.020	11.65	1m
East-West CID	CID's	13TPRC039	20	23	3	30.87	22.80	0.011	19.50	0.017	9.38	1m
East-West CID	CID's	13TPRC045	21	26	5	35.05	21.68	0.020	14.98	0.017	9.51	1m
Surprise Extension	CID's	13TPRC048	29	33	4	37.88	14.99	0.031	17.13	NA	11.20	1m
	CID's	including	30	31	1	42.79	11.09	0.026	13.40	NA	12.10	1m

Table 3: Significant Results from Trafford Resources 2013 drilling program at the Twin Peaks Project

Project Overview

Hole ID	Northing (GDA94 Z50)	Easting (GDA94 Z50)	Inc.	Azimuth (Magnetic)	R.L.	Drill Type	Depth (m)
13TPRC001	6979030	403546	-60	275	318	RC	100
13TPRC002	6978958	403549	-60	232	322	RC	140
13TPRC003	6978971	403563	-60	232	322	RC	230
13TPRC004	6978959	403548	-60	270	321	RC	145
13TPRC005	6978973	403550	-60	280	319	RC	140
13TPRC006	6979093	403565	-60	290	316	RC	175
13TPRC012	6978889	403489	-60	198	323	RC	180
13TPRC015	6978946	403565	-60	210	318	RC	119
13TPRC017	6987052	408360	-60	125	325	RC	175
13TPRC018	6986971	408307	-60	125	327	RC	225
13TPRC019	6983307	407226	-90	0	290	RC	67
13TPRC024	6984342	406726	-60	150	367	RC	85
13TPRC026	6984207	406621	-60	140	359	RC	80
13TPRC028	6988611	408545	-90	0	348	RC	54
13TPRC029	6988730	408516	-60	120	352	RC	74
13TPRC031	6988502	408504	-60	150	339	RC	54
13TPRC036	6980873	403262	-90	0	290	RC	78
13TPRC039	6980876	403079	-90	0	310	RC	43
13TPRC045	6980851	402678	-90	0	285	RC	48
13TPRC048	6980701	401351	-90	0	283	RC	48
13TPRC051	6978900	403500	-70	198	338	RC	189
13TPRC052	6978898	403491	-60	215	336	RC	164

Table 4: Twin Peaks significant drill hole collar information

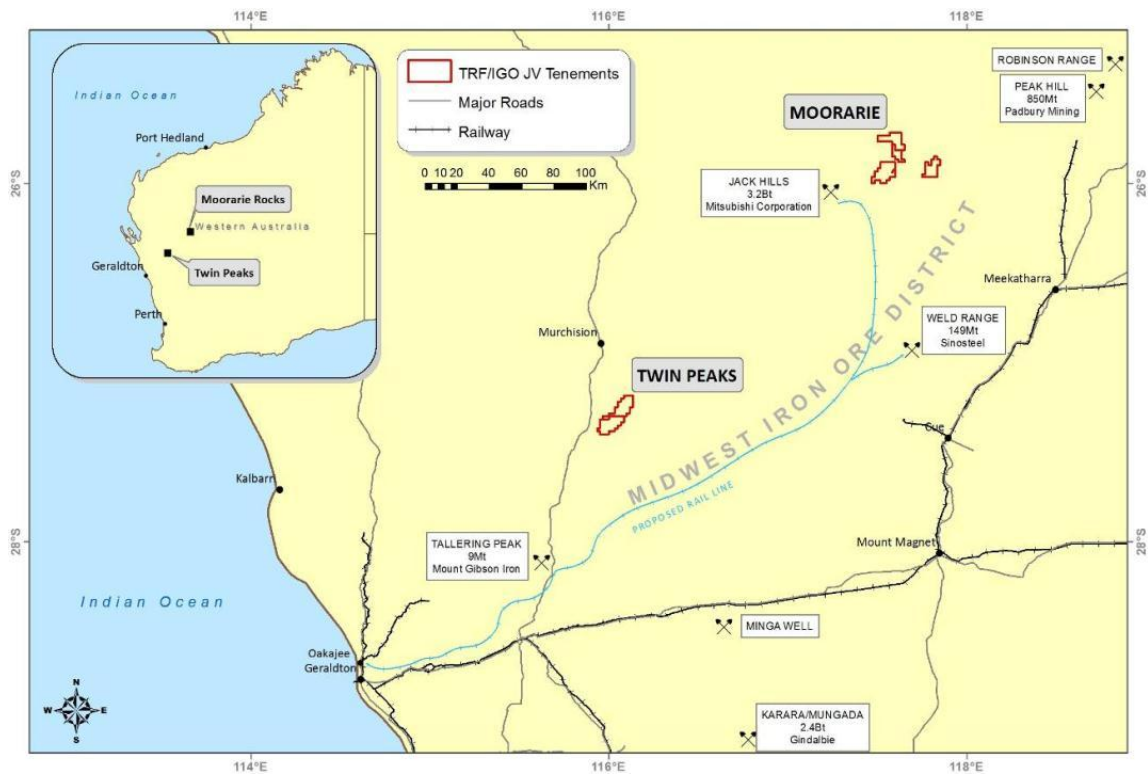


Figure 13: Midwest Iron Ore Projects and Trafford/Independence JV tenements

Project Overview

Investment - Orinoco Gold Limited

Trafford Resources Limited holds a cornerstone 16.4% stake in the exploration company Orinoco Gold Ltd who has assembled a portfolio of three prospective gold projects in Brazil, including its 70% owned, high grade gold Curral de Pedra Project, located near the high grade Sertão gold mine. Curral de Pedra is located in Goiás state, approximately 250kms from the capital city of Brasilia. This area of Brazil is a focal point for gold exploration and mining by companies such as AngloGold Ashanti and Yamana Gold Inc.

The Curral de Pedra Project consists of four granted tenements and one tenement application, covering a total area of 23.5km². The Project is located on the Faina Greenstone Belt, in a region where there has been significant historical gold production and is now the focus of modern exploration by large companies such as Yamana Gold Inc. Significant historic gold workings occur on the Project around the Cascavel Prospect.

During this year Orinoco Gold Limited announced excellent results from current exploration of the Curral de Pedra Gold Project in Central Brazil.

Orinoco reported that the first hole of 22, intersecting the previously unsampled carbonate horizon between the two high grade gold horizons at the Cascavel prospect, returned silver values of over 40 ozs / tonne over a 17.6 metre width. This further confirms the exceptionally high grade nature and significant potential of this rapidly emerging project.

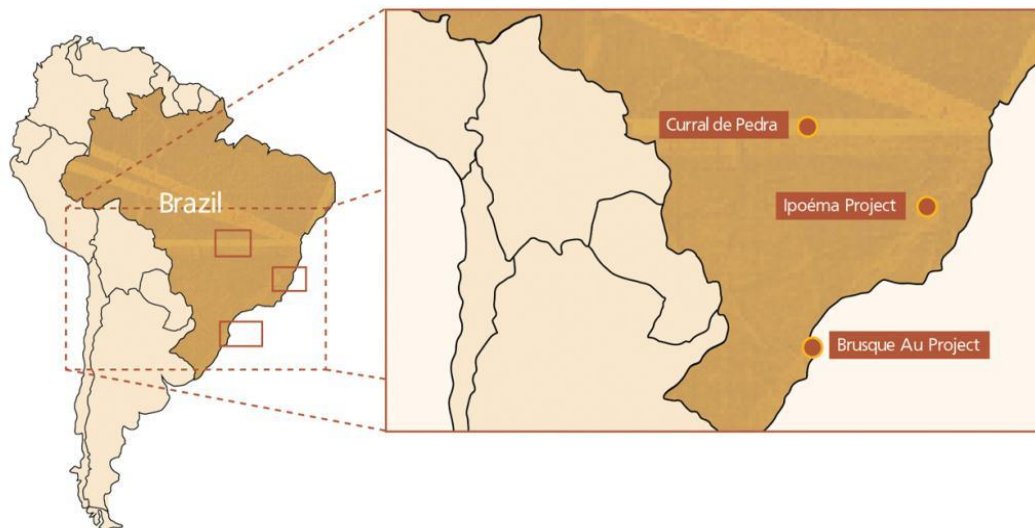


Figure 14: Orinoco's Brazilian Gold Project locations

DIRECTORS' REPORT

Your directors present their report on Trafford Resources Limited (the "Company") and of the Group being the Company and its controlled entities for the financial year ended 30 June 2013.

Directors

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

Ian D. Finch
Neil W. McKay
Mark Le Grange
Allan Trench

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

Joint Company Secretaries

The following persons held the position of joint company secretary at the end of the financial year:

Neil McKay — Bachelor of Business
Pragiyugi Gouw — Bachelor of Commerce

Principal Activities

The principal activities of the Group during the financial year were mineral exploration and evaluation. There were no significant changes in the nature of the principal activities during the financial year.

Operating Results and Financial Review

Profit and loss

The Group's loss after providing for income tax amounted to \$14,949,564 (2012: \$1,010,815).

Financial position

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations. The Group's net assets as at 30 June 2013 are \$6,756,153 (2012: \$17,949,732).

Liquidity and capital resources

The Group's principal source of liquidity as at 30 June 2013 is cash of \$1,742,429 (2012: \$3,214,695). During the year, the Group did not advance any further loan amounts (2012: 1,818,281) to IronClad to fund the Wilcherry Hill Iron Ore Project. Ironclad has fully repaid all loan amounts previously advanced by the Group.

Shares issued during the year

During the year, the Company issued 28,369,732 (2012: 609,401) ordinary shares from option conversion, share placements, a rights issue and a share purchase plan.

DIRECTORS' REPORT

Dividends Paid or Recommended

No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2013.

Review of Operations

- The Company purchased Southern Gold Limited's (SAU) 51% share in the Challenger Joint Venture with Dominion Gold Operations, a 100% subsidiary of Kingsgate Consolidated Limited (ASX: KCN). This has allowed the Company to land a significant footprint in the Western Gawler District surrounding the Challenger Gold Mine.
- High grade silver was discovered at the "Sunday Iron" prospect in the Black Hill Prospect area, West of Wilcherry Hill in South Australia during the year. The high grade silver intersection is within the North West – South East mineralised corridor recognised by both Investigator Resources (ASX: IVR) and Trafford and encompasses Investigator's Paris silver deposit as well as many highly rated drill targets established by both companies.
- 7 meters at 3.16% Tin was intersected at the Zealous Prospect in one of ten holes drilled. The high value and the concentrate off take terms for tin highlight the importance of this discovery. The Company is looking forward to the drilling results of the remainder nine holes drilled.
- The recent drilling, combined with the 2008 results from the southern portion of Hercules, shows the potential for continuity of manganese mineralisation along the entire 6km strike length of Hercules along with the new discovery of mineralisation in the 3km long eastern flank.
- Renewed focus for silver at the Ultima Dam West prospect of Wilcherry Hill area following the emergence of Paris as a potential high grade silver deposit.
- Trafford commenced and completed its maiden 5,076m drilling program at Twin Peaks where three significant Iron Formations types were intersected; Direct Shipping Ore (DSO), Hematite / Limonite and Magnetite Banded Iron Formation, and Channel Iron Deposits (CIDs).
- During this year Orinoco Gold Limited (ASX: OGX) announced excellent results from current exploration of the Curral de Pedra Gold Project in Central Brazil in which Trafford holds a direct 16.4% equity investment.

Significant Changes in State of Affairs

There has been no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

After Balance Date Events

Based on the closing share price of IronClad Mining Limited (ASX: IFE) on 29 August 2013 of 13.5 cents, the value of investments accounted for using the equity method has increased by \$1,786,527 from balance date.

Based on the closing share price of Orinoco Gold Limited (ASX: OGX) on 29 August 2013 of 15.0 cents, the value of current financial assets has increased by \$252,819 from balance date.

Future Developments, Prospects and Business Strategies

- 1 Develop the resource potential of various high grade tin and silver prospects at Wilcherry Hill, South Australia. A combination of reverse circulation drilling and diamond drilling will be used to define the extents of mineralisation.
- 2 Continue with regional exploration of our Challenger Joint Venture and 100% Trafford Jumbuck tenements (~7000Km²) on the Gawler Craton, where a number of new nickel discoveries have been made recently.

DIRECTORS' REPORT

- 3 Complete our joint venture commitments to earn our 51% share of our Twin Peaks Moorarie Rocks JV with Independence Group NL in the mid west iron ore region of Western Australia.

Environmental Issues

The Group's operations are subject to environmental regulation under the law of the Commonwealth and State in relation to exploration activities. Details of the Group's performance in relation to environmental regulations follow.

National Greenhouse and Energy Reporting Guidelines

The Group is subject to the conditions imposed by the registration and reporting requirements of the *National Greenhouse Gas and Energy Reporting Act 2007* (the NGER Act), and is registered with the Greenhouse and Energy Data Office. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group either for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

Energy Efficiency Opportunities Guidelines

The Group is not subject to the conditions imposed by the registration and reporting requirements of the *Energy Efficiency Opportunities Act 2006* in the current financial year as its energy consumption was below the 0.5 petajoule registration threshold.

If the Group exceeds this threshold in future reporting periods, it will be required to register with the Department of Resources, Energy and Tourism and complete an Energy Savings Action Plan. This plan assesses the energy usage of the Group and identifies opportunities for the Group to reduce its energy consumption.

Clean Energy Act 2011

In November 2011, the Federal Parliament passed the *Clean Energy Act 2011*, which implements a carbon pricing mechanism from 1 July 2012. Under the mechanism, entities that produce over the threshold level of carbon emissions will be required to purchase permits to offset their carbon emissions.

The Group is not directly impacted by the carbon pricing mechanism because it does not control facilities that produce emissions greater than the threshold level. However, the Group will be indirectly impacted by the mechanism through increases in the prices it pays for energy and materials purchased from suppliers that are impacted by the introduction of the mechanism. The Group also anticipates that it will experience an increase in expenditures related to waste disposal under the carbon pricing mechanism, although any future increases in such costs are likely to be less significant than the anticipated increases in energy and material costs.

Management of the Group has considered whether the introduction of the carbon pricing mechanism is an impairment indicator and has determined that it is not expected to have a significant impact on the estimated net cash flows of the Group's operations or the recoverability of its assets, principally because the Group has the capacity to pass on any increases in production costs through its contracts with customers.

DIRECTORS' REPORT**Information on Directors**

Ian D Finch	Managing Director
Qualifications	BSc (Hons) in Geology from the University of Birmingham (England), a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors
Experience	<p>Mr Finch's career spans 43 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 – from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa.</p> <p>In 1981 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987.</p> <p>In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia.</p> <p>In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia – when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project.</p> <p>In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005 Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London.</p> <p>Mr Finch was Chairman of Bannerman Resources Limited from 30 May 2005 until 26 May 2006.</p>
Interest in Shares and Options*	<p>4,571,796 fully paid ordinary shares.</p> <p>1,000,000 options exercisable at \$0.56 on or before 28 November 2013</p> <p>125,000 options exercisable at \$0.30 on or before 13 October 2014</p> <p>150,000 options exercisable at \$0.20 on or before 20 May 2015</p>
Directorships held in other listed entities	<p>Director of IronClad Mining Limited since 19 April 2007</p> <p>Director of Orinoco Gold Limited since 31 October 2012</p>
* Mr Finch's interests are held directly and indirectly through an entity which he controls.	
Neil W. McKay	Non-Executive Director and Joint Company Secretary
Qualifications	Bachelor of Business
Experience	<p>Neil McKay is a former Chartered Accountant and has been involved in the resources industry for more than 27 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions in the resources industry.</p> <p>Since 1995 he has operated as an independent consultant, specialising in the incorporation and administration of resource companies with special focus on South East Asia. For the last four years he has divided his time between Australia, where he consults to various public companies and continues his involvement in South East Asia.</p>
Interest in Shares and Options	<p>2,905,283 fully paid ordinary shares.</p> <p>500,000 options exercisable at \$0.56 on or before 28 November 2013</p> <p>120,000 options exercisable at \$0.20 on or before 20 May 2015</p>

DIRECTORS' REPORT

Directorships held in other listed entities Director of IronClad Mining Limited since 19 April 2007.

Mark Le Grange

Exploration Director

Qualifications

BSc (Hons) in Geology from the University of Johannesburg.

Experience

Mr. Le Grange has 15 years mining and exploration experience in South Africa, Madagascar and Australia, working in gold, platinum, base metals and iron ore.

His broad based experience include 8 years of platinum exploration in South Africa where he was an integral part of the team which took the Akanani Platinum Project from initial exploration drilling to a multibillion dollar underground development which was sold, in 2006, to Lonmin PLC. He continued to work for Lonmin as senior development geologist at Akanani which has a resource of 30 million ounces of platinum, palladium and gold.

Mr Le Grange joined the Company as Chief Geologist in July 2008, serving also in 2010 as Chief Geologist for the Company's associated entity, IronClad Mining Ltd.

Interest in Shares and Options

172,097 fully paid ordinary shares

350,000 options exercisable at 11.03 cents on or before 10 March 2014

150,000 options exercisable at \$0.20 on or before 20 May 2015

Directorships held in other listed entities

None.

Allan Trench

Director

Qualifications

BSc. (Hons) Geology from the Imperial College, London; PhD Geophysics from the Glasgow University; Master of Science, Mineral Economics from Curtin University and Master of Business Administration from Oxford University.

Experience

Dr Trench is a geologist, geophysicist and business management consultant with over 20 years experience across a broad range of commodities and companies. His minerals sector experience spans strategy formulation, exploration, project development and mining operations.

Dr Trench's former roles include management of nickel, gold and base metal exploration teams in the Yilgarn region of Western Australia, initially for WMC, both as a geophysicist and exploration manager, and subsequently for a group of ASX listed companies.

Interest in Shares and Options

91,000 fully paid ordinary shares

30,000 options exercisable at \$0.20 on or before 20 May 2015

Directorships held in other listed entities

Director of Pioneer Resources since 8 September 2003

Director of Navigator Resources since 14 November 2005

Director of Enterprise Metals since 3 April 2012

Director of Hot Chili since 19 July 2010

DIRECTORS' REPORT**Information on Joint Company Secretary**

Pragiyugi Gouw	Joint Company Secretary
Qualifications	Bachelor of Commerce from Curtin University
Experience	Mr Gouw is an accountant with over ten years' experience both in commerce and practice environment. He has previously worked in senior accounting roles within a listed mining company and various public accountancy firms.

Meetings of Directors

During the financial year, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Held	Attended	Eligible to attend
Ian Finch	9	9	9
Neil McKay	9	9	9
Mark Le Grange	9	8	9
Allan Trench	9	8	9

Indemnifying Officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The amount of premium paid for this indemnity was \$20,477.

DIRECTORS' REPORT**Options**

At the date of this report, the outstanding options are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Options
11 March 2009	10 March 2014	\$0.11	450,000
22 December 2010	28 November 2013	\$0.56	2,000,000
10 September 2012	13 October 2014	\$0.30	1,250,000
19 September 2012	13 October 2014	\$0.30	75,000
22 October 2012	13 October 2014	\$0.30	594,635
15 January 2013	13 October 2014	\$0.30	1,000,000
27 June 2013	20 May 2015	\$0.20	19,530,500

Share Rights

At the date of this report, there are no outstanding share rights. Share rights that expired during the year are as follows:

Grant Date	Expiry Date	Number of Rights
3 February 2012	30 June 2013	1,395,000

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any other proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors, Bentleys (WA) Pty Ltd, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No other fees were paid or payable to the auditors for non-audit services performed during the year except for a fee of \$15,103 (2012: \$11,660) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C for the year ended 30 June 2013 has been received and can be found on page 32 of this report.

Consent of Competent Persons

Information in this report relating to Exploration Results is based on information compiled by Mr. Ian Finch, who is a member of the Australian Institute of Mining and Metallurgy and who has more than five years experience in the field of activity being reported on. Mr Finch is the Managing Director of the Company. Mr Finch has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management personnel of the Group.

Remuneration policy

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

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

- The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Managing Director and approved by the board after seeking professional advice from independent external consultants, where appropriate.
- In determining competitive remuneration rates, the Board seeks, where appropriate, independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or share rights are intended to align the interests of directors and executives of the Group with those of the shareholders.

The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry.

The Board does endorse the use of incentive and bonus payments for directors and senior executives at this point in time. The Board were issued share rights and options. Board members have largely retained these securities which assist in aligning their objectives with overall shareholder value.

The directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at the cost to the Group. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology. The share rights were valued using the market value of the ordinary shares but discounted for market based vesting conditions.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board in consultation with independent advisors, where appropriate, determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. 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. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in the incentive scheme. Options granted under the scheme do not carry dividend or voting rights.

DIRECTORS' REPORT**Group Performance, Shareholder Wealth and Directors' and Executives Remuneration**

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of shares rights and options to the majority of directors and executives to encourage the alignment of personal and shareholder interest.

The Group has not included the 5-year group performance summary because for a group involved in exploration and evaluation, the information would not reflect the true performance of directors and executives.

Employment Contracts of Directors and Other Executives

The Group has entered into contract with its executives that are unlimited in term but capable of termination with between 1 and 6 months' notice and that the Group retains the right to terminate the contract immediately, by making payment in lieu of notice.

The Managing Director has a contract of employment which specifies his duties and obligation. In general, the terms of that contract are as follows:

- The contract is not for a specific term.
- The personnel may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company is required to give 6 months' notice to terminate the employment agreement if on a without cause basis.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred.

Details of Remuneration for Year Ended 30 June 2013

The remuneration for each director and executive of the Group during the period was as follows:

2013	Salary & Fees	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options / Share Rights	Total	Represented by Options / Share Rights
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Ian Finch	250,000	-	-	22,500	-	-	272,500	-
Neil McKay	121,100	48,000	-	15,219	-	-	184,319	-
Allan Trench	-	52,320	-	-	-	-	52,320	-
Mark Le Grange	260,000	-	-	23,400	-	-	283,400	-
Executive								
Pragiyugi Gouw	176,000	-	-	15,840	-	11,538	203,378	5.67
	807,100	100,320	-	76,959	-	11,538	995,917	

DIRECTORS' REPORT

2012	Salary & Fees	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options / Share Rights	Total	Represented by Options / Share Rights
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Ian Finch	225,000	-	4,327	20,639	-	-	249,966	-
Neil McKay	96,805	48,000	5,000	-	-	-	149,805	-
Allan Trench (i)	-	7,000	-	-	-	-	7,000	-
Shane Sadleir (ii)	-	8,930	-	804	-	-	9,734	-
Mark Le Grange	225,000	-	4,327	20,639	-	-	249,966	-
Executive								
Pragiyugi Gouw	160,000	-	3,077	14,677	-	4,710	182,464	2.58
	706,805	63,930	16,731	56,759	-	4,710	848,935	

(i) Allan Trench was appointed Non-Executive Director on 7 May 2012.

(ii) Shane Sadleir resigned on 13 September 2011.

The fair value calculation of share-based payments is detailed in Note 18: Share-based Payments.

Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are issued based on performance or price criteria, and are issued to the majority of directors and executives of the Company to increase goal congruence between executives, directors and shareholders. The options issued to directors have no vesting condition and vest immediately while options issued to executives will generally vest after a two years period. When exercised all options issued will result in the issue of ordinary shares in the Company on a 1:1 basis.

No rights were issued as part of remuneration by the Group during the current and prior year.

Shares Issued on Exercise of Compensation Options

No options that were granted as compensation in current and prior periods were exercised in the Company during the current year.

DIRECTORS' REPORT**Share rights issued as part of remuneration**

No rights were issued as part of remuneration by the Group during the current year.

2012	Granted Number	Grant Date	Fair Value per Right \$	Expiry Date	Vested Number
Directors					
Ian Finch	-	-	-	-	-
Neil McKay	-	-	-	-	-
Mark Le Grange	-	-	-	-	-
Allan Trench (i)	-	-	-	-	-
Shane Sadleir (ii)	-	-	-	-	-
Executive					
Pragiyugi Gouw	200,000	3 Feb 12	0.08	30 Jun 13	-
	<u>200,000</u>				<u>-</u>

(i) Allan Trench was appointed Non-Executive Director on 7 May 2012.

(ii) Shane Sadleir resigned on 13 September 2011.

Shares issued on vesting of share rights

No shares were granted in current and prior periods from the vesting of share rights.

Share, option and share rights holdings

For further details on the movement during the year in the number of ordinary shares, options and share rights in the Group held directly, indirectly or beneficially, by each Key Management Personnel, please refer to Note 3.

Signed in accordance with a resolution of the Board of Directors.



Ian D. Finch, Managing Director

Dated this 30th day of August 2013

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Trafford Resources Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
any applicable code of professional conduct in relation to the audit.

Yours faithfully

Bentleys signature

BENTLEYS
Chartered Accountants

Mark DeLaurentis signature

MARK DELAURENTIS CA
Director

DATED at PERTH this 30th day of August 2013



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- Accountants
Auditors
Advisors

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2013**

	Notes	2013 \$	2012 \$
Revenue and other income	2	124,083	235,140
Gain on sale of non-current investments		229,815	5,522,126
Impairment of investment in associate	10	(11,754,487)	(3,545,873)
Impairment of other investments		(156,883)	-
Share of net profits / (loss) of associate	10	290,940	(655,708)
Mark to market of investments		-	9,624
Administrative expense		(177,276)	(153,801)
Consultancy expenses		(196,904)	(191,730)
Compliance and regulatory expenses		(53,560)	(47,690)
Depreciation and amortisation expense		(72,617)	(48,773)
Directors fees		(100,320)	(63,930)
Share-based payments	18	(80,484)	(32,856)
Legal fees		(43,742)	(42,675)
Occupancy Costs		(252,481)	(156,379)
Public relation costs		(219,609)	(191,186)
Staffing costs		(270,855)	(543,818)
Training costs		(25,910)	(7,559)
Finance Costs		(14,626)	(9,279)
Exploration costs written off		(3,804,289)	(2,873,233)
Provision for doubtful debts		-	(6,498)
Other expenses from ordinary activities		(81,153)	(99,621)
Profit/ (Loss) before income tax		(16,660,358)	(2,903,719)
Income Tax Benefit / (Expense)	5	1,710,794	1,892,904
Profit/ (Loss) for the year		(14,949,564)	(1,010,815)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net gain/ (Loss) on revaluation of financial assets		132,340	(4,413,764)
Total comprehensive income / (loss) for the year		(14,817,224)	(5,424,579)
Basic earnings / (loss) per share (cents per share)	6	(16.19)	(1.19)
Diluted earnings / (loss) per share (cents per share)	6	(16.19)	(1.19)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,742,429	3,214,695
Trade and other receivables	8	126,034	219,171
Loans to related entity	22	-	1,818,281
Financial assets	9	1,598,612	55,395
TOTAL CURRENT ASSETS		<u>3,467,075</u>	<u>5,307,542</u>
NON-CURRENT ASSETS			
Plant and equipment	11	118,763	105,786
Financial assets	9	-	230,000
Investments accounted for using the equity method	10	2,233,158	13,696,705
Exploration and evaluation expenditure	12	1,980,744	934,444
Deferred Tax Asset	5	-	447,016
TOTAL NON-CURRENT ASSETS		<u>4,332,665</u>	<u>15,413,951</u>
TOTAL ASSETS		<u>7,799,740</u>	<u>20,721,493</u>
CURRENT LIABILITIES			
Trade and other payables	13	758,964	497,983
Provisions	14	250,170	115,968
TOTAL CURRENT LIABILITIES		<u>1,009,134</u>	<u>613,951</u>
NON-CURRENT LIABILITIES			
Provisions	14	34,453	-
Deferred tax liabilities	5	-	2,157,810
TOTAL NON-CURRENT LIABILITIES		<u>34,453</u>	<u>2,157,810</u>
TOTAL LIABILITIES		<u>1,043,587</u>	<u>2,771,761</u>
NET ASSETS		<u>6,756,153</u>	<u>17,949,732</u>
EQUITY			
Issued capital	15	21,601,114	18,061,765
Reserves	16	1,978,286	1,761,650
Retained Profits		(16,823,247)	(1,873,683)
TOTAL EQUITY		<u>6,756,153</u>	<u>17,949,732</u>

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2013**

	Issued Capital	Retained Profits/ Accumulated Losses	Option Reserve	Financial Asset Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2011	17,996,048	(862,868)	1,728,793	4,413,764	23,275,737
Profit/(Loss) attributable to owners of the parent	-	(1,010,815)	-	-	(1,010,815)
Other comprehensive income for the period	-	-	-	(4,413,764)	(4,413,764)
Total comprehensive income for the period	-	(1,010,815)	-	(4,413,764)	(5,424,579)
Transactions with owners in their capacity as owners, and other transfers					
Options converted	67,218	-	-	-	67,218
Share-based payments	-	-	32,857	-	32,857
Shares issued during the year	-	-	-	-	-
Transaction costs	(1,501)	-	-	-	(1,501)
Balance at 30 June 2012	18,061,765	(1,873,683)	1,761,650	-	17,949,732
Balance at 1 July 2012	18,061,765	(1,873,683)	1,761,650	-	17,949,732
Profit/(Loss) attributable to owners of the parent	-	(14,949,564)	-	-	(14,949,564)
Other comprehensive income for the period	-	-	-	132,340	132,340
Total comprehensive income for the period	-	(14,949,564)	-	132,340	(14,817,224)
Transactions with owners in their capacity as owners, and other transfers					
Options converted	1	-	-	-	1
Share-based payments	-	-	80,484	-	80,484
Shares issued during the year	3,662,516	-	-	-	3,662,516
Transaction costs	(123,168)	-	3,812	-	(119,356)
Balance at 30 June 2013	21,601,114	(16,823,247)	1,845,946	132,340	6,756,153

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2013

	Notes	2013 \$	2012 \$
Cash Flows from Operating Activities			
Payments for exploration activity		(3,408,915)	(2,624,752)
Payments for suppliers and employees		(1,296,157)	(1,491,958)
Net interest received & other income/refund		123,737	174,138
Net cash (outflows) from operating activities	19 (i)	<u>(4,581,335)</u>	<u>(3,942,572)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(43,573)	(53,455)
Purchase of equity investment		(1,674,334)	(1,892,657)
Tenement Acquisition Costs		(500,000)	-
Proceeds from disposal of equity investment		540,450	7,319,064
Loan to related entities		-	(1,561,619)
Payment for security deposits		-	(2,550)
Net cash provided by (used in) investing activities		<u>(1,677,457)</u>	<u>3,808,783</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		3,090,896	67,217
Payments for costs of issue of shares and options		(58,032)	(1,500)
Loan repayment from other entities		1,753,662	-
Net cash provided by (used in) financing activities		<u>4,786,526</u>	<u>65,717</u>
Net (decrease)/increase in Cash Held		(1,472,266)	(68,072)
Opening Cash & Cash Equivalents	7	3,214,695	3,282,767
Effect of exchange rates on cash holdings in foreign currencies		-	-
Closing Cash & Cash Equivalents	7	<u><u>1,742,429</u></u>	<u><u>3,214,695</u></u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report covers the economic entity of Trafford Resources Limited and controlled entities (the "Group"). Trafford Resources Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the directors on 30th August 2013.

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by IASB.

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

The financial report has been prepared on an accruals basis and is based on historical cost basis, except for derivative financial instruments and available for sale financial assets that have been measured at fair value.

Going concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss before income tax of \$16,660,358 for the year ended 30 June 2013 (2012: \$2,903,719). Included within this loss was the impairment of investment in associate of \$11,754,487 (2012: \$3,545,873).

The net working capital position of the Group at 30 June 2013 was \$2,457,941 (2012: \$4,693,591) and the net decrease in cash held during the year was \$1,472,266 (2012: \$68,072).

The Group has expenditure commitments relating to work programme obligations of their assets of \$2,192,380 which potentially could fall due in the twelve months to 30 June 2014.

The Directors have prepared a cashflow forecast which indicates that the Group will have sufficient cashflows to meet all commitments and workings capital requirements for the period 12 months from the date of signing this report. The Group intends to finance the future operations through either raising additional capital or divesting its ownership in its financial assets held.

Based on the cashflow forecasts and other factors referred to above the directors are satisfied that the going concern basis of preparation is appropriate.

a. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Research and development costs are claimed as a rebate with the corresponding refund shown as an income tax benefit for the year.

b. **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involved the exercise of significant judgement and estimates of the outcome of future events.

c. **Property, Plant and Equipment**

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment - Office	20 – 33 %
Office Furniture and Equipment	20 – 33 %
Plant and Equipment – Field	20 – 33 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but the legal ownership is not transferred to the Company, are classified as finance leases.

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

e. **Earnings Per Share**

Basic earnings per share ("EPS") is calculated as the profit / (loss) attributable to the equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus entitlements in ordinary shares issued during the year.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

f. **Revenue Recognition**

Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

g. **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

h. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

j. **Impairment of Assets**

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

k. **Joint Venture Entities**

A joint venture entity is an entity in which the Group hold a long-term interest and which is jointly controlled by the Group and its controlled entities, and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

Joint Venture Operations

The Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants, and it is not a separate entity carrying on a trade or a business of its own.

The consolidated financial statements include its share of the assets, liabilities, revenue, expenses and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the joint venture operations.

l. **Financial Instruments***Recognition and Initial Measurement*

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

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs in relation to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market are subsequently measured at amortised cost.

Loans and Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as current assets).

Held to maturity investments

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

Held to maturity investment are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets

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

Financial liabilities

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

Fair Value

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

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

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

m. **Investment in Associates**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. The financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate or a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or a joint venture.

Under the equity method, investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates and joint ventures. After application of the equity method the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The reporting dates of the associate and the Group are identical however the associate's accounting policies have been changed where necessary to align them with the policies used by the Group for like transactions and events in similar circumstances.

Details of the Group's investment in associates are shown at Note 10.

n. **Provisions**

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

Where the Group expects some or all of its provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. **Share-based Payment Transactions**

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').

There is currently an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has also issued share rights to employees pursuant to the incentive scheme approved by shareholders on 29 November 2010.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details of which are given in Note 18.

p. **Trade and Other Payables**

Trade and other payables are carried at cost and represent the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of the Group is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

r. **Other Intangible Assets**

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortisation on a straight line basis over their useful lives.

s. **Critical Accounting Estimates and Judgements**

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgements:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in Note 18.

Exploration and evaluation costs

Exploration and evaluation expenditure in regards to acquisition costs incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting period date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Environmental Issues

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

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Comparative figures

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

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. **Application of New and Revised Accounting Standards**

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements' and AASB 2011- 7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'. The Company has not yet determined the application or the potential impact of the Standard.	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'. There is no financial impact.	1 January 2013	30 June 2014

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'. There is no financial impact.	1 January 2013	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'. There is no financial impact.	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'. There is no financial impact.	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'. There is no financial impact.	1 January 2013	30 June 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. **Change in Accounting Policies and Disclosures****Exploration and evaluation expenditure**

In the current reporting period the Accounting Policy for reporting and disclosing exploration and evaluation expenditure has changed. All exploration and evaluation expenditure is now expensed as incurred in accordance with the following disclosure. The directors are of the opinion that the change in accounting policy is both in line with Australian Accounting Standards and provides the users with reliable and relevant information. The change in policy is irrespective of whether or not the Board believes expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets.

Policy:

Exploration and evaluation activity involves the search for mineral and, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data
- gathering exploration data through topographical, geochemical and geophysical studies
- exploratory drilling, trenching and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements
- conducting studies such Scoping, Pre-feasibility, Feasibility and Bank Feasibility Studies.

Administration costs that are not directly attributable to a specific exploration area are charged to the income statement. Exploration and evaluation expenditure is charged to the income statement as incurred except where the exploration and evaluation activity is within an area of interest which was previously acquired in a business combination and measured at fair value on acquisition, or where the existence of a commercially viable mineral deposit has been established.

All acquired exploration and evaluation expenditure is capitalised and monitored for indications of impairment. Where a potential impairment is indicated, assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. Exploration areas at which reserves have been discovered but require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement. Cash flows associated with exploration and evaluation expenditure (comprising both amounts expensed and amounts capitalised) are classified as operating activities in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effects of Change in Accounting Policy for Exploration and Evaluation

Had the new accounting policy in relation to exploration and evaluation expenditure always been applied, the following table demonstrates the effect of this change.

	Restated 30/06/12 \$	Change	Previously Reported 30/06/12 \$
Balance Sheet			
Exploration and evaluation expenditure	934,444	(6,945,930)	7,880,374
Investment in associate	13,696,705	-	13,696,705
Deferred tax asset	447,016	-	447,016
Deferred tax liability	(2,157,810)	2,083,779	(4,241,589)
Accumulated profit/(losses)	(1,873,683)	(4,862,151)	2,988,468
Income Statement			
Exploration and evaluation expenditure	(2,873,233)	(2,780,677)	(92,556)
Share of net loss of associate	(655,708)	(18,060)	(637,648)
Impairment of investment in associate	(3,545,873)	18,060	(3,563,933)
Income tax benefit/(expense)	1,892,904	2,083,779	(190,875)
Net loss attributable to members	(1,010,815)	(696,898)	(313,917)
Basic loss per share (in cents)	(1.19)	(0.82)	(0.37)
Diluted loss per share (in cents)	(1.19)	(0.82)	(0.37)

NOTE 2: REVENUE AND OTHER INCOME

	2013 \$	2012 \$
Interest received	124,083	235,140
	124,083	235,140

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of remuneration paid to each member of the Group's Key Management Personnel.

a. **Remuneration for Key Management Personnel**

Key Management Personnel include Managing Director Ian Finch, Non-Executive Director and Joint Company Secretary Neil McKay, Non-Executive Director Allan Trench, Exploration Director Mark Le Grange, and Joint Company Secretary and Financial Controller Pragyugi Gouw.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	2013	2012
	\$	\$
Short term employment benefits	907,420	787,466
Post employment benefits	76,959	56,759
Long-term benefits	-	-
Share-based payments	11,538	4,710
Termination payments	-	-
Total remuneration	<u>995,917</u>	<u>848,935</u>

b. Number of Shares Held by Key Management Personnel

2013	Balance 1.7.2012	Granted As Compensation	Purchased/ (Sold)	Options / Rights Exercised	Net Change Other*	Balance 30.6.2013
Ian Finch	3,771,818	-	799,978	-	-	4,571,796
Neil McKay	2,753,773	-	151,510	-	-	2,905,283
Mark Le Grange	12,615	-	159,482	-	-	172,097
Allan Trench (i)	-	-	91,000	-	-	91,000
Pragiyugi Gouw	-	-	-	-	-	-
Total	<u>6,538,206</u>	-	<u>1,201,970</u>	-	-	<u>7,740,176</u>

2012	Balance 1.7.2011	Granted As Compensation	Purchased/ Sold	Options / Rights Exercised	Net Change Other*	Balance 30.6.2012
Ian Finch	3,622,818	-	149,000	-	-	3,771,818
Neil McKay	2,753,773	-	-	-	-	2,753,773
Mark Le Grange	12,615	-	-	-	-	12,615
Allan Trench (i)	-	-	-	-	-	-
Shane Sadleir (ii)	2,501,587	-	(47,300)	-	(2,454,287)	-
Pragiyugi Gouw	-	-	-	-	-	-
Total	<u>8,890,793</u>	-	<u>101,700</u>	-	<u>(2,454,287)</u>	<u>6,538,206</u>

(i) Allan Trench was appointed Non-Executive Director on 7 May 2012.

(ii) Shane Sadleir resigned on 13 September 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

c. Number of Options and Share Rights held by Key Management Personnel

2013	Balance 1.7.2012	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2013	Unvested and not exercisable
Ian Finch	3,000,000	-	-	(1,725,000)	1,275,000	-
Neil McKay	1,500,000	-	-	(880,000)	620,000	-
Allan Trench (i)	-	-	-	30,000	30,000	-
Mark Le Grange	353,808	-	-	146,192	500,000	-
Pragiyugi Gouw	200,000	-	-	(200,000)	-	-
Total	5,053,808	-	-	(2,628,808)	2,425,000	-

2012	Balance 1.7.2011	Granted As Compensation	Exercised / Vested	Net Change Other*	Balance 30.6.2012	Unvested and not exercisable
Ian Finch	5,000,000	-	-	(2,000,000)	3,000,000	-
Neil McKay	2,500,000	-	-	(1,000,000)	1,500,000	-
Allan Trench (i)	-	-	-	-	-	-
Mark Le Grange	353,808	-	-	-	353,808	-
Shane Sadleir (ii)	2,500,000	-	-	(2,500,000)	-	-
Pragiyugi Gouw	-	200,000	-	-	200,000	-
Total	10,353,808	200,000	-	(5,500,000)	5,053,808	-

(i) Allan Trench was appointed Non-Executive Director on 7 May 2012.

(ii) Shane Sadleir resigned on 13 September 2011.

* Net Change Other includes shares/options purchased, allotted, sold or expired during the financial year and the number of shares/options held by directors or executives who have been appointed or have resigned during the year.

The fair value of the options is determined using Black-Scholes option pricing method, using the assumptions detailed in Note 18: Share-based Payments.

NOTE 4: AUDITORS' REMUNERATION

	2013 \$	2012 \$
Remuneration of the auditor for:		
— auditing or reviewing the financial report	38,500	41,085
— other services	15,103	11,660
	53,603	52,745

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: INCOME TAX EXPENSE

	2013 \$	2012 \$
(a) Income tax expense		
Current tax	-	-
Deferred tax	(1,710,794)	(1,892,904)
	<u>(1,710,794)</u>	<u>(1,892,904)</u>
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	447,016	613,178
Increase/(decrease) in deferred tax liabilities	(2,157,810)	(2,506,082)
	<u>(1,710,794)</u>	<u>(1,892,904)</u>
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit/(loss) from ordinary activities before income tax	(16,660,358)	(2,903,719)
The prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30%	(4,998,107)	(871,116)
Add / (Less) Tax effect of:		
Share-based payments	25,289	9,857
Other non deductible expenses	18,200	3,362
Current year tax losses not recognised	1,821,086	-
Derecognition of previously recognised tax losses	281,207	-
Movement in unrecognised temporary differences	1,197,435	(1,249,579)
Under/(Over) provision for the year	(55,904)	214,572
Income tax attributable to operating profit	<u>(1,710,794)</u>	<u>(1,892,904)</u>
Applicable weighted average effective tax rates	Nil%	Nil%
Balance of franking account at year end	<u>Nil</u>	<u>Nil</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5: INCOME TAX EXPENSE (CONT'D)

	2013	2012
	\$	\$
(c) Deferred Tax Assets		
Tax losses	-	281,208
Plant and equipment	8,484	-
Investments	395,888	-
Provisions	97,829	52,250
Share issue costs	82,863	69,403
Other	48,861	44,155
	<u>633,925</u>	<u>447,016</u>
Set-off deferred tax liabilities	(633,925)	(447,016)
Net deferred tax assets	-	-
Less deferred tax assets not recognised	-	-
Net tax assets	<u>-</u>	<u>-</u>
(d) Deferred Tax liabilities		
Plant and equipment	-	31,736
Unrealised gain on investments	39,702	1,845,741
Exploration expenditure	594,223	280,333
Total deferred tax liabilities	<u>633,925</u>	<u>2,157,810</u>
Set-off deferred tax assets	(633,925)	(447,016)
Net deferred tax liabilities	-	1,710,794
Less deferred tax liabilities not recognised	-	-
Net tax liabilities	<u>-</u>	<u>1,710,794</u>

NOTE 6: EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2013	2012
	\$	\$
Profit / (Loss) attributable to ordinary shareholders	(14,949,564)	(1,010,815)
	No.	No.
Weighted average number of ordinary shares	92,352,256	85,016,220

Diluted earnings per share

In the current year, since the Group has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 7: CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash at bank and in hand	16,975	1,214,695
Short-term bank deposits	1,725,454	2,000,000
	1,742,429	3,214,695

Cash at bank earn interest at floating rate based on daily bank deposit rates.

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	-	125,024
Related party receivables	67,718	-
Interest Receivable	-	6,466
Security Bonds – Site accommodation	2,550	2,550
Security Bond – Joint Venture	17,000	-
Prepayments	26,282	33,633
Other	12,484	51,498
	126,034	219,171

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note.

NOTE 9: FINANCIAL ASSETS

CURRENT

Available for sale:

Shares in listed corporations - fair value	(i)	1,598,612	55,245
Options in listed corporations - cost		-	150
		1,598,612	55,395

NON CURRENT

Available for sale:

Shares in unlisted corporation-at cost	(ii)	-	230,000
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- (i) During the year, the Group purchased 7,742,876 shares in Orinoco Gold Limited as an investment.
- (ii) Orinoco Gold Limited was listed during the year and is now recognised under Shares in listed corporations-fair value.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 10: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of investment	
				2013 %	2012 %	2013 \$	2012 \$
IronClad Mining Limited	Exploration & Development	Australia	Ord	27.78	27.78	2,233,158	13,696,705
						2,233,158	13,696,705

Summarised financial information in respect of the Group's associate and joint venture is set out below:

	2013 \$	2012 \$
Financial Position of Associate		
Total assets	36,409,497	38,473,940
Total liabilities	1,506,246	4,605,350
Net assets	34,903,251	33,868,590
Group's share of net assets	9,696,123	9,408,694
Financial Performance of Associate		
Total revenue	363,495	359,368
Total gain (loss) for the year after tax	1,047,309	(1,954,924)
Opening balance	13,696,705	16,239,558
Shares acquired	-	1,658,728
Share of associated company's gain/(loss) after income tax	290,940	(655,708)
Impairment loss*	(11,754,487)	(3,545,873)
Balance at end of the financial year	2,233,158	13,696,705

* The Group holds 29,775,445 shares in its associate, IronClad Mining Limited (IronClad). Based on the share price of Ironclad as at 30 June 2013 of \$0.075, the value of this investment is \$2,233,158. The Group has therefore further impaired its investment in IronClad by \$11,754,487 to reduce its carrying value to an amount based on that share price. The impairment has mainly resulted from unfavourable market sentiment on the exploration and mining market segment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 11: PLANT AND EQUIPMENT

Plant and equipment - office	2013	2012
	\$	\$
At cost	383,202	303,258
Accumulated depreciation	(272,488)	(207,988)
	<u>110,714</u>	<u>95,270</u>
Office furniture and equipment		
At cost	92,869	87,219
Accumulated depreciation	(84,820)	(76,703)
	<u>8,049</u>	<u>10,516</u>
Total Plant and Equipment	<u><u>118,763</u></u>	<u><u>105,786</u></u>

	Plant & Equipment Office	Office Furniture & Equipment	Total
	\$	\$	\$
Balance at 1 July 2012	95,270	10,516	105,786
Additions	79,944	5,650	85,594
Disposals – carrying amount	-	-	-
Depreciation expense	(64,500)	(8,117)	(72,617)
Carrying amount at 30 June 2013	<u>110,714</u>	<u>8,049</u>	<u>118,763</u>

There is no plant and equipment of the Group that has been pledged as collateral.

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

	2013	2012
	\$	\$
NON-CURRENT		
Carrying amount at beginning	934,444	934,444
Additions during the year	1,046,300	-
	<u>1,980,744</u>	<u>934,444</u>

Exploration and evaluation expenditure relates to acquisition costs incurred and is accumulated in respect of each identifiable area of interest.

The value of the Group's interest in tenements is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties maybe subject to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13: TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
CURRENT		
Unsecured liabilities:		
Trade payables	425,242	263,695
Other payables and accruals	333,722	234,288
	<u>758,964</u>	<u>497,983</u>

Trade payables are non interest bearing and are normally settled on 30 day terms. Other payables and accruals are non interest bearing and have an average term of 60 days.

The net of GST receivables accumulated monthly are remitted from the taxation authority on a monthly basis.

NOTE 14: PROVISIONS

	Employee Benefits (i) \$	Provision for Rehabilitation (ii) \$	Taxes (iii) \$	Total \$
CURRENT				
Opening balance at 1 July 2012	97,968	12,000	6,000	115,968
Additional provisions	191,845	87,000	32,450	311,295
Amount used	(100,677)	(52,000)	(24,416)	(177,093)
Balance at 30 June 2013	<u>189,136</u>	<u>47,000</u>	<u>14,034</u>	<u>250,170</u>
NON-CURRENT				
Opening balance at 1 July 2012	-	-	-	-
Additional provisions	34,453	-	-	34,453
Amount used	-	-	-	-
Balance at 30 June 2013	<u>34,453</u>	<u>-</u>	<u>-</u>	<u>34,453</u>

- (i) Estimate of annual leave and long service leave payable to employees
- (ii) Estimate of environmental rehabilitation required after drilling
- (iii) Estimate of fringe benefit tax payable

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ISSUED CAPITAL

	2013	2012
	\$	\$
113,682,103 Fully paid ordinary shares (2012: 85,312,371)	113,682,103	18,061,765
Fully Paid Ordinary Shares		
At the beginning of the reporting period	18,061,765	17,996,048
Shares issued during the year		
1 option exercised at \$0.70	-	1
2 options exercised at \$0.30	1	-
609,400 options exercised at \$0.11	-	67,216
Rights Issue of 3,189,230 shares at \$0.20	637,846	-
Placement of 2,500,000 shares at \$0.20	500,000	-
Placement of 7,000,000 shares at \$0.10	700,000	-
Share Purchase Plan of 12,530,500 shares at \$0.10	1,253,050	-
150,000 shares issued as placement fee at \$0.17	25,320	-
3,000,000 shares to acquire interest in mineral rights and tenements issued at \$0.18	546,300	-
Transaction costs relating to share issues	(123,168)	(1,500)
Balance at 30 June 2013	21,601,114	18,061,765

Fully paid ordinary shares

	2013	2012
	No.	No.
At the beginning of the reporting period	85,312,371	84,702,970
Options converted during the year	2	609,401
Fully paid ordinary shares issued during the year	28,369,730	-
At reporting date	113,682,103	85,312,371

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company has fully paid shares of no par value.

For information on relating to share options issued to key management personnel during the financial year, refer Note 3: Key Management Personnel and Note 18: Share-based Payments.

Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 15: ISSUED CAPITAL (CONTINUED)

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group's available working capital at 30 June was as follows:

	2013 \$	2012 \$
Current Assets	3,467,075	5,307,542
Current Liabilities	(1,009,134)	(613,951)
Working Capital	<u>2,457,941</u>	<u>4,693,591</u>

NOTE 16: RESERVES

Option Reserve

The option reserve records the valuation of employee share options.

Financial Assets Reserve

The financial assets reserve records revaluations of financial assets.

NOTE 17: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The Group does not use any form of derivatives as it does have an exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks under procedures approved by the Board of Directors.

Treasury Risk Management

The Group is not of a size nor are its financial affairs of such complexity to justify the establishment of a Finance Committee. However, senior executives of the Group analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts

The main risks arising from the Group's financial instruments are market risk (include interest rate risk) and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Interest Rate Risk

The Group's exposure to market interest rate relates primarily to its cash and cash equivalents.

The Group manages interest rate and liquidity risk by monitoring levels of exposure to interest rate and assessment of market forecast for interest rate. It also monitors immediate and forecast cash requirements to ensure adequate cash reserves are maintained.

The following sensitivity analysis together with mix of financial assets exposed to variable interest rate risk in existence at the end of the reporting period after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the view of market commentators over the next twelve months.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with other variables held constant, post tax loss and equity would have been affected as shown.

	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss (\$)	Equity (\$)	Net Profit (\$)	Equity (\$)
<i>30 June 2013</i>					
Cash	1,742,429	(17,425)	(17,425)	17,425	17,425
<i>30 June 2012</i>					
Cash	3,214,695	(32,147)	(32,147)	32,147	32,147
Loan to related entity	1,818,281	(18,183)	(18,183)	18,183	18,183

(b) Market Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as either available for sale or at fair value through profit and loss.

Listed investments have been valued at the quoted market bid price at the end of reporting period, adjusted for transaction costs expected to be incurred.

At 30 June 2013, the effect on profit and equity as a result of changes in listed equity prices, with all other variables remaining constant would be as follows:

	Carrying Amount	Listed Equity Price -10%		Listed Equity Price +10%	
		Net Loss (\$)	Equity (\$)	Net Profit (\$)	Equity (\$)
<i>30 June 2013</i>					
Shares in Listed Corporations	1,598,612	(159,861)	(159,861)	159,861	159,861
<i>30 June 2012</i>					
Shares in Listed Corporations	55,245	(5,525)	(5,525)	5,525	5,525

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Majority of the Group's receivables are prepayment of services and invoices for the provision of services to its associate, IronClad Mining Limited.

Due to the nature of the Group's business (advanced exploration and development), the Group does not have any significant credit risk exposure to any single counterparty or any group of counter parties having similar characteristics. The carrying amount of cash, trade and other receivables, and loan to related entity recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The Group keeps its cash and cash equivalent with financial institution which has ratings AA or better.

Trade and other receivables

As the Group operates primarily in advanced exploration and development activities, it has limited trade receivables and exposure to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management has deemed where necessary to provide for the potential failure of one of its creditors to fail to meet its obligations.

Loan to related entity

In 2012, a short term unsecured loan was made available to provide working capital to its associate, IronClad Mining Limited (IronClad). This loan has now been paid in full.

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast, actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk. The Group does not have any external borrowings.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecast operational and development activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

	Weighted Average Effective Interest Rate (%)	Less than one month (\$)	1 to 3 Months (\$)	3 Months to one year (\$)	1 to 5 Years (\$)	Total (\$)
2013						
Financial Assets						
Non-interest bearing	-	106,306	178	-	-	106,484
Variable interest rate	2.72%	1,742,429	-	-	-	1,742,429
		1,848,735	178	-	-	1,848,913
Financial Liabilities						
Non-interest bearing	-	819,998	-	-	-	819,998
		819,998	-	-	-	819,998
Net financial assets		1,027,737	178	-	-	1,028,915
2012						
Financial Assets						
Non-interest bearing	-	85,131	125,024	-	-	210,155
Variable interest rate	6.26%	3,032,976	-	-	-	3,032,976
Fixed interest rate	4.60%	2,000,000	-	-	-	2,000,000
		5,118,107	125,024	-	-	5,243,131
Financial Liabilities						
Non-interest bearing	-	497,983	-	115,968	-	613,951
		497,983	-	115,968	-	613,951
Net financial assets		4,620,124	125,024	(115,968)	-	4,629,180

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 17: FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Net Fair Values

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

- Level 1 – the fair value is calculated using quoted prices in active markets;
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability; and
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair values of financial instruments and the methods used to estimate their fair values are as follows:

	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets	3,831,770	-	-	3,831,770	13,752,100	230,000	-	13,982,100

There were no transfer between Level 1 and Level 2 and no movement in Level 3 during the year.

The fair values of all financial assets and liabilities approximate their carrying amounts.

NOTE 18: SHARE-BASED PAYMENTS

Options

The Company has adopted an Incentive Scheme with the purpose of giving employees, directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors believe the Incentive Scheme will be a significant factor in retaining and attracting skilled and experienced employees, board members and executive officers; and provide them with the motivation to add further value to the Company.

All options granted to employees confer the right to purchase before the expiry date one ordinary share at the exercise price for every option held.

	2013		2012	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	6,450,000	0.36	11,059,400	0.82
Granted	-	-	-	-
Exercised ¹	-	-	(609,400)	0.11
Expired	(4,000,000)	0.29	(4,000,000)	1.66
Outstanding at year-end	2,450,000	0.48	6,450,000	0.36
Exercisable at year-end	2,450,000	0.48	6,450,000	0.36

¹ As at the date of the exercise, the weighted average share price when the options in the prior year were exercised was \$0.33.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 18: SHARE-BASED PAYMENTS (CONT'D)

The options outstanding at 30 June 2013 had a weighted average exercise price of \$0.48 (2012: \$0.36) and a weighted average remaining contractual life of 0.47 years (2012: 0.81 years). Exercise prices range from \$0.11 to \$0.56 in respect of options outstanding at 30 June 2013 (2012: \$0.11 - \$0.56).

Share rights

Pursuant to the incentive scheme approved by shareholders on 29th November 2010, the Company issued share rights to employees on 3 February 2012. These rights expired on the 30th June 2013 and would have vested when the 10 day volume weighted average price ("VWAP") of Company's shares trading on the ASX exceeds the stated levels as noted below:

No of Rights	Grant Date	Expiry Date*	Share Price on Grant Date	10 Day VWAP Hurdle	Share Price Volatility	Discount for vesting price barrier applied to fair value based on price on grant date	Fair Value per Right
697,500	3 Feb 12	30 Jun 13	\$0.33	\$0.50	73%	60%	\$0.13
697,500	3 Feb 12	30 Jun 13	\$0.33	\$0.80**	73%	90%	\$0.03

* The share rights would have lapsed prior to the expiry date upon termination of employment before expiry date.

** The additional condition for the \$0.80 rights to vest would have been in the event that Wilcherry Hill Joint Venture with IronClad Mining Ltd received its first revenue prior to the rights expiry date.

The share rights were valued based on the price of the Company's shares discounted for market based vesting conditions.

Included in the statement of profit or loss and other comprehensive income is share-based payments of \$80,484 (2012: \$32,856), which relates to the amortisation of the value of share rights over the vesting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19: CASH FLOW INFORMATION

	2013	2012
	\$	\$
i. Reconciliation from the net loss after tax to the net cash flow from operations		
Profit / (loss) from ordinary activities after income tax	(14,949,564)	(1,010,815)
Non-cash flows in operating loss		
- Depreciation	72,617	48,773
- Share of equity (gain) / loss of investment in associate	(290,940)	655,708
- Mark to market investments	-	(9,624)
- Impairment of investment in associate	11,754,487	3,545,873
- Impairment of other investments	156,883	-
- Profit from sale of investments	(229,815)	(5,522,126)
- Foreign exchange loss / (gain)		
- Loan interest	(2,920)	(69,986)
- Provision for doubtful debts	-	6,498
- Loss on deconsolidation	-	-
- Share-based payments	80,484	32,856
Changes in assets and liabilities		
- Decrease (increase) in receivables and prepayments	135,115	(3,328)
- Increase (decrease) in trade and other creditors and accruals	234,457	252,997
- Increase (decrease) in provisions	168,655	23,506
- Increase (decrease) in deferred tax assets and liabilities	(1,710,794)	(1,892,904)
Net cash inflows (outflows) from Operating Activities	(4,581,335)	(3,942,572)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20: COMMITMENTS

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	2013 \$	2012 \$
Tenement Commitments		
Not longer than one year	2,192,380	1,579,880
Longer than one year, but not longer than five years	7,055,880	5,397,760
Longer than five years	-	150,000
	9,248,260	7,127,640
Other Commitments		
Not longer than one year	279,479	205,472
Longer than one year but not longer than five years	1,264,821	606,985
Longer than five years	160,238	-
	1,704,538	812,457

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the balance sheet may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

Based on the closing share price of IronClad Mining Limited (ASX: IFE) on 29 August 2013 of 13.5 cents, the value of investments accounted for using the equity method has increased by \$1,786,527 from balance date.

Based on the closing share price of Orinoco Gold Limited (ASX: OGX) on 29 August 2013 of 15.0 cents, the value of current financial assets has increased by \$252,819 from balance date.

NOTE 22: RELATED PARTY INFORMATION

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

Ironclad Mining Limited entered into an agreement with the Company whereby the Company was engaged to provide technical and administration services. Invoices for these services are issued on a monthly basis.

In the prior year, the Company entered into a short term unsecured loan agreement with IronClad allowing IronClad to borrow up to \$2,000,000 from the Company. As at 30 June 2013, this loan has been paid in full (2012: \$1,818,281 outstanding). Loan interest is calculated based on rates published by the banker of the Company for borrowing unsecured funds per annum.

Director Related Entities

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Company and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in the Remuneration Report and Note 3 to the accounts.

These transactions were made on commercial terms and conditions at market rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23: JOINT VENTURES

The Group has interests in unincorporated joint ventures as follows:

Principal Activities	Interest	Interest	Carrying Value	Carrying Value
	2013	2012	2013	2012
			\$	\$
Western Gawler Craton Joint Venture	51%	-	1,046,300	-
Mineral exploration joint venture (JV) with Kingsgate Consolidated Limited (KCN) whereby Trafford holds 51% of the gold mineral rights. Under the terms of the JV, Trafford is the joint venture manager. Consistent with accounting policy, all exploration costs are written off.				
Independence Group Joint Venture	-	-	-	-
Mineral exploration JV with Independence Group NL (IGO) whereby Trafford may earn 80% equity in the project by expending \$5 million over 5 years. Consistent with accounting policy, all exploration costs are written off.				

NOTE 24: CONTINGENT ASSETS AND LIABILITIES

CONTINGENT ASSETS

The Group has a 20% free-carried interest of the Wilcherry Hill iron ore project until production of extracted minerals commences.

CONTINGENT LIABILITIES

As part of the purchase agreement for the Western Gawler Craton Joint Venture, the Company will issue \$1,000,000 worth of shares on a decision to conduct a feasibility study or feasibility studies over a Joint Ore Reserves Committee (JORC) compliant mineral resource or cumulative mineral resource of 500,000 ounces of gold or larger, located within its Western Gawler Craton Joint Venture tenement area.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the tenements are considered to form a single project. This is indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: SEGMENT INFORMATION (CONT'D)

	SA	WA	International	Total
	\$	\$	\$	
(i) Segment performance				
Period ended 30.06.2013				
Segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to Group's revenue</i>				
Net interest received				124,083
Total revenue				124,083
Segment result	(1,452,923)	(2,156,127)	(195,239)	(3,804,289)
<i>Reconciliation of segment result to net profit / (loss) before tax</i>				
<i>Unallocated items:</i>				
Net corporate Charges				(1,312,353)
Depreciation				(72,617)
Share-based payments				(80,484)
Impairment of investment in associate				(11,754,487)
Impairment of other investments				(156,883)
Gain on sale of non-current assets				229,815
Share of net gain in associate				290,940
Net loss before income tax				(16,660,358)
Income tax benefit				1,710,794
Loss for the year				(14,949,564)
Period ended 30.06.2012				
Segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to Group's revenue</i>				
Net interest received				235,140
Total revenue				235,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: SEGMENT INFORMATION (CONT'D)

	SA	WA	International	Total
	\$	\$	\$	\$
Segment result	(2,607,155)	(243,469)	(22,609)	(2,873,233)
<i>Reconciliation of segment result to Group's net profit before tax</i>				
<i>Unallocated items:</i>				
Net corporate Charges				(1,279,026)
Depreciation				(48,773)
Share-based payments				(32,856)
Mark to market investments				9,624
Impairment of investment in associate				(3,545,873)
Gain on sale of non-current assets				5,522,126
Share of net profits of associate				(655,708)
Net profit before income tax				(2,903,719)
Income tax benefit				1,892,904
Profit for the year				(1,010,815)
(ii) Segment assets				
Period ended 30.06.2013				
Segment assets	1,983,294	-	-	1,983,294
<i>Reconciliation of segment result to Group's assets</i>				
Inter-segment elimination				
<i>Unallocated items:</i>				
Cash and cash equivalents				1,742,429
Trade and other receivables				123,484
Loan to related entity				-
Plant and equipment				118,763
Financial assets				3,831,770
Total assets				7,799,740
Additions to segment assets for the period:				
Tenement acquisition	1,046,300	-	-	1,046,300
Total additions to segment assets	1,046,300	-	-	1,046,300

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: SEGMENT INFORMATION (CONT'D)

	SA	WA	International	Total
	\$	\$	\$	\$
Period ended				
30.06.2012				
Segment assets	936,994	-	-	936,994
<i>Reconciliation of segment result to Group's assets</i>				
<i>Unallocated items:</i>				
Cash and cash equivalents				3,214,695
Trade and other receivables				216,621
Loan to related entity				1,818,281
Plant and equipment				105,786
Financial assets				13,982,100
Deferred tax asset				447,016
Total assets				20,721,493
Additions to segment assets for the period:				
Bond	2,550	-	-	2,550
Total additions to segment assets	2,550	-	-	2,550
(iii) Segment liabilities				
Period ended				
30.06.2013				
Segment liabilities	305,020	205,703	3,963	514,686
<i>Reconciliation of segment liabilities to Group's liabilities</i>				
<i>Unallocated items:</i>				
Trade and other payables				244,278
Provisions				284,623
Total liabilities				1,043,587

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

NOTE 25: SEGMENT INFORMATION (CONT'D)

	SA	WA	International	Total
	\$	\$	\$	\$
Period ended				
30.06.2012				
Segment liabilities	189,900	-	-	189,900
<i>Reconciliation of segment liabilities to Group's liabilities</i>				
<i>Unallocated items:</i>				
Trade and other payables				308,083
Provisions				115,968
Deferred tax liability				2,157,810
Total liabilities				<u>2,771,761</u>

NOTE 26: CONTROLLED ENTITIES

Name of Entity	Incorporated	Interest	Interest
		2013	2012
Tyranna Resources Pty Ltd ⁽¹⁾	Australia	100%	0%
Half Moon Pty Ltd ⁽²⁾	Australia	100%	0%

(1) Tyranna Resources Pty Ltd is a wholly owned subsidiary of Trafford Resources Ltd

(2) Half Moon Pty Ltd is a wholly owned subsidiary of Tyranna Resources Pty Ltd.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. the financial statements and notes, as set out on pages 33 to 71, and the remuneration disclosure that are contained in pages 28 to 31 of the Remuneration Report in the Directors' report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the Group;
 - c. the remuneration disclosures that are contained in pages 28 to 31 of the Remuneration Report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
 - d. are in accordance with International Reporting Standards, issued by the International Accounting Standards Board; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view;
3. 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Ian D. Finch

Dated this 30th day of August 2013

Independent Auditor's Report

To the Members of Trafford Resources Limited

We have audited the accompanying financial report of Trafford Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

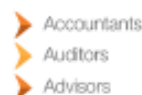
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Independent Auditor's Report

To the Members of Trafford Resources Limited (Continued)



Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- a. The financial report of Trafford Resources Limited and Controlled Entities 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 2013 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

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

Auditor's Opinion

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

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Director

DATED at PERTH this 30th day of August 2013

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The distribution of members and their holdings of equity securities in the Company as at 29th August 2013 was as follows:

1. Shareholding

a. Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	254	99,971
1001 - 5000	649	2,009,880
5,001 – 10,000	468	3,848,492
10,001 – 100,000	951	31,264,185
100,001 – and over	175	76,459,575
	2,497	113,682,103

b. The number of shareholdings held in less than marketable parcels is 733.

c. The name of the substantial shareholder listed in the holding company's register as at 29th August 2013 is:

Shareholder	Number Ordinary
DBS Vickers Securities (Singapore) Pte Ltd	8,401,496

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. DBS Vickers Securities (Singapore) Pte Ltd	8,401,496	7.39%
2. Imperial Resources Management Pty Ltd	4,571,796	4.02%
3. Admark Investments Pty Ltd (JS Pinto Super Fund A/C)	4,300,000	3.78%
4. Southern Gold Limited	3,000,000	2.64%
5. Neil McKay Pty Ltd	2,905,283	2.56%
6. HS Superannuation Pty Ltd	2,259,676	1.99%
7. Yendah Pty Ltd	2,000,000	1.76%
8. Dr. Adam Joseph Teague	1,452,000	1.28%
9. Phillip Securities Pte Ltd	1,427,009	1.26%
10. Woodhill Holdings Pty Ltd	1,350,000	1.19%
11. Admark Investments Pty Ltd (The Pinto Family A/C)	1,250,000	1.10%
12. Mr. Michael John Williams and Mrs. Katrina Elfreda Williams	1,150,990	1.01%
13. HSBC Custody Nominees (Australia) Ltd	1,044,616	0.92%

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares (cont'd)

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
14. Optiplus Super Pty Ltd	975,000	0.86%
15. Golden Boronia (Australia) Pty Ltd	900,000	0.79%
16. Maniciti Pte Ltd	850,000	0.75%
17. Sanperez Pty Ltd <P Chalmers Partnership A/C>	839,250	0.74%
18. National Nominees Ltd	800,000	0.70%
19. JP Morgan Nominees Australia Ltd	790,798	0.70%
20. Mr. Lionel Cedric Julian Lees & Mrs. Colleen Kerry Lees (LSF A/C)	750,000	0.66%
	41,017,914	36.10%

f. 20 Largest Option holders – Exercisable at \$0.30 and Expiring 13 October 2014

Name	Number of Options Held	% of Units
1. Woodhill Holdings Pty Ltd	850,000	29.11
2. Admark investments Pty Ltd	420,000	14.39
3. Elysian Fields Investments Pty Ltd	150,000	5.14
4. Mrs. Fook Lin Chan	137,500	4.71
5. Imperial Resources Management Pty Ltd	125,000	4.28
6. Alimatt Pty Ltd	125,000	4.28
7. Mr. Costa john Poulakis	112,500	3.85
8. Fairway Films Pty Ltd	100,000	3.43
9. National Nominees Ltd	79,051	2.71
10. Kopel Pty Ltd	75,000	2.57
11. All Investments Pty Ltd	75,000	2.57
12. Cooltras Pty Ltd	75,000	2.57
13. Factor Resources Pty Ltd	62,500	2.14
14. A Koutzoumis Pty Ltd	62,500	2.14
15. Mr. George Zagas & Mrs. Penny Zagas	62,500	2.14
16. Johanne Topping	50,000	1.71
17. Mr. Athelstane Hardstaff Smith	33,105	1.13
18. Mr. Gregory John Miller	30,000	1.03
19. Technica Pty Ltd	25,000	0.86
20. Kas Developments Pty Ltd	25,000	0.86
	2,674,656	91.62

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

g. 20 Largest Option holders – Exercisable at \$0.20 and Expiring 20 May 2015

Name	Number of Options Held	% of Units
1. Mr. Richard Kenneth Maish	2,000,000	10.24
2. Admark Investments Pty Ltd	1,150,000	5.89
3. Optiplus Super Pty Ltd	750,000	3.84
4. Australian Mineral & Waterwell Drilling Pty Ltd	600,000	3.07
5. Alimatt Pty Ltd	520,000	2.66
6. Roy Spagnolo Pty Ltd <Spagnolo Family Trust>	500,000	2.56
7. Mr. Grant Lindsay Currie	450,000	2.30
8. Elysian Fields Investments Pty Ltd	300,000	1.54
9. Mrs. Fook Lin Chan	300,000	1.54
10. Mr. Cameron John Williams	300,000	1.54
11. Justin Cullen	250,000	1.28
12. Mr. Richard Kenneth Maish & Mrs. Jessica Anne Maish	250,000	1.28
13. Comsec Nominees Pty Ltd	239,999	1.23
14. Mr. Timothy Francis Clive McDonnell	210,000	1.08
15. George Carey	200,000	1.02
16. Steven Osborn	200,000	1.02
17. Mr. Maxwell John Turner & Mrs. Shirley Paulina Turner <Golden SQ News Staff PF A/C>	200,000	1.02
18. Mr. Douglas John Rowell	155,000	0.79
19. Mr. Charles Robert Walton	150,000	0.77
20. Mr. David Lawrence Meyer & Mrs. Charmaine Allana Meyer	150,000	0.77
	8,874,999	45.44

2. The joint company secretaries are Neil W. McKay and Pragyugi Gouw.
3. The address of the principal registered office in Australia is Level 2, 679 Murray Street, West Perth, WA 6005. Telephone + (08) 9485 1040
4. Registers of securities are held by Advanced Share Registry at 150 Stirling Highway, Nedlands W.A. 6009
5. **Stock Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited. The Company's ASX code is TRF.
6. **Unquoted Securities**
Options over Unissued Shares
A total of 2,450,000 options are on issue, with a total of 1,850,000 options issued to directors.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Trafford Resources Limited ("Trafford" or "the Company") is responsible for the Corporate Governance of the Company.

The Company is committed to and support the implementation of the best practice in corporate governance, applied in a manner that is appropriate to the Company's circumstances.

The Company has taken note of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. A second edition titled Corporate Governance Principles and Recommendations with 2010 Amendments was released at 30 June 2010.

Further information about the Company's corporate governance practices, including the relevant information on the Company's charters, code of conduct and other policies and procedures are set out on the Company's website at www.traffordresources.com.

During the Company's financial year ended 30 June 2013 ("Reporting Period"), unless otherwise stated the Company has followed each of the Principles and Recommendations:

Principle 1	Lay solid foundations for management and oversight			
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	<p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the company to the Managing Director.</p> <p>Senior executives are responsible for supporting and assisting the Managing Director in implementing the running of the general operations of the Company.</p>			
1.2 Companies should disclose the process for evaluating the performance of senior executives.	<p>Each senior executive is required to participate in an annual review process with the Managing Director, which assesses individual performance.</p> <p>The Managing Director's performance is evaluated by the Board on both informal and formal basis.</p>			
1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1	<p>The Board Charter is available on the Company's website. Annual evaluations of senior executives have been conducted in accordance with the process disclosed.</p>			
Principle 2	Structure of the board to add value			
2.1 A majority of the board should be independent directors	Name	Position	Expertise	Term of Office
	Ian D. Finch	Managing Director	Commercial & Exploration	Appointed 1 Dec 2005 91 months
	Neil W. McKay	Non Executive Director	Commercial	Appointed 17 Dec 2004 103 months
	Mark Le Grange	Exploration Director	Exploration	Appointed 24 Jan 2011 29 months
	Dr Allan Trench	Non Executive Director	Commercial & Exploration	Appointed 7 May 2012 14 months
	<p>The Company acknowledges the Board does not constitute of a majority independent non-executive director but believes the Board is of a suitable composition and possesses the necessary skills to govern the Company for its current business size.</p>			
2.2 The chair should be an independent director	<p>Mr. Finch is the Executive Director of the Company and does not meet the Company's criteria for independence. The Board considers Mr. Finch's experience and knowledge of the Company's business make his contribution valuable to the Board such that it is appropriate for him to remain as Chair of the Board.</p>			

CORPORATE GOVERNANCE STATEMENT	
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	The company has a Managing Director who also acts as Chairman due to the fact that Mr. Finch's experience and knowledge of the Company's business make his contribution valuable to the Board such that it is appropriate for him to hold the position.
2.4 The board should establish a nomination committee	The Board, as a whole serves as the Company's Nomination Committee. Terms and conditions of employees are negotiated by the Managing Director for recommendation to the Board.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	<p>During the reporting year, the Company conducted evaluation of its Directors and Executives. The Board undertakes an annual review of its own performance with external advice as appropriate.</p> <p>The remuneration policy which sets out terms and conditions for senior executives is set out in the Remuneration Report included in the Directors Report.</p>
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2	<p>The Board is of the view that it is currently structured in such a way so as to add value and its composition is appropriate for the complexity of the business at this time.</p> <p>The Board or individual directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Managing Director.</p> <p>The Board, as a whole, will serve as the Company's nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, subject to shareholder approval, in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction for the Company.</p>
Principle 3	Promote ethical and responsible decision making
<p>3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> • The practice necessary to maintain confidence in the Company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	<p>The Company has established the following policies which provide a framework for decisions and actions necessary to maintain confidence in the Company's integrity, and meet its legal obligations and expectations of their stakeholders.</p> <ul style="list-style-type: none"> • Securities Trading Policy • Continuous Disclosure Policy • Code of Conduct for Directors and Key Executives. <p>All of the Company's Corporate Governance Policies are publicly available on the Company's website.</p>

CORPORATE GOVERNANCE STATEMENT	
<p>3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Company has a diversity policy suitable for its operation size and the industry it operates in. It strongly believes that the promotion of diversity on its board, senior executives and within the organisation adds to the strength of the Company.</p> <p>The diversity policy will affirm the existing employment practice where the Company seeks to attract and retain the best people by promoting environment where each employee is treated fairly, with respect and have access to equal opportunities.</p> <p>The current diversity within the Company's workforce includes factors such as religion, race, ethnicity, language, gender, and age.</p>
<p>3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The Corporate Governance guidelines requiring the Company to set measurable objectives for achieving gender diversity and to report against them.</p> <p>Whilst efforts will be made to identify suitably qualified female candidates and candidates from a diversity of backgrounds when seeking to fulfill positions, the Company does not believe it is meaningful, nor in the best interests of shareholders to set formal targets for female participation nor detailed policies in this regard.</p>
<p>3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the board.</p>	<p>As at 30 June 2013, the Company had a diverse workforce with 4 females out of 14 employees, representing 29% of its total workforce. Currently it has no women in senior executive positions.</p>
<p>3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3</p>	<p>The Company's Corporate Governance Policies includes the Company's Code of Conduct and Security Trading Policy.</p> <p>The Company has a Diversity Policy in place which affirms its current practice in promoting diversity throughout different level of its workforce.</p>
Principle 4	Safeguard integrity in the financial reporting
<p>4.1 The board should establish an audit committee</p>	<p>Given the size and scope of the Company's operations, the Board of Directors has assumed those responsibilities that are ordinarily assigned to an audit committee.</p> <p>The Board has adopted an Audit Committee Charter which provides that the Board may meet with the external auditor, without management present.</p>
<p>4.2 The audit committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consist of only non-executive directors • Consist of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members. 	<p>The full Board of Directors carries out the duties of the audit committee. Given its size and composition, the Board does not consider that the Company will gain any benefit from the formation of a separate audit committee.</p>

CORPORATE GOVERNANCE STATEMENT	
4.3 The audit committee should have a formal charter	The Company has a formal audit charter which the Board of Directors abides by.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	<p>The Board is responsible to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non-financial information.</p> <p>The shareholders in general meeting are responsible for the appointment of the external auditor of the Company and the Board from time to time will review the scope, performance and fees of the external auditor.</p>
Principle 5	Make timely and balanced disclosure
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	The Board has established policy designed to ensure compliance with ASX Listing Rules on disclosure and accountability at senior executive level.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	The Board has designated the Managing Director as the person responsible for overseeing and coordinating disclosure of information to the ASX and the Company Secretaries have the responsibility for communicating with ASX. The Company has a Continuous Disclosure Policy in place.
Principle 6	Respect the rights of shareholders
6.1 Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board has designed a communication policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	The Board is committed to open and effective communications, ensuring all shareholders are informed of all significant developments concerning the Company. The Company has in place an effective Shareholder Communications Policy with dedicated personnel responsible for investor relations.
Principle 7	Recognise and manage risk
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	The Board regularly reviews and determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

CORPORATE GOVERNANCE STATEMENT	
<p>7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.</p>	<p>The Board has the responsibility for undertaking and assessing risk management and internal control effectiveness. The Board is required to assess risk management and associated internal compliance and control procedures and is responsible for ensuring the process for managing risk is integrated within business planning and management activities.</p> <p>The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board which include:</p> <ul style="list-style-type: none"> • Implementation of Board approved annual operating budgets and plans, then monitoring the actual progress against those; and • Regular reporting on the financial position and performance of the Company. <p>The Board continuously seek to develop a more extensive Risk Management Policy, which can be used as a guide throughout the Company in identifying and communicating business risks.</p>
<p>7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>The Board receives regular information about the financial position and performance of the Company. The Managing Director and the Chief Financial Officer equivalent declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This representation is made prior to the Directors' approval of the release of annual and half-yearly accounts.</p>
<p>7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.</p>	<p>The Board has overall responsibility for risk management through the implementation of the Company's systems and procedures. These systems are designed to ensure the effective and efficient business operations, compliance with laws and regulations and managing risk associated with the Company's business. It must be recognised however, that the internal control system can only provide reasonable and not absolute assurance against risk of material loss.</p>
Principle 8	Remunerate fairly and responsibly
<p>8.1 The board should establish a remuneration committee.</p>	<p>The Board of Directors as a whole takes responsibility for the Remuneration Committee.</p>
<p>8.2 The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consist of a majority of independent directors • Is chaired by an independent chair • Has at least three members. 	<p>Due to the small size and structure of the Board, a separate Remuneration Committee is not considered to be effective and efficient to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee. When considering matters of remuneration the Board functions in accordance with its Remuneration Committee Charter and seek professional advice where appropriate.</p> <p>All matters of remuneration continue to be determined in accordance with Corporations Act requirements, especially in relation to related party transactions.</p>

CORPORATE GOVERNANCE STATEMENT	
8.3 Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	<p>The Board distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporation Act also provide that the remuneration of non-executive directors should not be more than the aggregate fixed sum determined by a general meeting.</p> <p>The Company does not have any scheme to provide retirement remuneration to non-executive directors.</p> <p>The Board is responsible for determining the remuneration of the executive director (without the participation of the affected director).</p>
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	Full details regarding the remuneration policy of the Company, remuneration of Directors, is included in the Remuneration Report as part of the Directors' Report.

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SCHEDULE OF MINERAL TENEMENTS

<i>South Australia Tenement Schedule - 19 August 2013</i>					
Exploration License Number	Area (km ²)	Tenement Name	Registered Holder	JV Partner	Comment
4286	66	Valley Dam	Trafford Resources Limited	IFE	Formerly 3190
4421	408	Peterlumbo	Trafford Resources Limited	IFE	
4748	98	Mt Miccollo	Trafford Resources Limited		Formerly 3523
3981	115	Eurilla Dam	Trafford Resources Limited	IFE	Formerly 3021
4443	107	Mt Double North	Trafford Resources Limited		
4162	387	Wilcherry Hill	Trafford Resources Limited	IFE	Formerly 3095
4870	253	Pinkawillinie	Trafford Resources Limited		
4942	711	Irra Outstation (Jumbuck)	Trafford Resources Limited		
4943	641	Garford Outstation West	Trafford Resources Limited		
4944	671	Garford Outstation East	Trafford Resources Limited		
4945	710	Reid Lookout	Trafford Resources Limited		
4946	487	Siam	Trafford Resources Limited		
5098	128	Wildingi Claypen	Trafford Resources Limited		
5018	280	Tallaringa	Trafford Resources Limited		
5168	57	Indooroopilly	Trafford Resources Limited		
5282	107	Hilga Crutching Shed	Trafford Resources Limited		
5283	786	Mt Christie	Trafford Resources Limited		
5284	384	Commonwealth Hill	Trafford Resources Limited		
5285	193	Ingomar	Trafford Resources Limited		
4465	232	Isthmus	Trafford Resources Limited		
3782	36	Campfire Bore	Dominion Gold Pty Ltd	HM	
4014	1420	Mulgathing	Dominion Gold Pty Ltd	HM	
4577	134	Sandstone JV	Dominion Gold Pty Ltd	HM	
4468	687	Jumbuck	Dominion Gold Pty Ltd	HM	
4532	184	Mobella	Dominion Gold Pty Ltd	HM	
4644	42	Sandstone	Dominion Gold Pty Ltd	HM	
4951	149	Blowout	Dominion Gold Pty Ltd	HM	

HM = Half Moon

IFE = IronClad Mining Ltd

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SCHEDULE OF MINERAL TENEMENTS (CONT'D)

<i>Western Australia Tenement Schedule – 19 August 2013</i>			
License No.	Area (Hectares)	Registered Holder	Comment
E45/2375	900	Trafford Resources Limited & Montezuma Mining J/V	Joint Venture tenement
P45/2628	36	Trafford Resources Limited	
P45/2629	19	Trafford Resources Limited	
P45/2764	195	Trafford Resources Limited	
P45/2765	200	Trafford Resources Limited	
P45/2766	199	Trafford Resources Limited	
P45/2767	199	Trafford Resources Limited	
P45/2768	171	Trafford Resources Limited	
P45/2769	151	Trafford Resources Limited	
P45/2770	163	Trafford Resources Limited	
P45/2771	181	Trafford Resources Limited	
P45/2772	179	Trafford Resources Limited	
P45/2773	184	Trafford Resources Limited	
E51/1451	7,500	Independence Group NL	Joint Venture tenement
E52/2657	3,600	Independence Group NL	Joint Venture tenement
E52/2684	11,700	Independence Group NL	Joint Venture tenement
E52/2685	8,700	Independence Group NL	Joint Venture tenement
E59/1182	10,500	Independence Group NL	Joint Venture tenement
E59/1183	10,500	Independence Group NL	Joint Venture tenement
E59/1982	63	Trafford Resources Limited	

P Prospecting Licence

E Exploration Licence