LIBERTY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN 98 103 348 947

Annual Financial Report

30 June 2014

Liberty Resources Limited is an Australian mining and exploration company focussed on the development of clean energy, and fertiliser, from coal. For more details, visit www.libertyresources.com.au.

The Company was established in 2003. Its corporate headquarters are in Perth, Western Australia. Its current Board of Directors and Company Secretary comprises:

DIRECTORS	Ian Smith (Chairman) Andrew Haythorpe James Becke Horst Hueniken Charles Thomas Patrick Glovac
SECRETARY	Catherine Anderson
REGISTERED & PRINCIPAL OFFICE	Unit 1, Level 1, 35 Havelock Street West Perth Western Australia 6005 Telephone: (08) 9287 4488 Facsimile: (08) 9388 8862
AUDITORS	HLB Mann Judd Level 4, 130 Stirling Street Perth Western Australia 6000 Telephone: +61 (8) 9277 7500 Facsimile: +61 (8) 9277 7533
SHARE REGISTRY	Computershare Level 2, 45 St Georges Terrace Perth Western Australia 6000 Telephone: +61 (8) 9323 2003 Facsimile: +61 (8) 9323 2033

Contents

Letter from the Chairman

Dear fellow shareholders,

During the last 12 months, Liberty has been focused on survival in an extremely difficult business environment for the coal sector, for all sized players in Queensland and elsewhere. At the same time your Board was looking at business additions that could support and sustain the Company with an ongoing cash-flow business, always with a view to creating real value for our shareholders. In fact, we recognised that Liberty could only survive in this current commodity downturn by establishing a new business that would sustain it with a cash-flow until business conditions improved.

Post our last AGM the Board reassessed shareholder expectations and thus we focused on a greater discipline and accountability which was implemented throughout the business, particularly in the allocation and management of capital and expenditure. We simplified and strengthened our systems in this area and improved decision-making capability.

I am pleased to report that substantial progress had been made on meeting our determined priorities. We achieved significant reductions in monthly expenditure through curtailment of overheads and R&D activities related to our Underground Coal Gasification processes and related activities. These reductions required a reduction in our manning levels and the Board wishes to acknowledge the past contribution of all those employees. Our share registry also gained a new significant shareholder as part of share placements for a total of fifteen percent of the Company's issued capital. This new substantial shareholder Applabs Limited (ASX:ALA), also brings opportunities for Liberty to consider new business directions.

Your Board devotes it's time to reviewing, debating and challenging proposals for investment from management, as well as dealing with a wide range of other issues including safety, strategic direction, optimising capital allocation and expenditure whilst carefully evaluating the wide range of risks and opportunities facing the business, always against competing uses for our scarce cash, striving to achieve the right balance between disciplined expenditure and future value creation for investors. All opportunities are vigorously explored and prioritised.

Good governance is essential for our long-term success and we have seen a greater level of focus, discipline and accountability throughout this recent period. This continues to be underpinned by your Board's oversight of a robust corporate governance framework to support our business and proposed strategic delivery.

My role as Chairman is to lead the Board and to ensure it is focused on its oversight of management and the planning and future delivery of our strategy. Andrew Haythorpe, our hard working Managing Director and former Chairman, has the sole role to focus on planning for a sustainable operational phase and growth of the business – and to do so with safety. Our roles, whilst complementary, are separate. Within the Board the separation of executive and non-executive accountabilities is essential to good governance: our sole executive Mr. Haythorpe has an operational role, whereas the non-executives have an oversight role, ensuring accountability and exercising strong and deliberate challenge through the Board decision-making process to ensure appropriate control mechanisms are in place to implement our proposed strategy and potential future plans. Where required we have used external consultants to provide expert assessment of new opportunities.

I feel very privileged to be the Chairman of Liberty. I am very proud of the contribution each member of your Board is making. I see great opportunities ahead as we develop a long-term and sustainable future for our business which may be in new industries or fields not solely associated with the coal sector of Queensland.

Ian Taylor Smith
Chairman

Directors' Report

The Directors of Liberty Resources Limited ("Liberty" or the "Company") present the annual financial report of the Company and its controlled entities (the "Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andrew Haythorpe (Managing Director) (Lapsed Acting Chairman from 1 April 2014)
Appointed 25 August 2008

Mr Haythorpe is a Geologist by profession and has been associated with the mining and exploration sector since 1986. He gained experience in evaluating the technical and financial aspects of mining projects while working as a mining analyst for Suncorp, County Natwest and Hartley Poynton, and then as a Fund Manager with Bankers Trust.

Previously Mr Haythorpe has served on numerous small company Boards, including Managing Director of Michelago Resources NL and Crescent Gold Ltd and as non-executive Chairman of Aurox Resources Ltd, Central Kalgoorlie Gold Mines Ltd and Top End Uranium Ltd, as well as a Non Executive Director of Salmon River Resources Ltd.

During the previous 3 years, Mr Haythorpe has not held any other directorships of listed entities.

He is currently the Managing Director of Liberty Resources Ltd.

James Becke BEc (Non-Executive Director)
Appointed 11 November 2008

James (Jim) Becke holds a Bachelor of Economics degree from the University of Tasmania. He has over 35 years experience in all facets of the Australian capital markets including debt, equity and synthetic markets. He was a founding director of Macquarie Bank Ltd, a founding director of Austraclear Ltd and a Director of Capital Markets, Dresdner International Financial Markets (Australia) Ltd.

During the previous 3 years, Mr Becke has not held any other directorships of listed entities.

Horst Hueniken (Non-Executive Director)
Appointed 11 April 2012

Mr Hueniken is Vice President and Portfolio Manager at Goodman & Company, Investment Counsel Inc., an investment management company wholly-owned by Dundee Corporation. Located in Toronto, Canada, Mr Hueniken's mandate is to identify attractive agricultural assets around the world, perform due diligence on said assets, recommend what to invest in, and actively manage all aspects of the portfolio.

Mr Hueniken is also Chairman and non-executive director of AgriMarine Holdings Inc. and non-executive director of Xylitol Canada Inc, both listed on the TSX Venture Exchange in Toronto, Canada. He is also Chairman and non-executive Director of Urban Barns Foods Inc., a company listed on the over-the-counter market in the United States, as well as acting Chief Executive Officer and director of Blue Goose Capital Corp, a privately-held company.

Mr Hueniken brings with him over 25 years of investment industry experience as a portfolio manager and as a buy-side and sell-side analyst.

Mr Hueniken holds a Masters of Business Administration from the Richard Ivey School of Business in London, Canada and a Bachelor of Applied Science in Mechanical Engineering from the University of Waterloo, Canada. In addition, he also holds the Chartered Financial Analyst designation.

During the previous 3 years, Mr Hueniken has not held any other directorships in listed entities.

Ian Taylor Smith (Non-Executive Director) (Appointed Chairman on 1 April 2014)
Appointed 10 July 2013

Mr Smith has more than 40 years experience in the mining, chemicals and explosives sectors, primarily with Dyno Nobel and associated companies. He was involved in the ammonia, nitric acid and ammonium nitrate facilities as well as explosive manufacturing.

He is current Chairman and Chief Executive Officer of Cape Byron Energy, Media & Consultancy Pty Ltd ("Cape Byron"), which has interests in a number of explosives-industry related companies and related projects that are considering Ammonium Nitrate and Emulsion manufacture. Cape Byron, through its subsidiaries, also trades in Ammonium Nitrate and related explosive products in Australia, Indonesia and China and also project managed the design, construction and commissioning of ammonium nitrate manufacturing facilities in Egypt and in Indonesia.

During the previous 3 years, Mr Smith has not held any other directorships of listed entities and remains committed to the progression and ultimate development of Liberty's wholly owned Urea Corporation project in Queensland. Mr Smith adds to the diversity of the experience in the Liberty Board.

Charles Thomas (Non-Executive Director)
Appointed 19 June 2014

Mr Thomas is a director of Applabs Technologies Ltd and holds a Bachelor of Commerce from UWA majoring in Corporate Finance.

Mr Thomas had been working as an investment advisor since 2009 for Bell Potter Securities Limited focusing on high net-worth clients and corporate advisory services. Previously he worked for State One Stockbroking for a period of 3 years. Previous to that he worked at Sanford Securities for 2 years. During the past 10 years he has advised and funded numerous ASX listed companies from early stage seed capital through to IPO.

Mr Thomas is a founding director and major shareholder of D-InkD, a company offering laser tattoo removal in Australia.

Mr Thomas is also a founding director of Applabs Australia Pty Ltd. Applabs Australia was a private technology investment fund that was acquired by Applabs Technologies Ltd and backdoor listed on the ASX in 2013. Mr Thomas is currently a non-executive director of ALA and is very actively involved in corporate promotion and fundraising activities for the company.

Mr Thomas is also a Director of various private companies which industries span across many industries including finance, technology and medical fields.

Patrick Glovac (Non-Executive Director)
Appointed 20 August 2014

Mr Glovac holds a Bachelor of Commerce majoring in Finance, Banking, and Management through Murdoch University and also holds a Diploma of Management.

Mr Glovac has been working as an investment advisor since 2003 for Bell Potter Securities Limited focusing on high net-worth clients and corporate advisory services. During that time he has provided capital for many ASX listed companies from early stage seed capital through to IPO.

Mr Glovac was a founding director of Applabs Australia Pty Ltd, a private technology investment fund, which was acquired by AACL Holdngs Limited in 2013. AACL Holdings then changed its name to Applabs Technologies Limited (ALA) where Mr Glovac continues to serve as Managing Director.

Mr Glovac is also a Director of RAP Property Developments Pty Ltd, a private land development company which, since its incorporation in 2012, has undertaken numerous projects in Australia.

Interests in Shares and Options of the Company

The following relevant interests in shares and options of the Company were held by the Directors as at the date of this report.

Director	Number of fully paid ordinary shares	Number of options over ordinary shares (i)	(ii)	(iii)
Andrew Haythorpe	37,092,537	4,000,000	4,000,000	4,000,000
James Becke	437,565	1,000,000	1,000,000	2,000,000
Horst Hueniken	888,122	-	2,000,000	2,000,000
Ian Smith	1,551,155	-	-	2,000,000
Charles Thomas	-	-	-	-
Patrick Glovac	-	-	-	-

(i) Options exercisable at 15 cents before 31 December 2016 as approved at the 2011 AGM.
(ii) Options exercisable at 15 cents before 31 December 2017 vesting on a 5 day VWAP of 30 cents as approved at the 2012 AGM.
(iii) Options exercisable at 9 cents before 31 December 2018 vesting on a 5 day VWAP as approved at the 2013 AGM.

Company Secretary
Catherine Anderson – B Juris (Hons) LLB (UWA)
Appointed 8 March 2011

Catherine Anderson is a legal practitioner admitted in Western Australia and Victoria and has over 20 years experience in both private practice and in house legal roles from working in Melbourne and Perth, particularly in the area of capital raisings and corporate structures. During her career, Catherine has advised on all aspects of corporate and commercial law and today brings this extensive commercial experience to Liberty.

Catherine also has experience in company secretarial roles for ASX listed resource companies, as well as having been a director of an ASX listed junior explorer. She currently also provides consultancy services to entities wishing to proceed to IPO and listing on ASX, and has twice been nominated for the Telstra Business Woman of the Year Award for an online retail business she established in 2007.

Catherine is a strategic part of the Liberty team and fulfils her role in all compliance, legal and commercial aspects of the company.

Directors' Meetings

The number of Directors' meetings and number of committee meetings attended by each of the Directors of the Company during the financial year or during the period of appointment where appointed or resigned during the year were:

Director	Remuneration Committee		Audit Committee		Board of Directors	
	Present	Entitled to Attend	Present	Entitled to Attend	Present	Entitled to Attend
Andrew Haythorpe	-	-	-	-	16	16
James Becke	2	2	1	1	16	16
Horst Hueniken	2	2	1	1	16	16
Ian Smith	2	2	-	-	14	15
Charles Thomas	-	-	-	-	1	1

Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the 2014 financial year.

Principal Activities

The principal activity of the Group during the course of the financial year consisted of exploration for and evaluation of mineral interests.

Earnings Per Share

The basic loss per share for the Group for the year was 1.06 cents per share (2013: 1.33 cents per share).

Results

The loss after tax attributable to members of the parent for the financial year ended 30 June 2014 was $3,007,702 (2013: $3,429,986).

Corporate Structure

Liberty Resources Limited is a company limited by shares that is incorporated and domiciled in Australia.

Review of Operations

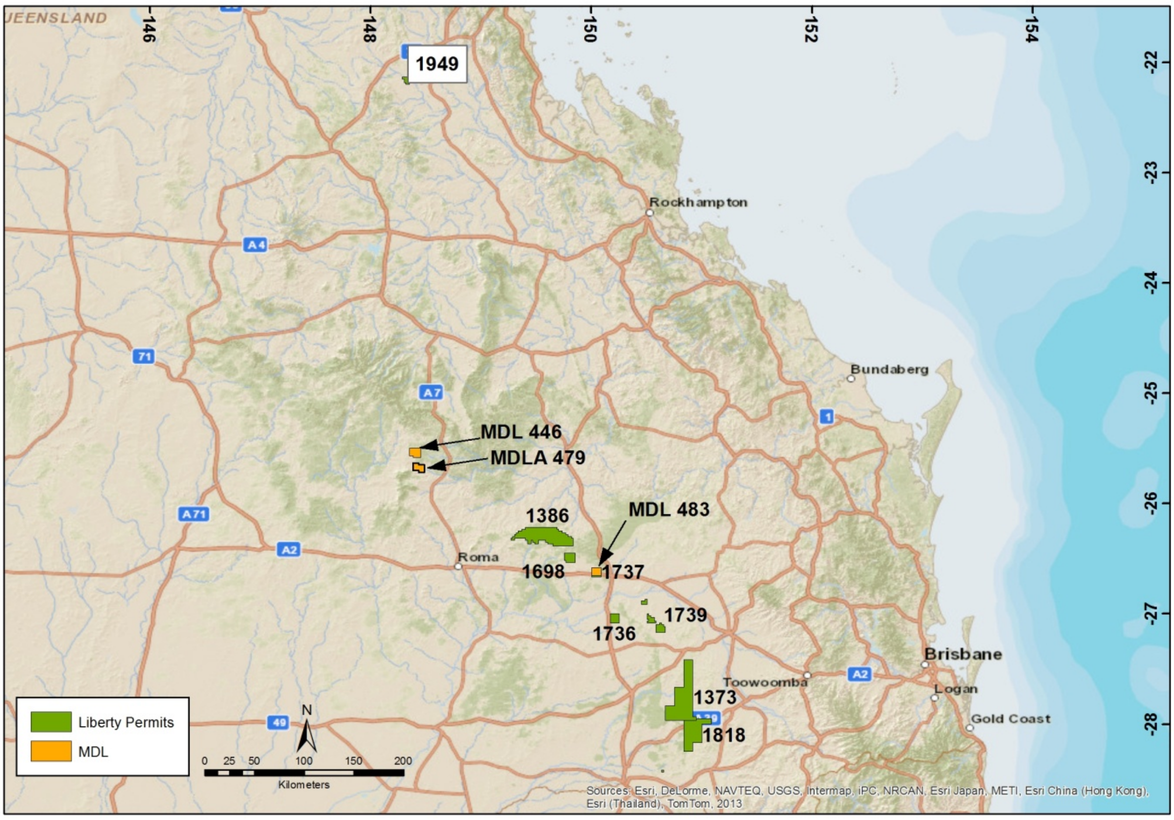
During the year Liberty focused on evaluating EPC 1949 in the Bowen Basin, and reducing costs associated with exploration and land holdings elsewhere.

Exploration and Tenements

Queensland

As at June 30 2014, Liberty retains eight tenements under Exploration Permits for Coal (EPCs) and one under a Mineral Development License (see below). The Company is focussed on areas where the best potential exists for advancement under Queensland Government policy.

Figure 1: Liberty Queensland Tenements



Details of Liberty's Queensland Permits and applications are set out in the following tables, and illustrated on the map above.

Permit Areas:

Tenement	Grant Date	Location	Sub Blocks	*Area Km2	Basin
EPC1949	16-June-13	138 Km South West of Mackay	9	38	Bowen
EPC1373	25-Jan-11	North West of Goondiwindi	299	1017	Surat
EPC1386	17-Mar-10	80km North West of Roma	228	729	Surat
EPC1698	19-Feb-10	35km West of Miles	29	99	Surat
EPC1736	23-Feb-10	150km South East of Condamine	20	68	Surat
EPC1737	23-Feb-10	15km West of Miles	20	68	Surat
EPC1739	23-Feb-10	30km South West of Chinchilla	42	143	Surat
EPC1818	01-Feb-12	50 North West of Goondiwindi	147	470	Surat
MDL446	28-Oct-13	35km North West of Injune	25	87	Denison
Total			**819**	**2,719**	

Application Areas:

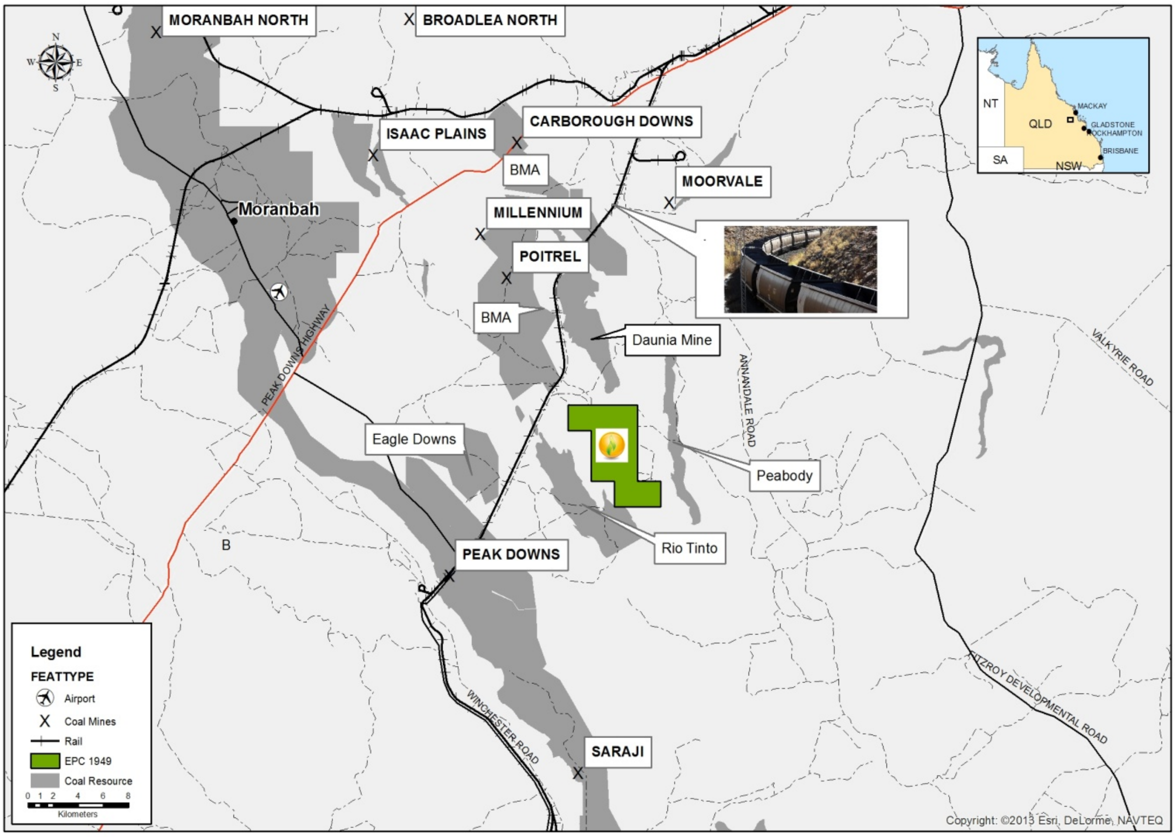
Tenement	Location	Sub Blocks	*Area Sq. Km	Basin
MDLA 479	30km North west of Injune	25	87	Denison
MDLA 483	8km West of Miles	20	62	Surat
Total		**45**	**149**	

Bowen Basin - EPC 1949 100% LBY

EPC 1949 was granted in June 2013 and drilling commenced on the 8th of August 2013 with 957m completed in eight drill holes, including 2 core holes for initial coal quality testing. The Permit is attractively located near a bulk coal railway which is connected to major coal export terminal facilities.

The initial results confirmed the presence of vitrinite with encouraging coking coal poperties.

Figure 2: Bowen Basin EPC 1949 location



Subsequently an inferred resource estimate was reported in February 2014 and a revised open cut Exploration Target reported in September 2014 - estimating between 80 to 160Mt of product coal (best estimate 120Mt) with product strip ratios of 11 to 14:1 bcm/t (best estimate less than 13:1), equivalent to traditional ROM strip ratios of <10:1 (Table 1).

This Exploration Target is considered very attractive due to the coke potential demonstrated from analysis of the product coal, the attractive strip ratios and the size and location of the deposit adjacent to established mining infrastructure.

Following detailed correlations and comparisons with geology from adjacent operations this recent work confirmed that Liberty's 2013 drilling program intersected seams equivalent to the Rangal Coal Measures which are currently mined at several nearby locations.

In combination with the underlying Girrah seam of the Fort Cooper Coal Measures, an open cut exploration target of sufficient size, conventional open cut depth and potentially attractive strip ratios has been identified with a high probability of identifying a Resource (compliant with JORC 2012) following completion of a recommended Stage 2 exploration program.

Product coal tests indicate potential for excellent coking coal properties with vitrinite reflectance of 1.35%, vitrinite content of 90%, low phosphorous (0.01%) and sulphur (0.06%), attractive swells (CSN>9) and dilatation (450ddpm). This potential alone warrants further investigation.

Considering the high ash nature of the seams and the consequential low yields, product strip ratios rather than run of mine (ROM) strip ratios were estimated.

The Barrow Process licensed to and developed by Tradd Pty Ltd (Tradd) has identified product yields for a 10% ash product of between 30 and 40%, from runoff mine coal averaging 55 to 60% inherent ash. Although there is no commercial sized plant utilizing this process for coal beneficiation, the potential of the Barrow Process is now being recognised by the industry, with several pilot scale trials currently being conducted by mining majors targeting both shallow Fort Cooper Coal seams and the reprocessing of tailings. The Barrow Process is also supported by an alliance with Sedgmans Pty Ltd and yields from this process are now being used to support resource and reserve estimates.

In addition the Goonyella Middle seam of the underlying Moranbah Coal Measures represents a separate underground Exploration Target within EPC1949. This seam is a high grade Exploration Target having been exploited for many years at various locations in the Bowen Basin and is known for producing high grade coking coal. At up to 6 metres in thickness and depths of approximately 600m, this Exploration Target was estimated at between 100 to 150 million tonnes within EPC1949 (east of the overlapping MDL).

Table 1: Revised Open Cut Exploration Target for EPC1949 ^

Stratigraphy	Seam	Thickness (m)	Cum. plies (m)	Ash (%)	Yield (%) (10% ash)	Product Mtonnes	Product Strip Ratio bcm/t
RANGAL COAL MEASURES (TOTAL THICKNESS APPROX. 50 m)	**A (LU)**	4.1	3.65	54	41	17	
	B (LL)	2.6	2.2	53	46	11	
	C	0.4	0.3	60	34	1	
	D (VU)	1.5	1.25	56	40	5	
	E (VL)	0.5	0.4	58	39	2	
	TOTAL or AVGE (RCM only)	**9**	**8**	**54**	**42**	**36**	**12.7 #**
	Interburden	60					
FORT COOPER CM	**G (Girrah)**	40	13	59	33	84	
	TOTAL or AVGE	**49**	**21**	**57**	**36**	**120**	**12.5 #**
EXPLORATION TARGET *		**45 to 55**	**20 to 25**	**55 to 60**	**30 to 40**	**80 to 160**	**11 to 14**

^ The quantity and quality of the Exploration Target estimated in this report is conceptual in nature and in the author's opinion there is insufficient exploration to estimate a Resource using currently available data for all the seams that contribute to the estimate. It is uncertain if further exploration will result in the estimation of a Resource however the author is of the opinion that the Exploration Target estimated herein warrants additional exploration.

** Depth limit 150-200 m (base of Girrah seam); Areal extent (all east of overlapping MDL183) of Rangal Coal Measures approx. 6 km^2 and Girrah seam approx. 10 km^2; Plies collated are <2g/cc and >30 cm thick derived from geophysical profiles.*

 # To compare with more traditional coking coal operations with approximately 75% yield this equates to 12.7 or 12.5 times 0.75 = <10:1 bcm/t ROM strip ratio.

EPC 1949 Recommended Exploration

Further drilling has been recommended with the aim of targeting both the Rangal Coal Measure coals and the underlying Girrah seam to provide data on coal quality, potential yield and the product characteristics.

It is estimated that this program would require a budget of between $1.1m to $1.5m, and the proposed Joint Venture arrangement is intended to assist in this respect.

Denison - Low Cost Gas and Fertiliser Project

The market opportunity for entering into gas production improved with increasing gas prices during the year, which threaten industry particularly in the eastern states of Australia. The Company offered low cost gas to both domestic gas users and LNG customers.

The Project, based on deep coal in Queensland and on European and Korean equipment, is capable of Producing 40PJ per annum of gas and multiples thereof, with attractive economics. This gas is suitable for a range of products including;

- Low cost domestic gas
- LNG
- Low cost power
- Fertiliser
- Ammonium Nitrate production.

The Project requires Government approvals to develop and Government Policy is awaited. The primary area of the Company's proposed coal-gas-fertiliser Project falls within the Denison Trough. Two Mineral Development Licence Applications (MDLAs) were lodged in 2010 with MDL446 being granted in January 2013.

The second MDL Application was lodged (MDLA479) on EPC1435 to the south of the existing MDL446. This site is closer to infrastructure and is intended to effectively replace EPC1435.

South Australia - Renmark Basin

The Company has one granted Petroleum Exploration Lease PEL558 and further analysis is intended with the approval of a second license, PELa531.

Competent Persons Statement
The information in this report which relates to the estimation of a Revised Exploration Target in EPC1949 and related geology is based on information compiled by Dr Michael Creech, Director of GeoCreecher Pty Ltd. Dr Creech is a current member of the AusIMM (CPGeo) and has over 35 years of exploration and mining experience, with over 10 years experience directly relevant to the style and type of mineralisation being reported. As a consequence Dr Creech qualifies as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves" (JORC Code). Dr Creech consents to the inclusion in this report of excerpts from and related matters based on the report "Revised Exploration Target for EPC1949" recently prepared for Liberty by the author.

Dr Michael Creech
PhD, MSc, BSc, CPGeo (AusIMM)

Significant changes in the state of affairs

On 20 June 2014, 40,000,000 ordinary shares were issued at 1.2 cents each to a small number investors including Applabs Technologies Limited whom will be assisting the Company to explore and evaluate new business opportunities.

Significant events after balance date

On 3 July 2014, 1,500,000 ordinary shares were issued to a consultant geologist at no consideration.

On 21 August 2014, the Company appointed Patrick Glovac as a Non-Executive Director.

Employees

At the end of the financial year, the Company had no full-time employees.

Options on Issue

The Company has the following classes of options on issue as at reporting date:

Type	2014 No.	2013 No.	Exercise Price	Expiry Date
1	-	250,000	45.0c	15/11/2013
2	-	5,000,000	10.0c	30/06/2013
3	-	3,000,000	15.0c	04/01/2014
4	-	1,150,000	12.5c	30/06/2013
5	-	3,500,000	10.0c	04/01/2014
6	-	9,000	15.0c	16/02/2014
7	-	2,000,000	12.6c	15/04/2014
8	-	1,400,000	10.0c	31/12/2013
9	8,000,000	8,000,000	15.0c	31/12/2016
10	-	1,700,000	15.0c	31/12/2013
11	-	53,972,228	10.0c	30/06/2013
12	-	4,100,000	20.0c	31/12/2013
13	9,000,000	10,500,000	15.0c	31/12/2017
14	12,000,000	-	9.0c	31/12/2018
15	2,400,000	-	9.0c	31/12/2018
16	200,000	-	9.0c	31/12/2018
17	1,000,000	-	9.0c	31/12/2018
Total	**32,600,000**	**94,581,228**		

Unlisted Options Cancelled or Forfeited

During the financial year 5,100,000 options were cancelled in accordance with the terms of the Directors' and Employee Share Option Plan (ie on the cessation of the employment of the holder).

Unlisted Options Expired or Lapsed

During the financial year a total of 74,481,228 options expired or lapsed due to the expiration of their exercise period.

Indemnification and Insurance of Officers

Liberty has agreed to indemnify all the Directors of the companies in the Group for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for the Key Management Personnel of the Company for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for Key Management Personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Key Management Personnel

Directors:

Ian Smith (Non-Executive Director and Chairman) (appointed 10 July 2013)
Andrew Haythorpe (Managing Director)
James Becke (Non-Executive Director)
Horst Hueniken (Non-Executive Director)
Charles Thomas (Non-Executive Director) (appointed 19 June 2014)

There are no other Key Management Personnel.

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives.

The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate and demanding performance hurdles for variable executive remuneration

Remuneration committee

During 2014 the Remuneration Committee met twice to discuss and review compensation arrangements for the Directors (executive and non-executive), Company Secretary and the senior management team.

This function as Remuneration Committee is to assess the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 10 November 2008 when shareholders approved an aggregate remuneration of $250,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the Company. An additional fee may be paid for each Board committee on which a Director sits, however no such fees have been paid to any Director to date.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in Table 1 of this report.

Executive director remuneration

Remuneration consists of fixed remuneration. A variable remuneration component may be approved by shareholders (comprising short-term and long-term incentive schemes).

Fixed Remuneration
Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Variable Remuneration

The objective of short term incentive programs is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior management to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

During the year ended 30 June 2014 no variable remuneration payments were made. No performance based bonuses have been paid to Key Management Personnel during the financial year. No performance based options were issued in the previous or current reporting year other than officer options issued as a result of the approval of shareholders at the 2013 Annual General Meetings.

Employment Contracts

Remuneration and other terms of employment for the following Key Management Personnel are formalised in service agreements, the terms of which are set out below:

Andrew Haythorpe, Managing Director:

- Term of agreement – commencing 25 August 2008. Renewed until 31 March 2016.
- Termination as per constitution or breach of code of conduct.
- Annual Managing Director fees of $300,000 (part paid in shares as per shareholder approval at 2013 AGM) (2013 - $300,000) (plus statutory superannuation).

James Becke, Non-executive Director

- Term of agreement – commencing 11 November 2008 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of $36,000 (part paid in shares as per shareholder approval at 2013 AGM) (2013 - $36,000).

Horst Hueniken, Non-Executive Director

- Term of agreement – commencing 11 April 2012 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of $36,000 (part paid in shares as per shareholder approval at 2013 AGM) (2013 - $36,000).

Ian Smith, Non-Executive Director (appointed Chairman on 1 April 2014)

- Term of agreement – commencing 10 July 2013 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of $35,112 (part paid in shares as per shareholder approval at 2013 AGM) (2013 - $36,000).

Charles Thomas, Non-Executive Director (appointed 19 June 2014)

- Term of agreement – commencing 19 June 2014 and subject to re-election as required by the Company's constitution.
- Termination as per constitution or breach of code of conduct.
- Annual director fees of $1,183.56 for the period of appointment as at 30 June 2014 (being 12 days) but none paid to date (2013 - Nil)

Table 2: Share based compensation to Key Management Personnel during the year ended 30 June 2014

Table 1: Key Management Personnel remuneration for the year ended 30 June 2014

		Short-term employee benefits				Post-employment benefits		Equity-Settleled Share-Based Payments		
		Salary & Fees $	Bonuses $	Non- Monetary Benefits $	Other $	Super-annuation $	Other $	Shares and Share Options $	Total $	Performance Related %
Directors										
Andrew Haythorpe	2014	240,000	-	-	-	17,775	-	96,000	353,775	10.18
	2013	300,000	-	-	-	89,830	-	10,908	400,738	2.72
James Becke	2014	-	-	-	-	-	-	54,000	54,000	33.33
	2013	36,000	-	-	-	-	-	2,727	38,727	7.04
Horst Hueniken	2014	-	-	-	-	-	-	54,000	54,000	33.33
	2013	36,000	-	-	-	-	-	5,454	41,454	13.16
Ian Smith	2014	-	-	-	-	-	-	53,112	53,112	33.89
	2013	-	-	-	-	-	-	-	-	-
Charles Thomas	2014	-	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-	-
Justyn Peters	2014	-	-	-	-	-	-	-	-	-
	2013	116,194	-	-	-	10,457	-	-	126,651	-

	Number Granted	Date Granted	Option FV at Grant Date $	No. Vested (vest on a 5 day VWAP of 9 cents)	% Compensation for Year Consisting of Options	Expiry Date
Andrew Haythorpe	4,000,000	25 November 2013	36,000	-	10.18%	31 December 2018
James Becke	2,000,000	25 November 2013	18,000	-	33.33%	31 December 2018
Horst Hueniken	2,000,000	25 November 2013	18,000	-	33.33%	31 December 2018
Ian Smith	2,000,000	25 November 2013	18,000	-	33.89%	31 December 2018

Option holdings of key management personnel

30 June 2014

Name	Balance at the start of the year	Granted as Remuneration	Options Acquired	Net Change Other (1,#)	Balance at the end of the year	Vested as at end of year Total	Exercisable	Not Exercisable
Non-Executive Directors								
James Becke	3,062,500	2,000,000	-	(1,062,500)	4,000,000	4,000,000	2,000,000	2,000,000
Horst Hueniken	2,000,000	2,000,000	-	-	4,000,000	4,000,000	2,000,000	2,000,000
Ian Smith	-	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Charles Thomas	-	-	-	-	-	-	-	-
Executives								
Andrew Haythorpe	28,077,671	4,000,000	-	(20,077,671)	12,000,000	12,000,00	8,000,000	4,000,000
Total	**33,140,171**	**10,000,000**	**-**	**(21,140,171)**	**22,000,000**	**22,000,00**	**12,000,000**	**10,000,000**

30 June 2013

Name	Balance at the start of the year	Granted as Remuneration	Options Acquired	Net Change Other (1,#)	Balance at the end of the year	Vested as at end of year Total	Exercisable	Not Exercisable
Non-Executive Directors								
Michael Fry	1,343,288	-	-	(1,343,288)	-	-	-	-
James Becke	2,025,000	1,000,000	37,500	1,037,500	3,062,500	3,062,500	3,062,500	-
Horst Hueniken	-	2,000,000	-	2,000,000	2,000,000	2,000,000	2,000,000	-
Executives								
Andrew Haythorpe	17,030,205	4,000,000	7,047,466	11,047,466	28,077,671	28,077,671	28,077,671	-
Justyn Peters	4,000,000	-	-	(4,000,000)	-	-	-	-
Total	**24,398,493**	**7,000,000**	**7,084,966**	**8,741,678**	**33,140,171**	**33,140,171**	**33,140,171**	**-**

(1) Includes options held at date of resignation
(#) includes forfeitures

Share holdings of key management personnel

30 June 2014

Name	Balance at the start of the year	Granted as Remuneration	Exercise of Options	Net Change/Other (1)	Balance at the end of the year
Non-Executive Directors					
James Becke	234,375	888,122	-	(684,932)	437,565
Horst Hueniken	2,998,946	888,122	-	(2,998,946)	888,122
Ian Smith	-	866,223	-	684,932	1,551,155
Charles Thomas	-	-	-	-	-
Executives					
Andrew Haythorpe	35,612,333	1,480,204	-	-	37,092,537
Total	**38,845,654**	**4,122,671**	**-**	**(2,998,946)**	**39,969,379**

(1) Includes shares held as at date of resignation

30 June 2013

Name	Balance at the start of the year	Granted as Remuneration	Exercise of Options	Net Change/Other (1)	Balance at the end of the year
Non-Executive Directors					
Michael Fry	1,000,000	-	-	(1,000,000)	-
James Becke	150,000	-	-	84,375	234,375
Horst Hueniken	2,998,946	-	-	-	2,998,946
Executives					
Andrew Haythorpe	28,189,867	-	-	7,422,466	35,612,333
Justyn Peters	-	-	-	-	-
Total	**32,338,813**	**-**	**-**	**6,506,841**	**38,845,654**

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Liberty Resources Limited with an Independence Declaration in relation to the audit for the full-year financial report. This Independence Declaration is attached to the Directors' Report. No non-audit services were provided by the Company's auditor.

Diversity Policy

The Company has in place a Diversity Policy.

The Board is committed to workplace diversity, and is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

The Company's diversity strategies include:

(a) recruiting from a diverse pool of candidates for all positions, including senior management and the various subsidiary company boards;

(b) reviewing succession plans to ensure an appropriate focus on diversity;

(c) identifying specific factors to take account of in recruitment and selection processes to encourage diversity;

(d) developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and

(e) developing a culture which takes account of domestic responsibilities of employees.

At present, the Company has no employees. The Company has one male and one female consultant; and the Company Secretary is female. There are no female Board members.

As the Company has been seeking to reduce costs during the year, it has not recruited staff or created any new positions and hence has not had the opportunity to undertake full scale implementation of its Diversity Policy.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Liberty support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Liberty is in compliance with those guidelines which are of importance to the commercial operation for a junior listed resource company. A Corporate Governance Statement is included as part of this report.

Signed in accordance with a resolution of directors.

Andrew Haythorpe
Director
Perth, 30 September 2014

1. In the opinion of the directors of Liberty Resources Limited (the 'Company'):

   a) the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
      i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year then ended; and
      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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

Andrew Haythorpe
Director
Dated this 30th day of
September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Liberty Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2014

W M Clark
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level4 130 Stirling St Perth 6000 Western Australia. Telephone +61 (08) 9277 7500 Fax +61 (08) 9277 7533
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

	Note	30 June 2014 $	30 June 2013 $
Continuing operations			
Revenue	2(i)	27,843	50,522
Miscellaneous income	2(ii)	89,923	491,103
Expenses			
Employee benefits expense		(154,278)	(1,145,237)
Occupancy costs		(168,820)	(203,574)
Depreciation	6	(35,335)	(55,843)
Share based compensation - options		(147,900)	(158,254)
Exploration and evaluation expenditure written off	7(i)	(1,586,381)	(786,091)
Impairment of development costs	7(ii)	(34,178)	(2,030,308)
Loss from foreign currency conversion	2(iv)	-	(18,470)
Fair value adjustment	2(iii)	(26,563)	(51,094)
Consultancy Fees		(424,420)	(347,259)
Directors' fees		(257,112)	(693,872)
Finance, legal and insurance		(243,275)	-
Professional fees		(203,959)	-
Other expenses		(469,807)	(610,523)
Loss before income tax expense		(3,634,262)	(5,558,900)
Income tax benefit	3	626,560	2,128,914
Net loss for the year		(3,007,702)	(3,429,986)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(3,007,702)	(3,429,986)
Basic and diluted loss per share (cents per share)	10	(1.06)	(1.33)

The accompanying notes form part of these financial statements.

As at 30 June 2014

	Note	30 June 2014 $	30 June 2013 $
Current Assets			
Cash and cash equivalents	12(a)	695,030	1,278,969
Trade and other receivables	4	651,689	1,573,330
		1,346,719	2,852,299
Financial assets at fair value through profit and loss	5	13,281	39,844
Total Current Assets		1,360,000	2,892,143
Non-Current Assets			
Property, plant and equipment	6	10,922	101,331
Deferred exploration expenditure	7	4,779,739	5,429,945
Total Non-Current Assets		4,790,661	5,531,276
Total Assets		6,150,661	8,423,419
Current Liabilities			
Trade and other payables	8	179,928	269,996
Total Current Liabilities		179,928	269,996
Total Liabilities		179,928	269,996
Net Assets		5,970,733	8,153,423
Equity			
Issued capital	9	22,202,481	21,525,369
Reserves	11(a)	1,291,117	1,143,217
Accumulated losses		(17,522,865)	(14,515,163)
Total Equity		5,970,733	8,153,423

The accompanying notes form part of these financial statements.

	Note	30 June 2014 $	30 June 2013 $
Cash flows from operating activities			
Interest received		27,843	47,069
R & D tax incentive received		1,458,143	670,771
Option fee received		-	449,976
Payments to suppliers		(1,643,750)	(3,155,482)
Net cash used in operating activities	12(b)	**(157,764)**	**(1,987,666)**
Cash flows from investing activities			
Payments for exploration, evaluation and development expenditure		(936,175)	(1,232,033)
Purchase of plant and equipment		-	(15,632)
Net cash used in investing activities		**(936,175)**	**(1,247,665)**
Cash flows from financing activities			
Proceeds from the issue of shares		510,000	1,473,608
Share issue costs paid		-	(72,509)
Net cash provided by financing activities		**510,000**	**1,401,099**
Net decrease in cash held		**(583,939)**	**(1,834,232)**
Cash and cash equivalents at beginning of financial year		**1,278,969**	**3,113,201**
Cash and cash equivalents at end of financial year	12(a)	**695,030**	**1,278,969**

The accompanying notes form part of these financial statements.

	Ordinary Shares $	Accumulated Losses $	Options Reserve $	Total Equity $
At 1 July 2012	20,052,270	(11,085,177)	1,056,964	10,024,057
Loss for the year	-	(3,429,986)	-	(3,429,986)
	20,052,270	(14,515,163)	1,056,964	6,594,071
Transactions with owners in their capacity as owners, and other transfers				
Share issues	1,473,099	-	-	1,473,099
Share based payments	-	-	86,253	86,253
	1,473,099	-	86,253	1,559,352
At 30 June 2013	21,525,369	(14,515,163)	1,143,217	8,153,423
At 1 July 2013	21,525,369	(14,515,163)	1,143,217	8,153,423
Loss for the year	-	(3,007,702)	-	(3,007,702)
	21,525,369	(17,522,865)	1,143,217	5,145,721
Transactions with owners in their capacity as owners, and other transfers				
Share issues	510,000	-	-	510,000
Share based payments	167,112	-	147,900	315,012
	677,112	-	147,900	825,012
At 30 June 2014	22,202,481	(17,522,865)	1,291,117	5,970,733

The accompanying notes form part of these financial statements.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information

The consolidated financial statements and notes represent those of Liberty Resources Limited ("Liberty" or the "Company") and its Controlled Entities (the "Group") for the year ended 30 June 2014 and were authorised for issue in accordance with a resolution of the Directors on 30 September 2014. The separate financial statements of the parent entity, Liberty Resources Limited (Liberty), have not been presented within this financial report as permitted by the Corporations Act 2001. Liberty Resources Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of the registered office and principal place of business is Unit 1, Level 1, 35 Havelock Street, West Perth, Western Australia, 6005. The principal activity of Liberty Resources Limited is the exploration and evaluation of mineral resources.

(b) Basis of preparation

The financial statements are general purpose financial statements that have 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.* The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian Dollars.

(c) Adoption of new and revised standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(d) Statement of compliance

The financial report complies with Australian Accounting Standards which include Australian equivalents to International Financial Report Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (IFRS).

(e) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Liberty Resources Limited at the end of the reporting period.

A controlled entity is an entity over which Liberty Resources Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from their activities.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Principles of consolidation (continued)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 16 to the financial statements.

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interest in the net assets compromise their interests at the date of the original business combination and their share of changes in equity since that date.

(f) Going concern

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

As at 30 June 2014, the Group had cash reserves of $695,030 with a R&D tax incentive to be received post 30 June 2014 of $626,560, having recorded a net loss after tax of $3,007,702 and net cash outflows from operating activities and investing activities of $1,093,939 for the year ended 30 June 2014. The group also has significant exploration commitments as detailed in Note 13.

Notwithstanding the above, the financial report has been prepared on a going concern basis which the Directors consider to be appropriate based on the following planned funding alternatives:

- Equity raising; and/or
- Debt raisings; and/or
- Possible asset sales

Should the above alternatives not be achieved, there exists a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore whether it will realise it's assets and extinguish it's liabilities in the normal course of business and at the amounts stated in the Financial Report.

(g) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation costs carried forward

The future recoverability of exploration and evaluation expenditure costs carried forward has been reviewed by the Directors. They are dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Critical accounting estimates and judgements (continued)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, results and net assets will be reduced in the period in which this determination is made.

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

(h) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Liberty Resources Limited.

(i) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above net of any outstanding bank overdrafts.

(j) Trade and other receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the Group will not be able to collect the full debt. Bad debts are written off when identified.

(k) Property, plant and equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restate to the revalued amount of the asset.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(y) for details of impairment).

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.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when it is probably 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

(l) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i) the rights to tenure of the area of interest are current; and
ii) at least one of the following conditions is also met:
    a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
    b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(n) Revenue recognition

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

Interest

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

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Available for sale financial assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance date.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Available for sale financial assets (continued)

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the investments available-for-sale reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously reported in equity are included in the statement of profit or loss and other comprehensive income as gains and losses on disposal of investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is transferred from equity to the statement of comprehensive income. Impairment losses recognised in the statement of profit or loss and other comprehensive income on equity instruments classified as held for sale are not reversed through the statement of comprehensive income.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Issued capital

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

(s) Income Taxes

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

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

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income Taxes (continued)

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

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

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

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

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

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

The company elected to form a tax consolidated group as at 30 June 2009. This was confirmed by the Australian Tax Office on 20 January 2012.

(t) Other taxes

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

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Other taxes (continued)

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

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

(u) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(v) Earnings per share

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares.

Diluted EPS is calculated as net result attributable to members, adjusted for:

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

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

(w) Share-based compensation

(i) Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The only plan in place to provide these benefits is the Employee Share Option Plan (ESOP), which provides benefits to directors, consultants and employees.

The cost of these equity-settled transactions with employees is measured 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 external valuer using a Black-Scholes model, further details of which are given in Note 9 and 11.

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Share-based compensation (continued)

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

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

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

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

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 10).

(ii) Cash settled transactions:

The Group also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Liberty.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted (see Note 11(a)). This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is re-measured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(x) Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Financial risk management objectives and policies (continued)

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and cash equivalents.

Credit risk

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

(y) Parent entity financial information

The financial information for the parent entity, Liberty Resources Limited, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

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

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(z) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividend received from subsidiaries, associates or jointly controlled entitie deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carring amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Impairment of Assets (continued)

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.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(aa) Comparative figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

2 REVENUE AND EXPENSES

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Group:

	Note	30 June 2014 $	30 June 2013 $
(i) Revenue			
Bank interest received		27,843	50,522
(ii) Miscellaneous income			
Non refundable deposit		-	449,976
Other income		89,923	41,127
		89,923	491,103
(iii) Fair value adjustment of Financial Assets through Profit and Loss			
Fair value of Black Mountain Ltd shares	5	(25,000)	(40,625)
Fair value of Black Mountain Ltd options	5	(1,563)	(10,469)
		(26,563)	(51,094)
(iv) Loss on foreign currency conversion			
Loss on foreign currency conversion		-	(18,470)

3 INCOME TAX

(a) The components of tax (expense)/income comprise:		
Current tax	626,560	2,128,914
Deferred tax	-	-
Recoupment of prior year tax losses	-	-
Under-provision in respect of prior years	-	-
(b) Deferred income tax		
The aggregate amount of income tax attributed to the financial period differs from the amount calculated on the operating loss. The differences are reconciled as follows:		
Accounting loss	(3,007,702)	(5,558,900)
Prima facie tax payable at 30%	(902,311)	(1,667,670)
Add tax effect of:		
Entertainment	2,962	16,515
R&D tax incentives	(626,560)	(2,128,914)
Revaluation of Investment	26,563	15,328
Deferred tax asset not recognised/derecognised	872,786	1,635,827
Income tax benefit	(626,560)	(2,128,914)

3 INCOME TAX (continued)

(c) Tax Losses

As at 30 June 2014, Liberty Resources Limited had $4,825,891 (2013: $4,054,300) of unrecognised deferred tax assets relating to unused tax losses that are available indefinitely for offset against future taxable profits of the Company. The company also had unrecognized deferred tax liabilities in relation to exploration expenditure, amounting to $1,433,921 (2013: $1,628,983). No deferred tax assets have been recognised in the statement of financial position in respect of the amount of these losses.

(d) Deferred Tax

The potential deferred tax asset will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company and/or the Group in accordance with Division 170 of the Income Tax Assessment Act 1997;
- conditions for the deductibility imposed by the laws are complied with; and
- no changes in tax legislation adversely affect the realization of the benefit from the deductions.

4 TRADE AND OTHER RECEIVABLES

	30 June 2014	30 June 2013
	$	$
GST recoverable	25,129	41,624
Prepayments	-	33,139
Payroll tax rebate receivable	-	40,424
R&D tax incentives receivable	626,560	1,458,143
	651,689	1,573,330

Terms and conditions relating to the above financial instruments:
1. Trade debtors are non-interest bearing and generally on 45 day terms.
2. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

5 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	30 June 2014	30 June 2013
	$	$
Listed shares – Opening balance	39,844	90,938
Acquired during the year	-	-
Fair value adjustment of financial assets through profit and loss	(26,563)	(51,094)
Closing balance	13,281	39,844

6 PROPERTY, PLANT AND EQUIPMENT

	30 June 2014	30 June 2013
Property, Plant and Equipment	$	$
At cost or fair value	265,212	265,212
Accumulated depreciation	(254,290)	(163,881)
	10,922	101,331
Represented by:		
Net carrying amount at beginning of year	101,331	144,448
Additions	-	15,632
Disposals/Write off of assets	(55,074)	(2,906)
Depreciation expense	(35,335)	(55,843)
Net carrying amount at end of year	10,922	101,331

7 DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of:		30 June 2014	30 June 2013
		$	$
<u>Exploration & evaluation phase – at cost</u>			
Balance at beginning of year		5,429,945	5,406,677
Expenditure incurred		936,175	809,359
Expenditure written off	(i)	(1,586,381)	(786,091)
		4,779,739	5,429,945
<u>Development phase – at cost</u>			
Balance at beginning of year		-	1,607,084
Expenditure incurred		34,178	423,224
Provision for impairment	(ii)	(34,178)	(2,030,308)
		-	-
Total Exploration Expenditure		4,779,739	5,429,945

(i) All expenditure incurred relating to tenements investigated that were not pursued, has been written off.

(ii) Due to the current circumstances within the political and regulatory environment, the commercial viability of amounts capitalised as development expenditure cannot be determined.

The recoverability of the amounts capitalised as exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or sale of the respective areas.

8 TRADE AND OTHER PAYABLES

	30 June 2014	30 June 2013
	$	$
Trade creditors and accruals	179,928	269,996
	179,928	269,996

Trade creditors are non-interest bearing and generally on 30 day terms.

9 ISSUED CAPITAL

(a) Issued and paid up capital	30 June 2014 $	30 June 2013 $
Ordinary shares fully paid	22,202,481	21,525,369

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding-up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holders to one vote, either in person or by proxy, at a general meeting of the Company.

		30 June 2014 Number	30 June 2014 $	30 June 2013 Number	30 June 2013 $
(b) Movements in ordinary shares on issue					
Balance at the beginning of the year		279,596,714	21,525,369	246,382,057	20,052,270
Issue of shares at $0.10 each	(i)	-	-	4,500	450
Issue of shares at $0.05 each	(ii)	-	-	3,454,664	172,733
Issue of shares at $0.04 each	(iii)	-	-	19,354,961	773,689
Issue of shares at $0.055 each	(iv)	-	-	1,200,000	66,000
Issue of shares at $0.05 each	(v)	-	-	9,196,532	459,827
Issue of shares at $0.10 each	(vi)	-	-	4,000	400
Issue of shares at $0.0405 each	(vii)	4,122,671	167,112	-	-
Issue of shares at $0.03 each	(viii)	1,000,000	30,000	-	-
Issue of shares at $0.012 each	(ix)	40,000,000	480,000	-	-
		324,719,385	22,202,481	279,596,714	21,525,369
Less: transaction costs			-		-
Balance at the end of the year		324,719,385	22,202,481	279,596,714	21,525,369

(i) 4,500 shares were issued on conversion of 10c options.

(ii) 3,454,664 shares were issued on conversion of 5c options.

(iii) 19,354,961 shares were issued in the non-renounceable Entitlements issue on 22 January 2013.

(iv) 1,200,000 shares were issued in lieu of payment services.

(v) 9,196,532 shares were issued on conversion of 5c options.

(vi) 4,000 shares were issued on conversion of 10c options.

(vii) 4,122,671 shares were issued in lieu of officer fees/salary on 25 November 2013.

(viii) 1,000,000 shares were issued at 3c per share.

(ix) 40,000,000 shares were issued at 1.2c per share.

9 ISSUED CAPITAL (continued)

(c) Options

The Company had the following classes of options on issue as at balance date:

Type	2014 No.	2013 No.	Exercise Price	Expiry Date
1	-	250,000	45.0c	15/11/2013
2	-	5,000,000	10.0c	30/06/2013
3	-	3,000,000	15.0c	04/01/2014
4	-	1,150,000	12.5c	30/06/2013
5	-	3,500,000	10.0c	04/01/2014
6	-	9,000	15.0c	16/02/2014
7	-	2,000,000	12.6c	15/04/2014
8	-	1,400,000	10.0c	31/12/2013
9	8,000,000	8,000,000	15.0c	31/12/2016
10	-	1,700,000	15.0c	31/12/2013
11	-	53,972,228	10.0c	30/06/2013
12	-	4,100,000	20.0c	31/12/2013
13	9,000,000	10,500,000	15.0c	31/12/2017
14	12,000,000	-	9.0c	31/12/2018
15	2,400,000	-	9.0c	31/12/2018
16	200,000	-	9.0c	31/12/2018
17	1,000,000	-	9.0c	31/12/2018
Total	**32,600,000**	**94,581,228**		

Movements in the number of options on issue during the current and prior financial years are as follows:

	No.
Balance as at 1 July 2012	**83,784,767**
Options issued during the year	31,546,461
Options cancelled/expired during the year	(20,750,000)
Balance as at 30 June 2013	**94,581,228**
Options issued during the year	17,600,000
Options cancelled/expired during the year	(79,581,228)
Balance as at 30 June 2014	**32,600,000**

10 LOSS PER SHARE

	30 June 2014 $	30 June 2013 $
The following reflects the loss and share data used in the calculations of basic and diluted loss per share:		
Net loss	(3,007,702)	(3,429,986)
	Number	Number
Weighted average number of ordinary shares outstanding during the year	283,258,686	258,099,746

Shares issuable upon the exercise of options are not considered dilutive as the issue of these shares would result in a decrease in the net loss per share.

11 RESERVES

(a) Reserves		30 June 2014 $	30 June 2013 $
Option Premium Reserve	(i)	432,126	432,126
Equity Settled Employee Benefits Reserve	(ii)	858,991	711,091
		1,291,117	1,143,217

(i) The option premium reserve represents amounts received in consideration for the issue of options to subscribe for ordinary shares in the Company.

(ii) The equity settled employee benefits reserve records items recognised as expenses on the issue of equity benefits to directors, employees and consultants. 17,600,000 options were issued during the year to employees and consultants. Refer Note 9(c).

(b) Share based payment plans

The following share-based payment arrangements were in place during the current and prior periods:

	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Directors and other key management personnel	16,527,671	02/12/2010	01/07/2013	10.0c	60,111
	4,000,000	02/12/2010	01/07/2013	10.0c	14,548
	5,000,000	25/11/2011	31/12/2016	15.0c	147,455
	7,000,000	16/11/2012	31/12/2017	15.0c	19,089
	2,000,000	03/09/2013	31/12/2013	20.0c	-
	10,000,000	25/11/2013	31/12/2018	9.0c	90,000

11 RESERVES (continued)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2014 Number	2014 Weighted average exercise price $	2013 Number	2013 Weighted average exercise price $
Outstanding at the beginning of year	94,581,228	0.10	83,784,767	0.13
Granted during the year	17,600,000	0.10	31,546,461	0.12
Forfeited during the year	(5,100,000)	0.15	(9,750,000)	0.16
Exercised during the year	-	-	-	-
Expired during the year	(74,481,228)	0.11	(11,000,000)	0.19
Outstanding during the year	-	-	-	-
Exercisable at the end of year	32,600,000	0.07	94,581,228	0.10

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

The following table gives the assumptions and criteria used in determining the fair value of the options granted in the year ended 30 June 2014.

30 June 2014	
Expected volatility (%)	63.59
Risk-free interest rate (%)	2.705
Expected life of option (years)	1 to 5
Exercise price (cents)	9.00 - 20.00
Grant date share price (cents)	1.6 - 6.5

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

12 STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

		30 June 2014 $	30 June 2013 $
Cash at bank and in hand		608,847	125,189
Short term deposits		56,183	1,123,780
Restricted cash	(i)	30,000	30,000
		695,030	1,278,969

Cash at Bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term bank deposit rates.

12 STATEMENT OF CASH FLOWS (continued)

(i) Restricted cash

	30 June 2014 $	30 June 2013 $
Unconditional performance bond for use in respect to granted exploration, prospecting and miscellaneous licences	10,000	10,000
Security credit card bond	20,000	20,000
	30,000	30,000

(b) Reconciliation of the net loss after income tax to the net cash flows used in operations	30 June 2014 $	30 June 2013 $
Loss after income tax	(3,007,702)	(3,429,986)
Non-cash flows in loss:		
Depreciation	90,409	55,843
Write off plant and equipment	-	2,906
Written off exploration expenses	1,586,381	786,091
Share based compensation	147,900	158,254
Share issue in lieu of director fees	167,112	-
Fair value adjustment of financial assets through profit and loss	26,563	51,094
Other	-	(551)
Impairment of development expenses	-	2,030,308
(Increase) / Decrease in other receivables	921,640	(1,565,140)
Increase/(Decrease) in trade payables	(90,067)	(76,485)
Increase/(Decrease) in deferred income tax provision	-	-
Net cash flow used in operating activities	(157,764)	(1,987,666)

13 EXPENDITURE COMMITMENTS

Tenement expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant mining legislation. These obligations include rates to local authorities. The Company can reduce these commitments through the disposal of non-core tenement assets as referred to in the Directors' Report. These obligations are not provided for in the financial report and are payable:

	30 June 2014 $	30 June 2013 $
Current annual commitment	10,950,000	138,709

13 EXPENDITURE COMMITMENTS (continued)

Operating lease commitments

The Company has entered into commercial leases on office accommodation and certain plant and equipment. These leases have an average life of between 1 and 3 years. The lease for the office premises expired in June 2014 and no further lease has been entered into.

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

	30 June 2014 $	30 June 2013 $
Within one year	10,176	142,032
After one year but not more than five years	-	20,352
More than five years	-	-
	10,176	162,384

14 CONTINGENT LIABILITIES AND ASSETS

The Group has no known contingent liabilities or contingent assets.

15 AUDITOR'S REMUNERATION

	30 June 2014 $	30 June 2013 $
Amounts received or due and receivable by HLB Mann Judd for:		
- an audit or review of the financial report of the Company	32,500	35,309
Taxation compliance services	-	4,000
Total remuneration	32,500	39,309

16 RELATED PARTY DISCLOSURE

Transactions with directors and director-related entities are disclosed in Note 17. No other related party transactions were entered into during the year.

(a) Subsidiaries

The consolidated financial statements include the financial statements of Liberty Resources Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% of Equity Interest 2014	% of Equity Interest 2013	Investment $ 2014	Investment $ 2013
Rhodes Resources Pty Ltd	Australia	100	100	-	-
Blackstone Energy Pty Ltd	Australia	100	100	-	-
Boab Energy Pty Ltd	Australia	100	100	-	829,135
Walloon Energy Pty Ltd	Australia	100	100	343,090	343,090
Urea Corp of Australia Pty Ltd	Australia	100	100	543,227	543,227
Nextgas Pty Ltd	Australia	100	100	-	-
LibertyCAN Inc	Canada	100	100	-	-

Liberty Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

(b) Loans to related parties

		Income from Related Parties *$*	*Expenditure Related Parties* *$*	*Amounts Owed by Related parties* *$*	*Amounts Owed to Related parties* *$*
Rhodes Resources Pty Ltd	2014	-	-	-	268,378
	2013	-	-	-	268,378
Blackstone Energy Pty Ltd	2014	-	-	132,137	-
	2013	-	-	132,137	-
Boab Energy Pty Ltd	2014	(38,657)	-	-	489,593
	2013	14,395	(18,279)	-	450,936
Walloon Energy Pty Ltd	2014	(13,414)	658,677	1,879,482	-
	2013	(56,135)	129,348	1,234,219	-
Urea Corp of Australia Pty Ltd	2014	(37,852)	31,284	2,977,477	-
	2013	(2,947)	134,910	2,984,045	-

Loans are made by the Company to its wholly owned subsidiaries are for exploration expenditures. Loans between the Company and its subsidiaries have no fixed date of repayment and are non-interest bearing.

Intercompany loans are impaired due to the uncertainty of the recoverability of the loans.

17 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of key management personnel

Directors
Mr A Haythorpe – Managing Director (appointed 25 August 2008)
Mr J Becke – Director (non-executive) (appointed 11 November 2008)
Mr H Hueniken -Director (non-executive) (appointed 11 April 2012)
Mr I Smith – Director (non-executive) (appointed 10 July 2013) (appointed Chairman 1 April 2014)
Mr C Thomas – Director (non-executive) (appointed 19 June 2014)

There are no other persons within the Company who are classified as key management personnel.

(b) Compensation of key management personnel by category

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

	30 June 2014 $	30 June 2013 $
Short-term employee benefits		
Salary and Fees	240,000	488,194
Post-employment benefits		
Superannuation	17,775	100,287
Equity-settled share-based payments		
Share Options	257,112	19,089
Total Key Management Personnel Remuneration	514,887	607,570

The remuneration payments to Mr Becke were made to a director-related entity, Nelwood Pty Ltd (Becke Family Trust).

The remuneration payments to Mr Hueniken were made to a director-related entity, Hueniken & Company Limited.

The remuneration payments to Mr Smith were made to a director-related entity, C&I Smith Pty Ltd.

(c) Other transaction with KMP

During the period, the directors were issued 4,122,671 shares in lieu of directors fees for the period of $167,112.

18 FINANCIAL INSTRUMENTS

Overview

This note presents information about the Group's exposure to each of the following risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors 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.

The Group has exposure to the following risks from their use of financial instruments:

(a) credit risk
(b) liquidity risk
(c) market risk

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating.

(ii) Trade and other receivables

The Group limits its exposure to credit risk from trade receivables through regular review. The level of exposure to credit risk through trade receivables is also limited by the immaterial levels of exposure generated through the subleasing of surplus office accommodation.

The Group has established an allowance for impairment that represents their estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. Management does not expect any counterparty to fail to meet its obligations.

Presently the Group undertakes exploration and evaluation activities exclusively in Australia. At the balance date there were no significant concentrations of credit risk.

(iii) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	30 June 2014	30 June 2013
	$	$
Financial assets at fair value through profit and loss	13,281	39,844
Cash and cash equivalents	695,030	1,278,969
	708,311	1,318,813

(b) 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 risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

18 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

If the Directors anticipate a need to raise additional capital in the next 12 months to meet forecasted operational activities, then the decision on how the Group will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency Risk
The Group is currently not exposed to currency risk. All investments, purchases and borrowings are denominated in Australian dollars.

(ii) Interest rate risk
The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's cash and cash equivalents. Interest rate risk is managed by obtaining competitive commercial deposit interest rates available in the market by the major Australian Financial Institutions. At the balance date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was as follows:

		Maturing in 1 Year or Less		
	Weighted Average Interest Rate	**Floating Interest Rate $**	**Non – Interest Bearing $**	**Total $**
2014				
Financial assets				
Cash assets	0.42%	695,030	-	695,030
Financial assets at fair value through profit and loss	-	-	13,281	13,281
Receivables	-	-	651,689	651,689
		695,030	664,970	1,360,000
Financial liabilities				
Payables	-	-	179,928	179,928
2013				
Financial assets				
Cash assets	4.10%	1,278,969	-	1,278,969
Financial assets at fair value through profit and loss	-	-	39,844	39,844
Receivables	-	-	1,573,330	1,573,330
		1,278,969	1,613,174	2,892,143
Financial liabilities				
Payables	-	-	269,996	269,996

18 FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

The following table summarises the impact of reasonably possible changes on interest rates for the Group at 30 June 2014. The sensitivity analysis is based on the assumption that interest rate changes by 200 base poitns with all other variables remaining constant. The 200 base points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 5 year period and management's expectation of the short term future interest rate.

	Consolidated	Consolidated
Impact on post-tax gain/(loss) and equity:	30 June 2014	30 June 2013
	$	$
2% increase	13,901	25,579
2% decrease	(13,901)	(25,579)

There is no impact on other reserves in equity for the Group.

(d) Net fair values

Methods and assumptions used in determining net fair value.

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

(e) Capital management

Management controls the capital of the Group in order to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's cash projections up to 18 months in the future and any associated financial risks. Management will adjust the Group's capital structure in response to changes in these risks and in the market.

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

19 EVENTS AFTER THE REPORTING PERIOD

On 3 July 2014, 1,500,000 ordinary shares were issued to a consultant geologist at no consideration.

On 21 August 2014, the Company appointed Patrick Glovac as a Non-Executive Director.

20 SEGMENT INFORMATION

The Group operates primarily in one segment, being mineral exploration in Australia, and any operations elsewhere are immaterial.

21 PARENT ENTITY DISCLOSURES

(a) Financial Position

	30 June 2014 $	30 June 2013 $
Assets		
Current Assets	1,357,642	2,953,630
Non-Current Assets	6,857,813	7,259,628
Total Assets	8,215,455	10,213,258
Liabilities		
Current Liabilities	2,244,722	2,300,304
Total Liabilities	2,244,722	2,300,304
Equity		
Issued Capital	22,202,481	21,525,369
Accumulated Losses	(17,522,865)	(14,755,632)
Option Premium Reserve	432,126	432,126
Equity Settled Employee Benefits Reserve	858,991	711,091
Total Equity	5,970,733	7,912,954

(b) Statement of Profit or Loss and other Comprehensive Income

	30 June 2014 $	30 June 2013 $
Loss for the Year		
Loss for the Year	(2,767,233)	(1,836,263)
Other Comprehensive Income	-	-
Total Comprehensive Income/(Loss)	(2,767,233)	(1,836,263)

(c) Contingent Liabilities of the Parent Company

The Company has no known contingent liabilities or contingent assets.

(d) Guarantees

Liberty Resources Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

(e) Contractual Commitments

At 30 June 2014, Liberty Resources Limited has not entered into any contractual commitments for the acquisition of property, plant and equipment.

22 COMPANY DETAILS

The registered office and principal place of business of the company is:

Unit 1, Level 1, 35 Havelock Street
West Perth Western Australia 6005
Telephone: (08) 9287 4488
Facsimile: (08) 9388 8862

HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Liberty Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Liberty Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(d), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

HLB Mann Judd
Accountants | Business and Financial Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Liberty Resources Limited is in accordance with the *Corporations Act 2001*, including:

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

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

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

Emphasis of Matter

Without modifying our opinion above, we draw attention to Note 1 in the financial report, which indicates that the Group proposes to seek additional funding in the future, however, should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report.

Report on the Remuneration Report

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

Auditor's opinion

In our opinion the remuneration report of Liberty Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

W M Clark
Partner

Perth, Western Australia
30 September 2014

CORPORATE GOVERNANCE

This statement reports on Liberty's key governance framework, principles and practices as at 30 September 2013. These principles and practices are reviewed regularly and revised as appropriate to reflect changes in law and best practice in corporate governance.

ASX principles of good corporate governance

Liberty, as a listed entity, must comply with the *Corporations Act 2001* (Cwth) ("*Corporations Act*"), the Australian Securities Exchange Limited ("ASX") Listing Rules ("ASX Listing Rules") and other Australian laws.

The Board endorses the 2nd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments ("ASX Principles") originally issued by the ASX Corporate Governance Council in August 2007.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles") released by the ASX Corporate Governance Council. The ASX Principles require the Board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles.

Access to information on the website

Further information about the Company's corporate governance practices is set out on the Company's website at www.libertyresources.com.au. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its Committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

Compliance with ASX principles of good corporate governance

Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

1. The Board of directors

a) Board composition and expertise

The Board has an expansive range of relevant industry experience, financial and other skills and expertise to meet its objectives.

The current Board composition comprises one Managing Director and four independent non-executive directors, one of whom is Chairman (Ian Smith). A further director (Charles Thomas) is the representative of Applabs Limited, a substantial shareholder, as is Patrick Glovac (appointed post 30 June 2013). Details on each of the director's backgrounds including experience, knowledge and skills and their status as an independent or non-independent director are set out in the directors' report.

The Board considers that the executive and non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the company.

Mr Haythorpe was appointed Managing Director on 14 August 2008.

Mr Smith was appointed Chairman on 1 April 2014.

b) Board role and responsibilities

The roles and responsibilities of the Board are formalised in the Board Charter. The Board Charter defines in detail the matters that are reserved for the Board and its committees, and those that the Board has delegated to management. The central role of the Board is to oversee and approve the company's strategic direction, to select and appoint a Managing Director ("MD"), to oversee the company's management and business activities and report to shareholders.

In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for decision:

i. strategy - providing strategic oversight and approving strategic plans and initiatives;
ii. board performance and composition – evaluating the performance of non-executive directors, and determining the size and composition of the Board as well as recommending to shareholders the appointment and removal of directors;
iii. leadership selection – evaluating the performance of, and selection of, the MD and those executives reporting directly to the MD;
iv. corporate responsibility – considering the social, safety, ethical and environmental impacts of Liberty's activities, and setting policy and monitoring compliance with safety, corporate and social policies and practices;
v. financial performance – approving Liberty's annual operating plans and budget, monitoring management, financial and operational performance;
vi. financial reports to shareholders – approving annual and half-year reports and disclosures to the market that contain, or relate to, financial projections, statements as to future financial performance or changes to the policy or strategy of the company; and
vii. establishing procedures – ensuring that the Board is in a position to exercise its power and to discharge its responsibilities as set out in the Board Charter.

The Board also recognises its responsibilities to Liberty's personnel, the communities and environments within which Liberty operates and, where relevant, other stakeholders.

Responsibility for management of Liberty's business activities is delegated to the MD who is accountable to the Board.

c) Chairman

The Chairman is responsible for leadership of the Board, for the efficient organisation and conduct of the Board's function and for the promotion of relations between Board members and between Board and management that are open, cordial and conducive to productive co-operation.

Non-executive Director Ian Smith was elected to the role of Chairman on 1 April 2014, replacing Andrew Haythorpe who had been acting Chairman since 2010. The election of Ian Smith as Chairman corrects the previous departure from Recommendations 2.2 and 2.3 of ASX Principle 2 in that it is recommended that the Chairman should ideally be independent and not involved in management.

d) Director independence

The Board has approved a policy on independence of directors, a copy of which is available in the corporate governance section of Liberty's website.

The policy provides that the independence of a director will be assessed by determining whether the director is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of Liberty, the persons or organisations with which the director has an affiliation and from the perspective of the director. Materiality thresholds are considered by the Board from time to time. The Board considers that:

- **i.** a supplier is material if Liberty accounts for more than 5% of the supplier's consolidated gross revenue;
- **ii.** a substantial shareholder of Liberty is someone who holds greater than 5% of the voting capital of Liberty; and
- **iii.** service on the Board for a period exceeding 10 years is a period which could, or could reasonably be perceived to, materially interfere with a director's ability to act in the best interests of the company.

In the event that one or more of these thresholds is exceeded, the Board then focuses on whether or not in their view that impacts materially on the independent judgement of the director.

On appointment, each director is required to provide information for the Chairman to assess and confirm their independence as part of their consent to act as a director.

The Chairman has considered the associations of each of the non-executive directors in office at the date and considers that all non-executive directors are considered independent.

e) Directors' retirement and re-election

Liberty's Constitution states that at each annual general meeting ("AGM") one of its directors (excluding the CEO/Managing Director and any director appointed to fill a casual vacancy) and any director who has held office for three or more years since their last election must retire. At least one non-executive director must stand for election at each AGM.

Any director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Directors who retire as required may offer themselves for re-election by shareholders at the next AGM. Re-appointment of directors retiring by rotation or filling a casual vacancy is not automatic.

f) Board succession planning

The Board in conjunction with the Remuneration and Nominations Committee reviews the size and composition of the Board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the Board's Charter and more fully detailed in a Procedure for Selection and Appointment of New Directors.

g) Board performance evaluation

The Board undertakes ongoing self-assessment and review of performance of the Board, committees and individual directors annually. The Chairman of the Board is responsible for determining the process for evaluating Board performance. The Chairman's performance is reviewed each year by the other members of the Board.

h) Nominations and appointment of new directors

Recommendations for nomination of new directors are considered by the Remuneration and Nominations Committee and approved by the Board as a whole.

The Remuneration and Nominations Committee reviews director appointments having regard to the candidate's commercial experience, skills and other qualities. External consultants may be used from time to time to access a wide base of potential directors.

i) Professional advice

Directors may, in carrying out their company related duties, seek external professional advice. If external professional advice is sought a director is entitled to reimbursement of all reasonable costs where such a request for advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by at least the Managing Director.

j) Conflicts of interest

Directors are required to disclose any actual or potential conflict or material personal interests on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a director, then the director with an actual or potential conflict of interest in relation to a matter before the Board does not receive the Board papers relating to that matter. When the matter comes before the Board for discussion, the director withdraws from the meeting for the period the matter is considered and takes no part in the discussion or decision making process.

k) Terms of appointment, induction training and continuing education

All new directors are provided with a formal letter of appointment setting out the key terms and conditions of the appointment, including duties, rights and responsibilities, the time commitment envisaged and the Board's expectations regarding their involvement with committee work.

An induction folder is provided to all new directors. It includes a copy of the constitution, board and committee charters and key company policies.

All directors are expected to maintain the skills required to discharge their obligations to the company. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the company where appropriate.

l) Directors' remuneration

Details of remuneration paid to directors (Executive Chairman and non-executive) are set out in the remuneration report.

m) Board meetings

The Chairman sets the agenda for each meeting in conjunction with the executive management and the Company Secretary. Any director may request additional matters be added to the agenda. Members of senior management attend meetings of the Board by invitation and sessions are also held for non-executive directors to meet without management present.

Copies of Board papers are circulated in advance of the meetings in either electronic or hard copy form. Directors are entitled to request additional information where they consider the information is necessary to support informed decision making.

The Board works to an agenda encompassing periodic reviews of Liberty's operating business units, recurring statutory obligations, business approvals, strategy and other responsibilities identified in the Board Charter.

n) Company Secretary

The Company Secretary is Catherine Anderson. Ms Anderson is a legal practitioner admitted in Western Australia and Victoria and has over 20 years experience in both private practice and in house legal roles from working in Melbourne and Perth.

Catherine also has experience in company secretarial roles for ASX listed resource companies, as well as having been a director of an ASX listed junior explorer. She currently also provides consultancy services to entities wishing to proceed to IPO and listing on ASX, and has twice been nominated for the Telstra Business Woman of the Year Award for an online retail business she established in 2007.

Responsibilities for the secretarial function include providing advice to directors and executives on corporate governance and regulatory matters, recording minutes of directors meetings, developing Liberty's corporate governance framework and giving effect to the Board's decisions. All directors have access to advice from the Company Secretary.

2. Board committees

a) Board committees and membership

During the reporting period, the Board only had three members but continued to maintain two committees to assist in the discharge of its responsibilities. These are the:

i. Audit and Risk Management Committee; and
ii. Remuneration and Nominations Committee.

The Company now has 5 directors after the appointment of Ian Smith to the Board on 10 July 2013 and Charles Thomas on 19 June 2014. Patrick Glovac was also appointed to the Board, but after 30 June 2014.

The charters of all Board committees detailing the roles and duties of each are available in the corporate governance section of Liberty's website. All Board committee charters are reviewed at least annually.

At the date of this report the membership of each Board committee is as follows:

Audit and Risk Committee	**Remuneration and Nominations Committee**
James Becke (Chairman)	James Becke (Chairman)
Horst Hueniken	Horst Hueniken
Ian Smith	Ian Smith

Committee members are chosen for the skills, experience and other qualities they bring to the committees. The executive management attends, by invitation, board committee meetings.

Any papers considered by the standing committees are available on request to directors who are not on that committee.

Following each committee meeting, generally at the next Board meeting, the Board is given a verbal update by the Chair of each committee. In addition, minutes of all committee meetings are provided to all directors. The Company Secretary provides secretariat services for each committee.

Other committees are convened to address major transactions or other matters calling for special attention.

b) Audit and Risk Management Committee

The role of the Audit and Risk Management Committee is to assist the Board to meet its oversight responsibilities in relation to the company's financial reporting, internal control structure, financial and operational risk management procedures and the internal and external audit function. In doing so, it is the Committee's responsibility to maintain free and open communication between the Committee and the external auditors and the management of Liberty.

The Audit and Risk Management Committee is required to have a minimum of three members composed of independent non-executive directors. The members of the Audit & Risk Committee are both independent non-executive directors however the Company does not have sufficient directors to maintain an audit and risk committee of three members.

The external auditors and Managing Director attend Committee meetings by invitation.

c) Remuneration and Nominations Committee

The role of the Remuneration and Nominations Committee is to assist the Board by reviewing and approving Liberty's remuneration policies and practices and the appointment of non-executive directors to the Board. The Committee's responsibilities include:

- **i.** assess the necessary and desirable competencies of Board members;
- **ii.** reviewing Board succession plans and Board performance;
- **iii.** reviewing the company's remuneration framework, which is used to attract, retain and motivate employees to achieve operational excellence and create value for shareholders;
- **iv.** reviewing the remuneration packages and incentive schemes for the Managing Director and senior executives, to establish rewards, which are fair and responsible, having regard to the financial results of the group, individual performance and general remuneration conditions;
- **v.** reviewing the performance and succession planning for the Managing Director and senior executives; and
- **vi.** reviewing Liberty's corporate governance policies and practices.

The Managing Director attends Committee meetings by invitation.

3. Audit governance and independence

a) Approach to audit and governance

The Board is committed to the basic principles that:

- **i.** Liberty's financial reports represent a true and fair view;
  - Liberty's accounting practices are comprehensive, relevant and comply with applicable accounting standards and policies; and
  - the external auditor is independent and serves shareholder's interests.

b) External auditor relationship

Liberty's independent external auditor is HLB Mann Judd ("HLB"). HLB was appointed by shareholders at the 2007 Annual General Meeting in accordance with the *Corporations Act*. During the year, the Audit and Risk Management Committee, embarked on a review of the external audit function resulting in HLB being retained as the company's auditor.

c) Attendance of auditor at the AGM

Liberty's external auditor attends the AGM and is available to answer questions from shareholders on:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by Liberty in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

4. Controlling and managing risk

a) Approach to risk management

The Board and senior executives are responsible for overseeing the implementation of the company's Risk Management Policy.

The company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. This framework is based on the Australian Standards for Risk Management.

The executive management team is responsible for implementation of the Board approved risk management strategy and developing policies, processes and procedures to identify risks and mitigation strategies in Liberty's activities.

b) Managing Director and accounting assurance on corporate reporting

The Board receives regular reports about the financial condition and operational results of Liberty and its controlled entities.

The Managing Director and the Company accountant provide, at the end of each six monthly period, a formal statement to the Board confirming that the company's financial reports present a true and fair view, in all material respects, and the group's financial condition and operational results have been prepared accordance with the relevant accounting standards.

The statement also confirms the integrity of the company's financial statements and notes to the financial statements, is founded on a sound system of risk management and internal compliance and control which implements the policies approved by the Board, and that Liberty's risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating efficiently and effectively in all material respects.

5. Promoting ethical and responsible behaviour

a) Codes of conduct

The Board has approved a Code of Conduct which describes the standards of ethical behaviour the directors and employees are required to maintain.

Compliance with the Code of Conduct by Directors and employees will also assist Liberty in effectively managing its operating risks and meeting its legal and compliance obligations, as well as enhancing Liberty's corporate reputation.

The Code of Conduct describes Liberty's requirements on matters such as confidentiality, conflicts of interest, sound employment practices, compliance with laws and regulations and the protection and proper use of Liberty's assets.

b) Share trading policy

Liberty's Securities Trading Policy is binding on all directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for, or are associated with, Liberty and is intended to assist in maintaining market confidence in the integrity of dealings in the company's securities.

The policy stipulates that the only appropriate time for a director or employee to deal in the company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market.

A director wishing to deal in the company's securities may only do so after first having advised the Chairman of his or her intention. A senior executive wishing to deal must first notify the Managing Director. Confirmation of any dealing must also be given by the director or senior executive within two business days after the dealing.

In the case of other employees, contractors, consultants and advisers, there is no notification requirement.

Directors and senior executives' dealings in the company's securities are also subject to specified closed periods, which are set out in the company's Share Trading Policy or as otherwise determined by the Board from time to time.

6. Remuneration framework

Details of Liberty's remuneration framework are included in the remuneration report.

7. Corporate responsibility and sustainability

Liberty aims to produce positive outcomes for all stakeholders in managing its business and to maximise financial, social and environmental value from our activities.

In practice this means having a commitment to transparency, fair dealing, responsible treatment of employees and customers and positive links into the community.

Sustainable and responsible business practices within Liberty are viewed as an important long term driver of performance and shareholder value. Through such practices Liberty seeks to reduce operational and reputation risk and enhance operational efficiency while contributing to a more sustainable society.

Liberty accepts that the responsibilities on the Board and management, which flow from this approach, go beyond strict legal and financial obligations. In particular, the Liberty Board seek to take a practical and broad view of directors' fiduciary duties, in line with stakeholders' expectations.

8. Continuous disclosure

Liberty is committed to maintaining a level of disclosure that meets the highest standards and provides all investors with timely and equal access to information.

Liberty's Continuous Disclosure Policy reinforces Liberty's commitment to ASX continuous disclosure requirements and outline management's accountabilities and the processes to be followed for ensuring compliance. The policy also describes Liberty's guiding principles for market communications.

9. Shareholder communications and participation

Liberty is committed to giving all shareholders comprehensive, timely and equal access to information about its activities so that they can make informed decisions. Similarly, prospective new investors are entitled to be able to make informed investment decisions when considering the purchase of shares in Liberty.

A wide range of communication approaches are employed including direct communications with shareholders and presentations to shareholders at the company's Annual General Meeting. Publication of all relevant company information, including the company's Annual Report is in the Investor Information section of Liberty's website at www.libertyresources.com.au. Shareholders are also given the opportunity to receive information in print or electronic format.

Liberty's Shareholder Communication Policy provides that the company will communicate effectively with its shareholders and give shareholders ready access to balanced and understandable information about Liberty. The way it does this includes:

- ensuring that financial reports are prepared in accordance with applicable laws;
- ensuring the disclosure of full and timely information about Liberty's activities in accordance with the general and continuous disclosure principles of the ASX Listing Rules and the *Corporations Act 2001*. This includes reporting on a quarterly basis the activities and prospects of the company;

- the Chairman and Managing Director reporting to shareholders at the company's annual general meeting;
- placing all ASX announcements (including quarterly reports and financial reports) on Liberty's website as soon as practicable following release; and
- ensuring that reports, notices of meeting and other shareholder communications are prepared in a clear and concise manner.

10. Diversity Policy

The Company has in place a Diversity Policy.

The Board is committed to workplace diversity, and is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (**Measurable Objectives**) and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

The Company's diversity strategies include:

(a) recruiting from a diverse pool of candidates for all positions, including senior management and the various subsidiary company boards;

(b) reviewing succession plans to ensure an appropriate focus on diversity;

(c) identifying specific factors to take account of in recruitment and selection processes to encourage diversity;

(d) developing programs to develop a broader pool of skilled and experienced senior management and board candidates, including, workplace development programs, mentoring programs and targeted training and development; and

(e) developing a culture which takes account of domestic responsibilities of employees.

At present, the Company has no employees. The Company has one male and one female consultant; and the Company Secretary is female. There are no female Board members.

As the Company has been seeking to reduce costs during the year, it has not recruited staff or created any new positions and hence has not had the opportunity to undertake full scale implementation of its Diversity Policy.

Set out below is a table describing the various ASX Principles and statements as to the Company's compliance or otherwise with them. Terms used in the table have the meanings given to them in the ASX Principles unless otherwise defined.

ASX PRINCIPLES COMPLIANCE STATEMENT

ASX corporate governance council's best practice recommendations		Reference	Compliance
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.	1b	Comply
1.2	Companies should disclose the process for evaluating the performance of senior executives	Remuneration report	Comply
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	1a, 1b Remuneration report	Comply
Principle 2:	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors.	1a, 1d	Comply
2.2	The chair should be an independent director.	1a, 1c	Comply
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	1a, 1b	Comply
2.4	The Board should establish a nomination committee.	1h, 2c	Comply
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	1g, 2a	Comply
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	Directors' report	Comply
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the necessary to maintain confidence in the company's integrity; and • 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.	5a,5b	Comply
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.	5d	Comply
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3	5a, 5b	Comply
3.4	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 measureable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.	10	Comply
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	2b	Comply
4.2	The audit committee should be structured so that it: • consists only non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chair, who is not chair of the Board; and • has at least three members.	2a, 2b 2a, 2b 2a 2a, 2b	Comply Comply Comply Comply
4.3	The audit committee should have a formal charter.	2 a	Comply
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	2a, 3b Directors' report	Comply
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance and ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	8	Comply
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	8	Comply
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	8, 9	Comply
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	8, 9	Comply
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.	2b, 4a, 4b	Comply

7.2	The board should require management to design and implement the risk management and internal control systems to manage the company's material business risks and disclose a summary of those policies	4a	Comply
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 al material respects in relation to financial reporting risks.	4b	Comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	4a,4b, Directors' report	Comply
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	2a, 2c Remuneration report	Comply
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	2c Remuneration report	Comply
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8	Remuneration report	Comply

The Board has in place a Board Charter and has adopted a Securities Trading Policy, a Remuneration Nomination Charter, an Independence of Directors Policy, a Financial Risk Management Policy, a Continuous Disclosure Policy, an Audit and Risk Management Committee Charter and a Code of Conduct for Directors.

The Board has in place corporate governance practices that it considers to be the most appropriate for the Compnay. The Board also recognises that corporate governance is not a static matter and needs reviewing regularly. This statement describes the main corporate governance practices in place during the year.

The shareholder information set out below was applicable as at 19 September 2014.

Distribution of Shareholders

At 19 September 2014 there were 975 holders of 326,219,385 ordinary fully paid shares in the Company. Analysis of numbers of equity holders by size of holding:

Number of Shares Held	Holders	Units
1 – 1,000	21	1,332
1,001 – 5,000	54	205,356
5,001 – 10,000	114	980,796
10,001 – 100,000	488	22,521,747
100,001 and over	298	302,510,154
Total	975	326,219,385

The number of shareholders holding less than a marketable parcel of 25,000 shares: 329.

Substantial shareholders

Substantial shareholders in the company are set out below:

Name of Shareholder	Number Held	Percentage
Ouro Pty Ltd	33,737,333	10.34
JP Morgan Nominees Australia Limited <Cash Income A/C>	27,265,413	8.36
Auto Investment International Limited	28,354,655	8.69
Applabs Technologies Limited	20,841,666	6.39

Distribution of listed option holders

At 30 June 2014 the Company had no listed options. There were 32,600,000 unlisted options.

Analysis of numbers of equity holders by size of holding:

Substantial option holders

Substantial option holders in the company are set out below:

Name of Option Holder	Number Held	Percentage
Andrew Haythorpe (Ouro Pty Ltd and Tesha Pty Ltd)	12,000,000	36.81%
Catherine Anderson (CasaOrganica Pty Ltd)	6,000,000	18.40%
Jim Becke (Nelwood Pty Ltd)	4,000,000	12.26%
Horst Hueniken (Hueniken & Company Ltd)	4,000,000	12.26%
Ian Smith (C & I Smith Pty Ltd)	2,000,000	6.13%

Voting Rights

The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a. each shareholder entitled to vote may vote in person or by proxy, attorney or corporate representative;

b. on a show of hands, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder has one vote; and

c. on a poll, every person present who is a shareholder or a proxy, attorney or corporate representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or corporate representative, have one vote for the share, but in respect of partly paid shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

Stock Exchange Listing

Liberty Resources Limited securities are listed on the Australian Securities Exchange ('ASX'). The Company's ASX code is LBY. The Company also has no listed options on the ASX.

Detailed schedules of exploration and mining tenements held are included in the operations review.

Directors' interest in share capital are disclosed in the Directors' Report.

There is currently no on-market buy-back in place.

Equity security holders

Top 20 ordinary shareholders at 19 September 2014

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1	OURO PTY LTD	33,737,333	10.34
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	27,265,413	8.36
3	AUTO INVESTMENT INTERNATIONAL LIMITED	22,000,000	6.74
4	APPLABS TECHNOLOGIES LIMITED	20,841,666	6.39
5	MRS YAQING LI	9,000,000	2.76
6	CITICORP NOMINEES PTY LIMITED	8,724,112	2.67
7	MR HAMISH JOHN WYLLIE	8,200,000	2.51
8	AUTO INVESTMENT INTERNATIONAL LIMITED	6,354,655	1.95
9	CS FOURTH NOMINEES PTY LTD	5,480,000	1.68
10	MS PAOLA DAWE	5,275,000	1.62
11	MV AGUSTA INVESTMENTS PTY LTD <WALCOTT INVESTMENTS A/C>	5,275,000	1.62
12	MS BIANCA SMITH	5,275,000	1.62
13	MR OLIVER DAND CHARLESWORTH + MRS DONNA MARY CHARLESWORTH	3,875,000	1.19
14	NORTON CONSULTING PTY LTD <NORTON NOMINEES S/F A/C>	3,627,333	1.11
15	MR STUART KIDD	3,164,459	0.97
16	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	3,115,217	0.95
17	HEATHPET SUPER PTY LTD <HEATHPET SUPER FUND A/C>	2,802,500	0.86
18	NEFCO NOMINEES PTY LTD	2,785,052	0.85
19	COURCE PTY LTD <THE HAYWARD SUPER FUND A/C>	2,500,000	0.77
20	JETLINE PTY LTD <THE HARCOURT FAMILY A/C>	2,400,000	0.74

Company Secretary

The name of the Company Secretary is Catherine Anderson.

Registered Office & Principal Place of Business

Unit 1, Level 1, 35 Havelock Street
WEST PERTH WA 6005
Telephone: +61(8) 9287 4488
Facsimile: +61(8) 9388 8862

Register of Securities

The register of securities is held at:
Computershare
Level 2, 45 St Georges Terrace
Perth Western Australia 6000
Telephone: +61 (8) 9323 2003
Facsimile: +61 (8) 9323 2033

As at 30 June 2014:

Coal Tenements (Australia – Queensland)

Tenement Number	Holder	% Interest	Status	Date Lodged	Date Granted
EPCa2363	Boab Energy Pty Ltd	100%	Application	1-Mar-11	-
EPC1367	Walloon Energy Pty Ltd	100%	Granted	5-Jun-08	29-Sep-09
EPC1370	Walloon Energy Pty Ltd	100%	Granted	5-Jun-08	6-Aug-09
EPC1373	Walloon Energy Pty Ltd	100%	Granted	5-Jun-08	25-Jan-11
EPC1386	Urea Corp of Australia Pty Ltd	100%	Granted	6-Jun-08	17-Mar-10
EPC1435	Urea Corp of Australia Pty Ltd	100%	Granted	30-Jun-08	9-Jun-10
EPC1698	Urea Corp of Australia Pty Ltd	100%	Granted	5-Mar-09	19-Feb-10
EPC1736	Walloon Energy Pty Ltd	100%	Granted	22-Apr-09	23-Feb-10
EPC1737	Walloon Energy Pty Ltd	100%	Granted	22-Apr-09	23-Feb-10
EPC1739	Walloon Energy Pty Ltd	100%	Granted	22-Apr-09	23-Feb-10
EPCa1808	Walloon Energy Pty Ltd	100%	Application	1-Jul-09	-
EPC1818	Walloon Energy Pty Ltd	100%	Granted	8-Jul-09	1-Feb-12
EPC1949	Walloon Energy Pty Ltd	100%	Application	1-Oct-09	-
MDLa408	Boab Energy Pty Ltd	100%	Application	11-Mar-09	-
MDLa427	Walloon Energy Pty Ltd	100%	Application	15-Oct-09	-
MDLa446	Urea Corp of Australia Pty Ltd	100%	Application	12-Aug-10	-
MDLa447	Urea Corp of Australia Pty Ltd	100%	Application	12-Aug-10	-
MDLa 479	Urea Corp of Australia Pty Ltd	100%	Application	10-Aug-12	
MDLa 483	Walloon Energy Pty Ltd	100%	Application	2-Oct-13	

Coal Prospecting Permits (Canada - Saskatchewan)

No. of Tenements	Holder	% Interest	Status
11	Liberty Can	100%	Application