



**SPEEWAH**  
METALS

**Speedwah Metals Limited**

(ACN 100 714 181)

**Annual Financial Report**

For the year ended 30 June 2012

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**SPEEWAH**  
METALS

## Corporate Directory

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**ACN: 100 714 181**

**ASX Code: SPM**

Speewah Metals Limited shares are listed on the Australian Stock Exchange (ASX)

**DIRECTORS**

Anthony Barton (Chairman)

Derek Carew-Hopkins (Director)

Leonid Charuckyj (Director)

**COMPANY SECRETARY**

Greg MacMillan

**REGISTERED OFFICE**

Level 22, Allendale Square  
77 St George's Terrace  
Perth WA 6000  
Tel: (08) 9221 8055  
Fax: (08) 9325 8088  
Email: [info@speewah.com.au](mailto:info@speewah.com.au)

**SOLICITORS**

Price Sierakowski  
Level 24, 44 St Georges Terrace  
Perth WA 6000

**BANKERS**

ANZ Banking Corporation  
Level 9, 77 St George's Terrace  
Perth WA 6000

**SHARE REGISTER**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

**AUDITORS**

Ernst and Young  
11 Mounts Bay Road  
Perth WA 6000

**INTERNET ADDRESS**

[www.speewah.com.au](http://www.speewah.com.au)



**SPEEWAH**  
METALS

## Chairman's Report

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Dear Shareholders,

Earlier in the 2011/2012 financial year, your Company delivered some key objectives that had been established during the previous period, including a material increase in JORC resources and the successful chloride acid leach testing on our concentrates.

This testing work confirmed the science to potentially recover high purities of Titanium, Vanadium and Iron materials from our ore.

A scoping study of a conceptual project at Speewah was then tabled in April 2012, outlining the potential products, purities, volumes, projected earnings of \$210 million (before interest, tax, depreciation and amortisation), and an estimated \$896 million in capital costs to build such a project.

The Directors monitored the reaction to these results and the general share market very closely and subsequently decided to reduce expenditures when it became apparent the risk sentiment surrounding the junior resources market was failing, and potential funding for the next phase of pilot studies and prefeasibility studies looked particularly challenging.

The Company now has only modest funds and the Board has needed to review all existing assets and aspects of the Company to try and arrive at the best alternatives by which the Company should move forward.

An independent geological exploration group was mandated to fully review the interesting Copper/Gold potential that we believe exists in unexplored portions of the Speewah Dome.

The search has also continued for potential joint venture partners and/or strategic equity partners, with a leading investment banker also mandated with the task of seeking interest in our assets.

Speewah has not been aided over the last 12 months by overseas views towards our current government's initiatives to introduce a Mineral Resources Rent Tax (MRRT), a Carbon Tax, annexation of most of The Kimberley to World Heritage and ongoing threats of the abolishment of the diesel rebates. Compounding with those concerns was a generally recognised view that commodities were coming off cyclical highs, the Australian dollar was judged to be far too strong and the costs of building new projects in Australia seemed to be increasing exponentially.

Your Board recognises the serious hurdles and challenges that may lie ahead and we will do its utmost to steer the Company through these difficult times.

Anthony Barton  
Chairman

17<sup>th</sup> September 2012



# Operation's Report

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## BACKGROUND OF SPEEWAH METALS LTD

Speewah Metals Ltd has established a portfolio of 100% owned tenements covering approximately 575 square kilometres in the East Kimberley region of Western Australia ("Tenements"). The Company was listed on the ASX in 2007, and has focused on exploring an extensive zone of Vanadiferous and Titaniferous magnetite mineralization draped over the Speewah Dome.

This exploration has delivered Australia's largest Titanium/Vanadium in magnetite resource together with a high grade Fluorite resource.

This Titanium/ Vanadium/ Hematite project has now moved from the exploration stage to a prefeasibility phase, where additional studies are required to determine the viability of the project. These studies have included successful laboratory leaching and recovery of metals from a chloride acid and solvent extraction process.

The initial scoping of a project at Speewah suggested a mining /processing operation that may produce a minimum of the following end products:

- Titanium Dioxide (TiO<sub>2</sub>) 75,000 tonnes per year
- Vanadium Pentoxide (V<sub>2</sub>O<sub>5</sub>) 12,400 tonnes per year
- Hematite (Fe<sub>2</sub>O<sub>3</sub>) 410,000 tonnes per year
- Ammonium Sulphate (NH<sub>4</sub>)<sub>2</sub>SO<sub>4</sub> 200,000 tonnes per year

From mini pilot studies, these end products were shown to be recoverable at high grade purity of >98%.

Subject to adequate funding, the next steps for prefeasibility on the Speewah project to advance would be:

1. Additional mini pilot plant testing to better understand the designs of a Vanadium circuit, acid usage and potential processing costs;
2. Further optimisation of a number of metallurgical variables, including grind sizes and mass recoveries;
3. Completion of formal licensing arrangements;
4. Construction of a larger pilot facility to produce product samples suitable for review by potential off take parties;
5. Delivery of the following development approval requirements:
  - a. Achieving Reserve status on Titanium/Vanadium in magnetite Resource;
  - b. Mining Lease;
  - c. Mining Agreement with landholders;
  - d. Application for Environmental Impact Assessment.
6. Commencement of definitive bankable type feasibility study on the Titanium/Vanadium/Hematite project.

## RESOURCES

The Speewah tenements contain one of the world's largest undeveloped Titanium/Vanadium in magnetite deposits with combined Measured, Indicated and Inferred Resources totaling 4.7 billion tonnes at 0.30% V<sub>2</sub>O<sub>5</sub> and 2% Ti (at 0.23% V<sub>2</sub>O<sub>5</sub> cut-off grade) in 3 deposits. The combined Central, Red Hill and Buckman deposits, include:

- Measured Resource of 322 Mt at 0.32% V<sub>2</sub>O<sub>5</sub> and 2% Ti;
- Indicated Resource of 1,054 Mt at 0.33% V<sub>2</sub>O<sub>5</sub> and 2% Ti, and
- Inferred Resource of 3,335 Mt at 0.29% V<sub>2</sub>O<sub>5</sub> and 2% Ti.

Metallurgical test work has confirmed concentrate assays at 54.2% Fe, 2.48% V<sub>2</sub>O<sub>5</sub> and 14.9% TiO<sub>2</sub>.

With its flat lying geometry, extensive outcrop at surface and being up to 80 metres thick, the deposit would have the potential for large scale mining on a low strip ratio.

The tenements also contain a high-grade, high-quality fluorite deposit with Indicated and Inferred Resources totaling 6.7 million tonnes at 24.6% CaF<sub>2</sub> (at 10% CaF<sub>2</sub> cut-off grade), comprising an Indicated Resource of 4.1 million tonnes at 25.3% CaF<sub>2</sub> and an Inferred Resource of 2.6 million tonnes at 23.6% CaF<sub>2</sub>.



# Operation's Report

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## **OTHER PROSPECTS - COPPER/GOLD AND FLUORITE AND PGE+AU**

Copper/Gold – The Cu/ Au potential around the Speewah Dome remains largely untested and offers significant exploration potential. The Company has mandated an independent geological review of previous high value surface rock samples, soil samples and previous drilling results with the objective of updating our geological models to better understand and target new regions within the Dome to be refocusing on Copper/Gold exploration.

Fluorite – Drill results have identified Fluorite rich intersections and extensions of the existing Fluorite resource. This has led to the discovery of a new Fluorite vein along the east contact of the King River Fault and there are a number of new drill intersections of Fluorite veins that are not part of the existing resource. The Exploration Target for Fluorite deposits, in addition to the existing resource of 6.7Mt at 24.6% CaF<sub>2</sub>, is an additional 2 to 4Mt at 20-25% CaF<sub>2</sub>.

Fluorite could potentially be mined along with a potential Ti/ V/ Fe operation to share infrastructure and improve project economics.

PGE+Au – A thin Platinum reef runs through the existing Titanium/Vanadium resources.

## **PRE-FEASIBILITY STUDIES AND FURTHER TESTWORK**

Subject to adequate funding, further metallurgical test work is required.

This will involve:

### Stage 1 – Beneficiation of Ore to Magnetite Concentrate

Production of a Titanium/Vanadium magnetite concentrate represents the 1<sup>st</sup> stage of processing. Testwork will need to consider ore variability, feedstock optimisation and tailings characterisation to refine the JORC resource and mine life calculations. This work will support development of a tailings plan, footprint calculation and Mining Lease application. Crush and grind testing will need to be completed to optimise the process and potentially provide significant operating and capital cost savings. Consideration of economic factors to upgrade the resource to Reserve status will also need to be undertaken.

### Stage 2 – Mixed Chloride Leach & Solvent Extraction Plant:

Further pilot plant testing of the mixed chloride leach and solvent extraction process is required.

The pilot plant testing will:

- Enable process flowsheet design to deliver operating and capital cost estimates at a feasibility level;
- Refine metallurgical recoveries;
- Confirm end product purities;
- Provide products for market evaluation;
- Provide solid and liquid samples for Environmental Impact Assessment.

## **ADDITIONAL SENIOR TECHNICAL HUMAN RESOURCES**

To make a full transition from exploration to project development, Speewah would need to secure senior technical staff.

## **ACCESS, TENURE, APPROVAL AND LOGISTICS WORKS**

Mining Lease - An application for a Mining Lease would be required following analysis of the flowsheet generated from the scoping studies to determine footprint of the combined mine site and tailings areas.

Mining Agreement - A binding Memorandum of Understanding (MOU) was completed with the Orla People and negotiation of a Mining Agreement with landholders will be required to provide a beneficial and equitable outcome.

Environmental Application - Fieldwork has been completed on Flora and Fauna studies on the Central Deposit Resource. This work supports completion of the application for environmental assessment.



# Operation's Report

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Aboriginal Heritage Survey - this was completed and approved in 2010 over proposed initial mining area of the Central Deposit.

Logistics - Scoping studies indicates that transporting the magnetite concentrate to Wyndham for further processing or loading onto barges before being loaded onto larger ships away from the port is likely to be the method to transport large quantities of product for export. This transport and shipment method is being used by a nearby iron-ore mine and confirms the feasibility and proof of concept of this method.

## **COMPETENT PERSONS STATEMENT**

The information in this report that relates to Exploration Results, Minerals Resources or Ore Resources is based on information compiled by Ken Rogers who is a Member of the Australian Institute of Geoscientists. Mr. Rogers, Chief Geologist of Speewah Metals Limited, compiled the technical aspects of this report relating to the Speewah Project and content of this release. Mr. Rogers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being reported on to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). Mr. Rogers consents to the inclusion in the report of the matters in the form and context in which it appears.





## Directors' Report

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The directors submit their report for Speewah Metals Limited ("Speewah" or "the Company") and its controlled entities for the year ended 30 June 2012.

### **DIRECTORS**

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless otherwise stated. No director has served as a director of any other ASX Listed Companies in the past 3 years unless mentioned below.

**Anthony Barton**  
**Non - Executive Chairman**  
**Appointed 21<sup>st</sup> May 2007**

Mr Barton has been involved in founding and growing a number of successful listed public companies. He has extensive experience in capital markets, corporate finance, funds management and venture capital and has had advisory roles in the incorporation and listing of many Australian based resource companies.

Mr Barton is the founding Executive Chairman of the boutique investment bank Australian Heritage Group. He is a graduate of the Royal Melbourne Institute of Technology with a Bachelor of Business (Accountancy) degree and has 34 years of commercial experience having also acted in senior executive and director capacities for two leading Australian stockbroking firms. Mr Barton is also a Non-Executive Director of TUC Resources Limited. During the past 3 years, Mr Barton has also been a director of Equator Resources Limited and Phylogica Limited.

**Derek Carew-Hopkins**  
**Director**  
**Appointed 1<sup>st</sup> August 2008**

Mr Carew-Hopkins has extensive experience in engineering and is a specialist in water and environmental issues. As the Director General of the Department of Environment, Mr Carew-Hopkins had responsibility for a diverse range of environmental and water related regulation, assessment and investigation including a significant agenda of new initiatives across the environment portfolio. He left Government in 2006 and now runs a consultancy specialising in guiding development projects through the approval processes.

Mr Carew-Hopkins has a Bachelor of Civil Engineering from the University of Central Queensland and is an accredited Mediator in dispute resolution. He spent the early part of his career in mining and construction project management and many years in water supply development. He is well known for his expertise in groundwater investigations, well field development and dispute resolution.

**Leonid Charuckyj**  
**Director**  
**Appointed 13<sup>th</sup> December 2011**

Mr. Charuckyj (B.E. and M.Eng-Sc. Melbourne University) has had extensive experience over a broad range of technical, engineering, management and corporate roles including senior positions in government, public and private industry both in Australia and overseas. Focus has been on the environmental, pollution control and waste management industries and on the energy and mining industries amongst others.

This has included such diverse roles as representing Australia as an expert engineering advisor in the Middle East, developing and commercialising new technologies (both in the public company arena and for major international groups), and managing all aspects of an industrial minerals development from mine and processing to product development and marketing.

Mr Charuckyj is also a director of TUC Resources Limited.



## Directors' Report

**Richard Wolanski**  
Executive Director & Company Secretary  
Resigned 9<sup>th</sup> August 2012

Mr Wolanski was involved with Speewah since prior to the IPO in September 2007, which he managed. He has had extensive professional experience in both Australia and international finance industries, providing corporate, strategic and financial advisory assistance to public companies in Australia, Singapore and the United Kingdom. He is a Chartered Accountant and has a Bachelor of Commerce from the University of Western Australia.

During the past three years Mr Wolanski was also a Director of Maverick Energy Limited (resigned on the 23<sup>rd</sup> of November 2009) and Equator Resources Limited (resigned on the 7<sup>th</sup> of September 2011).

**Gregory MacMillan**  
Company Secretary  
Appointed 9<sup>th</sup> August 2012

Greg MacMillan has wide ranging corporate, financial, capital markets and commercial experience over the last 30 years. Greg has held the positions of director, company secretary, chief financial officer, and corporate finance executive in numerous companies across the finance, mining and commercial sectors. Greg holds a Bachelor of Business degree, is a Certified Practising Accountant and a Chartered Company Secretary.

### INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares of the Company were

		Ordinary Shares	Options Over Ordinary Shares
A Barton	Chairman	13,129,768 <sup>1</sup>	1,500,000
D Carew-Hopkins	Director	450,000	800,000
Leonid Charuckyj	Director	1,206,062 <sup>2</sup>	-
<b>Total</b>		<b>14,785,830</b>	<b>2,300,000</b>

<sup>1</sup> 5,500,000 of the Shares are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 7,060,000 of the Shares are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr Barton is a director and a beneficiary. 169,768 of the Shares are held by Inglewood Lodge Pty Ltd of which Mr Barton is a director and a beneficiary. 400,000 of the Shares are held by Barton and Barton Pty Ltd of which Mr Barton is a director.

<sup>2</sup> 959,550 of the Shares are held by Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary. 190,000 of the Shares are held by Temtor Pty Ltd of which Mr Charuckyj is a director and beneficiary.

### NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

Speewah has established a portfolio of 100% owned tenements covering approximately 575 square kilometres in the East Kimberley region in Western Australia ("Tenements"). The principal activities of the entities within the Group during the year were focusing on exploration and development of the Tenements in the East Kimberley region of Western Australia.

### CORPORATE STRUCTURE

Speewah is a company limited by shares that is incorporated and domiciled in Australia. Speewah Metals has a fully owned subsidiary Speewah Mining Pty Ltd. The Group has prepared a consolidated financial report incorporating the entity that it controlled during the financial year, Speewah Mining Pty Ltd a 100% owned subsidiary.

### OPERATING REVIEW

The consolidated entity's operations are discussed in detail in the Operations Report.



## Directors' Report

### REVIEW OF CONSOLIDATED FINANCIAL CONDITION

The consolidated entity recorded an operating loss after income tax of \$637,075 (2011: \$322,513 loss). There was no dividend declared or paid during the year.

### CAPITAL STRUCTURE

As at the date of this report the Company had 130,668,170 fully paid ordinary shares and 6,950,000 options over ordinary shares on issue. Details of the terms of the options are outlined in Note 18 of the consolidated financial statements.

### CASH FROM OPERATIONS

The net cash outflow from operations of \$41,347 is less than the cash inflow in the previous year of \$132,538. The cash outflow was due to payments to suppliers and employees and reflects the increased operations of the company.

The cash balance at year end was \$885,405.

LOSS PER SHARE	2012	2011	2010	2009	2008
Basic and diluted loss per share (cents)	(0.49)	(0.28)	(1.70)	(0.61)	(0.65)
Share price (cents)	0.110	0.230	0.195	0.165	0.50

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year the following significant changes were made to the Company's equity:

- The issue of 2,000,000 incentive options to Directors were approved and granted at the Annual General Meeting on the 14<sup>th</sup> November 2011. These vested immediately and have an exercise price of 24 cents and expire on the 31<sup>st</sup> December 2014;
- 4,500,000 Class A unlisted options expired on the 30<sup>th</sup> June 2012. These were issued to directors and consultants with an exercise price of 20 cents
- 100,000 Class C unlisted options expired on the 30<sup>th</sup> June 2012. These were issued to Derek Carew-Hopkins on appointment as Director and had an exercise price of 50 cents
- 100,000 Class D unlisted options expired on the 30<sup>th</sup> June 2012. These were issued to Derek Carew-Hopkins on appointment as Director and had an exercise price of 65 cents
- 100,000 Class E unlisted options expired on the 30<sup>th</sup> June 2012. These were issued to Derek Carew-Hopkins on appointment as Director and had an exercise price of 80 cents

### SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On the 9<sup>th</sup> August 2012, Richard Wolanski resigned from his position as Executive Director as part of a strategic company review.

Other than this there were no significant events following the balance date that affected the company's equity or state of affairs.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is undertaking a review of all of its projects and further information will be announced in due course.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The consolidated entity has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2012.

### SHARES UNDER OPTION

As at the year ended 30 June 2012 and the date of this report, there were 6,950,000 unissued ordinary shares under granted options.



## Directors' Report

Date Options Granted	Expiry Date	Issue Price of Shares	Number Under Option
1-May -2008	31-Mar-2013	\$0.45	200,000
5-Feb -2010	31-Dec-2014	\$0.55	2,300,000
5-Feb -2010	31-Dec-2014	\$0.55	1,200,000
8-June-2011	30-June-2014	\$0.37	1,250,000
15-Nov-2011	31-Dec-2014	\$0.24	2,000,000
			<b>6,950,000</b>

### SHARES ISSUED ON EXERCISE OF OPTIONS

During or since the end of the financial year, there were no options exercised. Refer to Note 18 of the consolidated financial statements for further details of the options outstanding. Option holders do not have any right, by virtue of the option, to participate in any issue of the Company or any related body corporate.

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Director and Officer Protection Deeds ("D&O Deed") with each Director and the Company Secretary ("Officers"). Under the D&O Deed, the Company indemnifies the Officers to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the officers in connection with the Officers being an officer of the Company, the employment of the officer with the Company or a breach by the Company of its obligations under the D&O Deed.

Also pursuant to the D&O Deed, the Company must insure the Officers against liability and provide access to all board papers relevant to defending any claim brought against the Officers in their capacity as officers of the Company. The Company has paid insurance premiums of \$8,981 (2011: \$8,581) in respect of liability for any current and future directors, company secretary, executives and employees of the Company. This amount is payable in total and no specific amount is included in the directors' remuneration.

### ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest dollar.

### REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Speewah Metals Limited, and for the executives in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel (KMP) of the company and the group 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 company, and includes four executives in the group.

For the purposes of this report, the term "executive" encompasses the chief executive, senior executives and the company secretary of the company.

Details of key management personnel

(i) *Directors*

A Barton	Chairman
D Carew Hopkins	Director
L Charuckyj	Director
R Wolanski	Executive Director / Company Secretary

(ii) *Executives*

K Rogers	Chief Geologist
R Ramsay	Chief Project Geologist (Resigned 4 <sup>th</sup> May 2012)
A Eves	Project Geologist
B Andrew	Project Geologist (Resigned 9 <sup>th</sup> March 2012)



# Directors' Report

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Other than the resignation of Richard Wolanski and appointment of Greg MacMillan on the 9<sup>th</sup> August, there were no other changes to the key management personnel after reporting date and before the date the financial report was authorised for issue. Other than as detailed above there are no other Executives of the Company.

## **1. Remuneration Committee**

The Remuneration Committee of the Board of Directors of Speedwah is responsible for determining and reviewing compensation arrangements for the directors and executives. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

## **2. Remuneration Policy**

The Company's remuneration policies are reflected in the Charter of the Remuneration Committee. It is the Company's objective to provide maximum stakeholder benefit from the retention of high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

The Company's remuneration policy is to establish competitive remuneration (including performance incentives) consistent with long term development and success, to ensure remuneration is fair and reasonable (taking into account all relevant factors, and within appropriate controls or limits) that performance and remuneration are appropriately linked, that all remuneration packages are reviewed annually or on an ongoing basis in accordance with management's remuneration packages, and that retirement benefits or termination payments (other than notice periods) will not be provided or agreed other than in exceptional circumstances.

It is the Company's objective that the remuneration policy aligns with achievement of strategic objectives and creation of long term value for shareholders. The Company does not use specific performance hurdles or conditions in determining remuneration or short term rewards. The Company assesses each employee annually based upon the individual performance in carrying out the agreed responsibilities of the employee which have been developed in consideration of the Company's long term goals. The performance incentive component is reflected as part of the increase in salary and the issue of equity based compensation for each employee on an annual basis.

The Company does not have a formal policy to prohibit executives from entering into arrangements to protect the value of unvested long term incentive awards.

## **3. Non Executive Director Remuneration**

### **3.1 Fixed Remuneration**

The aggregate remuneration to non executive directors will not exceed the maximum approved amount of \$150,000. The board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable by shareholders.

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 fees paid to non executive directors of comparable companies when undertaking the annual review as well as additional time commitment of directors who serve on one or more sub committees and assistance to the Company with new investment opportunities. Each of the non executive directors during the financial year received a salary of \$40,000 per annum plus superannuation. Non executive directors are encouraged to hold shares in the Company; these are to be purchased by the director on market. It is considered good corporate governance for directors to have a stake in the company on whose board he or she sits.

Remuneration of non executive directors for the year ended 30 June 2012 is disclosed in Table 1 under the remuneration section of this report.

### **3.2 Variable Remuneration – Short Term Incentives**

Non executive directors do not receive performance based bonuses or additional remuneration for their membership of subsidiary boards or committees.

### **3.3 Variable Remuneration – Long Term Incentives**

During the financial year, the Company had no contractual obligations to provide long term incentives to non executive directors.



## Directors' Report

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### 4. Executive Director Remuneration

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company so as to:

- reward executives for company and individual performance;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Executive remuneration comprises of:

- base pay and benefits; and
- long term incentives through equity based compensation.

#### 4.1 Fixed Remuneration

##### *Base pay and benefits*

Base pay is structured as a total employment cost package that may be delivered as combination of cash and salary sacrifice superannuation at the executive's discretion.

Executives are offered a competitive base pay. Reference is made to industry benchmarks to ensure that the base pay is set to reflect the market for a comparable role. Base pay is reviewed annually, or upon promotion, to ensure the executive's pay is competitive with comparable positions of responsibility. There is no guaranteed base pay increases for any executive contract.

#### 4.2 Variable Remuneration – Long Term Incentives

During the financial year the Company had no contractual obligations to provide long term incentives to the executive director.

#### 4.3 Employment Contract – Richard Wolanski (Executive Director & Company Secretary. Resigned 9<sup>th</sup> August 2012)

Under the term of his agreement, Mr Wolanski received a fixed remuneration of \$65,400 per annum (inclusive of superannuation), for his services as an Executive Director. In addition, Mr Wolanski was paid at a rate of \$120 per hour (exclusive of GST) for any services provided to the Company which were outside of the scope of his duties as Executive Director. On the 9<sup>th</sup> August 2012, Richard resigned from his position as Executive Director as part of a strategic company review.

#### 4.4 Employment Contracts – Executives - Ken Rogers (Chief Geologist), Rob Ramsay (Chief Project Geologist), Alex Eves (Project Geologist), Ben Andrew (Project Geologist)

The Company had entered into employment agreements with Messer's Rogers, Ramsay, Eves and Andrew for the provision of technical geological services based on daily rates for the provision of services. Their services could be terminated by giving a 2 week notice by either party. Messer's Ramsay and Andrew gave notice during the year and subsequently no longer work for the company.



## Directors' Report

### 5. Remuneration of Key Management Personnel and Executives of the Company

Details of the remuneration of each director of Speewah, each of the executives of the Company and the consolidated entity for the year ended 30 June 2012 are set out in the following tables.

**Table 1: Remuneration for the year ended 30 June 2012**

30 June 2012	Short Term Salary & Fees	Post Employment Superannuation	Share Based Payments		Total	Options as % of Total
			Options	Shares		
			\$	\$		
<b>Directors</b>						
A Barton	39,676	3,924	72,955	-	116,555	63
D Carew-Hopkins	39,676	3,924	48,637	-	92,237	53
L Charuckyj (Appt. 13 <sup>th</sup> Dec 11)	21,864	2,162	-	-	24,026	-
R Wolanski (Resigned 9 <sup>th</sup> Aug 12)	244,596	5,400	72,955	-	322,951	23
<b>Sub Total<sup>1</sup></b>	<b>345,812</b>	<b>15,410</b>	<b>194,547</b>	<b>-</b>	<b>555,769</b>	<b>-</b>
<b>Executives</b>						
K Rogers	47,052	5,400	16,738	-	69,190	24
R Ramsay	155,079	7,631	33,476	-	196,186	17
A Eves	118,375	-	16,738	-	135,113	12
B Andrew	62,928	8,034	16,738	-	87,700	19
<b>Sub Total</b>	<b>383,434</b>	<b>21,065</b>	<b>83,690</b>	<b>-</b>	<b>488,189</b>	<b>-</b>
<b>Total</b>	<b>729,246</b>	<b>36,475</b>	<b>278,237</b>	<b>-</b>	<b>1,043,958</b>	<b>-</b>

1. Premium for Director's liability insurance is not included in remuneration table.

On the 9<sup>th</sup> August 2012, Richard resigned from his position as Executive Director as part of a strategic company review. Also on the 9<sup>th</sup> August 2012 Greg MacMillan was appointed as Company Secretary. There were no other changes to the directors or executives after reporting date and before the date the financial report was issued.

Other than disclosed in the table above no director or executive received any compensation in the financial year ended 30 June 2012. None of the remuneration for directors or executives was performance related.

**Table 2: Remuneration for the year ended 30 June 2011**

30 June 2011	Short Term Salary & Fees	Post Employment Superannuation	Share Based Payments		Total	Options as % of Total
			Options	Shares		
			\$	\$		
<b>Directors</b>						
A Barton	38,849	3,843	-	-	42,692	-
D Carew-Hopkins	38,849	3,843	-	-	42,692	-
R Wolanski	257,597	5,325	-	-	262,922	-
<b>Sub Total<sup>1</sup></b>	<b>335,295</b>	<b>13,011</b>	<b>-</b>	<b>-</b>	<b>348,306</b>	<b>-</b>
<b>Executives</b>						
K Rogers	58,685	5,282	112,012	-	175,979	64
R Ramsay	199,275	-	92,024	-	291,299	32
A Eves	171,725	-	68,012	-	239,737	28
<b>Sub Total</b>	<b>429,685</b>	<b>5,282</b>	<b>272,048</b>	<b>-</b>	<b>707,015</b>	<b>-</b>
<b>Total</b>	<b>764,980</b>	<b>18,293</b>	<b>272,048</b>	<b>-</b>	<b>1,055,321</b>	<b>-</b>



## Directors' Report

### 5.1 Equity Based Compensation – 2012

During the year, the following options were issued to directors of the Company;

- 750,000 unlisted options exercisable at \$0.24 on or before 31 December 2014 were issued to Richard Wolanski, Managing Director, approved at the company's Annual General Meeting;
- 750,000 unlisted options exercisable at \$0.24 on or before 31 December 2014 were issued to Anthony Barton, Chairman, approved at the company's Annual General Meeting;
- 500,000 unlisted options exercisable at \$0.24 on or before 31 December 2014 were issued to Derek Carew-Hopkins, Non-Executive Director, approved at the company's Annual General Meeting.

The options were issued as an alternate remuneration to cash, to provide industry competitive remuneration rates and to encourage long term relationships with the Company. The options are not performance related and vested immediately on issue.

**Table 3: Compensation Options Granted during the year ended 30 June 2012**

30 June 2012	Granted	Grant Date	Fair	Exercise	Expiry	First	Last	Vested	Vested
<b>Directors</b>									
A Barton	750,000	15-Nov-11	\$0.097	\$0.24	31-Dec-14	15-Nov-11	31-Dec-14	750,000	100
D Carew-	500,000	15-Nov-11	\$0.097	\$0.24	31-Dec-14	15-Nov-11	31-Dec-14	500,000	100
R Wolanski	750,000	15-Nov-11	\$0.097	\$0.24	31-Dec-14	15-Nov-11	31-Dec-14	750,000	100
<b>Total</b>	<b>2,000,000</b>							<b>2,000,000</b>	

There were no alterations to options terms since grant date and no options were forfeited. Further details of the options are contained in Note 18.

30 June 2012	Value of Options	Value of Options	Value of Options
<b>Directors</b>			
A Barton	72,955	-	-
D Carew-Hopkins	48,637	-	-
R Wolanski	72,955	-	-
<b>Executives</b>			
K Rogers	-	-	-
R Ramsay	-	-	-
A Eves	-	-	-
B Andrew	-	-	-
<b>Total</b>	<b>194,547</b>	-	-

Other than as detailed above, no Directors or executives were issued options or had options outstanding in the financial year ended 30 June 2012.

### 5.2 Equity Based Compensation – 2011

During the year, the following options were issued to executives of the Company;

- 250,000 unlisted options exercisable at \$0.37 on or before 30 June 2014 were issued to Ken Rogers, Chief Geologist;
- 500,000 unlisted options exercisable at \$0.37 on or before 30 June 2014 were issued to Rob Ramsay, Chief Project Geologist;
- 250,000 unlisted options exercisable at \$0.37 on or before 30 June 2014 were issued to Alex Eves, Project Geologist.

The options were issued as an alternate remuneration to cash, to provide industry competitive remuneration rates and to encourage long term relationships with the Company. The options are not performance related and vested on 1 January 2012.





## Directors' Report

**Table 4: Compensation Options Granted during the year ended 30 June 2011**

<b>30 June 2011</b>	<b>Granted</b>	<b>Grant</b>	<b>Fair Value</b>	<b>Exercise</b>	<b>Expiry</b>	<b>First</b>	<b>Last</b>	<b>Vested</b>	<b>Vested</b>
<b>Executives</b>									
K Rogers	250,000	8-June 11	\$0.075	\$0.37	30-Jun-14	1-January-12	30-June-14	-	-
R Ramsay	500,000	8 June 11	\$0.075	\$0.37	30-Jun-14	1-January-12	30-June-14	-	-
A Eves	250,000	8 June 11	\$0.075	\$0.37	30-Jun-14	1-January-12	30-June-14	-	-
<b>Total</b>	<b>1,000,000</b>							-	

There were no alterations to options terms since grant date and no options were forfeited. Further details of the options are contained in Note 18.

Other than as detailed above, no Directors or executives were granted, issued or had options outstanding as at 30 June 2011.

<b>30 June 2011</b>	<b>Value of Options</b>	<b>Value of Options</b>	<b>Value of Options</b>
<b>Executives</b>			
K Rogers	18,750	-	-
R Ramsay	37,500	-	-
A Eves	18,750	-	-
<b>Total</b>	<b>75,000</b>	-	-

Other than as detailed above, no Directors or executives were issued options or had options outstanding in the financial year ended 30 June 2011.

End of Remuneration Report



## Directors' Report

### DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	<b>Directors Meetings</b>	<b>Audit<sup>1</sup> Committee Meeting</b>	<b>Nomination<sup>1</sup> Committee Meeting</b>	<b>Remuneration<sup>1</sup> Committee Meeting</b>
<b>Number of Meetings Held</b>	5	1	1	1
<b>Number of Meetings Attended</b>				
Anthony Barton	5	1	1	1
Derek Carew-Hopkins	5	1	1	1
Leonid Charuckyj	4	-	-	-
Richard Wolanski	5	1	1	1

1. Committee is made up of the full Board. Reference to meeting refers to meeting conducted specifically to deal with the particular business of that Committee.

### COMMITTEE MEMBERSHIP

The role of the Audit, Remuneration and Nomination Committees is carried out by the full Board in accordance with the appropriate charters. The Board considers that no efficiencies or benefits would be gained by establishing separate committees.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Speewah support and have adhered to the principles of corporate governance. The Company's corporate governance statement is contained in the following section of this annual report.

### AUDITOR INDEPENDENCE

Section 370C of the Corporation Act 2001 requires our auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the consolidated financial report. This Independence Declaration is disclosed on page 24 of this report and forms part of this directors' report for the year ended 30 June 2012.

### NON AUDIT SERVICES

The Company's auditors, Ernst & Young, provided no non audit services during the year ended 30 June 2012.

### TAX CONSOLIDATION

The Company and its subsidiary form a tax consolidated group.

Signed in accordance with a resolution of the directors.

Anthony Barton  
Chairman

17<sup>th</sup> September 2012



# Corporate Governance

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## INTRODUCTION

### 2.1. Corporate Governance

The Australian Stock Exchange ("ASX") Listing Rules ("Listing Rules") require a listed entity to include in its annual report a statement on corporate governance practices disclosing the extent to which it has followed the "best practice" corporate governance recommendations set by the ASX Corporate Governance Council. If the entity has not followed any of the recommendations, it must identify them and give reasons why. It must state the period during which the recommendations were followed. For this purpose, Listing Rules Guidance Note 9 sets out the 8 essential corporate governance principles and the applicable "best practice recommendations".

### 2.2. Compliance with ASX Listing Rule 4.10.3

Listing Rule 4.10.3 and Guidance Note 9 reflect ASX policy that it is "*appropriate to focus on disclosure of corporate governance practices rather than prescribe adoption of a particular practice*". Therefore, an entity's obligation is to highlight areas of departure from the recommendations: the "*if not, why not?*" approach.

### 2.3. The Company's Approach

The Board and senior management of Speewah Metals Limited ("the Company") are committed to acting responsibly, ethically and with high standards of integrity as the Company works to create shareholder value. To achieve this goal, the Board has developed and adopted corporate governance practices and policies that have been implemented throughout management and governance. This Corporate Governance Statement summarises these practices as they have been adopted by the Company.

### 2.4. Adoption by the Board

The Board of the Company has reviewed and considered this Corporate Governance Statement and has adopted it. A Board resolution to this effect has been passed.

### 2.5. Summary of Compliance

The Company has complied with 24 of the 26 "best practice recommendations". Non-compliance with Recommendations 2.2 and 4.2 relates to the Board considering it appropriate to not separately constitute an Audit Committee and there not being an independent Chairman on the Board. The full Board deals with matters that would be dealt with by Audit, Remuneration and Nomination Committees and it considers the make up of the Board and its Committee's are appropriate given the Company's size and operations and the current directors' skills and experience. The Company's codes and policies are publicly available on its website: [www.speewah.com.au](http://www.speewah.com.au).

## ESSENTIAL PRINCIPLES OF GOOD CORPORATE GOVERNANCE

### 3.1. Principle 1: Lay Solid Foundations for Management and Oversight

*"Recognise and publish the respective roles and responsibilities of the board and management."*

*Recommendation 1.1: Formalise and disclose the functions reserved to the Board and those delegated to senior executives.*

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a Board Charter which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The Board's primary role is the optimisation of Company performance and protection and enhancement of shareholder value. They develop strategies for the Company, reviews strategic objectives and monitors performance against these objectives. Its functions and responsibilities include the following;

- setting strategic and policy direction
- monitoring performance against strategy
- identifying principal risks and opportunities and ensuring risk management systems are established and reviewed
- approving and monitoring financial reports
- capital management
- significant business transactions and investments
- appointing senior management and monitoring performance
- remuneration
- development and succession
- continuous disclosure compliance
- ensuring effective shareholder communication
- overseeing the Company's commitment to sustainable development and the environment
- ensuring the Board remains appropriately skilled
- reviewing and approving corporate governance systems



## Corporate Governance

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- enhancing and protecting the Company's reputation.
- establishing and maintaining appropriate ethical standards

The Board is also governed by the Company's Constitution, and on appointment each director is provided with a Director's Information Kit, which forms part of the terms of their appointment and contains guides to directors' duties and responsibilities, the role of the Board and committees, the Constitution and the Company's policies.

The Company has in place formal letters of engagement for its senior management, setting out the responsibilities specifically delegated to them.

*Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.*

During each Financial Year an assessment of the performance of each senior executive is undertaken by the Remuneration Committee and the Board. Individual executives are evaluated against the terms and conditions of their employment and set policies for senior executive remuneration. Remuneration packages consist of base salary, fringe benefits, incentive schemes (including performance related bonuses), superannuation and entitlements upon retirement or termination.

Senior executives are evaluated and rewarded for both financial and non-financial performance across a range of indicators that apply to delivering results across the Company and linked to creating value for shareholders. Annual salary increases are determined by the following three factors: (a) movement in job salary rates as determined by the Minerals and Energy Human Resources Conference ("MEHRC") national survey on like positions and job size; (b) movement in individual competency values; and (c) movement in individual performance values.

A copy of the Company's Remuneration Committee Charter and Remuneration Statement is contained on the Company's website [www.speedwah.com.au](http://www.speedwah.com.au).

### **2.2. Principle 2: Structure the Board to Add Value**

*"Have a board of an effective composition size and commitment to adequately discharge its responsibilities and duties."*

*Recommendation 2.1: A majority of the board should be independent directors.*

The board comprises of Mr Anthony Barton, Mr Derek Carew-Hopkins and Mr Leonid Charuckjy, as directors. Details of the directors are set out in the Company's annual report. At present, Mr Carew Hopkins and Mr Leonid Charuckjy are considered to be independent directors in terms of the ASX Corporate Governance Council's definition of independence. Mr Barton is not considered to be independent as he is a substantial shareholder of the Company. The board is made up of a majority of independent director, however the company has also adopted certain procedures intended to ensure independent decision making occurs, including the requirement for directors to absent themselves from discussions in which they have a conflict of interest and the functioning of the Remuneration and Audit Committees.

*Recommendation 2.2: The chairperson should be an independent director.*

The chairperson, Mr Barton, is not independent, as outlined above.

*Recommendation 2.3: The roles of the chairperson and Chief Executive Officer should not be exercised by the same individual.*

The role of chairperson is filled by Mr Anthony Barton and currently the position of Chief Executive Officer is vacant.

*Recommendation 2.4: The board should establish a Nomination Committee.*

The Board has established a nomination committee comprising of all three Directors. The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board assesses the experience, knowledge and expertise of potential directors before any appointment is made. The nomination committee deals with matters relating to the renewal of Board Members and Board Performance. The company has also adopted a Nomination and Remuneration Committee Charter.

*Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

The Remuneration Committee has developed a formal process for performance evaluation of the Board. The Remuneration Committee reviews the remuneration policies applicable to all Directors and Executive Officers once a year making recommendations on remuneration packages and terms of employment to the Board.

The company secretary is appointed and removed by the Board. The company secretary works with the Chairman, the Board and the Board Committees on all governance issues. All Directors have access to the company secretary for the purpose of obtaining information or advice.

Mr Anthony Barton and Mr Derek Carew-Hopkins undertook an evaluation of their performance in August 2010.



## Corporate Governance

A copy of the Board Performance Evaluation Policy and Board Charter is contained on the Company's website at [www.speewah.com.au](http://www.speewah.com.au)

### 2.3. Principle 3: Promote Ethical and Responsible Decision Making

"Actively promote ethical and responsible decision making."

*Recommendation 3.1: Establish a code of conduct to guide directors, the chief executive office (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:*

*3.1.1 – the practices necessary to maintain confidence in the company's integrity.*

*3.1.2 – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.*

*3.1.3 – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The Company has adopted a Code of Conduct setting the standards expected of officers, employees and contractors. This demonstrates the Company's commitment to conducting business in an ethical and accountable manner. In essence, officers, employees and contractors are expected to

- act in good faith with the utmost honesty, integrity, objectivity and fairness
- not to act improperly, misleadingly or deceptively
- not to engage in illegal activity
- understand and comply with applicable laws and Company policies
- avoid conflicts of interest
- be professional, responsible and accountable
- respect an individual's rights
- deal responsibly with the community.

The Board monitors implementation of the Code. Breaches are reported by employees or contractors to a supervisor and by management or directors to the Board or the chairperson. In addition, the Director's Information Kit provided to each director contains a guide to the duties and responsibilities of directors and it is expected that Directors will be familiarised with these or any other documents prepared by the Company to meet corporate governance requirements.

*Recommendation 3.2: Establish and disclose the policy concerning trading in company securities by directors, senior executives and employees.*

The Company has in place a trading policy, "A Guide to Dealing in Securities", a copy of which is included in the Director's Information Kit provided to each director. A copy of this policy is also provided to all officers and employees of the Company on their commencement of service with the Company.

The trading policy imposes certain restrictions to prevent breaches of the insider trading provisions of the Corporations Act 2001 (Cth). The key aspects of it are that:

- trading in Company securities is only permitted on specific approval from the Company's chairman to deal within a specified time period and trading range;
- no trading is permitted where a director, officer or employee is in possession of information which if generally available, a reasonable person would expect to have a material effect on the price or value of the securities, and
- active dealing in the Company's securities to derive income is not permitted.

The trading policy was adopted before the current year and is reviewed annually. The insider trading prohibition is also notified to officers and employees at least annually.

The Policy on Directors and Senior Executives dealing in Securities objective is to:

- minimise the risk of Directors and Senior Executives of the Company contravening the laws against insider trading;
- ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
- increase transparency with respect to trading in securities of the Company by Directors and Senior Executives.

### 2.4. Principle 4: Safeguard Integrity in Financial Reporting

"Have a structure to independently verify and safeguard the integrity of the company's financial reporting."

*Recommendation 4.1: The board should establish an audit committee.*

The Board has established an Audit Committee consisting of the full board. The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee.



## Corporate Governance

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*Recommendation 4.2: Structure the audit committee so that it consists of:*

- *only non executive directors;*
- *a majority of independent directors;*
- *an independent chairperson, who is not chairperson of the board; and*
- *at least three members.*

The audit committee is made up of the full board being three non – executive directors. The chairman of the Audit Committee, Mr Derek Carew-Hopkins is not the Chairman of the Board and is a Non-Executive director of the company. He is considered to be an independent director pursuant to the ASX Corporate Governance Principles.

The Board considers that given its size and that all members of the Board hold non-executive positions in the Company, no efficiencies or other benefits would be gained by establishing a separate audit committee or appointing another non-executive, independent director to the Board.

*Recommendation 4.3: The audit committee should have a formal charter.*

The Board has adopted an Audit Committee Charter which sets out the duties of the Committee. These include the following;

- to be the focal point of the communication between the Board, management and the external auditor
- recommend engagement and monitor performance of the external auditor
- review external audit reports and ensure prompt remedial action
- review the effectiveness of management information and internal control, all areas of significant financial risk and risk management, significant transactions not a normal part of the Company's business, financial information and ASX reporting statements
- monitor internal controls and compliance and review the disclosure policy annually.

The audit committee aims to meet at least once every quarter, with further meetings on an as required basis. The charter is included on the Company's website which also includes any information on procedures for the selection and appointment of the external auditor, or rotation of external engagement partners.

### **2.5. Principle 5: Make Timely and Balanced Disclosure**

*"Promote timely and balanced disclosure of all material matters concerning the Company."*

*Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.*

The Company has in place a continuous disclosure policy, "A Guide to Disclosure" which is reviewed at least annually, a copy of which is included in the Director's Information Kit provided to each director upon appointment, and which forms part of the terms of their appointment. A copy of the policy is also provided to all Company officers, employees and agents. The Company has obligations under the Corporations Act and ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of its securities. The Company discharges these obligations by releasing information to ASX in the form of an ASX release or disclosure in other relevant documents (e.g. the Annual Report). In addition, a list of recent announcements is presented in each Board meeting for discussion, minuting and action if required.

### **2.6. Principle 6: Respect the Rights of Shareholders**

*"Respect the rights of shareholders and facilitate the effective exercise of those rights."*

*Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.*

The Company has in place a communications policy, a copy of which is included in the Director's Information Kit provided to each director upon appointment. The company is committed to ensuring that trade in securities takes place in an efficient, competitive and informed market. The communications policy recognises the importance of forthright communication as a key plank in building shareholder value and that to prosper and achieve the growth the company must (among other things) earn the trust of employees, customers, suppliers, communities and security holder by being forthright in its communications and consistent in its fulfilment of obligations.

The key aspects of the policy are:

- diligent compliance with the Company's disclosure and trading policies;
- prompt, transparent compliance with statutory reporting and meeting obligations, including detailed and full disclosure in relation thereto; and
- effective use of the Company's website, electronic communication and its share registry to keep shareholders up to date and to deal with enquiries.



## Corporate Governance

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The communications policy was adopted in May 2007 and is reviewed annually.

The Company employs a wide range of communication approaches to its members and the broader investment community. In addition to direct communication with its members, a section of the Company's website is dedicated to its investors. Media releases, investor presentations and interim and full-financial reports are available for review on its website. These announcements, presentations and reports are placed on the website immediately after they have been released to ASX. Members with access to email can, through the Company's website, elect to be placed on an email mailing list in order to be sent certain corporate information as it is released, including notices of annual general meetings and explanatory statements and Annual reports. The Company regularly issues direct mail-outs to all shareholders advising of its email communication facility to encourage shareholders to be placed on its email mailing list.

As the usage and acceptance of electronic communications in the community increases, the Company continues to investigate the potential for increased use of electronic means of communicating with its investors and engaging their involvement in the Company, including shareholder participation in its general meetings.

### 2.7. Principle 7: Recognise and Manage Risk

*"Establish a sound system of risk oversight and management and internal control."*

*Recommendation 7.1: The board or appropriate committee should establish policies on risk oversight and management, and disclose a summary of those policies.*

The Company has in place a risk oversight and management policy, a copy of which is included in the Director's Information Kit provided to directors upon appointment and which sets out systems for risk oversight, management and internal control.

This risk management policy was adopted in May 2007. The key aspects of it are:

- the Board oversees the establishment and implementation of risk management;
- the Audit Committee is delegated the function and responsibility to establish, implement and maintain risk management systems and frameworks; and
- the Company's senior management are delegated the tasks of management of operational risk and the implementation of risk management strategies.

The Board approves risk management systems and reviews them and their implementation annually. The Company's risk profile, assessed and determined on the basis of the Company's businesses in mineral exploration, is reviewed annually. The Board regularly considers risk management at its meetings.

The Company's risk management systems and control frameworks include the Board's ongoing monitoring of management and operational performance, a comprehensive system of budgeting, forecasting and reporting to the Board, regular presentations to the Board by management on the management of risk, approval procedures for significant capital expenditure above threshold levels, the functioning of the Audit Committee, comprehensive written policies on specific activities and corporate governance, regular communication between directors on compliance and risk and consultation and review between the Board and external accountants.

*Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively the board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

The Board has identified the specific and general risks that the Company is subject to and regularly assess and evaluate the impact of these and other potential risks on the Company's operation and business objectives. The risk profile of the company contains both financial and non-financial factors including material risks arising from pricing, competitive position, currency movements, operational efficiency, product quality and investments in new projects. Senior management are responsible for the development of risk mitigation plans and the implementation of risk reduction strategies and each week the senior management team meets to identify and discuss the types of business risks threatening the Company as a whole or specific business activity within the Company.

To reduce these risks, the company has in place an experienced Board, regular Board meetings, financial annual audit and half year review, rigorous appraisal of new investments, and advisers familiar with the company. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board Meetings.

The Board is of the view that its risk management systems promote informed and measured decision making on risk issues based on a systematic approach to risk identification, assessment, control, review and reporting.



# Corporate Governance

*Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.*

The Company Secretary confirms in writing to the Board that the financial reports of the Company for the financial year:

- present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards;
- the statement given in paragraph (a) above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

## 2.8. Principle 8: Remunerate Fairly and Responsibly

*Recommendation 8.1: The board should establish a Remuneration Committee.*

The Company aims to attract and retain high calibre directors and senior executives capable of meeting the leadership and specific management needs of the Company. A Remuneration Committee was established by the Board in previous years to focus on this Company objective. The role of the Remuneration Committee is carried out by the full Board.

The Committee's duties include supervising employment and human resources, recommending remuneration for executive directors and senior employees and for non executive director remuneration within approved limits, assisting executive directors develop remuneration arrangements and reviewing executive succession and development.

The Committee met once during the Financial Year.

*Recommendation 8.2: Clearly distinguish the structure of non executive directors remuneration from that of senior directors and senior executives.*

Executive Directors remuneration packages may comprise of:

- (a) salary and associated superannuation;
- (b) fixed directors fees; and
- (c) performance based bonuses.

The aggregate remuneration to non executive directors will not exceed the maximum amount of \$150,000 approved by the Company's shareholders. The Company has adopted a Nomination and Remuneration Committee Charter.

Full remuneration disclosure, including superannuation entitlements, and the number of meetings of the Remuneration Committee is provided by the Company in this annual report. The Remuneration Committee ensures that all equity based executive remuneration is made within the guidelines set by plans approved by Shareholders.

### Departure from Best Practice Recommendations

From 1 July 2011 to 30 June 2012, the Company complied with each of the Eight Essential Corporate Governance Principles and Best Practice Recommendations published by the ASX Corporate Governance Council, other than in relation to the table below.

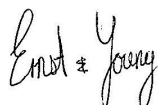
Recommendation	Notification of Departure	Explanation from Departure
2.2	The Chairman is not independent	The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.
4.2	The Audit Committee; - is not chaired by an independent chair	The role of the Audit Committee is currently carried out by the full Board, consisting of only three non-independent directors. The existing structure is considered appropriate given the size and financial position of the company.

The Speewah Metals Limited Corporate Governance Principles and Practices Manual is available on the Company's website [www.speewah.com.au](http://www.speewah.com.au)



## Auditor's Independence Declaration to the Directors of Speewah Metals Limited

In relation to our audit of the financial report of Speewah Metals Limited for the year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to be 'R J Curtin'.

R J Curtin  
Partner  
17 September 2012



## Directors' Declaration

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In accordance with a resolution of the directors of Speewah Metals Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are 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<sup>th</sup> June 2012 and of its performance for the year ended on that date; and

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

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

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30<sup>th</sup> June 2012.

On behalf of the Board

Mr Anthony Barton  
Chairman

17<sup>th</sup> September 2012

# Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2012



	Notes	Consolidated	
		2012 \$	2011 \$
Revenue	6(a)	148,326	126,559
Other income		150,000	172,000
Directors' and Employees benefit expenses	6(b)	(454,863)	(423,935)
Consultants expenses		(229,463)	(241,441)
Compliance costs		(92,177)	(138,915)
Depreciation expense	6(b)	(8,090)	(7,491)
Insurance		(17,276)	(16,343)
Other administration expenses	6(c)	(553,208)	(442,030)
<b>Loss before income tax expense</b>		<b>(1,056,751)</b>	<b>(971,596)</b>
Income tax benefit	7	419,676	649,083
<b>Net loss for the year after tax</b>		<b>(637,075)</b>	<b>(322,513)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss for the Year</b>		<b>(637,075)</b>	<b>(322,513)</b>
<b>Total Comprehensive Loss for the Year is attributable to:</b>			
Owners of Speewah Metals Limited		(637,075)	(322,513)
		<b>(637,075)</b>	<b>(322,513)</b>
<b>Loss per share</b>			
Basic loss per share (cents per share)	9	(0.49)	(0.28)
Diluted loss per share (cents per share)	9	(0.49)	(0.28)

The accompanying notes form part of these consolidated financial statements.



**SPEEWAH**  
METALS

# Statement of Financial Position

AS AT 30 JUNE 2012

		Consolidated	
	Notes	2012	2011
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	885,405	7,378,190
Trade and other receivables	11	43,157	110,532
<b>Total Current Assets</b>		<b>928,562</b>	<b>7,488,722</b>
<b>Non Current Assets</b>			
Deferred exploration expenditure	14	21,535,880	15,385,836
Plant & Equipment	13	12,148	20,238
Other financial assets	12	41,873	40,000
<b>Total Non Current Assets</b>		<b>21,589,901</b>	<b>15,446,074</b>
<b>Total Assets</b>		<b>22,518,463</b>	<b>22,934,796</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	15	142,478	526,590
<b>Total Current Liabilities</b>		<b>142,478</b>	<b>526,590</b>
<b>Non Current Liabilities</b>			
Provisions		4,236	3,403
Deferred tax liabilities	7	338,134	12,349
<b>Total Non Current Liabilities</b>		<b>342,370</b>	<b>15,752</b>
<b>Total Liabilities</b>		<b>484,848</b>	<b>542,342</b>
<b>Net Assets</b>		<b>22,033,615</b>	<b>22,392,454</b>
<b>Equity</b>			
Issued capital	16(a)	22,981,360	22,981,360
Reserves	16(b)	1,948,187	1,669,951
Accumulated losses		(2,895,932)	(2,258,857)
<b>Total Equity</b>		<b>22,033,615</b>	<b>22,392,454</b>

The accompanying notes form part of these consolidated financial statements.



**SPEEWAH**  
METALS

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
	Notes	2012	2011
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Interest received		146,452	123,028
Research & Development Tax Rebate		745,463	858,935
Exploration Incentive Scheme Grant		150,000	172,000
Payments to suppliers and employees		(1,083,262)	(1,021,425)
Net cash used in operating activities	10	(41,347)	132,538
<b>Cash Flows from Investing Activities</b>			
Payment for exploration and evaluation		(6,451,438)	(5,355,252)
Payment for plant and equipment		-	(2,011)
Payment of security deposits		-	-
Net cash used in investing activities		(6,451,438)	(5,357,263)
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	12,912,996
Payment of share issue costs		-	(660,394)
Net cash from financing activities		-	12,252,602
Net decrease in cash and cash equivalents		(6,492,785)	7,027,877
Cash and cash equivalents at beginning of year		7,378,190	350,313
<b>Cash and Cash Equivalents at end of year</b>	10	<b>885,405</b>	<b>7,378,190</b>

The accompanying notes form part of these consolidated financial statements.



## Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2012

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Equity Benefits Reserve</b>	<b>Retained Profits / (Accumulated Losses)</b>	<b>Total Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2010</b>	10,534,787	1,395,891	(1,936,344)	<b>9,994,334</b>
Loss for the year	-	-	(322,513)	<b>(322,513)</b>
<b>Total comprehensive income for the year</b>	-	-	(322,513)	<b>(322,513)</b>
<b>Transaction with owners in their capacity as owners:</b>				
Issue of Share Capital	12,912,996	-	-	<b>12,912,996</b>
Capital raising fees net of tax	(466,423)	-	-	<b>(466,423)</b>
Share based payment	-	274,060	-	<b>274,060</b>
<b>Balance at 30 June 2011</b>	<b>22,981,360</b>	<b>1,669,951</b>	<b>(2,258,857)</b>	<b>22,392,454</b>
<b>At 1 July 2011</b>	22,981,360	1,669,951	(2,258,857)	<b>22,392,454</b>
Loss for the year	-	-	(637,075)	<b>(637,075)</b>
<b>Total comprehensive income for the year</b>	-	-	(637,075)	<b>(637,075)</b>
<b>Transaction with owners in their capacity as owners:</b>				
Issue of Share Capital	-	-	-	-
Capital raising fees net of tax	-	-	-	-
Share based payment	-	278,236	-	<b>278,236</b>
<b>Balance at 30 June 2012</b>	<b>22,981,360</b>	<b>1,948,187</b>	<b>(2,895,932)</b>	<b>22,033,615</b>

The accompanying notes form part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 1. CORPORATE INFORMATION

Speewah Metals Limited (“Speewah” or “the Company”) is a company domiciled in Australia and publicly listed on the Australian Stock Exchange (ASX). The Company was incorporated on 28 May 2002. The address of the Company’s registered office is Level 22 Allendale Square, 77 St Georges Tce, Perth WA 6000. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiary (the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

The consolidated financial report was authorised for issue by the directors on the 17<sup>th</sup> September 2012 in accordance with a resolution of the directors.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB’s) and the Corporations Act 2001. The consolidated financial report also complies with International Financial Reporting Standards (IFRS’s) and interpretations adopted by the International Accounting Standards Board (IASB).

### (b) Basis of measurement

Unless stated otherwise, the consolidated financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### (e) Going Concern Basis of Preparation

The 30 June 2012 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2012 the Group recorded a net loss of \$637,075 (2011: \$322,513) and had a net working capital surplus of \$22,033,615 (30 June 2011: surplus of \$22,392,454).

The directors believe that it is appropriate to prepare the financial report on a going concern basis because:

- The cash flow forecast for the next twelve months demonstrate the ability of the Company to continue as a going concern on the basis that expected revenue is received and/ or further capital is raised;
- To the extent that further equity is required the Directors are confident that a sufficient capital raising can be completed;
- There is capacity for the Company to reduce its operating cost structure,

### (f) Changes in accounting policies

From 1 July 2011 the Group has adopted all Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2011 applicable to the group. The application of these Standards and Interpretations’ does not have any material impact on the financial position or performance of the Group.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 2. BASIS OF PREPARATION (CONT)

Reference	Summary	Application Date for Group
AASB 124 (Revised)	<p>The revised AASB 124 <i>Related Party Disclosures</i> (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:</p> <ul style="list-style-type: none"> <li>(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other</li> <li>(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other</li> <li>(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other</li> </ul> <p>A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.</p>	1 July 2011
AASB 2009-12	<p>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</p> <p>Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.</p>	1 July 2011
AASB 2010-4	<p>Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]</p> <p>Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.</p>	1 July 2011
AASB 2010-5	<p>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042]</p> <p>This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.</p>	1 July 2011
AASB 1054	<p>Australian Additional Disclosures</p> <p>This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:</p> <ul style="list-style-type: none"> <li>(a) Compliance with Australian Accounting Standards</li> <li>(b) The statutory basis or reporting framework for financial statements</li> <li>(c) Whether the entity is a for-profit or not-for-profit entity</li> <li>(d) Whether the financial statements are general purpose or special purpose</li> <li>(e) Audit fees</li> <li>(f) Imputation credits</li> </ul>	1 July 2011
AASB 2010-6	<p>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</p> <p>The amendments increase the disclosure requirements for transactions involving transfers of financial assets but which are not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.</p>	1 July 2011





# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 2. BASIS OF PREPARATION (CONT)

AASB 1048	<p>Interpretation of Standards</p> <p>AASB 1048 identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. Entities are required to apply each relevant Australian Interpretation in preparing financial statements that are within the scope of the Standard. The revised version of AASB 1048 updates the lists of Interpretations for new and amended Interpretations issued since the June 2010 version of AASB 1048.</p>	1 July 2011
2010-8	<p>These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate <i>SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets</i> into AASB 112.</p>	1 Jan 2012
AASB 2011-9	<p>This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.</p>	1 July 2012
AASB 10	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and <i>UIG-112 Consolidation – Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to other standards via AASB 2011-7.</p>	1 January 2013
AASB 12	<p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.</p>	1 January 2013
AASB 13	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 January 2013
AASB 119	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 January 2013
Annual Improvements 2009–2011 Cycle ****	<p>This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.</p> <p>The following items are addressed by this standard:</p> <ul style="list-style-type: none"> <li>IFRS 1 First-time Adoption of International Financial Reporting Standards <ul style="list-style-type: none"> <li>• Repeated application of IFRS 1</li> <li>• Borrowing costs</li> </ul> </li> <li>IAS 1 Presentation of Financial Statements <ul style="list-style-type: none"> <li>• Clarification of the requirements for comparative information</li> </ul> </li> <li>IAS 16 Property, Plant and Equipment <ul style="list-style-type: none"> <li>• Classification of servicing equipment</li> </ul> </li> <li>IAS 32 Financial Instruments: Presentation <ul style="list-style-type: none"> <li>• Tax effect of distribution to holders of equity instruments</li> </ul> </li> <li>IAS 34 Interim Financial Reporting</li> </ul> <p>Interim financial reporting and segment information for total assets and liabilities</p>	1 January 2013



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 2. BASIS OF PREPARATION (CONT)

AASB 2011-4	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013
AASB 1053	<p>This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards</p> <p>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p> <p>The following entities apply Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit entities in the private sector that have public accountability (as defined in this Standard)</p> <p>(b) The Australian Government and State, Territory and Local Governments</p> <p>The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements:</p> <p>(a) For-profit private sector entities that do not have public accountability</p> <p>(b) All not-for-profit private sector entities</p> <p>(c) Public sector entities other than the Australian Government and State, Territory and Local Governments.</p> <p>Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.</p>	1 July 2013
AASB 2012-2	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013
AASB 2012-3	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014
AASB 9	<p>AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.</p> <p>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> <li>▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</li> <li>▶ The remaining change is presented in profit or loss</li> </ul> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.</p>	1 January 2015***



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Principles of Consolidation

The consolidated financial report comprises the financial statements of Speewah Metals Limited and its controlled entity (the "Group" or "consolidated entity"). Speewah Metals Limited's controlled entity is the wholly owned company Speewah Mining Pty Ltd.

A controlled entity is any entity controlled by Speewah, whereby Speewah has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those policies applied by the parent entity.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained, or until the date control ceased. There are no minority interests in the equity of the controlled entity.

### (b) Income Tax and Other Taxes

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

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

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or 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 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 sheet 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 deferred tax 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.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

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.

### *Tax consolidation legislation*

The Company and its' subsidiary have formed a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group.

The Company and its' subsidiary have implemented the tax consolidation legislation as of 1 July 2004.

The head entity, Speewah and the subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Speewah also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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.

### **(c) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

### **(d) Plant and Equipment**

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

#### *Plant and Equipment*

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

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

#### *Impairment*

Carrying values of assets are reviewed at each balance date to determine whether there are any objective indicators of impairment that may indicate the carrying values may not be recoverable in whole or in part.

Where an asset does not generate cash flows that are largely independent it is assigned to cash generating unit and the recoverable amount test applied to the cash generating unit as a whole.

Recoverable amount is determined as the greater of fair value less costs to sell and value in use. The assessment of value in use considers the present value of future cash flows discounted using an appropriate pre tax discount rate reflecting the current market assessments of the time value of money and risks specific to the asset.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

An impairment exists if the carrying value of the asset is determined to be in excess of its recoverable amount, in which case the asset or cash generating unit is written down to its recoverable amount.

#### *Depreciation*

The depreciable amount of plant and equipment is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	10-50%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

#### **(e) Financial Assets**

Other financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

#### *Recognition and Derecognition*

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

#### *(i) Financial assets carried at fair value*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

#### *(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

#### **(f) Shares in controlled entities**

Investments in controlled entities are measured at cost. The Group assesses whether it is necessary to recognise any impairment loss in the investment in subsidiaries following any significant changes in the underlying assets or operations of the relevant subsidiary.

#### **(g) Exploration and Evaluation Expenditure**

Expenditure on exploration and evaluation is accounted for in accordance with the 'area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest is current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

### *Impairment*

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

### **(h) Provision for restoration, rehabilitation and environmental expenditures**

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation program, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

### **(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

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

### **(j) Trade and Other Payables**

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

### **(k) Provisions**

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a pre-

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

### (l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Interest revenue is recognised as interest accrues using the effective interest method.

### (m) Goods and Services Tax ("GST")

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

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

### (n) Share Based Payment Transactions

#### *Equity settled transactions*

The Group provides benefits to directors and 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 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 of shares is determined by the price on grant date and of options using the Black & Scholes model, further details of which are given in Note 18. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Speewah (market conditions) if applicable.

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

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

If the terms of an equity settled award are modified, 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 awards 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 diluted earnings per share.

### (o) Employee Benefits

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual 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.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT)

### *Long service leave*

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

### **(p) Contributed Equity**

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.

### **(q) Earnings Per Share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, 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.

### **(r) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

#### *(i) Group as a lessee*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

### **(a) Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### *(i) Determination of mineral resources and ore reserves*

The Group's policy for estimating its mineral resources and ore reserves requires that the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (the 'JORC code') be used as a minimum standard.





# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT)

The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code. The amounts presented are based on the mineral resources and ore reserves determined under the JORC code. There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

### *(ii) Capitalisation of exploration and evaluation expenditure*

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group has the option to either expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The Group has elected, when the conditions in AASB 6 are met, to capitalise these costs.

### **(b) Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events and are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

### *(i) Share base payment transactions*

The Group measures the cost of equity settled transactions with employees and suppliers by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 18.

The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of the assets and liabilities within the next annual reporting period but may impact income and expenses.

### *(ii) Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is 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. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits 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 reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

### *(iii) Provision for decommissioning and restoration costs*

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation. The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 5. PARENT ENTITY INFORMATION

	Parent	
	2012	2011
	\$	\$
Current Assets	890,040	7,243,922
Non-current Assets	20,530,570	14,482,093
<b>Total Assets</b>	<b>21,420,610</b>	<b>21,726,015</b>
Current Liabilities	87,105	98,079
Non-current Liabilities	63,807	3,403
<b>Total Liabilities</b>	<b>150,912</b>	<b>101,482</b>
Contributed Equity	22,981,359	22,981,360
Accumulated Losses	(3,659,848)	(3,026,778)
Option Reserve	1,948,187	1,669,951
<b>Total Equity</b>	<b>21,269,698</b>	<b>21,624,533</b>
Loss for the year	(633,070)	(342,970)
Other Comprehensive income for the year	-	-
<b>Total Comprehensive loss for the year</b>	<b>(633,070)</b>	<b>(342,970)</b>
	Consolidated	
	2012	2011
	\$	\$

## 6. REVENUES AND EXPENSES

### (a) Revenue

Interest	148,326	126,559
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### (b) Expenses

Depreciation – plant and equipment	(8,090)	(7,491)
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### Directors' and employee benefits expenses:

- wages and fees	(171,227)	(144,550)
- superannuation contribution expense	(5,400)	(5,325)
- share based payments	(278,236)	(274,060)
	<b>(454,863)</b>	<b>(423,935)</b>

### (c) Other administration expenses

Administration and book keeping fees	(148,400)	(111,600)
Travel and accommodation	(133,992)	(96,335)
Advertising and promotion	(133,899)	(70,587)
Other expenses	(136,917)	(163,508)
	<b>(553,208)</b>	<b>(442,030)</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 7. INCOME TAX

The major components of the income tax are:

	Consolidated	
	2012	2011
	\$	\$
<b>Statement of Comprehensive Income</b>		
<i>Current income tax</i>		
Current year	-	(1,966,605)
Current tax attributable to prior years	(745,462)	(436,758)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	325,786	1,754,280
Deferred tax assets related to current year timing differences not brought to account as realisation is not regarded probable	-	-
Income tax benefit reported in the income statement	<b>(419,676)</b>	<b>(649,083)</b>
<b>Statement of Changes in Equity</b>		
<i>Deferred income tax relating to items charged or credited directly to equity</i>		
Capital raising costs charged to equity	-	193,971
	-	193,971
<b>Reconciliation to Income Tax Expense on Accounting Loss</b>		
A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting loss before income tax	(1,056,751)	(971,596)
Tax benefit at the statutory income tax rate 30%	(317,026)	(291,481)
<b>Non Deductible Expenses</b>		
Employee share expenses	83,471	82,218
Prior year adjustments impacting timing differences not recognised	-	-
Deferred tax assets not brought to account as realisation is not considered probable	-	(27,847)
Research and Development tax offset received	(187,954)	(411,973)
Other	1,833	-
<b>Income Tax Benefit</b>	<b>(419,676)</b>	<b>(649,083)</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 7. INCOME TAX (continued)

Consolidated	Statement of Financial Position		Statement of Comprehensive Income	
	30 June 2012	30 June 2011	Year ended 30 June 2012	Year ended 30 June 2011
	\$	\$	\$	\$
<b>Deferred income tax</b>				
Deferred income tax at 30 June relates to the following:				
<i>Deferred tax liabilities</i>				
Exploration	(6,460,764)	(4,615,751)	(1,845,013)	(1,679,145)
Accrual Income		-	-	-
Fixed Assets	(2,602)	(4,107)	1,505	(1,891)
<i>Deferred tax assets</i>				
Capital raising costs	136,729	215,397	(78,668)	(74,880)
Tax losses	5,978,264	4,383,670	1,594,594	-
Provisions	3,189	1,392	1,797	586
Accrued Expenses	7,050	7,050	-	1,050
	<b>(338,134)</b>	<b>(12,349)</b>	<b>(325,785)</b>	<b>(1,754,280)</b>
Deferred tax (income)/expense			<b>(325,785)</b>	<b>(1,754,280)</b>

The Group has tax losses for which a deferred tax asset is recognised on the Statement of Financial Position that arose in Australia of \$19,927,547 (2011: \$14,612,234) and are available for offset indefinitely against future taxable profits of the Group subject to continuing to meet relevant statutory tests.

The Company and its subsidiary form a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group.

## 8. SEGMENT REPORTING

The Consolidated Entity operates in one geographical area being Australia and one industry, being exploration for the year to 30 June 2012. The Chief Operating Decision Makers are the Board of Directors and management of the Group. There is only one operating segment identified being exploration activities in Australia based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

	Consolidated	
	2012 \$	2011 \$
9. LOSS PER SHARE		
Loss used in calculation of basic and diluted earnings per share	(637,075)	(322,513)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	130,668,170	115,975,135
Effect of dilution:		
share options	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	130,668,170	115,975,135

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

As at 30 June 2012 the Company has 6,950,000 Directors' and Employees Options (2011: 9,750,000) on issue. These options are not considered to be dilutive as the conversion of the options to ordinary shares will decrease loss per share.

There have been no transactions involving ordinary shares or potential ordinary shares subsequent to the balance date that would significantly change the number of ordinary shares or potential ordinary shares outstanding for the reporting period.

	Consolidated	
	2012	2011
	\$	\$
<b>10. CASH AND CASH EQUIVALENTS</b>		
<b>(i) Cash and cash equivalents balance</b>		
Cash at bank and on hand	864,462	1,358,190
Short term deposits	20,943	6,020,000
	885,405	7,378,190
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
<b>(ii) Reconciliation of net loss after tax to net cash flows from operations</b>		
Profit/(Loss) for the year	(637,075)	(322,513)
Share-based payments	278,236	274,060
Depreciation	8,090	7,491
Taxation on capital raising costs	-	193,971
(Increase)/decrease in assets:		
- current receivables	(4,368)	13,729
- Other financial assets	(1,873)	-
Increase/(decrease) in liabilities:		
- current payables	(10,976)	(47,382)
- provision	833	833
- deferred tax liabilities	325,786	12,349
<b>Net Cash flow from/ (used in) Operating Activities</b>	<b>(41,347)</b>	<b>132,538</b>
<b>11. TRADE AND OTHER RECEIVABLES</b>		
GST recoverable	43,157	110,532
Other receivables	-	-
	43,157	110,532
(a) Allowance for impairment loss		
Trade and other receivables which are primarily from the ATO are non-interest bearing and are generally paid on 30 day settlement terms. Trade and other receivables are neither past due nor impaired at 30 June 2012 and 30 June 2011.		
(b) Fair value		
Due to the short term nature of the other receivables, their carrying value is assumed to approximate their fair value		
<b>12. OTHER FINANCIAL ASSETS</b>		
Non-current		
Term deposit for bank guarantee for rehabilitation bond	41,873	40,000

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

The non-current other financial asset term deposit is a security for bank guarantees provided by the Company to the State Government to support Rehabilitation Bonds on exploration tenements. The funds attract interest at fixed rates in term deposits. The Fair Value of Other Financial Assets is the Carrying Value.

## 13. PLANT AND EQUIPMENT

Cost	33,312	33,312
Accumulated depreciation	(21,164)	(13,074)
<b>Net carrying amount</b>	<b>12,148</b>	<b>20,238</b>
At beginning of year, net accumulated depreciation	20,238	25,718
Additions	-	2,011
Disposals	-	-
Depreciation charge for the year	(8,090)	(7,491)
<b>At end of year, net accumulated depreciation</b>	<b>12,148</b>	<b>20,238</b>

The useful life of the assets was estimated between 2 and 10 years for 2012.

## 14. DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of:

### Explorations and Evaluations Phase - At Cost

Balance at beginning of the year	15,385,836	9,788,688
Expenditure incurred	6,150,044	5,597,148
<b>Total Exploration Expenditure</b>	<b>21,535,880</b>	<b>15,385,836</b>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

## 15. TRADE AND OTHER PAYABLES

Trade payables	142,478	526,590
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Trade payables and other creditors are non interest bearing and are normally settled on 30 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 16. CONTRIBUTED EQUITY AND RESERVES

### a. Contributed Equity

Consolidated	2011	
	Number	\$
<b>Issued capital at beginning of year as at 1 July 2010</b>	82,800,000	10,534,787
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
<b>Movement in ordinary shares on issue</b>		
Issued 6 <sup>th</sup> August 2010 for Cash	11,721,024	2,505,000
Issued 6 <sup>th</sup> August 2010 for Cash	12,161,628	2,614,750
Transaction Costs on Share Issue net of tax	-	(115,470)
Issued 7 <sup>th</sup> September 2010 for Cash	6,976,745	1,500,000
Transaction Costs on Share Issue net of tax		(77,005)
Issued 22 <sup>nd</sup> February 2011 for Cash	17,008,773	6,293,246
Transaction Costs on Share Issue net of tax	-	(273,948)
<b>Issued Capital at end of year as at 30 June 2011</b>	<b>130,668,170</b>	<b>22,981,360</b>

	Number	Exercise Price
<b>Movement in options on issue</b>		
<b>Options on Issue as at 1 July 2010</b>	8,500,000	
Issue of Options 8 <sup>th</sup> June 2011	1,250,000	37 cents
<b>Options on Issue as at 30 June 2011</b>	<b>9,750,000</b>	

Consolidated	2012	
	Number	\$
<b>Issued capital at beginning of year as at 1 July 2011</b>	130,668,170	22,981,360
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
<b>Issued capital at end of year as at 30 June 2012</b>	<b>130,668,170</b>	<b>22,981,360</b>

	Number	Exercise Price
<b>Movement in options on issue</b>		
<b>Options on Issue as at 1 July 2011</b>	9,750,000	
Issue of Options 15 <sup>th</sup> November 2011	2,000,000	24 cents
Expired 30 <sup>th</sup> June 2012	(4,500,000)	20 cents
Expired 30 <sup>th</sup> June 2012	(100,000)	50 cents
Expired 30 <sup>th</sup> June 2012	(100,000)	65 cents
Expired 30 <sup>th</sup> June 2012	(100,000)	80 cents
<b>Options on Issue as at 30 June 2012</b>	<b>6,950,000</b>	

There were no significant movements in equity after the 2012 reporting period until the lodgement of this report.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 16. CONTRIBUTED EQUITY AND RESERVES (CONT)

### Terms and conditions of contributed equity

#### Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As per the Corporations Act 2001 the Company does not have authorised capital and ordinary shares do not have a par value.

#### b. Reserves

	Equity Benefits Reserve
	\$
<b>Reserves</b>	
At 30 June 2010	1,395,891
Share-based payments - employee benefits related to issue of options	274,060
At 30 June 2011	1,669,951
Share-based payments - employee benefits related to issue of options	278,236
	<b>1,948,187</b>

#### Nature and Purpose of Equity Benefits Reserve

This reserve is used to record the value of equity benefits provided to directors, employees and external service providers as part of their fees and remuneration.

During the year, the following options were issued by the Company:

- 2,000,000 unlisted options exercisable at \$0.24 on or before 31 December 2014 issued to directors. The options vested immediately.

	Consolidated	
	2012	2011
	\$	\$

## 17. COMMITMENTS

### (a) Exploration Expenditure Commitment

In order to maintain the Company's interest in mining tenements, the Company is committed to meet the minimum expenditure conditions under which the tenements were granted.

<b>Within 1 year</b>	589,948	601,293
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### (b) Operating Lease Commitment

The Company entered an agreement for occupancy and warehouse storage facilities on a monthly basis, the commitments under these agreements are:

<b>within 1 year</b>	46,343	45,075
<b>1 - 3 years</b>	46,343	45,075

Total lease payment during the year was \$46,343 (2011: \$45,075)



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 18. SHARE BASED PAYMENTS

### (a) Recognised share-based payment expenses

The expense recognised in the Statement of Comprehensive Income in relation to share-based payments is disclosed in Note 6.

### (b) General terms of share-based payment plans

The options issued during the year ended 30 June 2012 have been issued to provide long term incentives for directors of the Company. A total of 2,000,000 unlisted options exercisable at \$0.24 on or before 31 December were issued to Directors of the company and vested immediately.

### (c) Summaries of options granted

The following table illustrates the number and weighted average exercise prices (WAEP) and movements in employee share options issued during the year.

	2012		2011	
	Number	WAEP	Number	WAEP
Options outstanding at the beginning of the year	9,750,000	0.37	8,500,000	0.37
Granted during the year	2,000,000	0.24	1,250,000	0.37
Converted during the year	-	-	-	-
Expired during the year	4,800,000	-		
Outstanding at the end of the year	6,950,000	0.43	9,750,000	0.37
Exercisable at the end of the year	6,950,000	0.43	8,500,000	0.37

There were 6,950,000 options issued or exercisable as at 30 June 2012 (2011: 9,750,000).

On the 15 November 2011, the Company granted 2,000,000 options over ordinary shares to Directors, with an exercise price of \$0.24 each, exercisable until 31 December 2014. These options were approved at the Company's Annual General Meeting and vested immediately.

On the 30 June 2012, 4,800,000 options granted to Directors and executives of the Company expired.

### (d) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2012 is 2.36 years (2011: 2.17 years).

### (e) Range of exercise price and weighted average share price at the date of exercise

The exercise price for options outstanding at the end of the year was:

Options	2012	2011
Class A (4,500,000)	-	0.20
Class B (200,000)	0.45	0.45
Class C (100,000)	-	0.50
Class D (100,000)	-	0.65
Class E (100,000)	-	0.80
Class F & G (3,500,000)	0.55	0.55
Class H (1,250,000)	0.37	0.37
Class I (2,000,000)	0.24	-

There were no options exercised during the 2012 financial year.

### (f) Weighted average fair value

The weighted average fair value of options granted during the year ended 30 June 2012 was 9.7 cents (2011: 7.5 cents).



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 18. SHARE BASED PAYMENTS (CONT)

### (g) Option pricing model

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

The following table lists the inputs to the model used for the years ended 30 June 2012 and 30 June 2011:

	2012	2011
Options Issued	2,000,000	1,250,000
Volatility (%)	100	76
Risk free interest rate (%)	6.25	5.11
Historic share price previous to grant date (cents)	16.5	25
Expected life of options (years)	3.13	1.8
Options exercise price (cents)	24	37

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.

## 19. FINANCIAL RISK MANAGEMENT

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

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 Notes 10, 11, 12 and 15 to the consolidated financial statements.

The Group manages its exposure to a variety of financial risks: market risk (including commodity risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk in accordance with the approved Group policies.

Primary responsibility for the identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecast for interest rate and foreign exchange. The Group manages credit risk by only dealing with recognised, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

### *Commodity price risk*

The Group's policy is to sell its commodity products at current market prices. Once in production the Group expects to have an exposure to commodity price risk associated with the production and sale of vanadium and fluorite. Presently the Group is not exposed to commodity price risk.

### *Interest rate risk*

The Group's current exposure to the risk of changes in market interest rates relate primarily to cash assets rates and is managed by the Board in accordance with the approved investment policy. This policy defines maximum exposures and credit ratings limits.

The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

During the financial year the Group has managed its cash assets by entering into a fixed interest term deposits to maximise its cash balance.

The following table summarises the impact of reasonably possible changes on interest rates for the Consolidated Group as at 30 June 2012. The sensitivity is based on the assumption that interest rate changes by 80 basis points with all other variables held constant. The 80 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed historical trend. The analysis is performed on the same basis for the comparative period.



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 19. FINANCIAL RISK MANAGEMENT (CONT)

The Group's exposure to interest rate risk on post-tax loss arises from higher or lower interest income from cash and cash equivalents. Please see Note 10 for information on cash balance held with variable and fixed interest rates.

	Consolidated	
	2012	2011
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	885,405	7,378,190
Other Financial Assets	41,873	40,000
<b>Financial Liabilities</b>	-	-
	927,278	7,418,190
<b>Impact on post tax profit and equity</b>		
Post-tax gain/(loss) and equity		
80 bp increase	106,101	41,541
80 bp decrease	(106,101)	(41,541)

### Foreign currency risk

The Group has no material transactional foreign currency exposure.

### Credit risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks and receivables.

The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences. Investment limits are set in accordance with limits set by the Board based on the counterparty credit rating. The limits are assigned to minimise concentration of risks and mitigate financial loss through potential counterparty failure. The compliance with credit limits is regularly monitored as part of day-to-day operations. Any credit concerns are highlighted to senior management.

As the Group is yet to commence mining operations it has no significant exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the Statement of Financial Position.

### Credit Quality of Financial Assets

	S&P Credit rating				
	AAA	A1+	A1	A2	Unrated
	\$	\$	\$	\$	\$
<b>Consolidated as at 30 June 2012</b>					
Cash and cash equivalents	-	884,495	-	-	910
Other Financial Assets	-	41,873	-	-	-
Trade and Other Receivables	43,157	-	-	-	-
<b>Consolidated as at 30 June 2011</b>					
Cash and cash equivalents	-	7,374,841	-	-	3,349
Other Financial Assets	-	40,000	-	-	-
Trade and Other Receivables	110,532	-	-	-	-



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 19. FINANCIAL RISK MANAGEMENT (CONT)

### *Liquidity risk*

The responsibility for liquidity risk management rests with the Board of Directors.

The Group manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The Group's liquidity needs can be met through a variety of sources, including: cash generated from interest accrued on cash balances, short and long term borrowings and issue of equity instruments.

Alternatives for sourcing our future capital needs include our current cash position, future operating cash flow, project debt financings and equity raisings. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs.

As at 30 June 2012 and 30 June 2011, the Group's financial liabilities have contractual terms of less than 6 months.

### *Capital risk management*

The Group's capital comprises share capital, reserves less accumulated losses amounting to \$22,033,615 at 30 June 2012 (2011: \$22,392,454). The Group's capital management objectives are:

- To safeguard the business as a going concern;
- To maximise potential returns for shareholders through minimising dilution; and
- To retain an optimal debt to equity balance in order to minimise the cost of capital.

The Group may issue new shares or sell assets to reduce debts in order to maintain the optimal capital structure.

## 20. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Speewah Metals Limited and its subsidiary:

	Country of Incorporation	% Equity Interest	
		2012	2011
Speewah Mining Pty Ltd	Australia	100	100

Details relating to key management personnel including remuneration are included in Note 23.

## 21. EVENTS AFTER THE BALANCE SHEET DATE

On the 9<sup>th</sup> August 2012, Richard resigned from his position as Executive Director as part of a strategic company review. Greg MacMillan was appointed the same day as Company Secretary. Other than this there were no other matters or circumstance that arose that has significantly affected, or may significantly affect, the operations of Speewah, the results of those operations or the state of affairs of Speewah in subsequent years that is not otherwise disclosed in the consolidated financial statements.

## 22. AUDITORS' REMUNERATION

The auditors of Speewah are Ernst & Young.

	Consolidated	
	2012	2011
	\$	\$
<b>Amounts received or due and receivable by Ernst &amp; Young for:</b>		
An audit or review of the financial report of the entity	39,655	37,080
	<b>39,655</b>	<b>37,080</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## 23. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

On the 9<sup>th</sup> August 2012, Richard resigned from his position as Executive Director as part of a strategic company review. Also on the 9<sup>th</sup> August 2012, Greg MacMillan was appointed as Company Secretary. Other than this there were no other changes to key management personnel between the reporting date and the date the financial report was authorised for issue.

### (a) Compensation of Key Management Personnel

	Consolidated	
	2012	2011
	\$	\$
<i>Key Management Personnel</i>		
Short-term	729,246	764,980
Post-employment superannuation	36,475	18,293
Value of Share based payments	278,237	272,048
	<b>1,043,958</b>	<b>1,055,321</b>

### (b) Option Holdings of Key Management Personnel

30 June 2012	Balance at Beginning of Period	Granted as Remuneration	Options Exercised	Net Change Other	Balance at End of Period	Vested at 30 June 2012		
						1 July 2011	30 June 2012	Total
<b>Directors</b>								
A Barton	2,750,000	750,000	-	(2,000,000)	1,500,000	1,500,000	-	1,500,000
D Carew-Hopkins	600,000	500,000	-	(300,000)	800,000	800,000	-	800,000
R Wolanski	1,750,000	750,000	-	(1,000,000)	1,500,000	1,500,000	-	1,500,000
L Charuckyj	-	-	-	-	-	-	-	-
<b>Executives</b>								
K Rogers	750,000	-	-	-	750,000	750,000	-	750,000
R Ramsay	1,400,000	-	-	(500,000)	900,000	900,000	-	900,000
A Eves	750,000	-	-	-	750,000	750,000	-	750,000
B Andrew	250,000	-	-	-	250,000	250,000	-	250,000
<b>Total</b>	<b>8,250,000</b>	<b>2,000,000</b>	<b>-</b>	<b>(3,800,000)</b>	<b>6,450,000</b>	<b>6,450,000</b>	<b>-</b>	<b>6,450,000</b>

30 June 2011	Balance at Beginning of Period	Granted as Remuneration	Options Exercised	Net Change Other	Balance at End of Period	Vested at 30 June 2011		
						1 July 2010	30 June 2011	Total
<b>Directors</b>								
A Barton	2,750,000	-	-	-	2,750,000	2,750,000	-	2,750,000
D Carew-Hopkins	600,000	-	-	-	600,000	600,000	-	600,000
R Wolanski	1,750,000	-	-	-	1,750,000	1,750,000	-	1,750,000
<b>Executives</b>								
K Rogers	500,000	250,000	-	-	750,000	750,000	250,000	500,000
R Ramsay	900,000	500,000	-	-	1,400,000	1,400,000	500,000	900,000
A Eves	500,000	250,000	-	-	750,000	750,000	250,000	500,000
<b>Total</b>	<b>7,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>8,000,000</b>	<b>8,000,000</b>	<b>1,000,000</b>	<b>7,000,000</b>



# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

## (c) Shareholdings of Key Management Personnel

<b>30 June 2012</b>	<b>Balance 1 July 2011</b>	<b>Granted as Remuneration</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 June 2012</b>
	<b>Ord</b>	<b>Ord</b>	<b>Ord</b>	<b>Ord<sup>3</sup></b>	<b>Ord</b>
<b>Directors</b>					
A Barton <sup>1</sup>	12,229,768	-	-	900,000	<b>13,129,768</b>
D Carew-Hopkins	400,000	-	-	50,000	<b>450,000</b>
R Wolanski	544,768	-	-	100,000	<b>644,768</b>
L Charuckyj <sup>2</sup>	-	-	-	1,206,062	<b>1,206,062</b>
<b>Executives</b>					
K Rogers	169,768	-	-	-	<b>169,768</b>
R Ramsay	-	-	-	-	-
A Eves	-	-	-	-	-
B Andrew	-	-	-	-	-
<b>Total</b>	<b>13,344,304</b>	<b>-</b>	<b>-</b>	<b>2,256,062</b>	<b>15,600,366</b>

<sup>1</sup> 5,500,000 of the Shares are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 7,060,000 of the Shares are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr Barton is a director and a beneficiary. 169,768 of the Shares are held by Inglewood Lodge Pty Ltd of which Mr Barton is a director and a beneficiary. 400,000 of the Shares are held by Selwood Nominees Pty Ltd of which Mr Barton is a director.

<sup>2</sup> 959,550 of the Shares are held by Zeta Mr L Charuckyj & Mrs CM Charuckyj as trustee for the ZETA Super Fund of which Mr Charuckyj is a trustee and beneficiary. 190,000 of the Shares are held by Temtor Pty Ltd of which Mr Charuckyj is a director and beneficiary.

<sup>3</sup> These were transacted on market.

<b>30 June 2011</b>	<b>Balance 1 July 2010</b>	<b>Granted as Remuneration</b>	<b>On Exercise of Options</b>	<b>Net Change Other</b>	<b>Balance 30 June 2011</b>
	<b>Ord</b>	<b>Ord</b>	<b>Ord</b>	<b>Ord<sup>2</sup></b>	<b>Ord</b>
<b>Directors</b>					
A Barton <sup>1</sup>	8,848,123	-	-	3,381,645	<b>12,229,768</b>
D Carew-Hopkins	200,000	-	-	200,000	<b>400,000</b>
R Wolanski	419,768	-	-	125,000	<b>544,768</b>
<b>Executives</b>					
K Rogers	271,736	-	-	(101,968)	<b>169,768</b>
R Ramsay	-	-	-	-	-
A Eves	-	-	-	-	-
<b>Total</b>	<b>9,739,627</b>	<b>-</b>	<b>-</b>	<b>3,604,677</b>	<b>13,344,304</b>

<sup>1</sup> 5,500,000 of the Shares are held by Mr AP Barton and Mrs CH Barton as trustee for the Barton Family Superannuation Fund of which Mr Barton is a director and a beneficiary. 6,160,000 of the Shares are held by Australian Heritage Group Pty Ltd as trustee for the Australian Heritage Trust of which Mr Barton is a director and a beneficiary. 169,768 of the Shares are held by Inglewood Lodge Pty Ltd of which Mr Barton is a director and a beneficiary and 400,000 of the Shares are held by Selwood Nominees Pty Ltd of which Mr Barton is a director.

<sup>2</sup> These were transacted on market.

# Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2012

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## **(d) Related Party Transactions**

All equity transactions with key management personnel have been entered into under terms no more favourable than those the Group would have adopted if dealing at arm's length.

Australian Heritage Group Pty Ltd ("AHG"), a company of which Mr Anthony Barton, a Director and Mr Greg MacMillan, the Company Secretary, have entered into an occupancy and administration agreement with Speewah in respect of providing occupancy, administration and bookkeeping services commencing March 2009. The total value of the occupancy and administration services provided by AHG during the year was \$148,400 (2011: \$117,900). As at 30<sup>th</sup> June 2012, there was an amount of \$12,500 outstanding to pay AHG for services incurred in the month of June. This amount is included in Note 15.

Mr Leon Charuckyj was appointed as a Director of Speewah Metals on the 13<sup>th</sup> December 2011. Prior to his appointment, Leon was receiving a consultancy fee, invoiced through his entity Temtor Pty Ltd. A total of \$15,804 was paid to Temtor Pty Ltd for consultancy services during the 2012 financial year. As at 30<sup>th</sup> June 2012, there was an amount of \$3,633 outstanding to pay Temtor for Directors fees for the month of June 2012. This amount is included in Note 15.

As at 30<sup>th</sup> June 2012, there was also an amount of \$9,061 outstanding to pay Richard Wolanski for Consultancy Services for the month of June. This amount is included in Note 15.

All services provided by companies associated with directors were provided on commercial terms.

## Independent auditor's report to the members of Speewah Metals Limited

### Report on the financial report

We have audited the accompanying financial report of Speewah Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

### Auditor's responsibility

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

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

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

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.



## Opinion

In our opinion:

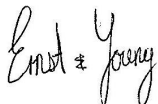
- a. the financial report of Speewah Metals Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

## Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of Speewah Metals Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

A stylized signature of the Ernst & Young firm, written in a cursive script.

Ernst & Young

A handwritten signature of R J Curtin, written in a cursive script.

R J Curtin  
Partner  
Perth  
17 September 2012



## ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 12<sup>th</sup> September 2012.

### (a) Distribution of Equity Securities

The number of shareholders, by size of holding, in each class of share are:

			Listed Ordinary Shares	
			Number of Holders	Number of Shares
1	–	1,000	98	54,515
1,001	–	5,000	289	922,217
5,001	–	10,000	296	2,595,441
10,001	–	100,000	669	26,725,525
100,001	–	and over	171	100,370,472
			<b>1523</b>	<b>130,668,170</b>

The number of shareholders holding less than a marketable parcel of shares are:

### (b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

			Listed Ordinary Shares	
			Number of Shares	Percentage of Shares %
1	National Nominees Ltd		15,929,698	12.19%
2	J P Morgan Nominees Australia Ltd		13,530,400	10.35%
3	Australian Heritage Group Pty Ltd <Australian Heritage A/c>		4,406,250	3.38%
4	J P Morgan Nominees Australia Ltd <Cash Income A/c>		3,186,221	2.44%
5	Mr Anthony P Barton & Mrs Corinne H Barton <Anthony Peter Barton PSF A/c>		3,000,000	2.30%
6	HSBC Custody Nominees Australia Ltd		2,763,961	2.12%
7	BNP Paribas Noms Pty Ltd <DRP>		2,625,421	2.01%
8	Mr Anthony P Barton & Mrs Corrine H Barton <Barton Superfund A/c>		2,500,000	1.91%
9	Mr Ronald R Martin & Mrs Verna R Martin		2,300,000	1.76%
10	Australian Heritage Group Pty Ltd <New Capital Fund A/c>		2,203,750	1.69%
11	Zero Nominees Pty Ltd		1,807,044	1.38%
12	Leet Investments Pty Ltd		1,550,000	1.19%
13	Mr Ronald Zimet		1,382,607	1.06%
14	Citicorp Nominees Pty Ltd		1,343,825	1.03%
15	Jedina Holdings Pty Ltd <Ian Hodgkinson Superfund>		1,003,668	0.77%
16	L & E Fisher Nominees Pty Ltd		1,000,000	0.77%
17	Jarden Custodians Ltd		1,000,000	0.77%
18	Mr Allan P Taylor & Mr Rodney K Taylor <Allan Taylor Super Fund A/c>		900,000	0.69%
19	Navigator Australia Ltd <MLC Investment Sett A/c>		799,991	0.61%
20	Mr Anthony Kastropil <TK Superannuation Fund A/c>		709,768	0.54%
			<b>63,942,604</b>	<b>48.94%</b>



## ASX Additional Information

### (c) Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares	Percentage of Ordinary Shares %
National Nominees Ltd	15,929,698	12.19%
J P Morgan Nominees Australia Ltd	13,530,400	10.35%

### (d) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

### (e) Unquoted Securities (and names of holders with more than 20% of equity in securities in each case)

Class	Number of Securities	Number of Holders	Holders with More Than 20%
Class B options over ordinary shares exercisable at \$0.45 on or before 31 March 2013	200,000	1	Alex Eves
Class F options over ordinary shares exercisable at \$0.55 on or before 31 December 2014	2,300,000	4	Anthony Barton, Richard Wolanski
Class G options over ordinary shares exercisable at \$0.55 on or before 31 December 2014	1,200,000	3	Ken Rogers, Rob Ramsay, Alex Eves
Class H options over ordinary shares exercisable at \$0.37 on or before 30 June 2014	1,250,000	4	Ken Rogers, Rob Ramsay, Alex Eves, Ben Andrew
Class I options over ordinary shares exercisable at \$0.24 on or before 31 December 2014	2,000,000	3	Anthony Barton, Richard Wolanski, Derek Carew-Hopkins

### (f) Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchange of the Australian Stock Exchange Limited.

### (g) On-Market Buyback

There is no on-market buyback of the shares in the Company.

### (h) Schedule of Mining Tenements

Area of Interest	Tenements	Comments
<b>Australia - Western Australia</b>		
East Kimberley	M80/267	All of the Tenements are registered in the name of Speewah Mining Pty Ltd, a wholly owned subsidiary of Speewah Metals Ltd.
East Kimberley	M80/268	
East Kimberley	M80/269	
East Kimberley	E80/2863	<b>Note:</b> M = Mining Lease E = Exploration Licence L = Miscellaneous Licence
East Kimberley	E80/3657	
East Kimberley	E80/4468	
East Kimberley	L80/43	
East Kimberley	L80/47	

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