Atherton Resources Ltd

(Formerly Mungana Goldmines Ltd)

ABN 15 136 606 338

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

CORPORATE DIRECTORY

Board of Directors

John Daniel Fitzgerald	Non-Executive Chairman (appointed 25/11/2014), previously Non-Executive Director
Justin Jian Yi Wu	Non-Executive Director
Richard James Yeates	Non-Executive Director (appointed 09/10/2014)
Anthony Paul James	Managing Director (appointed 23/02/2015)
Joseph Allen Treacy	Non-Executive Director (resigned 31/12/2014) (resigned as Chairman 25/11/2014);

Company Secretary

Ben-Louis Ludik

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Auditors Ernst & Young 111 Eagle Street Brisbane QLD 4000 Telephone: 07 3011 3333 Website: www.ey.com	**Share Registry** Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000 Telephone: 1300 554 474 Facsimile: 02 9287 0303 Website: www.linkmarketservices.com.au

CONTENTS

DIRECTORS' REPORT

The Board of Directors presents its report in respect of the financial year ended 30 June 2015.

DIRECTORS

The names and details of the Directors and Company Secretary of Atherton Resources Ltd (formerly Mungana Goldmines Ltd) (ATE) in office at the date of this report or at any time during the financial year are:

John Daniel Fitzgerald (Age 53) - Non-Executive Chairman

Appointed 3 July 2009; Appointed Chairman 25 November 2014

Mr Fitzgerald is an experienced Company Director and resource financier. He has worked with the resources sector for 30 years providing project finance, commodity risk management and advisory services to a large number of companies in that sector. He has previously held positions as Head of Investec's Western Australian business, Head of Institutional and Corporate Banking for the Commonwealth Bank in Western Australia, Executive Director of HSBC Precious Metals and Director responsible for NM Rothschild & Sons resource financing business. Mr Fitzgerald is a Chartered Accountant, a Fellow of FINSIA and a graduate member of the Australian Institute of Company Directors.

Mr Fitzgerald has held the following positions in the last three years in publicly listed companies:

- Non-Executive Chairman of Integra Mining Ltd (June 2010 to 15 November 2012)
- Non-Executive Director of Northern Star Resources Ltd (30 November 2012 to Date)
- Non- Executive Director of Danakali Resources Ltd (17 February 2015 to Date)

Justin Jian Yi Wu (Age 39) – Non-Executive Director

Appointed 1 May 2012 to date

Mr Wu is a representative of one of the Company's major shareholders, Guangdong Guangxin Holdings Group Ltd (GGHG), which has a 8.98% shareholding. He has an MBA from the Auckland Institute of Studies and has worked in areas of investment supervision, operation supervision, international trade, sales and strategic marketing, with a solid understanding of Asia Pacific market demand.

Richard James Yeates (Age 56) – Non-Executive Director

Appointed 9 October 2014 to date

Mr Yeates is a geologist whose professional career has spanned over 30 years, variously working for major companies such as BHP, Newmont and Amax, prior to co-founding the consulting firm of Resource Service Group (subsequently RSG Global) in 1987. He grew the company over a 20 year period into a respected international consulting group, before selling the business to Coffey in 2006. Mr Yeates continued to work in mergers & acquisitions and business development functions within Coffey Mining until his resignation to establish Middle Island Resources Limited in 2009.

Mr Yeates has worked in some 37 countries, particularly within Australasia, Africa and South America, variously undertaking project management assignments, feasibility studies and independent reviews for company listings, project finance audits and technical valuations.

Mr Yeates has held the following positions during the last three years in publicly listed companies:

- Managing Director of Middle Island Resources Ltd (March 2010 to date)
- Non-Executive Director of Western Areas Ltd (October 2009 to date)

Anthony Paul James (Age 52) – Managing Director

Appointed 23 February 2015 to date

Mr James is a Mining Engineer with over 25 years of extensive operational and project experience in the mining and resources industry. He was recently Managing Director of Mutiny Gold. Mr James has previously held senior positions with Alacer Gold Corporation, Avoca Resources and LionOre Mining International. His operational experience includes being the Resident Manager of the Black Swan Nickel Mine near Kalgoorlie for MPI Mines, Manager-Mining at the Kanowna Belle Gold Operations for Aurion Gold and Delta Gold, Mining Manager at the Pillara and Cadjebut Zinc mines for Western Metals and Underground Superintendent at the Telfer gold mine for Newcrest Mining Ltd. Anthony is a Fellow of the Australian Institute of Mining and Metallurgy.

During the past three years Mr James has also served as a director of the following other listed companies:

- Managing Director of Mutiny Gold Ltd (31 March 2014 to 31 January 2015)

Joseph Allen Treacy (Age 60) – Non-Executive Director

16 April 2009 to 25 November 2014 (Resigned as Chairman); 31 December 2014 (Resigned)

Mr Treacy has over 30 years' experience as a geologist specialising in gold, base metals and industrial minerals exploration in Australia and overseas. He was appointed a director of Kagara Ltd (in Liquidation) (KZL). He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Treacy is a member of both the Company's Audit Committee and the Remuneration and Nomination Committee. He is a member of the Australian Institute of Company Directors.

During the past three years Mr Treacy has also served as a director of the following other listed company:

- Executive Director of Kagara Ltd (in Liquidation) (1999 to date)

COMPANY SECRETARY

Ben-Louis Ludik (Age 42)

Appointed 22 November 2012 to date

Having previously worked with Deloitte and Magellan Metals, Mr Ludik is a Chartered Accountant with 19 years' experience in mining and manufacturing, and has also served as the Company's Chief Financial Officer since 2010. He holds an Honours Degree in Financial accounting, Master's degree in Auditing and an Honours Degree in Philosophy - Logistics Management. He is also a member of both the Institute of Chartered Accountants Australia and a fellow of Chartered Secretaries Australia.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares and options of Atherton Resources Ltd (formerly Mungana Goldmines Ltd) are shown in the table below:

Director	Shares	Performance Rights	Options
J Fitzgerald	741,429	1,500,000	250,000
R Yeates	178,571	-	-
A James	714,286	7,200,000	-
J Wu	-	-	-

PRINCIPAL ACTIVITIES

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

OPERATING RESULTS

For the year ended 30 June 2015, the total comprehensive income of the Group after income tax was $490,956 (2014: loss of $29,549,018).

Included in the income for the group is $3.8m, which is a recovery of the doubtful debt provision that was taken up against the debt owed by Kagara Ltd (in Liquidation) in prior years (refer Note 5).

The Group received a Research and Development grant of $721,519 from the Federal Government's Research and Development Tax Concession Scheme.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year (2014: $nil).

REVIEW OF OPERATIONS

Acquisition of the Chillagoe assets in North Queensland

ATE, Kagara Ltd (in Liquidation) (KZL) and its wholly owned subsidiary Mungana Pty Ltd (in Liquidation) (MPL) have entered into an agreement under which the Chillagoe assets in North Queensland owned by KZL and MPL were sold to ATE. The transaction completed on 31 July 2014.

The key terms of the transaction were:

- The Chillagoe Assets sold to ATE;
- Consideration paid was $15 million;
- The consideration was paid via the issue of two Secured Convertible Note (SCN) instruments for $7.5 million each;
    - The first instrument converted at 10 cents per share in November 2014 after payment to the Queensland Office of State Revenue of the stamp duty on the transaction.
    - The second instrument is convertible at the holders' election at 20 cents at any time up to 5 years from the date of issue of the instrument. On the maturity date, ATE can elect to convert the instrument at 20 cents.
- Interest on the SCNs is at 7.5% payable in cash or shares at the option of ATE. The company elected to pay the interest that fell due in the financial year, in shares.
- The SCN is redeemable at the option of ATE at any time prior to conversion;
- The obligations under the SCN was secured over all of the Chillagoe Assets, including the gold rights. This security was lifted in November 2014 after payment of the stamp duty.

On completion of the acquisition, the parties agreed to:

1. Release each other from obligations under the Gold Rights Agreement dated 16 April 2010 between KZL, MPL and ATE (GRA);
2. Settle outstanding claims between KZL, MPL and ATE.

Project Development

Exploration

King Vol

The King Vol deposit is the cornerstone asset within the Chillagoe base metals project, which ATE purchased from the liquidators of Kagara Ltd (KZL) in July 2014.

King Vol is a high-grade zinc deposit, with a combined Mineral Resource of 2.99 million tonnes at a grade of 11.9% zinc, 0.8% copper, 0.6% lead and 29.9g/t silver (ASX: 28 January 2015). The Mineral Resource comprises 1.05Mt in the Indicated category and a further 1.95Mt in the Inferred category.

Whilst new drilling only started on 18 June 2015, several batches of sample pulps were re-assayed to comply with QAQC protocols and additional density measurements were undertaken on diamond core.

The high grade King Vol zinc deposit, which is located 25km from the partially completed Mungana base metals concentrator, is expected to underpin the Company's zinc development strategy in North Queensland.

The Feasibility Study associated with the King Vol Project started in August 2015 and will be conducted in parallel with the project approvals process, paving the way for an accelerated development timetable.

Geology

The King Vol polymetallic base metal deposit is entirely hosted within sediments and carbonate rocks of the Chillagoe Formation (Figure 1). Mineralisation is located along sheared contacts and within limestone units associated with skarn alteration. The current Mineral Resource estimate includes mineralisation on three separate horizons, the Eastern Mineralised Contact Zone (EMCZ), the Eastern Mineralised Replacement Zone (EMRZ) and the King Vol Zone (KVZ).

Sphalerite is the main zinc sulphide mineral found, often in the iron rich form of marmatite. Copper is generally in the form of chalcopyrite and lead in the form of galena. Sulphides are generally massive to semi-massive, with clean contacts, often associated directly with garnet and/or pyroxene skarn, and sometimes brecciated. Gangue sulphide minerals include arsenopyrite, pyrite, pyrrhotite and marcasite.

The geometry of the King Vol deposit is amenable to sub-vertical narrow ore mining methods currently employed in many operations in similar deposits around the world, including the nearby Mungana deposit which was successfully mined from underground over several years.

Red Cap

The Red Cap area is located 15 kilometres North West of Chillagoe and only 4 kilometres from the partially built base metals concentrator at the Mungana mine site. The Red Cap area is considered one of the most prospective areas within the Chillagoe portfolio and is expected to be a key focus of exploration activity outside of the King Vol area.

Geology

The Red Cap area lies within the Company's Chillagoe project and consists of several base metal skarn-associated deposits focussed along faulted contacts in the Silurian to Devonian aged Chillagoe Formation.

At Red Cap, four northwest striking mineralisation trends are developed along sub-parallel lithological contacts located approximately 300-400m apart. The Queenslander and Morrisons lodes are located on the Red Cap - Morrisons Line and the Penzance lode is located on the Belgravia – Penzance Line.

The Queenslander and Morrison lodes both lie on the Red Cap thrust, a moderately south west dipping thrust fault along which the Chillagoe Formation has been juxtaposed against the Late Carboniferous dacitic ignimbrites of the Red Cap Volcanics. The mineralisation that makes up the two lodes extends for over 1.5km along the Red Cap thrust. The thrust is expressed at surface as a prominent ridge of ferruginous and siliceous breccia and localised garnet skarn. Queenslander and Morrisons are named after historic workings located along the thrust with the Queenslander lode being defined as west of local grid easting 5400 and the Morrisons lode being east of local grid easting 5400.

Sphalerite is the main zinc sulphide mineral found with copper being in the form of Chalcopyrite and lead in the form of Galena. A close association exists between sphalerite-chalcopyrite (+/- minor galena and gold) and garnet-pyroxene-magnetite-pyrrhotite skarns.

The Penzance deposit is located adjacent to the historical Penzance copper open pit, defined at surface by numerous old copper workings. The Penzance deposit is the last resource discovered by Kagara in 2011 prior to voluntary administration in 2012. Locally the geology comprises a north west trending, steeply dipping sequence of massive chert, intercalated fine to medium grained sandstones/siltstones and marble with variable amounts of garnet (+/- pyroxene) skarn alteration.

Copper and zinc mineralisation is developed primarily within the massive garnet skarn at the contact between marble and basalt. Mineralisation is characterised by semi-massive sulphide composed of chalcopyrite and sphalerite with variable amounts of pyrrhotite and pyrite. Drilling has defined a zone of mineralisation over approximately 200 metres of strike with a central, high grade, copper rich core plunging between 40 and 50 degrees towards the south east.

The Penzance deposit has only been drill tested to 200m vertical depth. The resource remains open down dip with only one hole intersecting the prospective horizon below the current outlined resource (drill hole 1221 containing 2.6m @ 1%Cu and 0.4%Zn). Whilst this intersection was not included in the resource estimate, it is strong evidence that the mineralised system at Penzance continues at depth. Drilling this field season will target potential depth extensions to the existing mineralisation.

Newcrest Exploration Agreement

On 25 May 2015, ATE announced a landmark exploration commitment agreement (ECA) with Newcrest Mining Limited (ASX: NCM) to explore for large copper-gold discoveries at its Chillagoe Project in North Queensland (Newcrest Agreement).

The Newcrest Agreement provides for expenditure of up to $20m by Newcrest on exploration over a period of up to eight years by way of:

- an initial $3m commitment to be spent within the first 18 months; and
- an option to sign a farm-in agreement and spend up to an additional $17m over a further 78 months.

Under the farm-in agreement, Newcrest will earn a 70% interest in an unincorporated joint venture with Atherton Resources (30%) if it incurs $20 million, and if a minimum 1Moz of gold or gold-equivalent Mineral Resource is discovered.

The arrangements with Newcrest exclude the high-grade King Vol zinc deposit, located 25km to the north-west of Chillagoe, defined Mineral Resources at Red Dome and Mungana and in the Red Cap area and the surface infrastructure and processing facilities located at the Mungana mine site, including the partially completed Concentrator (ASX: 25 May 2015).

The Newcrest Agreement broadly provides for the following three stages:

Stage 1
Newcrest is required to spend a minimum of $3 million on exploration over the first 18 months in an exploration area which excludes specific areas nominated by Atherton Resources (Exploration Area). The excluded areas include the existing King Vol base metal resources, access, processing and infrastructure facilities located at the Mungana mine site, the Mungana and Red Dome deposits, the Red Cap prospect and new areas of mineral resources identified by Atherton at Red Cap during Stage 1 (Exclusion Area). This gives Atherton time to conduct exploration activities to further define the Red Cap prospect area.

Stage 2
If Newcrest satisfies the Stage 1 expenditure requirements, it may elect to execute an agreed form of farm-in agreement, under which it has the right, but not an obligation, to spend a minimum of $17 million on exploration in the Exploration Area over 78 months (subject to a minimum expenditure requirement of $2 million per annum). Newcrest may terminate this agreement at any time provided it complies with specific rehabilitation obligations in relation to its activities.

Stage 3
If Newcrest satisfies the Stage 2 expenditure requirements and identifies Mineral Resources of at least 1Moz of gold or gold equivalent in the Exploration Area, it may elect to acquire a 70% legal and beneficial interest in the Exploration Area by executing an agreed form of joint venture agreement under which an unincorporated joint venture is formed with Newcrest acting as manager. The consequences of non-payment of called sums include suspended voting rights, dilution, a right to purchase the defaulting party’s JV interest at 90% of the interest's fair market value, vesting the JV manager with the right of sale of the defaulting party’s product, and the ability to enforce a cross security in specified circumstances.

If Newcrest does not exercise its options to enter into the farm-in and the joint venture, Atherton will retain:

- its interest in the Exploration Area; and
- any exploration data/knowledge obtained during the exploration commitment period and any farm-in period.

Charters Towers Project

The Company has 9 tenements in the Charters Towers area on ground it considers prospective for gold and base metal mineralisation. An internal data compilation and target review exercise will commence soon to assist in formulating a forward exploration strategy on this project.

Corporate

Takeover offer

The Company was the subject of an off-market Takeover Offer by a U.S. private equity backed firm, Auctus Chillagoe Pty Ltd ("Auctus"), who offered $0.135 cash per share for 100% of the company's shares (ASX: 29 April 2015).

In the Company's Target Statement, which included an Independent Experts Report by Grant Thornton, the board recommended to all shareholders that the Original Offer be rejected on the basis that at $0.135, the Offer was both not fair and not reasonable with Grant Thornton placing a value range of between $0.2419 and $0.3169 per share (ASX: 11 May 2015).

On 25 June 2015, the Liquidator advised ATE that the Takeover Offer would not be accepted on behalf of Kagara Ltd (In Liquidation) ("KZL") and Mungana Pty Ltd (In Liquidation) ("MPL").

Auctus increased the offer to $0.17, cash per share for 100% of the company's shares (Conditionally Revised Offer) (ASX: 17 July 2015).

On 23 July 2015, following Auctus' revised offer of $0.17 per share, the Directors unanimously recommended that all shareholders reject the Conditionally Revised Offer.

The Liquidators advised ATE that the Conditionally Revised Offer would not be accepted on behalf of Kagara and Atherton.

The Company announced on 27 July 2015 that the Auctus takeover offer was unsuccessful.

Board and Management Changes

On 9 October 2014, ATE announced the appointment of Mr Rick Yeates to its board as a non-executive Director as part of a wider board renewal process to prepare the Company for its next chapter of development.

The changes followed the completion of the $15 million acquisition of a portfolio of advanced base metal assets from the Liquidators of Kagara Ltd, paving the way for Atherton to become a significant player in the North Queensland zinc industry.

Mr Joe Treacy stepped down from his position as Chairman of the Board at the Company's AGM in November 2014, followed by his resignation from the Company's Board on 31 December.

Mr John Fitzgerald succeeded Mr Treacy as Chairman in November 2014.

On 23 February the company appointed Mr Anthony James as Managing Director and Mr Chris Newman as Geology Manager to lead the Company's North Queensland base metals development strategy.

After Balance Date Events

On 31 July 2015, the Company held a General Meeting to vote on a name change to Atherton Resources Limited. The name change will reflect the new direction of the Company as it seeks to develop the King Vol zinc deposit. The name change took effect on the Australian Securities Exchange on 7 August 2015. The new ASX code is ATE.

At the same General Meeting, shareholders approved an issue of up to 36,136,000 shares at an issue price of $0.14 to institutional, professional and sophisticated investors, including 714,286 shares each to the Chairman, Mr John Fitzgerald and the Managing Director, Mr Anthony James and 178,571 shares to Non-executive Director, Mr Rick Yeates.

The Company's Performance Rights Plan was also approved.

Options

As at the date of this report there were 250,000 options on issue. Refer to the remuneration report for further details of the options outstanding.

During the year ended 30 June 2015 no options were issued and no shares were issued following the exercise of options.

Future Developments, Prospects and Business Strategies

The Group intends to continue its current mineral exploration and development in Australia. Likely developments are included elsewhere in this report and will depend upon the availability of funds and success of the current exploration.

Environmental Issues

The Group's operations are subject to various Commonwealth and State laws governing the protection of the environment in areas such as air and water quality, waste emission and disposal, environmental impact assessments, mine rehabilitation and access to and use of ground water. In particular, some operations are required to be licensed to conduct certain activities under the environmental protection legislation of the State in which they operate and such licenses include requirements specific to the subject site.

So far as the Directors are aware, there have been no material breaches of the Group's licenses and all exploration activities have been undertaken in compliance with the relevant environmental regulations.

Proceedings on Behalf of the Group

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

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2015 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

(a) Details of Directors and other Key Management Personnel

The following persons were Directors of the Company during the financial year:

(i) Executive Directors

Mr A James	Managing Director (Appointed 23 February 2015)

(ii) Non-Executive Directors

Mr J Fitzgerald	Non-Executive Chairman (Appointed 25 November 2014); previously Non-Executive Director
Mr J Wu	Non-Executive Director
Mr R Yeates	Non-Executive Director (Appointed 9 October 2014)
Mr J Treacy	Non-Executive Chairman (Resigned 31 December 2014)

(iii) Other Key Management Personnel

The following persons also have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year:

Mr B Ludik	Company Secretary
Mr C Newman	Geology Manager (Appointed 25 February 2015)

(b) Principles used to determine the nature and amount of remuneration

The Company's executive remuneration framework aligns executive remuneration with the achievement of strategic objectives and conforms to market best practice. The Board of Directors ensures that the executive remuneration is competitive and reasonable, acceptable to shareholders, transparent and aligns remuneration with performance.

(i) Non-Executive Directors

Payments to Non-Executive Directors reflect the demands which are made on and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board of Directors. Non-Executive Directors' fees are determined in accordance with the aggregate Non-Executive Directors' fee limit as approved by shareholders. The maximum aggregate currently stands at $500,000. There are no retirement schemes or allowances for Non-Executive Directors. The base pay of Non-Executives is inclusive of statutory superannuation.

(ii) Executives

The Executive pay and reward framework includes the payment of base pay, superannuation and long term incentives through the issue of options and performance rights. It also includes the payment of short term incentives through the payment of cash bonuses for achieving set key performance indicators.

The base pay of Executives is inclusive of statutory superannuation and is structured as a total employment package which may be delivered as a mix of cash and prescribed non-financial benefits at the Executives' discretion, without creating undue cost for the Company.

(c) Details of Remuneration of Specified Directors and Key Management Personnel

Details of the nature and amount of each element of the remuneration for each Director and each of the Key Management Personnel of the Company are set out in the following tables.

As at balance date, the following options and performance rights were on issue to Directors and other key management personnel as part of their remuneration.

Options			Movements during the financial year					
Recipient	Expiry Date	Exercise Price Range	1 July 2014	Granted	Exercised	Expired/ forfeited	30 June 2015	Vested & Exercisable
J Fitzgerald	17/11/2015	$2.00	250,000	-	-	-	250,000	250,000
B Ludik (1)	01/10/2015	$1.55-$2.50	1,200,000	-	-	(1,200,000)	-	-

1. B Ludik was retrenched on 30 September 2014 and all his options forfeited 3 months later as per employee share option plan

During the year ended 30 June 2015 no options were exercised or issued. At 30 June 2015, no options were vested and unexercisable.

Shareholdings (held both directly and indirectly) of Directors and Key Management Personnel are disclosed in the table below:

Directors	Balance at 1 Jul 2014	Granted as remuneration	On Exercise of Options	Expired/ Forfeited	Balance at 30 June 2015
J Fitzgerald	27,143	-	-	-	27,143
A James	-	-	-	-	-
R Yeates	-	-	-	-	-
J Treacy (1)	250,270	-	-	(250,270)	-
Key Management Personnel					-
C Newman	-	-	-	-	-
Total	277,413	-	-	(250,270)	27,143

(1) Joe Treacy resigned from the Board on 31 December 2014.

Performance Rights issued post year end

General

The Performance Rights Plan provides for the issue of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

No securities have been issued under the Performance Rights Plan and the Performance Rights Plan was approved by Shareholders on 31 July 2015.

The Company has granted a total of 13,700,000 Performance Rights to certain employees, including directors Mr James and Mr Fitzgerald.

The Board has the discretionary right to determine that, upon a security holder ceasing to be an eligible participant, some or all of the Performance Rights will not automatically lapse. The Board's current position is only to exercise its discretion to remove the automatic lapsing requirement where the eligible participant ceases their employment with the Company through no fault of their own. The Company plans to exercise its discretion under the Performance Rights Plan in an equitable manner for all eligible participants.

Background to the Performance Rights Plan

Since acquiring the Chillagoe assets, the Company has been actively considering appropriate means of:

- retaining its key employees and Directors, and attracting future key employees; and
- incentivising its employees and Directors to achieve its strategy to bring the King Vol Zinc Project into production by the end of 2016.

The Board is of the view that the issue of Performance Rights under the plan is the most effective means of incentivising eligible participants to achieve the Company's strategy, as the conditions to the vesting of the Performance Rights can be aligned with the steps required to achieve that strategy.

The Board believes that the grants made to eligible participants under the Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Performance Rights Plan will:

(a) enable the Company to incentivise and retain existing Directors, key management personnel and other eligible employees needed to achieve the Company's business objectives;

(b) enable the Company to recruit, incentivise and retain additional Directors, key management personnel and other eligible employees needed to achieve the Company's business objectives;

(c) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;

(d) align the financial interest of participants in the Performance Rights Plan with those of Shareholders; and

(e) provide incentives to participants in the Performance Rights Plan to focus on superior performance that creates Shareholder value.

Outline of the Performance Rights Plan

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Performance Rights Plan to Eligible Participants (including Directors), to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board.

In accordance with the requirements of the ASX Listing Rules, prior Shareholder approval will be required before any Director or other related party of the Company can participate in the Performance Rights Plan.

Summary of the Performance Rights Plan

The Board is cognisant of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting, Shares are automatically issued.

The principal terms of the Performance Rights Plan are summarised below:

Eligible Participants: The eligible participants under the Performance Rights Plan are full time employees and permanent part-time employees of the Company and its subsidiaries (including all of the Directors) and any other person determined by the Board to be included for the purposes of the Performance Rights Plan (**Eligible Participants**). In accordance with the ASX Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan and be granted Performance Rights. Eligible Participants are entitled to nominate a nominee to apply for and hold the Performance Rights.

Limits on offers: An offer of Performance Rights must not be made under the Performance Rights Plan if the Board has reasonable grounds to believe that the aggregate of any one or more of the following exceeds 5% of the total number of issued Shares:

(a) the number of Shares which would be issued if the Performance Rights subject to the offer were exercised; and

(b) the number of Shares issued or that may be issued as a result of offers made during the previous 3 years pursuant to the Performance Rights Plan, any other employee incentive scheme covered by ASIC Class Order [CO 14/1000] or an ASIC exempt arrangement of a similar kind to an employee incentive scheme

Additionally, and subject to the above restriction, the intent of the Board is to limit the number of Shares which may be issuable at any time on exercise of all outstanding Performance Rights to 20 million Shares. This is a statement of current intent and may vary over time if the Company’s circumstances change.

If a performance condition in respect of a Performance Right is not achieved by the expiry date then the applicable Performance Right will lapse. Unless the Board determines otherwise, a Performance Right will lapse if the relevant participant ceases to be an Eligible Participant for the purposes of the Performance Rights Plan for any reason (other than as a result of bona fide retirement, death or total and permanent disability or bona fide redundancy).

Takeover Bid or Change of Control: 50% of all Performance Rights automatically vest in the event of:

(a) a Court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, sub-division, reduction or return) of the issued capital of the Company);

(b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company; or

(c) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.

The Board has a discretion to vest all or part of the remaining Performance Rights under the above circumstances.

Bonus Issue: If, during the term of any Performance Right, the Company completes a bonus issue, the number of Shares each Performance Right holder is then entitled to shall be increased by that number of securities which the holder would have been issued if the Performance Rights held by the holder were exercised immediately prior to the record date for the bonus issue.

Termination, Suspension or Amendment: The Board may terminate, suspend or amend the Performance Rights Plan at any time subject to any resolution of the Company required by the ASX Listing Rules

Initial Performance Conditions

The Board has granted Performance Rights in three tranches as summarised in the table below:

Tranche	Performance Condition	Expiry Date	Anthony James	John Fitzgerald	Chris Newman
Tranche 1 Performance Rights	(a) 50% of the Performance Rights are granted subject to the Company achieving a positive TSR and in accordance with the vesting schedule below. (b) 50% of the Performance Rights are granted subject to specific KPIs to be agreed with the Eligible Participants.	30 June 2016	2,400,000	500,000	1,666,666
Tranche 2 Performance Rights	(a) 50% of the Performance Rights are granted subject to the Company achieving a positive TSR and in accordance with the vesting schedule below. (b) 50% of the Performance Rights are granted subject to specific KPIs to be agreed with the Eligible Participants.	30 June 2017	2,400,000	500,000	1,666,666
Tranche 3 Performance Rights	(a) 50% of the Performance Rights are granted subject to the Company achieving a positive TSR and in accordance with the vesting schedule below. (b) 50% of the Performance Rights are granted subject to specific KPIs to be agreed with the Eligible Participants.	30 June 2018	2,400,000	500,000	1,666,668

In total 7,200,000 Performance Rights were issued to Mr Anthony James, Managing Director of the Company; 1,500,000 Performance Rights were issued to Mr John Fitzgerald, Non-Executive Director of the Company and 5,000,000 were issued to Mr Chris Newman, Geology Manager of the Company.

The vesting schedule for Performance Rights subject to a positive Total Shareholder Return (TSR) is as follows:

Relative TSR performance	Performance Vesting
Less than 50th percentile	0% vesting
At the 50th percentile	50% vesting
Between 50th and 75th percentile	Between 50% and 100% vesting calculated on a linear basis
At or above 75th percentile	100% vesting

If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

Total Shareholder Return (TSR)
TSR measures the return received by shareholders from holding Shares in the Company over a performance period. TSR is calculated by taking into account the growth in the Company's Share price over the performance period as well as any dividends received during that period. The formula for calculating TSR is shown below:

$$\frac{(\text{Share Price at End} - \text{Share Price at Beginning}) + (\$\text{ Dividends Received and Reinvested})}{\text{Share Price at Beginning}}$$

A 5 day VWAP will be used to determine the share price at the end, and the share price at the beginning, of the applicable performance period.

The Company's TSR will be ranked against a peer group of companies. To measure performance against the performance condition:

(a) TSR of the companies in the peer group is calculated;

(b) the peer group companies are ranked according to their TSR;

(c) the Company's TSR is calculated to determine its percentile in relation to the peer group companies; and

(d) the Company's percentile determines how many Performance Rights will vest in accordance with the table set out below.

Unless the Board determines otherwise, none of the Performance Rights vesting subject to a positive TSR will vest unless the percentile ranking of the Company's TSR for the relevant performance period in relation to the comparative TSRs of the peer group companies for the relevant performance period is at or above the 50th percentile, with the added requirement that the Company's relevant TSR over the performance period must be positive.

The Company has set some of the performance criteria for these Performance Rights to ensure that they only vest upon achievement of fundamental milestones related to the Chillagoe Project that will the drive the long term value of the Company’s securities.

If the performance condition of a Performance Right is satisfied prior to the relevant expiry date, the Performance Right will vest. If the performance condition of a Performance Right is not achieved by the expiry date then the Performance Right will lapse.

On the basis of the assumptions below, independent consultant Value Logic Pty Ltd has determined the technical value of one Performance Right that is subject to the TSR performance hurdle is approximately:

- $0.062, if the time to expiry is 1 year;
- $0.063, if the time to expiry is 2 years; and
- $0.062, if the time to expiry is 3 years.

The valuation is based on the Monte Carlo Simulation calculations, which is considered by Value Logic Pty Ltd ACN 147 009 069 to be the most appropriate method of valuation compared to other methods considered, namely the Black-Scholes and Binomial model calculations. The total technical value of:

- the 7,200,000 Performance Rights issued to Mr James is approximately $728,674; and
- the 1,500,000 Performance Rights issued to Mr Fitzgerald is approximately $151,807; and
- the 5,000,000 Performance Rights issued to Mr Newman is approximately $506,023.

By way of comparison, the value of one Performance Right that is not subject to the TSR performance hurdle under both the Black-Scholes and Binomial model calculations is approximately $0.14 (and the total technical value of all the 7,200,000 Performance Rights to Mr James would be $1,008,000, the total technical value of all the 1,500,000 Performance Rights to Mr Fitzgerald would be $210,000 and the total technical value of all the 5,000,000 Performance Rights to Mr Newman would be $700,000).

The assumptions used in the Monte Carlo Simulation calculations are:

i) **Exercise price:** The exercise price is set in accordance with the terms and conditions of the performance rights to be issued. The exercise price of the performance rights has been set at $0.00 per option. As the exercise price has presently not been altered, and there is no intention that it be altered, no adjustment to the exercise price is to be made.

ii) **Share price**: As the grant date of the performance rights is in the future, on or about the date of the Meeting at which the performance rights are to be approved, the share price at the time of issue has been estimated as the share price on 12 June 2015. This share price was $0.14.

iii) **Expected Life of the Performance Rights**: The expected life of the performance rights will be taken to be the full period of time from grant date to expiry date. While there may be an adjustment made to take into account any accelerated vesting and exercise on the early satisfaction of the performance conditions or on a change of control, there are no factors which would indicate that this would be a likely occurrence. Therefore, the rights holder is not expected to exercise his performance rights earlier than the expiry date and no adjustment to the expected life of the performance rights has been made.

iv) **Share price volatility**: The Company has a long history of Share transactions by which to gauge the Company's Share price volatility, and this data provides some indication of the expected future volatility of the Company's Share price. The Share price volatility over the last 3 years was 194.72%. Due to the Company's historical share price movements, and the relative percentage of each movement against the Share price, it is expected that this volatility will not change significantly over the life of the performance rights. Therefore a volatility of 194.72% has been used as the expected future Share price volatility over the life of the performance rights.

v) **Expected Dividends**: The Company has not declared dividends in the past, and does not expect to declare dividends in the foreseeable future. As a result, no adjustment has been made to the pricing of the performance rights to take into account payment of dividends, to reflect the expectation that dividends are not expected to be declared over the period of the life of the performance rights.

vi) **Risk free rate**: The risk free rate is the implied yield at the date the performance rights were issued on zero-coupon national government bonds with a remaining life equal to the life of the rights. The interest rates were taken from historical data available from the Reserve Bank of Australia for 3 year Treasury Bonds.

vii) **Number of performance rights**: The total number of performance rights offered to Anthony James is 7,200,000 rights. The total number of performance rights offered to John Fitzgerald is 1,500,000 rights. The total number of performance rights offered to Chris Newman is 5,000,000 rights.

2015	Short Term		Post-Employment			Share-based Payments(1)			
	Salary & Fees	Cash Bonus	Super-annuation	Termination Payments	**Cash Total**	Options	**Total**	Performance Related %	% consisting of options
Directors									
J Fitzgerald (2)	65,749	-	6,246	-	**71,995**	-	71,995	-	-
A James	100,000	-	9,500	-	**109,500**	-	109,500	-	-
J Treacy(2)(5)	33,639	-	3,196	-	**36,835**	-	36,835	-	-
J Wu(2)	53,211	-	5,055	-	**58,266**	-	58,266	-	-
R Yeates	39,953	-	3,795	-	**43,748**	-	43,748	-	-
Key Management Personnel									
B Ludik(3)	145,897	45,000(4)	17,293	72,016(6)	**280,206**	9,811	290,017	16%	3%
C Newman	81,045	-	7,699	-	**88,744**	-	88,744	-	-
	519,494	45,000	52,784	72,016	**689,294**	9,811	699,105		

2014	Short Term		Post-Employment			Share-based Payments(1)			
	Salary & Fees	Cash Bonus	Super-annuation	Termination Payments	**Cash Total**	Options	**Total**	Performance Related %	% consisting of options
Directors									
Treacy(2)	55,046	-	5,092	-	**60,138**	-	60,138	-	-
P Scott(5)	77,273	-	16,035	318,738	**412,046**	85,897(7)	497,943	-	17%
J Fitzgerald(2)	55,046	-	5,092	-	**60,138**	-	60,138	-	-
R Hutton(5)	9,573	-	885	-	**10,458**	-	10,458	-	-
B Rathie(5)	9,174	-	849	-	**10,023**	-	10,023	-	-
J Wu(2)	33,027	-	3,055	-	**36,082**	-	36,082	-	-
Key Management Personnel									
B Ludik	260,092	25,000(4)	24,058	-	**309,150**	54,371	363,521	7%	15%
T Cooney(6)	88,248	-	11,594	89,004	**188,846**	13,975(8)	202,821	-	7%
A McArthur(6)	109,015	-	9,976	119,677	**238,668**	21,168(9)	259,836	-	8%
	696,494	25,000	76,636	527,419	**1,325,549**	175,411	1,500,960		

(1) The value of options is the fair value of the options calculated at grant date using a Black-Scholes option-pricing model, amortised over the vesting period of the options.
(2) Directors' fees had been reduced as part of cost saving measures implemented. These measures were lifted in August 2014.
(3) Ben-Louis Ludik was employed by the Company until 30 September 2014 and has been paid as a contractor since that date. The contract is based on a fixed monthly amount, plus hourly rates for work outside scope and can be terminated by either party on one month notice.
(4) The bonuses paid in 2014 and 2015 were based on reaching key milestones in the company restructure.
(5) Resignations were as follows: Joe Treacy – 31 December 2014; Pat Scott – 24 October 2013; Ross Hutton – 24 October 2013; and Bruce Rathie – 19 August 2013
(6) Retrenchments were as follows: Tom Cooney - 13 December 2013,Adrian McArthur - 12 January 2014 and Ben-Louis Ludik – 30 September 2014 although he is still providing services as Company Secretary.
(7) Amount excludes reversal of $496,069 relating to options forfeited during the year. Inclusion of this amount results in total remuneration for P. Scott of $1,874.
(8) Amount excludes reversal of $78,806 relating to options forfeited during the year. Inclusion of this amount results in total remuneration for T. Cooney of $124,015.
(9) Amount excludes reversal of $70,661 relating to options forfeited during the year. Inclusion of this amount results in total remuneration for A. McArthur of $189,175.

(d) Service Agreements

Remuneration for Executive Directors and Key Management Personnel is formalised in service contracts and includes base pay, superannuation, bonuses and long term incentives through the issue of performance rights. These agreements do not have a fixed term and have a termination benefit payable on early termination by the Company, other than for gross misconduct, equal to a maximum of 12 months of base salary.

The remuneration of Executive Directors and Key Management Personnel is reviewed annually and is set to reflect the market for a comparable role.

The Company has in place a system of Short Term Incentives (STI) and Long Term Incentives (LTI) for employees. The board views this as essential in both attracting and retaining people of the calibre required in the current job market. In constructing both the STI and LTI programs the Company has taken regard to current industry standard practice and has drawn on both its own board's experience and external advice when designing them.

The STI program consists of cash bonuses being available every 12 months. Eligible employees are able to earn a cash bonus of up to 20% of their base salary every six months in this manner. Goals are suggested by the CEO/Board and reviewed by the Remuneration and Nomination Committee with recommendation to the board for approval. The goals set are 50% common amongst all eligible employees and relate to common goals of the Company. The other 50% are goals specific to the eligible employees and are designed to focus the attention towards important job specific areas. Determination of the level of achievement of the goals is done in the same way as the goals are set.

Key Management Personnel - STI earned as a proportion of base salary (excluding superannuation)	2015 %	2014 %
A James (1)	-	-
B Ludik (2)	30.8	9.6
C Newman (3)	-	-

(1) Anthony James was appointed on 23 February 2015.
(2) Ben-Louis Ludik was retrenched on 30 September 2014 and the bonuses paid to him were based on reaching key milestones in the company restructure.
(3) Chris Newman was appointed on 25 February 2015

The LTI program consists of issuing options to employees either via the shareholder approved Employee Share Option Plan or via direct shareholder approval. The exercise price of the options is set such that the employee will have no assessable income created by the issuance of the option in accordance with Division 83A of the *Income Tax Assessment Act 1997*; resulting in the exercise price being greatly above that of the current market price of the underlying securities. The granting of options to employees is designed to better align the interests of all employees with that of shareholders.

(e) Share Based Compensation – Options

No options were granted as equity compensation benefits to Directors and Key Management Personnel during the 2015 financial year. Ben-Louis Ludik's options (1.2m) were forfeited on 31 December 2014, three months after termination of his employment on 30 September 2014.

Details of options that vested during the reporting period are as follows:

Directors	Grant date	No. of Options	Option fair value at grant date $	Exercise price per option $	Total value of options $	Expiry date	Vesting and First exercise date	% of options vested
Vested Options								
B Ludik(1)	01/10/2010	400,000	0.3907	2.50	157,067	01/10/2015	30/09/2014	100%
		400,000			157,067			

(1) Ben-Louis Ludik was retrenched on 30 September 2014 and all his options forfeited 3 months later as per the Employee Share Option Plan.

(f) Analysis of movement of options granted as part of remuneration

2015	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed/forfeited during the year $	Total value of options granted, exercised and lapsed during the year $
Key Management Personnel				
B Ludik(1)	-	-	531,040	(531,040)

(1) Ben-Louis Ludik was retrenched on 30 September 2014;

(g) Shares issued on exercise of remuneration options

There were no shares issued on the exercise of compensation options in the 2015 financial year.

(h) Relationship between remuneration and Company performance

The factors that are considered to affect shareholder return since the Consolidated Entity's listing on the ASX are summarised below:

Measures	2015 $	2014 $	2013 $
Share price at end of financial year	0.13	0.105	0.065
Market capitalisation at end of financial year ($m)	31.30	17.29	10.44
Profit/(loss) for the financial year	550,923	(29,616,518)	(16,007,134)
Cash spend on exploration programs	1,907,667	1,008,053	7,510,760
Director and Key Management Personnel remuneration	699,105	1,500,960	2,967,599

Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.

The Company issues options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the Company's shareholders.

End of Remuneration Report

DIRECTORS' MEETINGS

The table below shows the Directors' meetings held during the year and the number of meetings attended by each Director:

	Board Meetings		Remuneration & Nomination Committee Meetings(4)		Audit Committee Meetings(4)	
	Held	Attended	Held	Attended	Held	Attended
A James (1)	1	1				
J Fitzgerald (2)	6	6	1	1	2	2
R Yeates	4	4	1	1	2	2
J Wu	6	6	1	1	2	2
J Treacy (3)	4	4	1	1	2	2

(1) Anthony James was appointed 23 February 2015.
(2) John Fitzgerald was appointed Chairman on 25 November 2014.
(3) Joe Treacy resigned as Chairman 25 November 2014 and then as NED on 31 December 2014.
(4) Since the reduction of the board to 3 members in October 2013, all Audit Committee Meetings and Remuneration & Nomination Committee Meetings were held as part of the general Board Meetings with all Directors in attendance.

Due to the reduction of Directors' numbers during the year, Audit and Remuneration & Nomination matters are now dealt with at Board meetings. In case of dispute, Mr J Fitzgerald still chairs these committees.

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

During the financial year, the Company paid a premium to insure the Directors and Officers of the Company against liabilities incurred by such an officer to the extent permitted by the *Corporations Act 2001*. The Officers of the Company covered by the insurance policy include any person acting in the course of duties for the Company who is or was a Director, Secretary or Executive Officer as well as Senior Executive staff. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

The Company has not otherwise during or since the end of the financial year indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred by such an officer or auditor.

NON-AUDIT SERVICES

Ernst & Young did not provide any non-audit services during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 22.

Signed in accordance with a resolution of the Directors.

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J FITZGERALD
CHAIRMAN
Perth, Western Australia
7 September 2015

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Auditor's Independence Declaration to the Directors of Atherton Resources Ltd (formerly Mungana Goldmines Ltd)

In relation to our audit of the financial report of Atherton Resources Ltd (formerly Mungana Goldmines Ltd) for the financial year ended 30 June 2015, 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.

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
7 September 2015

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

The Board of Directors of Atherton Resources Ltd ("ATE" or the "Company") is committed to maintaining a high standard of corporate governance.

To ensure the Company operates effectively and in the best interests of shareholders and interest groups and having regard to the nature of the Company's activities and its size, the Board has adopted the revised Corporate Governance Principles and Recommendations 3rd Edition (as amended at 30 June 2014) issued by the ASX Corporate Governance Council, subject to the exceptions noted below.

Where the Company's corporate governance practices do not correlate with the practices recommended by the ASX Corporate Governance Council, the Company does not consider it practicable or necessary to implement these principles due to the size and stage of development of its operations and the Board's reasoning for any departure is explained. However, where departures exist, the Board and management are committed to the progressive implementation of the ASX Principles and Recommendations, appropriate to each stage of the Company's development.

Principles and Recommendations	**Adopted**	**If not, Explanation Provided**
Principle 1 – Lay Solid Foundations for Management and Oversight		
Recommendation 1.1 - Companies should disclose the roles and responsibilities of its board and management, those expressly reserved to the board and those delegated to management.	Yes	
Recommendation 1.2 - Companies should undertake appropriate checks prior to the appointment or election of a director and provide shareholders with information relevant to the election of a director.	Yes	
Recommendation 1.3 - Companies should have written agreements as to the appointment of directors and senior executives.	Yes	
Recommendation 1.4 – The company secretary should be accountable directly to the board, through the chairman, as to the proper functioning of the board.	Yes	
Recommendation 1.5 – Companies should have and disclose a diversity policy setting measureable objectives for achieving gender diversity and annually assess and disclose the objectives and progress towards their achievement.	No	Yes
Recommendation 1.6 – Companies should have and disclose processes for evaluating board, committee and director performance, and disclose any performance evaluation undertaken.	Yes	
Recommendation 1.7 - Companies should have and disclose processes for evaluating senior executive performance, and disclose any performance evaluation undertaken.	Yes	
Principle 2 – Structure the Board to Add Value		
Recommendation 2.1 - The board should establish a nomination committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being the chairman, and disclose the committee charter, qualifications and experience of the committee members and the frequency and attendees of the committee's meetings. If not, companies should disclose its processes that ensure board succession, skills, knowledge, experience, independence and diversity.	Yes	
Recommendation 2.2 - Companies should have and disclose a board skills matrix setting out the mix of skills and diversity available to the Board.	Yes	
Recommendation 2.3 - Companies should disclose their independent directors, any interest, position or association that the Board considers does not compromise independence, and why, and the length of each director's service.	Yes	
Recommendation 2.4 - A majority of the Board should be independent directors.	No	Yes
Recommendation 2.5 - Companies should have an independent director as chairman who should not also hold the position of CEO.	Yes	
Recommendation 2.6 - Companies should have an induction program for new directors and provide professional development opportunities for directors.	Yes	
Principle 3 – Act Ethically and Responsibly		
Recommendation 3.1 - Companies should establish a code of conduct and disclose the code or a summary of the code.	Yes	

Principles and Recommendations	Adopted	If not, Explanation Provided
Principle 4 – Safeguard Integrity in Corporate Reporting		
Recommendation 4.1 - The board should establish an audit committee of at least three non-executive directors (the majority being independent), chaired by an independent director, not being the chairman, and disclose the committee charter, qualifications and experience of the committee members and the frequency and attendees of the committee's meetings.	Yes	
Recommendation 4.2 - Companies should prior to approval of financial statements receive from the CEO and CFO a declaration that financial records have been properly maintained, the financial statements comply with the accounting standards, give a true and fair view of the financial position based on sound risk management, and that internal controls are operating effectively.	Yes	
Recommendation 4.3 - Companies should ensure that their external auditor attends the AGM and is available to answer questions relevant to the audit.	Yes	
Principle 5 – Make Timely and Balanced Disclosure		
Recommendation 5.1 - Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	
Principle 6 – Respect the Rights of Shareholders		
Recommendation 6.1 - Companies should provide information about themselves and their governance on their website.	Yes	
Recommendation 6.2 - Companies should design and implement an investor relations program to facilitate communication.	Yes	
Recommendation 6.3 – Companies should disclose their policies and processes to facilitate and encourage participation at shareholder meetings.	Yes	
Recommendation 6.4 – Companies should give shareholders the option to receive and send messages to the Company and its share registry electronically.	Yes	
Principle 7 – Recognise and Manage Risk		
Recommendation 7.1 - The board should establish a committee to oversee risk of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, committee members, and the frequency and attendees of the committee's meetings.	Yes	
Recommendation 7.2 - The board or a board committee should review the company's risk management framework annually as to soundness and disclose in relation to each reporting period whether the review has taken place.	Yes	
Recommendation 7.3 - Companies should disclose if they have an internal audit function how the function is structured and what role it performs, and if it does not have an internal audit function, disclose that fact and the processes employed for evaluating and continually improving its risk management and internal control processes.	Yes	
Recommendation 7.4 - Companies should disclose if they have any material exposure to economic, environmental and social sustainability risks and if so how they manage those risks.	Yes	
Principle 8 – Remunerate Fairly and Responsibly		
Recommendation 8.1 - The board should establish a remuneration committee of at least three directors, the majority being independent, chaired by an independent director, and disclose the committee charter, members of the committee and the frequency and attendees of the committee's meetings. If the company does not have a remuneration committee that fact should be disclosed and the processes employed for setting directors and senior executives remuneration and ensuring that remuneration is appropriate and not excessive.	Yes	
Recommendation 8.2 – Companies should separately disclose their policies and practices for remuneration of non-executive and executive directors and senior executives.	Yes	
Recommendation 8.3 - Companies which have equity based remuneration schemes should have a policy on whether participants are permitted to enter transactions (such as derivatives or otherwise) which limit the economic risk of scheme participation, and disclose the policy or a summary.	Yes	

Set out below are the fundamental corporate governance practices of the Company.

1. The Board Lays Solid Foundations for Management and Oversight

Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to familiarise themselves with the Company's operations to enable them to carry out their duties as a Director of the Company; any candidate will confirm that they have the necessary time to devote to their Company Board position prior to appointment. In addition, Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions, responsibilities and expectations of their appointment.

Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary in order to carry out the objectives of the Company.

The Board is responsible for governing the Company and for setting the strategic direction.

The Board has not established an Audit Committee or a Remuneration & Nomination Committee to assist it in discharging its functions since the whole Board only consisted of a maximum of four members at any one time during the year. The Company has not formed these Committees during the reporting period because it would not be a more efficient mechanism than the full Board for focusing the Company on the specific issues of nomination, remuneration and audit. This situation will be revisited during the year.

Board responsibilities are set out in the Board Charter, which is available on the Company's website under "Corporate Governance". A summary of the Board's responsibilities is as follows:

- appointing and, where appropriate, removing the Managing Director/CEO of the Company;
- ratifying the appointment and, where appropriate, removing the Chief Financial Officer and the Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying the systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- approving the annual budget;
- monitoring the financial performance of the Company;
- approving and monitoring financial and other reporting;
- providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;
- liaising with the Company's external auditors and Audit Committee; and
- monitoring and ensuring compliance with all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety.

The Board holds regular meetings and meets as frequently as may otherwise be required to deal with urgent matters, which might arise between the scheduled meetings. Directors' attendance at meetings this year is set out in the Directors' Report section of this Annual Report.

In carrying out its governance role, the main task of the Board is to oversee the performance of the Company. The Board is committed to the Company's compliance with all of its contractual, statutory, ethical and any other legal obligations, including the requirements of any regulatory body.

It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. Senior executives are provided with a formal job description and an employment contract describing their term of appointment, duties, rights, responsibilities and rights on termination.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all company information and to the Company's executives. Further, each Director and the Board collectively, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at the Company's expense, with the approval of the Chairman, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Performance Review/Evaluation

Senior Executives' key performance indicators (KPI) are set annually, with performance appraised by the Managing Director or Board, and reviewed by the Board at the end of the financial year.

The focus of the appraisal is to measure performance against qualitative and quantitative KPI. Where appropriate, these KPI are linked to long term and short term incentive components of each executive's remuneration package. This ensures objectives are aligned to the Company's business plan. A formal appraisal process was undertaken during 2014 and again planned for 2016 due to all executives being in their first year of employment.

The Chairman is responsible for conducting an annual review of the Board's performance. The Board undertakes a collective self-assessment process of the Board, committee and Directors annually, the purpose of this review is to define areas in which the Board excels and areas which need focussed attention for improvement.

Education and Induction

New Directors will undergo an induction process in which they will be given a full briefing on the Company and its operations. Where possible, this will include meetings with key executives, tours of premises and projects, provision of a due diligence package and presentations from management.

Executives also undergo an induction program to gain an understanding of the Company's financial position, its strategies, operations and risk management framework and the respective roles of the Board and management.

2. The Board is Structured to Add Value

Composition of the Board and Details of Directors

To add value to the Company, the Board has been formed so that it has an effective composition, size, commitment, skills and experience to adequately discharge its responsibilities and duties.

The Company currently has four Directors, Mr John Fitzgerald (Chairman of the Board and previously Non-Executive Director), Mr Anthony James (Managing Director), Mr Rick Yeates (Non-Executive Director) and Mr Justin Wu (Non-Executive Director). Further details about the Directors are set out in the Directors' Report section of this Annual Report.

With reference to the factors affecting independent status as set out in the ASX Principles and Recommendations, Mr Rick Yeates is considered by the Board to be an independent Non-Executive Director while Mr Justin Wu is not considered by the Board to be an independent Non-Executive Director because he is associated directly with a substantial shareholder of the Company.

The independence of Non-Executive Directors is assessed annually. The Directors acknowledge that a majority of the Board is not independent; nevertheless all incumbent Directors bring an independent judgment to bear in Board deliberations and the current representation is considered adequate given the Company's size and the stage of development.

The Company recognises that its Chairman, Mr John Fitzgerald, is considered independent as recommended by the ASX Principles and Recommendations. The Board selects the most suitable candidate to lead the Board and at the current stage of development of the Company, the most suitable person to be appointed as Chairman is John Fitzgerald. Details of the Members of the Board at the date of this Annual Report are set out below:

DIRECTOR	GENDER	QUALIFICATIONS	SKILLS / KNOWLEDGE	INDEPENDENT
John Fitzgerald (Chairman)	Male	ACA, Fellow FINSIA, GAICD	Finance, Auditing, Commodity Risk and Banking	Yes
Anthony James (CEO/MD)	Male	WASM Graduate, Mining Engineer, Fellow AUSIMM	Mining Operations and Project Experience	No
Rick Yeates	Male	UNE Graduate, Geology, Member AUSIMM	Mining and Geology	Yes
Justin Wu	Male	MBA in International Trade	Investment, marketing and international trade	No

In appointing Directors, the Board must ensure that any candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. It is the approach and attitude of each Non-Executive Director which is important in determining independence and this must be considered in relation to each Director, while taking into account all other relevant factors including those set out in the Board Charter. Where practicable, there is a clear division of responsibility between the Chairman and the Managing Director/Chief Executive Officer.

	Professional Qualifications			**Board Experience and Competencies**						
DIRECTOR	**Legal**	**Technical Mining or Geology**	**Business & Economics**	**Safety, Environment and Community**	**Mining**	**Shareholder Liaison**	**Risk and Compliance**	**Financial Acumen**	**Strategy**	**Leadership**
John Fitzgerald (Chairman)			✓			✓	✓	✓	✓	✓
Anthony James (CEO/MD)		✓		✓	✓	✓	✓		✓	✓
Rick Yeates		✓		✓	✓	✓	✓		✓	✓
Justin Wu			✓			✓	✓	✓	✓	✓

The terms of office held by each Director at the date of this Annual Report are set out below.

Name	**Position**	**Date Appointed**
John Fitzgerald	Non-Executive Chairman	25/11/2014
Anthony James	Chief Executive Officer / Managing Director	23/02/2015
Justin Wu	Non-executive Director	01/05/2012
Rick Yeates	Non-executive Director	09/10/2014

Any Director of the Company is entitled to access independent legal, financial or other advice as they consider necessary at the reasonable expense of the Company on any matter connected with the discharge of their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Remuneration & Nomination Committee

The role of a Remuneration Committee is to assist the Board in the effective discharge of its responsibilities, by advising and recommending to the Board matters relating to the remuneration of Directors and Senior Management of the Company. As the whole Board only consisted of a maximum of four members at any one time during the year, the Company has not formed a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on these specific issues.

The Board considers a diverse range of matters related to its role, as set out in the Board Charter including:

- Succession planning;
- Chairman remuneration;
- NED remuneration;
- Short and long-term incentive plans; and
- Executive and Senior Management remuneration.

3. The Board Promotes Ethical and Responsible Decision Making

Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key senior executives of the Company have agreed to keep confidential information received in the course of the exercise of their duties and will not disclose non-public information, except where disclosure is authorised or legally mandated.

Company Code of Conduct

The Company is committed to operating ethically, honestly, responsibly and legally in all its business dealings. Accordingly, the Company requires employees to act in the Company's best interests in a professional, honest and ethical manner and in full compliance with the law, both within and on behalf of the Company.

The Company has an established Code of Conduct (Code) which outlines the behaviour that is expected of employees. The Code governs all the Company's operations and the conduct of Directors, management and employees when they represent the Company.

The Code clearly sets out the process for dealing with complaints or breaches. The Board, senior executives, management and all employees of the Company are committed to implementing this Code and each individual is accountable for such compliance.

A copy of the Code is given to all Directors and senior executives. Appropriate opportunities for training are provided for Directors, senior executives and employees on a regular basis, where applicable.

A copy of this Code is available on the Company's website under "Corporate Governance".

Trading in Company Securities

The Company has adopted a Policy for Trading in Company Securities for the Directors, senior executives and other employees of the Company, which is appropriate for a company whose shares are admitted to trading on the ASX. The Company takes all reasonable steps to ensure compliance by its Directors, senior executives and any other relevant employees.

Certain employees, officers, senior executives and Directors are required to advise the Company Secretary of their intentions prior to undertaking any transaction in the Company's securities. If an employee, officer, senior executive or Director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

The Policy for Trading in Company Securities is available on the Company's website under "Corporate Governance" and has also been lodged with the ASX.

Diversity Policy

The Company has adopted a Diversity Policy and is committed to a corporate culture which embraces diversity when determining the composition of the Board, senior management and employees, including with its recruitment and selection process. The Company's hiring processes ensure that recruitment and selection decisions are based on the principle of merit and a person's skills and qualifications, regardless of their age, gender, nationality, cultural background or any other factor not relevant to the position.

The percentages of female employees in the whole organisation, senior management and the Board are as follows:

Full time equivalent employees:	7
Whole organisation:	14%
Senior Management:	NIL
Board:	NIL

Due to the current size and scale of operations of the Company, the Board has determined that a long term gender diversity objective cannot be set at this stage. The Board is committed to gender equality and plans to improve on the overall company-wide rate as soon as the company is of the size and nature allowing this.

4. The Board Safeguards Integrity in Financial Reporting

Audit Committee

The role of an Audit Committee is to assist the Board in the effective discharge of its responsibilities, by advising and recommending to the Board matters relating to the effectiveness of the control environmental of the Company in areas of operational and balance sheet risk, legal and regulatory compliance and financial reporting. As the whole Board only consisted of a maximum of four members at any one time during the year, the Company has not formed an Audit Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on these specific issues. The responsibilities of the Committee are set out in a formal charter approved by the Board. This Charter is available on the Company's website under "Corporate Governance".

The Board considers a diverse range of matters including:

- Internal controls and compliance procedures;
- External audit;
- Financial controls and reporting; and
- Risk management (economic, environmental and social sustainability).

The Audit Committee Charter and Risk Management Policy address these matters, copies of which are published on the Company's website.

The Directors review the performance and independence of the external auditors on an annual basis and meet with them at least twice during the year. At the time of the half-year review and full-year audit of the Company's financial statements, the external auditor formally presents to the Audit Committee a certificate confirming their independence. At its absolute discretion, the Audit Committee, or its members, may meet outside of a Committee Meeting with the external auditors.

The incumbent external auditor was appointed in 2012 and rotates audit partners on a periodic basis.

5. The Board Makes Timely and Balanced Disclosure

Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements. A copy of the Continuous Disclosure Policy is available on the Company's website under "Corporate Governance".

Commentary on Financial Results

In accordance with ASX Listing Rule 4.10.17, this Annual Report contains a review of the operations of the Company, which is set out in the Directors' Report section of this Annual Report.

6. The Board Respects the Rights of Shareholders

Shareholder Communications

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights, the Company has established a Shareholder Communication Strategy which is available on the Company's website under "Corporate Governance".

All shareholders who elect to, can receive a copy of the Company's Annual Report and both the annual and half yearly reports are posted on the Company's website. Quarterly reports are prepared in accordance with ASX Listing Rules and are also posted on the Company's website. Regular updates on operations are made via ASX releases. All information disclosed to the ASX is posted on the Company's website as soon as possible after it is disclosed to the ASX.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the preparation and content of the audit report.

Where possible, the Company will arrange for advance notification to shareholders of significant group briefings. Presentations to be made at such briefings, which contain information not previously released to shareholders, will be released to shareholders via the ASX and published on the Company's website. The Company will also keep a summary record (for internal use) of the issues discussed at briefings with investors and analysts.

7. The Board Recognises and Manages Risk

The Company recognises the importance of identifying and managing business risks and ensuring appropriate control measures are in place. The Company has established a Risk Management Policy and system for oversight and management of material business risk. The Risk Management Policy was reviewed during the year.

The Company has established a policy for oversight and management of material business risks and a copy of the Risk Management Policy is available on the Company's website under "Corporate Governance".

The Board has implemented the following control framework:

Financial reporting: A comprehensive budget is approved by the Board. Monthly results are reported against budget and revised forecasts are prepared regularly;

Special functional reporting: The Board has identified a number of key areas which are subject to regular reporting to the Board such as safety, environmental, insurance and operational matters; and

Investment appraisal: The Board has set clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements. Capital expenditure and revenue commitments that exceed a delegated authority will require prior Board approval. Procedures have been established to ensure business transactions are properly authorised and executed. Compliance with these procedures may be scrutinised by the external auditor.

The Company endeavours to review its internal control systems annually and where it is not practical to review the internal control system annually, in whole or in part, it will endeavour to review the specific internal control on another basis, e.g. two years.

<u>Management of Material Business Risks</u>

The Management of the Company has designed and implemented the risk management and internal control systems to manage the Company's material business risks. Except for assurances from the Managing Director and Chief Financial Officer in relation to financial reporting risks, the Board has not received a report from management on whether the Company's material business risks are being managed effectively because the Company is in the process of further developing its risk management framework and internal reporting processes given its early stage of development. However, the aim is to implement risk management reporting on a periodic basis and then be in a position to report as to the effectiveness of the Company's management of material business risks going forward.

<u>Attestations by Chief Financial Officer</u>

In accordance with Recommendation 7.3 of the ASX Corporate Governance Principles and Recommendations, the Chief Financial Officer and Managing Director has stated in writing to the Board:

"That:

- the statement given in accordance with section 295A of the *Corporations Act 2001*, 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 in relation to financial reporting risks."

8. The Board Remunerates Fairly and Responsibly

<u>Remuneration & Nomination Committee</u>

The role of a Remuneration Committee is to assist the Board in the effective discharge of its responsibilities, by advising and recommending to the Board matters relating to the remuneration of Directors and Senior Management of the Company. As the whole Board only consisted of a maximum of four members at any one time during the year, the Company has not formed a Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on these specific issues.

The role of the Remuneration & Nomination Committee (Committee) is set out in a formal charter approved by the Board. This Charter is available on the Company's website under "Corporate Governance".

The function of the Committee is to ensure the Board fulfils its corporate governance responsibilities with respect to remuneration by reviewing and making recommendations on the remuneration of Directors and senior executives and making recommendations on employee incentive and equity-based plans.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands that are made on, and the responsibilities of, the Directors. The Board reviews Non-Executive Directors' fees and payments annually and any increase over the Non-Executive Director aggregate fee pool limit is subject to shareholder approval.

The Company does not have any scheme for retirement benefits in place, other than superannuation, for Non-Executive Directors. Superannuation payments are in accordance with the requirements of the Superannuation

Guarantee legislation.

Executive Directors and Senior Executives

As mentioned previously, each member of the executive team has signed a formal employment contract at the time of their appointment, covering a range of matters including their rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description.

Further information to Directors' and senior executives' remuneration is set out in the Directors' Report section of this Annual Report and notes to the financial statements.

No employee of the Company is permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any equity-based remuneration scheme, or otherwise awarded, or which will be offered by the Company in the future.

Details of the Company's remuneration policies are set out in the Remuneration Report in the Directors' Report section of this Annual Report.

Approved by the Board on 7 September 2015.

End of Corporate Governance Statement

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	2	**152**	98
Expenses:			
Administration expenses consisting of:			
Cost of employment		**(488)**	(1,363)
Consultants		**(760)**	(306)
Other admin costs		**(1,003)**	(860)
Depreciation expense		**(543)**	(217)
Stamp duty expense		**(668)**	12,195
Financing costs		**(658)**	-
Interest on stamp duty		**-**	244
Share based payments		**(10)**	724
Reversal of Impairment losses – Trade Receivables	5	**3,807**	-
Exploration assets written off	6	**-**	(28,424)
Loss before income tax		**(171)**	(17,909)
Income tax expense	3	**-**	-
Loss for the year from continuing operations attributable to the owners of Atherton Resources Ltd		**(171)**	(17,909)
Profit/(Loss) after tax for the year from discontinued operations	28	**722**	(11,707)
Profit/(Loss) for the year attributable to the owners of Atherton Resources Ltd		**551**	(29,616)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on available-for-sale financial assets, net of income tax	8	**(60)**	67
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	-
Other comprehensive income/(loss) for the year, net of tax		**(60)**	67
Total comprehensive income/(loss) for the year, net of tax, attributable to the owners of Atherton Resources Ltd		**491**	(29,549)
		Cents	Cents
Earnings per share			
Basic profit/(loss) per share	25	**0.00**	(18.28)
Diluted profit/(loss) per share	25	**0.00**	(18.28)
Earnings per share for continuing operations			
Basic loss per share	25	**(0.00)**	(11.06)
Diluted loss per share	25	**(0.00)**	(11.06)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position
As at 30 June 2015

	Note	2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	4	**2,150**	5,177
Trade and other receivables	5	**111**	95
TOTAL CURRENT ASSETS		**2,261**	5,272
NON-CURRENT ASSETS			
Capitalised exploration expenditure	6	**28,871**	18,923
Plant and equipment	7	**7,281**	193
Investments in listed companies	8	**247**	307
Other non-current assets	4	**2,700**	170
TOTAL NON-CURRENT ASSETS		**39,099**	19,593
TOTAL ASSETS		**41,360**	24,865
CURRENT LIABILITIES			
Trade and other payables	9	**951**	2,239
Interest bearing liabilities	10	**8,030**	-
Provisions	11	**143**	47
TOTAL CURRENT LIABILITIES		**9,124**	2,286
NON-CURRENT LIABILITIES			
Provisions	11	**1,528**	-
TOTAL NON-CURRENT LIABILITIES		**1,528**	-
TOTAL LIABILITIES		**10,652**	2,286
NET ASSETS		**30,708**	22,579
EQUITY			
Share capital	12	**162,791**	155,163
Reserves	13	**3,537**	3,587
Accumulated losses		**(135,620)**	(136,171)
TOTAL EQUITY		**30,708**	22,579

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements

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Consolidated Statement of Changes in Equity
For the year ended 30 June 2015

	Share Capital $'000	Reserves $'000	Accumulated Losses $'000	Total $'000
Balance at 1 July 2013	155,046	4,244	(106,555)	52,735
Transactions with owners in their capacity as owners				
Contributions of equity	117	-	-	117
Capital raising costs	-	-	-	-
Employee share options	-	(724)	-	(724)
Comprehensive income				
Loss after income tax	-	-	(29,616)	(29,616)
Other comprehensive income	-	67	-	67
Balance at 30 June 2014	155,163	3,587	(136,171)	22,579
Balance at 1 July 2014	155,163	3,587	(136,171)	22,579
Transactions with owners in their capacity as owners				
Contributions of equity	7,628	-	-	7,628
Capital raising costs	-	-	-	-
Employee share options	-	10	-	10
Comprehensive income				
Profit/(Loss) after income tax	-	-	551	551
Other comprehensive income	-	(60)	-	(60)
Balance at 30 June 2015	**162,791**	**3,537**	**(135,620)**	**30,708**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements
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Consolidated Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,513)**	(3,205)
R&D tax incentive received (net of costs)		**649**	2,269
Qld stamp duty refunded		**-**	1,199
Interest received		**101**	106
Net cash (used in)/provided by operating activities	15	**(763)**	369
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		**(1,682)**	(890)
Receipts for sale of property, plant & equipment		**49**	-
Payments for acquisition of exploration tenements/rights		**(631)**	-
Receipts for sale of subsidiary		**-**	1,500
Payments for security deposits		**-**	(2)
Net cash (used in)/provided by investing activities		**(2,264)**	608
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash provided by financing activities		**-**	-
Net increase/(decrease) in cash and cash equivalents		**(3,027)**	977
Cash and cash equivalents at the beginning of the year		**5,177**	4,200
Cash and cash equivalents at the end of the year	4	**2,150**	5,177

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

Atherton Resources Ltd (formerly Mungana Goldmines Ltd) is a for-profit listed public company, incorporated and domiciled in Australia.

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

Operations and principal activities
The principal activity of the Group is mineral exploration.

Currency
The financial report is presented in Australian dollars, which is the functional currency of the Group.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Authorisation of financial report
The financial report was authorised for issue on 7 September 2015.

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements have been prepared on a going concern basis; refer to Note 1(y).

Compliance with IFRS
Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Significant accounting policies adopted in the preparation of these consolidated financial statements are presented below and have been consistently applied unless otherwise stated.

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

Significant accounting judgements, estimates and assumptions
The preparation of the Group’s consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes would differ from these estimates if different assumptions were used and different conditions existed.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required, and if actual results were to differ, may materially affect the financial position or financial results reported in future periods. Further information on each of these and how they impact the various accounting policies is located in the relevant notes to the financial statements.

(a) Ore reserve and mineral resource estimates
Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group’s mining properties. The Group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group estimates and reports ore reserves under the principles contained within the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (December 2004), known as the JORC Code, which is prepared by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The JORC Code requires the use of reasonable investment assumptions – including:

- Future production estimates – which include proved and probable reserves, resource estimates and committed expansions;
- Expected future commodity prices, based on current market price, forward prices and the Group's assessment of the long-term average price; and
- Future cash costs of production, capital expenditure and rehabilitation obligations.

Consequently, management will form a view of forecast sales prices, based on current and long-term historical average price trends. For example, if current prices remain above long-term historical averages for an extended period of time, management may assume that lower prices will prevail in the future and as a result, those lower prices are used to estimate reserves under the JORC Code. Lower price assumptions generally result in lower estimates of reserves.

As the economic assumptions used may change and as additional geological information is produced during the operation of a mine, estimates of reserves may change. Such changes may impact the Group's reported financial position and results which include:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position or charged to profit or loss may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change - where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

(b) Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a JORC resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available.

(c) Impairment of assets

The Group assesses each asset or cash generating unit (CGU) every reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves (see Note 1*(a) Ore reserve and mineral resource estimates* above) and operating performance (which includes production and sales volumes) and weighted average on comparable transactions. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Onerous lease provision
A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

(e) Recovery of deferred income tax assets
Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred income tax assets are recognised in the statement of financial position. Deferred income tax assets, including those arising from un-utilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred income tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(f) Rehabilitation provision
Mine rehabilitation costs will be incurred by the Group, either while operating, or at the end of the operating life of the Group's facilities and mine properties. The Group assesses its mine rehabilitation provision at each reporting date. The Group recognises a rehabilitation provision where it has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines and tailings dams; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and revegetating affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold. Additional disturbances or changes in rehabilitation costs are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with AASB 116 *Property, Plant and Equipment*.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets, net of rehabilitation provisions, exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs.

For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates and assumptions

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Accounting policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Atherton Resources Ltd (formerly Mungana Goldmines Ltd) and its subsidiaries (as outlined in Note 17) as at and for the reporting period ended 30 June 2015.

Control of a subsidiary is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (ie existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group have been eliminated in full.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in subsidiaries held by Atherton Resources Ltd (formerly Mungana Goldmines Ltd) are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

(b) Interest in joint arrangements

AASB defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

(i) Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of the revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued

(ii) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group does not have any interests in joint ventures.

(c) Income Tax

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

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

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

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

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

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

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

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

Tax consolidation legislation

Atherton Resources Ltd (formerly Mungana Goldmines Ltd) (ATE) and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, ATE and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, ATE as the head entity 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 by way of an inter-company loan.

The tax consolidated group has entered into a Tax Sharing Agreement which sets out the allocation of income tax liabilities amongst the entities, should the head entity default on its tax payment obligations, and the treatment of entities exiting the tax consolidated group. No amounts have been recognised in the financial statements in respect of this Tax Sharing Agreement as payment of any amounts under this agreement are considered remote.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Plant and Equipment

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

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

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

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

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

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

<u>Depreciation</u>

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

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10%
Computers and Office Equipment	25 - 40%

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

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

(e) Exploration Evaluation and Development Expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the statement of comprehensive income in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration Costs

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Leases

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

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

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

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

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

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

(g) Financial Instruments

Recognition and initial measurement

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

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

Subsequent measurement

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. The EIR amortisation is included in finance costs in the income statement.

Available-for-sale (AFS) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(h) Secured Convertible Note – Derivative Instrument – Liability & Equity

Secured convertible notes are separated into liability and equity components based on the terms of the contract.

On issuance of the secured convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured into subsequent years.

(i) Impairment of Assets

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Employee Benefits

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

Equity-settled compensation

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

No expense is recognised for awards that do not ultimately vest. When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. 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.

(k) Cash and Cash Equivalents

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

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective interest rate method.

(m) Other Receivables

Other Receivables are recorded at amortised cost based on estimated amounts due, less any impairment losses. An impairment loss is established when there is evidence that the Entity may not be able to collect all amounts due according to the original term of receivables.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Entity prior to the end of the financial year, which are unpaid. These amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

(o) Goods and Services Tax (GST)

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share Capital

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

(q) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(r) Comparative figures

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

The comparative figures for 2015 have been prepared for the twelve months to 30 June 2014.

(s) New Accounting Standards and Interpretations

The Group adopted the following new Accounting Standard and Interpretations during the period:

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities*
- Interpretation 21 *Levies*
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (AASB 139)*
- AASB 1031 *Materiality*
- AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 Part A - *Annual Improvements 2010-2012 Cycle*
- AASB 2014-1 Part A - *Annual Improvements 2011-2013 Cycle*
- AASB 2014-Part B *Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)*
- Amendments to AASB 1053 – *Transition to and between Tiers, and related Tier 2 Disclosure Requirements (AASB 1053)*

There were no material impacts on the financial position or performance of the Group arising from the adoption of these new Standards.

(t) New Standards and Interpretations Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. The Group has decided against early adoption of these standards.

AASB 9 Financial Instruments

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are described below.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

(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.

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

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 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015.**

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (AASB 1 & AASB 11)

AASB 2014-3 amends AASB 11 *Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard also makes an editorial correction to AASB 11.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138]

AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

AASB 15 – Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* replaces the existing revenue recognition standards AASB 111 *Construction Contracts*, AASB 118 *Revenue and related Interpretations* (Interpretation 13 *Customer Loyalty Programmes*, Interpretation 15 *Agreements for the Construction of Real Estate*, Interpretation 18 *Transfers of Assets from Customers*, Interpretation 131 *Revenue—Barter Transactions Involving Advertising Services* and Interpretation 1042 *Subscriber Acquisition Costs in the Telecommunications Industry*). AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).

AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:
(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Currently, AASB 15 is effective for annual reporting periods commencing on or after 1 January 2017. Early application is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15**.**

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require:

- a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and .
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB 2014-10 also makes an editorial correction to AASB 10.
AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption is permitted.

AASB 2015-1 – Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

The subjects of the principal amendments to the Standards are set out below:

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations:*
- Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or vice versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

AASB 7 *Financial Instruments: Disclosures:*
- Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 *Disclosure–Offsetting Financial Assets and Financial Liabilities* is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 *Interim Financial Reporting* when its inclusion would be required by the requirements of AASB 134.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 119 *Employee Benefits*:

- Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 *Interim Financial Reporting:*

- Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101)

The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

(u) Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian Dollars (AUD), which is also the parent company's functional currency. Each entity in the Group has a functional currency of Australian Dollars. Transactions in foreign currencies are initially recorded by the Group entities at AUD spot rates at the date the transaction first qualifies for recognition.

(v) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

(w) Non-Current Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale with be withdrawn.

Management must be committed to the sale expected within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is:

- A component of the Group that is a CGU or a group of CGUs;
- Classified as held for sale or already disposed in such a way; or
- A major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss All notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Fair Value Measurement

The Group measures financial assets such as investment in listed companies, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(y) Going Concern

As the Company's assets are in the exploration and evaluation phase, Atherton Resources Ltd (formerly Mungana Goldmines Ltd) is currently non-revenue generating. As such, a major focus of the Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Company has sufficient funds to cover its planned activities and any ongoing obligations.

At 30 June 2015, the Company had $2.2 million in cash and cash equivalents. In addition to these funds, the Company completed a $5 million capital raising in August 2015 and, as announced in May 2015, entered into a joint arrangement with Newcrest Mining Ltd to explore for gold and copper at the Chillagoe Project in North Queensland. The Board is satisfied that the Company's current cash resources are sufficient to fund the Company's minimum expenditure commitment for a period of at least 12 months from the date of signing this report.

In addition to the close management of cash outflows, the Company has significant ability to slow or defer spending on its major activities to ensure it is able to meet its obligations when they fall due, including deferring expenditure on exploration and development activities.

On the basis of the above, the Directors are of the opinion the Company has sufficient funds to meet it debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business.

Accordingly, the financial report has been prepared on a going concern basis and no adjustments have been made relating to the recoverability and classification of recorded amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

	2015 $'000	2014 $'000

NOTE 2 REVENUE

	2015 $'000	2014 $'000
Bank interest received	**93**	98
Other income	**59**	-
	152	98

NOTE 3 INCOME TAX EXPENSE

A reconciliation of income tax expense/(benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the years ended 30 June 2015 and 2014 is as follows:

	2015 $'000	2014 $'000
Accounting profit / (loss) before income tax	**551**	(29,616)
Tax at the Australian tax rate of 30%	**165**	(8,885)
Permanent Differences		
Employee equity benefits	**3**	(217)
Entertainment	**1**	1
Provision for stamp duty liability (penalty component)	**-**	(1,485)
Exploration write-off ∗	**-**	8,222
Non-refundable R&D tax offset (2012)	**(216)**	(931)
Convertible note interest – Tranche A	**197**	-
Movement in unrecognised net DTA		
- Deductions arising from capital raising expenses	**99**	(125)
- Timing differences arising from provisions	**(666)**	(11)
- Capital expenditure	**163**	26
- Provision for stamp duty liability	**-**	(2,174)
- Deductible exploration expenses	**(1,004)**	4,023
- Tax losses not bought to account	**777**	1,556
Derecognised tax losses relating to refundable R&D tax offset	**481**	-
Derecognised tax losses with a limited available fraction	**-**	-
Income tax expense	**-**	-
Unrecognised temporary differences and tax losses		
Equity raising costs charged directly to equity	**-**	87
Exploration Assets	**(7,362)**	(6,358)
Capital expenditure	**187**	26
Provision for stamp duty	**189**	-
Receivables	**-**	1,142
Provisions and Accruals	**503**	27
Refundable carry-forward tax offset	**3,725**	-
Tax losses carried forward	**6,629**	9,577
Net Deferred Tax Asset not recognised	**3,871**	4,501

The total amount of unrecognised tax losses is $22,095,407. There is also a refundable carry-forward tax offset, resulting from the 2013 R&D claim of $3,724,784.

∗ In accordance with *AASB 112 Income Taxes*, an initial difference between the accounting and tax cost base of particular exploration assets at the time of listing was not recognised as a deferred tax liability. With the write-down of exploration assets in 2014, this initial difference has been reduced to nil.

	2015 $'000	2014 $'000

NOTE 4 CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash on hand and at bank	**2,150**	527
Term Deposits	**-**	4,650
	2,150	5,177

ATE has $2.7m (2014: $0.17m) in other non-current assets, being cash held at local banks and Government departments relating to certain rehabilitation provisions and other bonds. These funds are not available to finance the Group's day-to-day operations and therefore have been excluded from cash and cash equivalents.

NOTE 5 TRADE AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Trade receivables	**-**	3,807
Provision for Doubtful Debts	**-**	(3,807)
Other receivables	**111**	95
	111	95

Please refer to Note 19 for details of receivables ageing and receivables which are past due, but not impaired.

Trade receivables in 2014 represents an amount owing from Kagara Ltd (in Liquidation) as per the Deed of Amendment to the Gold Rights Agreement, which was fully provided for in prior periods. During the 2015 year, this amount was settled and the provision was written back to profit.

NOTE 6 EXPLORATION EXPENDITURE

	2015 $'000	2014 $'000
Exploration expenditure capitalised		
Opening balance	**18,923**	62,024
Current year expenditure	**1,907**	1,008
Claw-back of exploration costs through R&D incentive refund	**-**	(2,269)
Acquisition of exploration tenements/rights	**8,041**	-
Write down of assets associated with discontinued operation	**-**	(11,707)
Write down of other exploration assets	**-**	(28,393)
Disposal on sale of subsidiary	**-**	(1,740)
	28,871	18,923

A review of the recoverable amount of each project was completed and no impairment was made.

2014 Impairment:
In assessing whether impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

A review of the recoverable amount of each project was completed, which resulted in the recognition of a $37.8 million non-cash asset impairment. The main classes of assets affected by the impairment relate to mine properties at the Red Dome Mungana project in the North Queensland Chillagoe region and the Tarcoola and Tunkillia projects in South Australia. A further $2.3m impairment was recorded upon classification of Tunkillia Gold Pty Ltd as a discontinued operation (refer Note 28).

The recoverable amount used in assessing the impairment charge described above is fair value less costs to sell. In the case of the Red Dome Mungana project and the Tarcoola and Tunkillia projects, fair value was determined with reference to an independent valuation of the project

NOTE 7 PLANT & EQUIPMENT

	2015 $'000	2014 $'000
Plant and equipment		
At cost	**8,016**	651
Accumulated depreciation	**(735)**	(458)
	7,281	193
Movement in Plant and Equipment		
Opening balance	**193**	437
Additions [(1)]	**7,631**	-
Disposals (wdv)	**-**	(22)
Depreciation	**(543)**	(222)
Closing Balance	**7,281**	193

(1) $7.628m relates to the Chillagoe asset acquisition.

	2015 $'000	2014 $'000

NOTE 8 INVESTMENT IN LISTED COMPANIES

	2015 $'000	2014 $'000
Available-for-sale financial assets		
Opening balance at 1 July 2014	**307**	-
Shares in WPG Resources Ltd received as part consideration for disposal of Tunkillia Gold Pty Ltd (7,500,000 shares at $0.032 per share)	**-**	240
Re-measurement (net of income tax effect) recognised in other comprehensive income	**(60)**	67
Closing balance at 30 June 2015	**247**	307

Available-for-sale financial assets are carried at fair value. The fair value of available-for-sale financial assets is derived from quoted market prices in active markets (Level 1 input). These shares were sold subsequent to year end.

NOTE 9 TRADE & OTHER PAYABLES

	2015 $'000	2014 $'000
Trade payables[(1)]	**335**	2,130
Other payables and accrued expenses	**616**	109
	951	2,239

[(1)] 2014 Includes balance owing to Kagara Ltd (in Liquidation) of $2,111,256, which was settled during the 2015 year.

NOTE 10 INTEREST BEARING LIABILITIES

	2015 $'000	2014 $'000
Convertible notes at face value	**7,500**	-
Interest accrued on CN since 31 July 2014	**530**	-
	8,030	-

On 31 July 2014, ATE acquired the Chillagoe assets in North Queensland from KZL and MPL. Consideration was in the form of two Secured Convertible Note instruments (SCN) for $7.5 million each. Interest on the SCNs is at 7.5%, payable in cash or shares at the option of ATE. The first instrument was convertible on payment of the stamp duty on the Chillagoe transaction. Stamp duty was paid and the first instrument plus accrued interest was converted on 7 November 2014. This resulted in the issue of 76.28 million shares to KZL and MPL.

The balance remaining in Interest bearing liabilities is the second instrument and its accrued interest. This instrument is convertible at the holders' election at 20 cents at any time up to five years from the date of issue of the instrument. Should the holder elect to convert the instrument within this timeframe, ATE has the option to settle the interest bearing liability for cash or shares. At 30 June 2015 the fair value of the convertible note is considered to approximate its carrying value. The fair value of the secured convertible notes was derived from considering interest rates from comparable facilities (Level 3 input).

NOTE 11 PROVISIONS

	2015 $'000	2014 $'000
Current Provisions		
Employee benefits	**35**	47
Onerous operating lease	**109**	-
	143	47
Non-Current Provisions		
Rehabilitation [(1)]	**1,528**	-
	1,528	-

(1) The rehabilitation provision arose as part of the acquisition of the Chillagoe assets. The timing of settlement of this obligation cannot be established with any certainty.

	2015 $'000	2014 $'000
NOTE 12 SHARE CAPITAL		
Fully paid ordinary shares	**162,791**	155,163

Ordinary Shares

	2015 $'000	2014 $'000	2015 Number	2014 Number
At the beginning of the year	**155,163**	155,046	**164,623,938**	160,676,936
Share issue[(1)]	**7,628**	117	**76,283,233**	3,947,002
Share issue (expenses)/refund	**-**	-	**-**	-
At reporting date	**162,791**	155,163	**240,907,171**	164,623,938

[(1)] On 7 November 2014, 76,283,233 fully paid shares at $0.10 per share were allotted to Kagara Ltd (in Liquidation) and Mungana Pty Ltd (in Liquidation) after they exercised their right to convert the Convertible Note issued as part of the purchase of the Chillagoe assets in North Qld.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2015 $'000	2014 $'000
NOTE 13 RESERVES		
Share based payment reserve	**3,530**	3,520
Available for sale reserve (refer to Note 8)	**7**	67
	3,537	3,587
Share based payment reserve movements during the year		
Opening balance	**3,520**	4,244
Share based payments	**10**	(724)
Closing balance	**3,530**	3,520

The share based payments reserve is used to record the value of share based payments provided to Directors, employees and consultants as part of their remuneration.

Available for sale reserve movements during the year		
Opening balance	**67**	-
Fair value adjustment on shares in listed companies	**(60)**	67
Closing balance	**7**	67

The available for sale reserve is used to record the revaluation to market value of the investments in listed companies held by the Group.

NOTE 14 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the year. There are no franking credits available to the shareholders of the Company.

NOTE 15 CASH FLOW INFORMATION

Reconciliation of cash flows used in operations with loss after income tax

	2015 $'000	2014 $'000
Profit / (Loss) after income tax	**551**	(29,616)
Non-cash items in loss after income tax		
Depreciation expense	**543**	217
Depreciation capitalised to exploration	**-**	5
Share based payments expense	**10**	(724)
Exploration asset write off	**-**	40,090
Payments for acquisitions of property, plant and equipment	**629**	-
Loss on disposal of property, plant and equipment	**-**	11
Movements in assets and liabilities		
Trade and other receivables	**(253)**	2,330
Trade payables and accruals	**1,468**	(165)
Provision for OSR liability	**-**	(11,740)
Other provisions	**(3,711)**	(39)
Cash flow from operations	**(763)**	369

Reconciliation of cash

Cash at the end of the financial year as shown in the statements of cash flows is reconciled to items in the Statement of Financial Position as follows:

	2015 $'000	2014 $'000
Cash on hand and at bank	**2,150**	527
Term Deposits	**-**	4,650
Cash and cash equivalents	**2,150**	5,177

NOTE 16 SHARE BASED PAYMENTS

Movements in options on issue

	2015		2014	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
		$		$
Outstanding at beginning of year	**1,450,000**	**2.01**	10,650,000	1.97
Granted	**-**	**-**	-	-
Forfeited	**(1,200,000)**	**2.02**	(9,200,000)	1.96
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at year-end	**250,000**	**2.00**	1,450,000	2.01
Exercisable at year-end	**250,000**	**2.00**	1,050,000	1.83

The weighted average fair value of the options granted during the 2013 year was $0.12. No options were issued in 2014 or 2015.

The options outstanding at year end have a weighted average remaining life of 0.38 years (2014: 1.28 years).

NOTE 16 SHARE BASED PAYMENTS (continued)

	Grant date	No. of Options	Option fair value at grant date $	Exercise price per option $	Total value of options $	Expiry date	Vesting and First exercise date	% of options vested
Directors								
J Fitzgerald	17/11/2010	250,000	0.4281	2.00	107,025	17/11/2015	17/11/2012	100
Key Management Personnel								
B Ludik	1/10/2010	400,000	0.4947	1.55	197,880	1/10/2015	1/10/2012	100
	1/10/2010	400,000	0.4402	2.00	176,080	1/10/2015	1/10/2013	100
	1/10/2010	400,000	0.3927	2.50	157,080	1/10/2015	1/10/2014	100
Totals		**1,450,000**			**638,065**			

Throughout the year an additional 400,000 (2014: 1,200,000) options vested to various staff and board members. All other remuneration options will vest in future years, subject to the recipient's services still being engaged by the Company at the vesting dates.

No options were issued during the year and 1,200,000 options were forfeited as Directors and staff ceased employment with the Company.

NOTE 17 RELATED PARTY AND KEY MANAGEMENT PERSONNEL

The consolidated financial statements include the financial statements of Atherton Resources Ltd and the subsidiaries listed in the following table:

	Country of Incorporation	% Equity Interest 2015	2014
Nyngan Gold Pty Ltd	Australia	**100%**	100%
Vision Exploration Pty Ltd	Australia	**100%**	100%
Twilight Exploration Pty Ltd	Australia	**100%**	100%
Thesaurus Exploration Pty Ltd	Australia	**100%**	100%

Intercompany loans between Group members are listed below:

Party	Counter-party	Receivable 2015 $'000	Payable 2015 $'000	Receivable 2014 $'000	Payable 2014 $'000
Atherton Resources Ltd	Nyngan Gold Pty Ltd	**102**		102	
Nyngan Gold Pty Ltd	Atherton Resources Ltd		**102**		102

Parent and ultimate controlling party

The parent entity and ultimate controlling entity is Kagara Ltd (in Liquidation) which is incorporated in Australia.

Key management personnel compensation

Key management personnel comprise Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	2015 $	2014 $
Summary		
Short-term employee benefits	**564,494**	721,492
Termination benefits	**72,016**	527,421
Post-employment benefits	**52,784**	76,636
Share-based payments	**9,811**	175,411
	699,105	1,500,960

NOTE 17 RELATED PARTY AND KEY MANAGEMENT PERSONNEL (continued)

Director/Key Management Personnel share holdings (number of shares)

2015	Opening Balance	Granted as remuneration	On Exercise of Options	Net Change Other	Closing Balance
Total	**277,413**	**-**	**-**	**(250,270)**	**27,143**

2014	Opening Balance	Granted as remuneration	On Exercise of Options	Net Change Other	Closing Balance
Total	299,286	-	-	(21,873)	277,413

Amounts owed to Key Management Personnel

No amounts are owed to Key Management Personnel as at the end of the period (2014: Nil).

Transactions with Director related parties

- The Company is currently renting an office in Perth from Middle Island Resources Ltd at normal commercial rates. Rick Yeates is a director of Middle Island Resources Ltd.
- John Fitzgerald is a Director of and has a beneficial interest in Optimum Capital Pty Ltd, which provided advisory services to the Company at normal commercial rates. Fees charged totalled $19,000.

NOTE 18 INTERESTS IN JOINT ARRANGEMENTS

Interests in joint operations

On 25 May 2015, the Company entered into a joint arrangement with Newcrest Mining Ltd (Newcrest) to explore for gold-copper at the Chillagoe Project in North Queensland.

The key focus for Newcrest is to explore for large gold-copper porphyry deposits. The prospectivity for this style of mineralisation is evidenced by the Red Dome deposit, which historically produced 1Moz of gold, 4.3Moz of silver and 35,000t of copper from an open pit.

The Newcrest Agreement broadly provides for the following three stages:

- **Stage 1** – Newcrest is required to spend a minimum of $3 million on exploration over the first 18 months in an exploration area which excludes specific areas nominated by Atherton (**Exploration Area**). The excluded areas includes the existing King Vol base metal resources, access, processing and infrastructure facilities located at the Mungana mine site, the Mungana and Red Dome deposits, the Red Cap prospect and new areas of mineral resources identified by Atherton at Red Cap during Stage 1 (**Exclusion Area**). This gives Atherton time to conduct exploration activities to further define the Red Cap prospect area.
- **Stage 2** – If Newcrest satisfies the Stage 1 expenditure requirements, it may elect to execute an agreed form of farm-in agreement, under which it has the right, but not an obligation, to spend a minimum of $17 million on exploration in the Exploration Area over 78 months (subject to a minimum expenditure requirement of $2 million per annum). Newcrest may terminate this agreement at any time provided it complies with specific rehabilitation obligations in relation to its activities.
- **Stage 3** – If Newcrest satisfies the Stage 2 expenditure requirements and identifies Mineral Resources of at least 1Moz of gold or gold equivalent in the Exploration Area, it may elect to acquire a 70% legal and beneficial interest in the Exploration Area by executing an agreed form of joint venture agreement under which an unincorporated joint venture is formed with Newcrest acting as manager. The consequences of non-payment of called sums included suspended voting rights, dilution, a right to purchase the defaulting party’s JV interest at 90% of the interest’s fair market value, vesting the JV manager with the right of sale of the defaulting party’s product, and the ability to enforce a cross security in specified circumstances

If Newcrest does not exercise its options to enter into the farm-in and the joint venture, Atherton will retain:
- Its interest in the exploration area; and
- Any exploration data/knowledge obtained during the exploration commitment period and any farm-in period.

NOTE 18 INTERESTS IN JOINT ARRANGEMENTS (continued)

Summarised financial statement information for the Group's share of joint operations is disclosed below:

	2015 $'000	2014 $'000
NON-CURRENT ASSETS		
Capitalised exploration expenditure	**-**	-

NOTE 19 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The main risk arising from the financial instruments is interest rate risk.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(a) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. There is no collateral held as security at 30 June 2015.

Credit risk is reviewed regularly by the Board. It arises from exposure to customers as well as through deposits with financial institutions.

The Group does not have any material credit risk exposure to any single debtor or company of debtors under financial instruments entered into by the Group, other than already provided for.

Maximum exposure to credit risk

	Note	2015 $'000	2014 $'000
Cash and cash equivalents	4	**2,150**	5,177
Trade and other receivables	5	**111**	95
		2,261	5,272

Ageing and impairment of receivables

	2015 $'000	2014 $'000
Not past due	**111**	95
Past due 30-90 days	**-**	-
Past due >90 days	**-**	3,807
Impairment	**-**	(3,807)
	111	95

In 2014, Trade receivables represents an amount owing from Kagara Ltd (in Liquidation) as per the Deed of Amendment to the Gold Rights Agreement, which was fully provided for in prior periods. During the 2015 year, this receivable was settled and the provision was reversed back to profit.

Credit risk - Cash and cash equivalents

The credit quality of financial assets that are neither past due nor impaired is considered strong. The counterparties to these financial assets are large financial institutions with strong credit ratings.

NOTE 19 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due.

Liquidity risk is reviewed regularly by the Board.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are maintained. The Group did not have any financing facilities available at balance date. Refer to note 1(y).

The tables below reflect the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2015. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities for financial liabilities are:

2015	Notes	Less than 3 months $'000	3 to 12 months $'000	Total $'000
Trade and other payables	9	**951**	**-**	**951**
Secured Convertible Note	10	**-**	**8,030**	**8,030**
		951	**8,030**	**8,981**

2014	Notes	Less than 3 months $'000	3 to 12 months $'000	Total $'000
Trade and other payables [(1)]	9	2,239	-	2,239
		2,239	-	2,239

(1) Includes balance owing to Kagara Ltd (in Liquidation) of $2,111,256, which was settled during the 2015 year.

(c) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Group's interest rate exposure under financial instruments is minimal as it does not currently have any interest bearing financial liabilities.

Interest rates over the 12 month period were analysed and sensitivity determined to show the effect on profit and equity after tax if the interest rates at reporting date had been 100 basis points higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At 30 June 2015, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
Judgments of reasonably possible movements:	2015 $'000	2014 $'000	2015 $'000	2014 $'000
+1.00% (100 basis points)	**18**	5	**18**	5
-1.00% (100 basis points)	**(18)**	(5)	**(18)**	(5)

NOTE 19 FINANCIAL RISK MANAGEMENT (continued)

(d) Capital Risk Management

When managing capital, the Directors' objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Company may seek to issue new shares.

Consistent with other exploration companies, the Company monitors capital on the basis of forecast exploration and development expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. The Company has no minimum capital requirement.

(e) Net Fair Values

With the exception of available-for-sale financial assets, the carrying amounts of the Group's financial instruments are a reasonable approximation of the fair values due to their short term maturities. The fair value of available-for-sale financial assets is disclosed in Note 8.

NOTE 20 COMMITMENTS

	2015 $'000	2014 $'000
Operating leases		
Minimum lease payments:		
Payable within one year	**24**	190
Payable between one year and five years	**3**	269
Total contracted at balance date	**27**	459

The minimum future payments above relate to non-cancellable operating leases for offices and office equipment.

Future exploration

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

	2015 $'000	2014 $'000
Exploration obligations to be undertaken:		
Payable within one year	**1,937**	800
Payable between one year and five years	**-**	-
	1,937	800

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements or to meet expenditure requirements by joint venture or farm in agreements.

NOTE 21 CONTINGENT CONSIDERATION

On 29 May 2014, ATE (formerly MUX) sold its subsidiary Tunkillia Gold Pty Ltd to WPG Resources Ltd. WPG is required to pay additional consideration of up to $1,000,000 in a number of stages, contingent upon achievement of certain milestones relating to the continued exploration, evaluation and potential development of the Tunkillia and Tarcoola projects by WPG as detailed below:

Amount	Trigger Event
$250,000 (in cash or WPG shares, at WPG's election)	The date on which there is established pursuant to the JORC Code a probable ore reserve of 100,000oz or more of gold within the Exclusive Area (Tarcoola) in addition to the JORC compliant resource identified within the Exclusive Area at the Commencement Date.
$250,000 (in cash)	The earlier of the commencement of mine construction and mining operations in any part of the Exclusive Area (Tarcoola).
$500,000 (in cash or WPG shares, at WPG's election)	The earlier of the commencement of mine construction and mining operations on MC 4347 (Tunkillia) or the area of any tenement succeeding or replacing MC 4347 which overlaps MC 4347.

NOTE 21 CONTINGENT CONSIDERATION (continued)

Additionally, in the event production commences, ATE is entitled to receive from WPG a net smelter return royalty for attributable gold and silver produced from the Mineral Claim (MC 4347) area within the Tunkillia Gold Project, based on the following sliding scale:

- Gold Price per ounce < US$1,750 1.00% NSR
- Gold Price per ounce US$1,750 to US$2,000 1.25% NSR
- Gold Price per ounce US$2,000 or higher 1.50% NSR

The Group has not recognised this contingent consideration in the financial statements.

NOTE 22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at 30 June 2015 that require disclosure in the financial report.

NOTE 23 SEGMENT REPORTING

Reportable Segments

The Group operates in one segment, being the exploration, development and production of minerals. All of the Group's areas of operation are currently located in Australia.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors (chief operating decision maker) in order to allocate resources to the segment and assess its performance. The financial information presented in the statements of comprehensive income and financial position is the same as that presented to the chief operating decision maker.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief operating decision maker are in accordance with the entity's accounting policies.

NOTE 24 AUDITOR'S REMUNERATION

	2015 $	2014 $
Auditing and reviewing the financial reports	**46,000**	39,421
Other services	**-**	-
	46,000	39,421

NOTE 25 EARNINGS PER SHARE

	2015 $'000	2014 $'000
The following reflects the income and share data used in the EPS computations		
Profit/(loss) attributable to the ordinary equity holders of the Parent:		
Continuing operations	**(171)**	(17,909)
Discontinued operations	**722**	(11,707)
Profit attributable to the ordinary equity holders of Atherton Resources Ltd for basic earnings	**551**	(29,616)
Interest on secured convertible notes*	**530**	-
Profit/(loss) attributable to owners of Atherton Resources Ltd adjusted for effect of dilution	**1,081**	(29,616)

	2015 Number	2014 Number
Weighted average number of ordinary shares for basic EPS	**213,737,800**	161,990,194
Effects of dilution from secured convertible notes*	**37,500,000**	-
Weighted average number of ordinary shares outstanding during the year used in calculating EPS and dilutive EPS	**251,237,800**	161,990,194

* Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the secured convertible notes) by the sum of the weighted average number of ordinary shares outstanding during the year and the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential shares into ordinary shares.

To calculate the EPS amounts for discontinued operation (Note 28), the weighted average number of ordinary shares for both basic and diluted EPS is as per the table above.

NOTE 26 EVENTS AFTER BALANCE DATE

Change of company name

On 31 July 2015, the Company held a General Meeting to vote on a name change to Atherton Resources Limited. The name change will reflect the new direction of the Company as it seeks to develop the King Vol zinc deposit. The name change took effect on the Australian Securities Exchange on 7 August 2015. The new ASX code is ATE.

Capital Raising

At the same General Meeting, shareholders approved an issue of up to 36,136,000 shares at an issue price of $0.14 to institutional, professional and sophisticated investors, including 714,286 shares each to the Chairman, Mr John Fitzgerald and the Managing Director, Mr Anthony James and 178,571 shares to Non-executive Director, Mr Rick Yeates.

Performance Rights Plan

The Company's Performance Rights Plan was also approved, granting 13.7m performance rights, comprising 7.2m Performance Rights to Mr Anthony James, 1.5m to Mr John Fitzgerald and 5m to Mr Chris Newman. The Board is of the view that the issue of Performance Rights under the plan is the most effective means of incentivising eligible participants to achieve the Company's strategy, as the conditions to the vesting of the Performance Rights can be aligned with the steps required to achieve that strategy.

Takeover Bid

As disclosed in the Directors' Report, the Company was subject to a takeover offer from Auctus. Auctus increased the offer to $0.17, cash per share for 100% of the Company's shares (Conditionally Revised Offer) (ASX: 17 July 2015).

The Liquidators advised ATE that the Conditionally Revised Offer would not be accepted on behalf of Kagara Ltd (in Liquidation) and Mungana Pty Ltd (in Liquidation).

On 23 July 2015, following Auctus' revised offer of $0.17 per share, the Directors unanimously recommended that all shareholders reject the Conditionally Revised Offer.

The Company announced on 27 July 2015 that the Auctus takeover offer was unsuccessful.

Payment of Interest on Tranche B SCN

On 7 August 2015, the Company issued 2,648,215 ordinary shares for the payment of interest on the tranche B convertible notes held by Kagara Ltd (in Liquidation) (KZL) and Mungana Pty Ltd (in Liquidation) (MPL), which were issued to them as part of the consideration for the assets acquired by the Company from KZL and MPL (the Notes). The issue of the Notes was approved by members at the general meeting held 24 July 2014. The Company issued 957,950 shares in satisfaction of accrued interest on Notes held by KZL and 1,690,265 shares in satisfaction of accrued interest on Notes held by MPL.

NOTE 27 INFORMATION RELATING TO ATHERTON RESOURCES Limited (formerly MUNGANA GOLDMINES LTD) ("the parent entity")

	2015 $'000	2014 $'000
CURRENT ASSETS		
Cash and cash equivalents	**2,150**	5,177
Trade and other receivables	**111**	95
TOTAL CURRENT ASSETS	**2,261**	5,272
NON-CURRENT ASSETS		
Capitalised exploration expenditure	**28,871**	18,923
Plant and equipment	**7,281**	193
Investment in subsidiaries	**-**	-
Investment in listed companies	**248**	307
Intercompany receivables	**102**	102
Other non-current assets	**2,699**	171
TOTAL NON-CURRENT ASSETS	**39,201**	19,696
TOTAL ASSETS	**41,462**	24,968
CURRENT LIABILITIES		
Trade and other payables	**950**	2,239
Interest bearing liabilities	**8,030**	-
Provisions	**1,671**	47
TOTAL CURRENT LIABILITIES	**10,651**	2,286
TOTAL LIABILITIES	**10,651**	2,286
NET ASSETS	**30,811**	22,682
EQUITY		
Share capital	**162,791**	155,163
Reserves	**3,537**	3,587
Accumulated losses	**(135,517)**	(136,068)
TOTAL EQUITY	**30,811**	22,682
Profit or loss of the parent entity	**551**	(29,530)
Total comprehensive income of the parent entity	**491**	(29,463)

NOTE 27 INFORMATION RELATING TO ATHERTON RESOURCES LTD (formerly MUNGANA GOLDMINES LIMITED) ("the parent entity") (continued)

Operating leases

All operating leases for the Group, mentioned in Note 20, are operated by Atherton Resources Ltd (formerly Mungana Goldmines Ltd) ("the parent entity").

Future exploration

Atherton Resources Ltd's (formerly Mungana Goldmines Ltd) portion of the future exploration commitments payable within one year, as mentioned in Note 20 is $1,937,458 (2014: $800,311).

Contingent liabilities and contingent assets

Atherton Resources Ltd (formerly Mungana Goldmines Ltd) had no contingent liabilities and contingent assets as disclosed in Note 22 at 30 June 2015.

NOTE 28 DISCONTINUED OPERATION

On 2 April 2014, the Group publicly announced that it had entered into a binding term sheet with WPG Resources Ltd (WPG), which granted WPG an option to purchase all of the issued capital of ATE's 100% owned subsidiary Tunkillia Gold Pty Ltd. This subsidiary held the Group's interests in the Tunkillia and Tarcoola Gold Projects in South Australia. Upon this announcement, Tunkillia Gold Pty Ltd was classified as a disposal group held for sale and as a discontinued operation.

On 29 May 2014, the sale transaction completed with WPG acquiring 100% of the issued capital of Tunkillia Gold Pty Ltd for total consideration of $1,740,000 comprising $1,500,000 cash and 7,500,000 shares in WPG (subject to voluntary escrow for 12 months from the date of completion) at $0.032 per share.

WPG is required to pay additional consideration of up to $1,000,000 in a number of stages, contingent upon achievement of certain milestones relating to the continued exploration, evaluation and potential development of the Tunkillia and Tarcoola projects by WPG.

Additionally, in the event production commences, ATE is entitled to receive from WPG a net smelter return royalty for attributable gold and silver produced from the Mineral Claim (MC 4347) area within the Tunkillia gold project.

The Group has not recognised any contingent consideration receivable from WPG Resources Ltd.

Write-down of capitalised exploration expenditure

Upon classification of Tunkillia Gold Pty Ltd as a discontinued operation, a write-down of $2,320,000 was recognised to reduce the carrying amount of the assets in the disposal group to their fair value less costs of disposal, which was estimated with reference to the transaction consideration outlined in the binding term sheet. This write-down was recognised in the statement of comprehensive income within the Loss after tax for the year from discontinued operations line item.

This write-down was in addition to a $9,387,000 impairment of the Tunkillia and Tarcoola projects recognised during the half-year ended 31 December 2013. The recoverable amount of the Tunkillia and Tarcoola projects used in assessing this impairment charge was fair value less costs of disposal, determined with reference to an independent valuation of the projects.

Results and cash flows of discontinued operation

In May 2015, Atherton Resources Ltd received $722k Research & Development incentive from the ATO, which related to this discontinued operation (2014: $11.7m impairment charges).

Assets and liabilities

The carrying amounts of Tunkillia Gold Pty Ltd's assets and liabilities at the date of disposal were as follows:

	2015 $'000	2014 $'000
Cash and cash equivalents	-	-
Capitalised exploration expenditure	-	1,740
Plant and equipment	-	16
Trade and other payables	-	-
Net assets of subsidiary disposed	-	1,756

NOTE 28 DISCONTINUED OPERATION (continued)

Cash flows upon disposal

A reconciliation of the disposal consideration to the statement of cash flows is shown below:

	2015 $'000	2014 $'000
Total disposal consideration	**-**	1,740
WPG shares received	**-**	(240)
Cash consideration received	**-**	1,500
Cash and cash equivalents disposed of	**-**	-
Cash inflow on disposal	**-**	1,500

Earnings per share from discontinued operation

	2015 Cents	2014 Cents
Basic profit/(loss) per share	**0.00**	(7.23)
Diluted profit/(loss) per share	**0.00**	(7.23)

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the attached financial statements and notes as set out on pages 32 to 65 are in accordance with the *Corporations Act 2001*, including:

- (i) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1; 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.

The Directors have been given the declaration by the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

J FITZGERALD
CHAIRMAN
Perth, Western Australia
7 September 2015

Independent auditor's report to the members of Atherton Resources Ltd (formerly Mungana Goldmines Ltd)

Report on the financial report

We have audited the accompanying financial report of Atherton Resources Ltd (formerly Mungana Goldmines Ltd), which comprises the consolidated statement of financial position as at 30 June 2015, 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 1, 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. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Atherton Resources Ltd (formerly Mungana Goldmines Ltd), 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 2015 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 30 June 2015. 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 Atherton Resources Ltd (formerly Mungana Goldmines Ltd), for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
7 September 2015

ADDITIONAL STOCK EXCHANGE 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 2 September 2015.

(a) Distribution of equity securities

ATE – Ordinary Fully Paid Shares

Number of Securities Held	No's of holders
100,001 and Over	78
50,001 to 100,000	40
10,001 to 50,000	176
5,001 to 10,000	126
1,001 to 5,000	336
1 to 1,000	164
	920

Number of shareholders holding less than a marketable parcel of shares	**380**

(b) Twenty largest holders

ATE – Ordinary Fully Paid Shares

No.	Name of Shareholder	Holding	% Held
1	MUNGANA PTY LTD	147,926,253	52.89
2	KAGARA PTY LTD	28,552,138	10.21
3	GHG MUNGANA CO LTD	25,120,000	8.98
4	UOB KAY HIAN PRIVATE LIMITED	13,564,786	4.85
5	UBS NOMINEES PTY LTD	5,769,442	2.06
6	GWYNVILL TRADING PTY LTD	5,000,000	1.79
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,770,167	1.71
8	MINOTAUR RESOURCES INVESTMENTS PTY LTD	3,076,923	1.10
9	PERSHING AUSTRALIA NOMINEES PTY LTD	2,885,983	1.03
10	BT PORTFOLIO SERVICES LIMITED	2,142,858	0.77
10	MONTAGUE HOLDINGS (INT) PTY LTD	2,142,858	0.77
11	LOW IMPACT DIAMOND DRILLING SPECIALISTS PTY LTD	1,976,453	0.71
12	BNP PARIBAS NOMS (NZ) LTD	1,785,715	0.64
13	MR CRAIG GRAEME CHAPMAN	1,428,572	0.51
13	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,428,572	0.51
14	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,274,370	0.46
15	PARKRANGE NOMINEES PTY LTD	1,178,950	0.42
16	HENDERSON INTERNATIONAL PTY LTD	1,071,430	0.38
17	BERNE NO 132 NOMINEES PTY LTD	850,000	0.30
18	COLENEW PTY LIMITED	750,000	0.27
19	MR ANTHONY PAUL JAMES	714,286	0.26
19	PAUL ARMSTRONG	714,286	0.26
19	REDLAND PLAINS PTY LTD	714,286	0.26
19	BRAHMA FINANCE BVI LIMITED	714,286	0.26
20	FINANCE ASSOCIATES PTY LTD	700,000	0.25
	Total	**256,252,614**	**91.62%**
	Balance of Register	**23,438,772**	**8.38%**
	Total Issued Shares	**279,691,386**	**100.00%**

(c) Substantial Shareholder Notices Received as at 7 September 2015

Name of Holder	Date of becoming Substantial Holder	Shares Notified
Prosperity Steel United Singapore Pte Ltd	08/06/2010	13,000,000
Guangdong Guangxin Holdings Group Ltd	26/04/2012	25,120,000
Kagara Ltd & Associates (in Liquidation)	07/11/2014	176,478,391
Auctus Chillagoe Pty Ltd	29/04/2015	0

(d) Voting Rights

All fully paid ordinary shares carry one vote per share without restriction.

(e) Interests in Exploration Tenements

Atherton Resources Ltd held the following interests in mining and exploration tenements as at 2 September 2015:

Type	Project	Grant / Application Date	Expiry Date	Status
Queensland				
Exploration Permit	EPM 25875 Chillagoe North	11 August 2015	10 August 2018	Granted
Exploration Permit	EPM 25873 Chillagoe South	19 August 2015	18 August 2018	Granted
Exploration Permit	EPM 25132-Liontown 1	25 November 2013	24 November 2018	Granted
Exploration Permit	EPM 25133-Liontown 2	28 November 2013	27 November 2018	Granted
Exploration Permit	EPM 25134-Liontown 3	20 November 2013	19 November 2018	Granted
Exploration Permit	EPM 25135-Liontown 4	20 November 2013	19 November 2018	Granted
Exploration Permit	EPM 25148-Liontown 5	25 November 2013	24 November 2018	Granted
Exploration Permit	EPM 25270-Liontown 6	8 April 2014	7 April 2019	Granted
Exploration Permit	EPM 25271-Liontown 7	8 April 2014	7 April 2019	Granted
Exploration Permit	EPM 25437-Liontown 8	04 July 2014	03 July 2019	Granted
Exploration Permit	EPM 25680 Liontown 9	02 April 2015	01 April 2020	Granted
Mining Lease	ML 20640	22 September 2011	30 September 2029	Granted
Mining Lease	ML 20658	31 July 2015		Granted
Mining Lease	ML 4798	17 January 1974	31 January 2019	Granted
Mining Lease	ML 4910	25 October 1973	31 October 2023	Granted
Mining Lease	ML 4911	31 January 1974	31 January 2019	Granted
Mining Lease	ML 4921	21 March 1974	31 March 2024	Granted
Mining Lease	ML 4928	30 January 1975	31 March 2028	Granted
Mining Lease	ML 4977	09 November 1978	30 November 2019	Granted
Mining Lease	ML 5176	31 October 1985	31 October 2027	Granted
Mining Lease	ML 5319	12 June 2013	31 March 2028	Granted