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ELYSIUM RESOURCES LIMITED

ABN 45 115 593 005

ANNUAL REPORT

30 June 2014



CORPORATE DIRECTORY

Directors

Michael D Tilley
Max Carling
Mark Ohlsson
Neb Zurkic

Company Secretary

Mark Ohlsson

Registered Office

Level 7, 3 Spring Street
Sydney NSW Australia 2000
Ph: 61 2 9247 7744

Head Office

Level 7, 3 Spring Street
Sydney NSW 2000
Ph: 61 2 9247 7744

Country of Incorporation

Elysium Resources Limited is domiciled and incorporated in Australia.

Stock Exchange Listing

Elysium Resources Limited is listed on the Australian Securities Exchange.
ASX Code EYM

Auditors

HLB Mann Judd
Level 19
207 Kent Street
Sydney NSW 2000

Solicitors

M+K Lawyers
Level 21
20 Bond Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
2/45 St Georges Terrace
PERTH WA 6000

Website address

<http://www.elysiumresources.com.au>

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Elysium Resources Limited (Group or Consolidated Entity) and the entities it controlled at the end of or during the year ended 30 June 2014.

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report.

MICHAEL D TILLEY BA FCA (Appointed 18 February 2013)
Non-Executive Director

Michael Tilley is the Chairman and a founding director of Terrain Capital Limited. He has worked in the accounting and finance industries for more than 40 years and he has a broad range of senior advisory and project management experience in all facets of corporate finance. Michael is or has previously served as Director of Yarra Valley Water Limited, a member of Vision Super Pty Ltd and the Industry Fund Management Pty Ltd Investor Advisory Board. Michael has also served on the boards of a number of exploration and mining companies during his long career and was a director of North Queensland Metals 2006-2010.

Mr Tilley indirectly holds an interest in 15,775,000 ordinary shares and 16,250,000 unlisted options in Elysium Resources Limited.

MAXIM CARLING BCom BA (Appointed 18 February 2013)
Executive Director

Maxim Carling is the founding partner of Carling Capital Partners, the holder of AFSL No 279022. Max has over 33 years' experience in corporate finance and has advised a diverse range of companies in the mining industry during his career. He has successfully managed the structuring and raising of capital from early stage to advanced project finance and has advised extensively in the area of mergers and acquisitions. Max is a director of a number of private companies and has served on ASX listed resource company boards.

Mr Carling indirectly holds an interest in 47,543,646 ordinary shares and 43,500,000 unlisted options in Elysium Resources Limited.

MARK OHLSSON FCPA (Appointed 18 February 2013)
Non-Executive Director

Mark Ohlsson has been involved in business management and the venture capital industry for more than 35 years. His particular expertise is in assessing venture capital and business proposals, all aspects of contractual negotiations together with finance and management reporting requirements. His experience spans a wide range of industries and activities which includes a number of appointments as Company Secretary of ASX listed companies. He is a Fellow of CPA Australia and a Registered Tax Agent.

Mr Ohlsson indirectly holds an interest in 12,250,000 unlisted options in Elysium Resources Limited.

NEB ZURKIC (Appointed 6 June 2014)
Executive Director

Mr Zurkic is a graduate of RMIT University, with a Bachelor of Applied Science in Geology and holds a Masters in Mineral and Energy Economics from Macquarie University. He is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and a Registered Professional Geoscientist member of the Australian Institute of Geoscientists. Mr Zurkic has held a variety of senior management and executive level positions at both small and large mineral resource companies with interests in Australia, South America, SE Asia and Africa.

Directorships in ASX listed companies over the past 3 years – Nil.

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Mr Zurkic indirectly holds an interest in 39,252,506 ordinary shares and 35,000,000 unlisted options in Elysium Resources Limited

Company Secretary

Mark Ohlsson (appointed 18 February 2013)
FCPA, Registered Tax Agent

See details under Directorship.

Principal Activities

The principal activity of the Group during the course of the financial year was mineral exploration.

Operating Results

The Group made a loss after tax of \$1,891,664 (2013: \$965,624) for the year ended 30 June 2014.

Financial Position

The Group had net assets of \$4,368,836 (2013 \$2,803,960) as at 30 June 2014 and Cash of \$144,848 (2013 \$521,049) as at 30 June 2014.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Review of Operations

Takeover of Burruga Copper Limited

On 1 December 2013 Elysium acquired the share capital of Burruga Copper Limited by issuing 6.5 Elysium shares for each Burruga share and one Elysium share for each Burruga option held by the Burruga Shareholders and Optionholders. The takeover has been treated as a reverse acquisition (see Note 13).

New South Wales Projects

DEVELOPMENT - EL6463

Environmental Impact Study

As announced on 9th April 2014, the Company engaged Endure Environmental to carry out an Environmental Impact Study ("EIS"), pivotal to gaining the necessary permits to commence production at the historical Lloyds Mine ("Lloyds") near the township of Burruga in NSW. The decision to progress towards production is based on the preliminary findings of the 2011 prefeasibility study ("PFS") which is available for reading on the Company's website. The findings suggested an economically viable operation was plausible within a relatively short period and at a relatively low upfront capital investment. The operation is anticipated to yield a cash-flow to allow Elysium to explore the attractive upside potential across its entire tenement holding.

Nine separate specialist studies comprise the EIS as follows:

- a) Air Quality Impact Assessment
- b) Flora and Fauna Impact Assessment
- c) Greenhouse Gas Assessment
- d) Groundwater Impact Assessment
- e) Heritage Impact Assessment
- f) Noise and Vibration Impact Assessment
- g) Social Impact Assessment
- h) Surface Water Impact Assessment

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i) Traffic Impact Assessment

With site plans yet to be finalized a broader area was chosen for the EIS studies encompassing the original site plans as outlined in the PFS and referred to as 'option #1' or the "north-south (NS) option"; and also "option #2" or the "east-west (EW) option". The NS option as outlined in the PFS encroached on the township of Burruga and over Crown Land, and therefore alternative site layouts have been considered further from populated areas and entirely on private land; one of these being the EW option. The final site layout will not be established until the mineral resource is confirmed and preliminary findings from the EIS are received so that, if possible, the site layout will disturb minimal elements of significance without being prohibitive on the project economics.

An application for **Secretary Environmental Assessment Requirements (EARs)** was prepared and submitted to NSW Planning and Environment on 5th May 2014. The signed EARs were received on 12th June 2014 and included letters from the following government departments:

- Oberon Council
- Environment Protection Authority
- Fisheries NSW
- Office of Environment & Heritage
- Office of Water
- Roads & Maritime Services

Subsequent to the issuing of the EARs, DRE (Maitland) sent a letter, dated 19th June 2014, to the Department of Planning & Environment advising that they would require additional and satisfactory data regarding the resource before they could provide their support for the proposed development.

Flora and Fauna was the first of the surveys to be carried out with a 3 day and 2 night, habitat based terrestrial flora and fauna survey being conducted from the 31st of March to 2nd April. In addition to the habitat based flora and fauna assessment, targeted fauna surveys were undertaken for a number of species indicated to have a moderate likelihood of occurrence within the study area. The assessment of the findings were as follows.

There are no floras or threatened ecological communities with a medium or higher likelihood of occurrence for the study area.

Three threatened fauna and aquatic species listed under the EPBC Act were either recorded or thought to have suitable habitat in the project area, namely:

- Macquarie Perch
- Booroolong Frog
- Large-eared Pied Bat

Based on a Significant Impact Criteria Assessment, the above species are unlikely to be significantly impacted by the proposal, and as such, a 'Referral' under the provisions of the EPBC Act is not recommended for these species. Five threatened species listed under the TSC Act and Fisheries Management Act 1994 (FM Act) were either recorded or thought to have suitable habitat in the project area, namely:

- Macquarie Perch
- Booroolong Frog
- Large-eared Pied Bat
- Eastern Bentwing-bat
- Barking Owl

Based on an Assessment of Significance (AoS) undertaken in accordance with Section 5A of the EP&A Act (and pending the development of an appropriate water quality management plan), the above species are unlikely to be significantly impacted by the proposal, and as such, there is no requirement for the preparation of a Species Impact Statement under the existing development proposal.

No further work is required for the Flora and Fauna segment of the EIS. The findings and recommendations will form part of the project management plan.

An **Aboriginal Heritage** field survey was conducted during 27th - 28th May 2014 of the designated study area by BIOSIS (sub-contracted to Endure Environmental). Over the two days, the specialists managed to cover the majority of the project area but were unable to get into the very south-western portion of the designated survey area due to time and access constraints arising from heavy rainfall.

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With regard to the proposed site layouts, option #2 (EW option) excludes operations within Crown Land (Lot 7303). This Crown Land forms part of a larger claim by Gundungurra Tribal Council Aboriginal Corporation under the Native Title Act, which has yet to be determined. A review of old parish maps appears to indicate that Lot 7303 has always been Crown Land (despite the historical mining use) and has not previously been designated for private use, which would have extinguished any claim rights under the Native Title Act. While option #2 is the preferred site layout, the southern slag pile is located within Crown Land and would need to be transferred to the processing area, such a transfer may require separate approval.

In terms of Aboriginal heritage, the topography of steep slopes, ridgelines and gullies, coupled with the high levels of disturbance through mining activities and pine plantations, mean that the project area is unlikely to retain intact or extensive evidence of past Aboriginal use. Although the south-western portion of the designated survey area was not accessed, a sufficient sample of the project area was surveyed to gain an understanding of the overall landform potential.

Apart from investigations for the transfer of the southern slag dump in terms of what approvals are needed, no further work is required for the Aboriginal heritage segment of the EIS. The findings and recommendations will form part of the project management plan.

An **Historic Heritage** field survey was conducted during 27th - 28th May 2014 of the designated study area by BIOSIS. Based upon the BIOSIS draft findings and report, the Burruga Copper Mine site has been assessed as having a state level of significance. It was a large and substantial operation of unusual longevity within the central west region of NSW and has important historical associations with Lewis Lloyd. The mine has a strong association with the local community at Burruga, with "The Big Chimney" in particular regarded as a landmark in the local area.

The site itself, and the surviving remnants, have a high potential to enhance our understanding of the history and operation of the mine. A total of 51 individual heritage items have been identified within the Project Area and assessed. Of these, three were assessed as having a state level of significance the "calciner complex", the "concentrating mill complex" and "The Big Chimney", whilst the majority of the remaining items were assessed as having a local level of significance. The three items assessed as having a state level of significance are not located in areas impacted by the Company's proposed operations for the EW option.

Due to the number of items a follow-up survey is required before this segment can be finalized. Further investigation of some specific items will be undertaken in order to determine the curtilage of these items and any associated elements. In addition, further investigation will be conducted to locate items identified in the 1972 maps of surface and underground workings of the mine that were not able to be located during the previous site survey. The final report will also detail the field methodology for the excavation and monitoring of any items of local significance that may not be able to be avoided during the Company's proposed operations.

As part of the **Social Impact** assessment, a community meeting was held at the Burruga Sports Hall on 29th May 2014. A presentation on the Company's proposed operations was made to 57 local residents who attended the evening. The presentation was generally well received, with follow-up presentations planned on a quarterly basis.

For the **Surface and Groundwater** assessment, a site visit was undertaken on 23th - 24th June 2014 by AECOM representatives (sub-contracted to Endure Environmental) to gain an understanding of the proposed project in the context of the local hydrogeological conditions. Communication with several regulatory groups was also established during the month of July to determine the assessments needed for the anticipated water requirements of the proposed operation.

The proposed project design criterion is for zero release to the environment. Water requirements for the operation can be sourced from either surface harvesting, dewatering of the Lloyds workings or making use of the nearby Burruga Dam; or some combination of these. Usage of ground and or surface water in NSW requires a license which may only be granted once a ground water model is completed.

Monthly groundwater quality sampling has been undertaken from the site since 2012. Currently, there is insufficient data to develop a groundwater model or to inform a description of the existing groundwater regime. The requirement for groundwater modelling is at the discretion of the NSW Office

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of Water based on the potential impacts of a proposed project on the hydrogeological regime. A consensus seems to be that 6-7 water bores need to be installed at specific locations. The data gathered from these, once installed, will form the basis for the ground water model. The chosen water bore sites will either utilise current vertical drill-hole cavities where appropriate or drill-holes from the pending drilling program.

Project Planning General

As announced on 5th June 2014, a Project Development Manager was appointed to drive the development effort. The team at site now consists of one mining engineer, one full time and one part time geologist. As well as facilitating the progression of the EIS, the following items have commenced:

- Preliminary mine planning, including site layouts, pit design and scheduling
- Basement surveying of the tailings with IP, for refinement of tailings volume
- Concentrate off-take discussions
- Resource development drilling design and approvals to proceed
- Sterilization drilling design and approvals to proceed
- Water bore design and approvals to proceed
- Tenders sought for Tailings Storage Facility (TSF) design
- Tenders sought for Process facility design
- Site operating procedural documentation
- Topographical surveying systems established
- Detailed survey of facilities locations commenced
- Systematic sampling and assaying of the two slag dumps
- Revision of the 2011 "Cost to Complete" for project development
- Revision of the 2011 PFS operating costs for the project

Up to 42 reverse circulation (RC) and diamond core holes have been planned for drilling to commence in September 2014. The program is designed to increase the confidence of the Lloyds mineral resource as a base to establishing life of mine site plans to be able to finalize the various elements in the EIS. The drilling will be carried out over two phases with the first phase comprising up to 22 holes being drilled, with phase two dependant on phase one results. Sufficient diamond coring with be completed to source sufficient sample for further metallurgical test-work for the northern slag dump and the proposed open pit over the Lloyds historical workings.

A further 20 drill-holes have been designed to provide geotechnical information for, and sterilize the proposed sites for various infrastructure and establish up to 7 water monitoring bores. Given the results from the recent ground and airborne geophysics surveys (see "Exploration" section), the optimal areas for proposed infrastructure present as geophysical anomalies and therefore the "sterilization" program planned is more extensive than would generally be the case.

The establishment of the water bores will take priority to ensure the monitoring commences as soon as possible. The resource drilling will allow for the confirmation of the resource estimate which will then allow for the elements required for a mineral reserve to be determined once metallurgical results are returned. Final topographical surveys of the slag and tailings dumps are being carried out to determine volumes for the initial potential ore to be processed. The remaining elements of the EIS, which are not believed to be time or project critical, can then be completed and in conjunction with applying for the permits to commence operations. A feasibility study is being populated with the various data as it becomes final.

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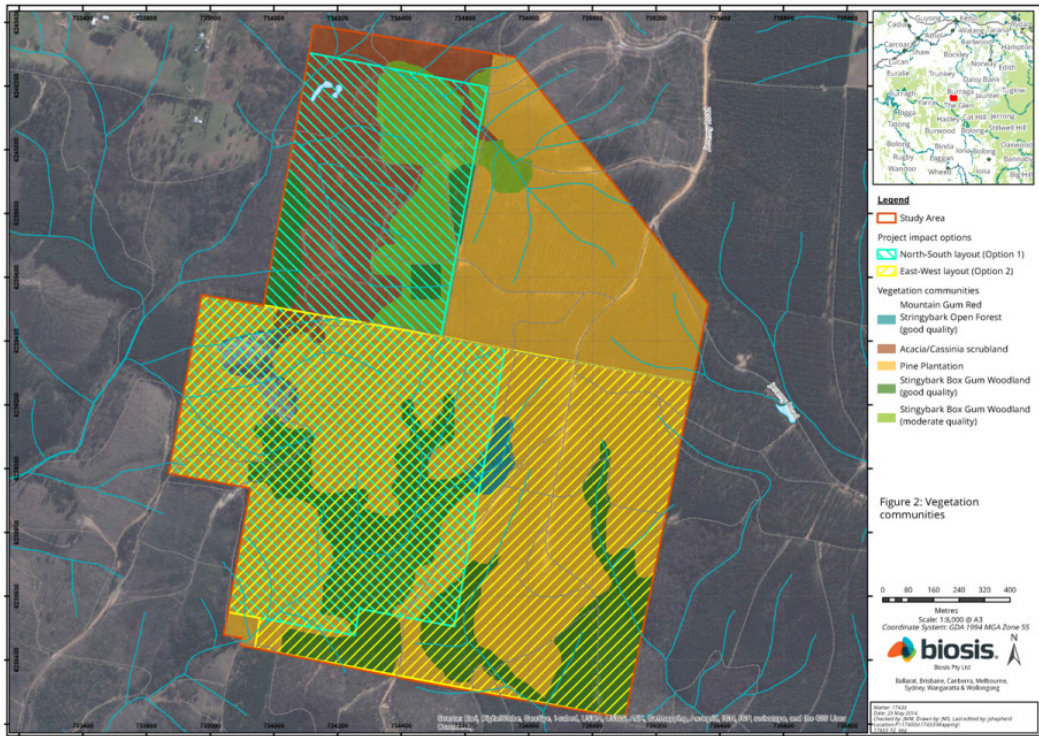


Figure 1 Extract from Flora & Fauna survey. Plan showing vegetation quality in study area.

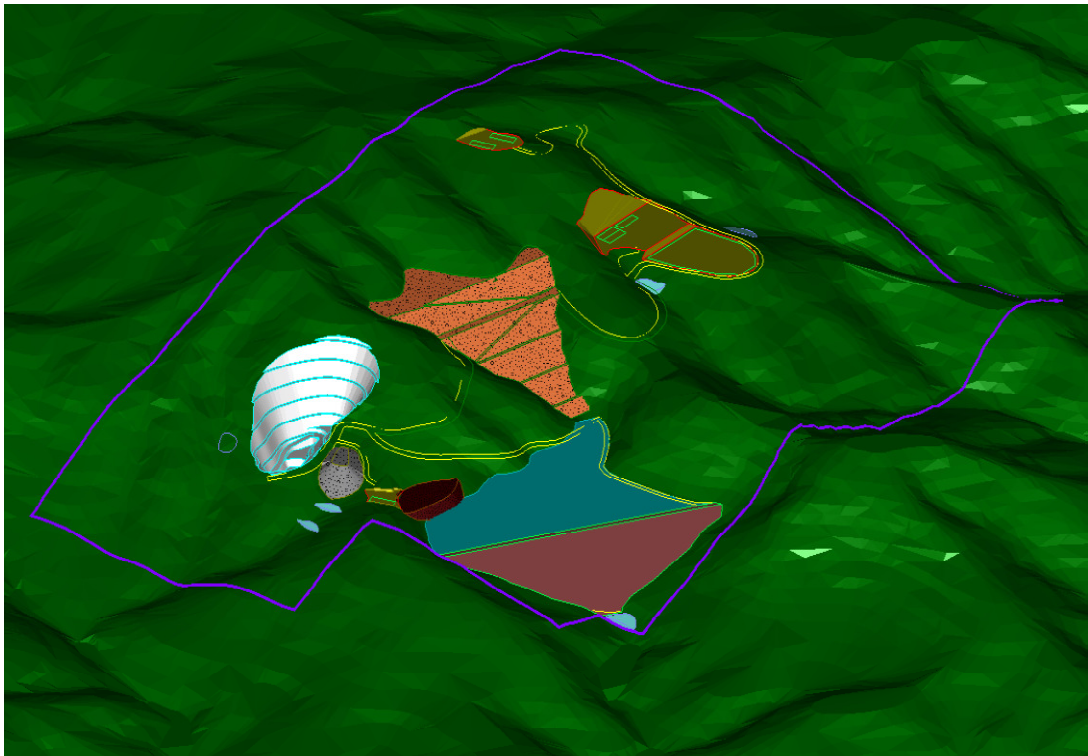


Figure 2 Oblique view of preliminary site plan showing TSF in foreground, open pit to the left (grey), barren rock dump (centre) and potential process plant site (upper middle).

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Figure 3 Extract from Heritage survey "Plate 52", remnants of brick calcining kiln looking south.



Figure 4 Extract from Heritage survey "Plate 64", remnants of concentrating mill looking north.

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EXPLORATION - EL6463, EL6874, EL7975

As announced 3rd October 2013, an east-west oriented pole-dipole **Induced Polarisation (IP)** survey was commenced approximately 2km south of the historic Lloyds Mine. By the Christmas holiday period more than half of the planned 1-2km lines were completed and the survey had reached the Lloyds Mine area. A modified configuration was also trialled over the tailings dump to assess whether the basement could be detected. Interim results were announced 24th January 2014, along with some soil sampling results to extend previously sampled grids where the surface grade envelope was more expansive than first thought and would provide supporting information to the IP survey being carried out.

The IP survey resumed in March with east-west and north-south lines of IP completed over the tailings dump. The results showed a pronounced increase in resistivity at depths where the pre-tailings dump topography should be from historical records. The nine lines of resistivity will assist greatly in confirming the tailings volumes for resource estimation (see also "Development" section). Following the tailings survey the remainder of the east-west lines of IP were completed, mapping some 2km north of the Lloyds Mine.

As announced 23rd April 2014, a **magnetic and radiometric survey (MAG)** was flown over the three contiguous tenements at Burruga. The survey, flown on a 60m line spacing and at a nominal terrain clearance of 60m, was intended to provide better resolution data than the government and open file data available. Around the historic Lloyds Mine area it provides an additional layer of data to the IP, drilling and soil data the Company has been accumulating and further afield it provides supporting data to the previous work carried out and in particular over the gold deposits at Lucky Draw, Hackneys Creek and Isabella.

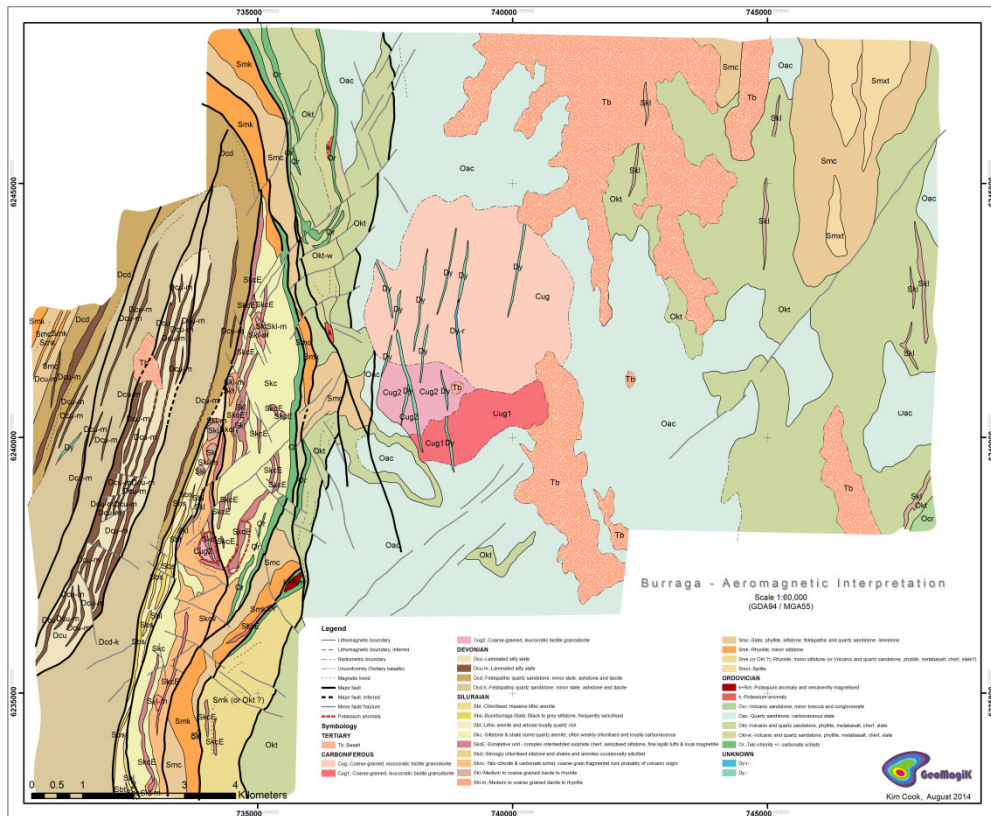


Figure 5 Regional geology as interpreted from recent airborne geophysics.

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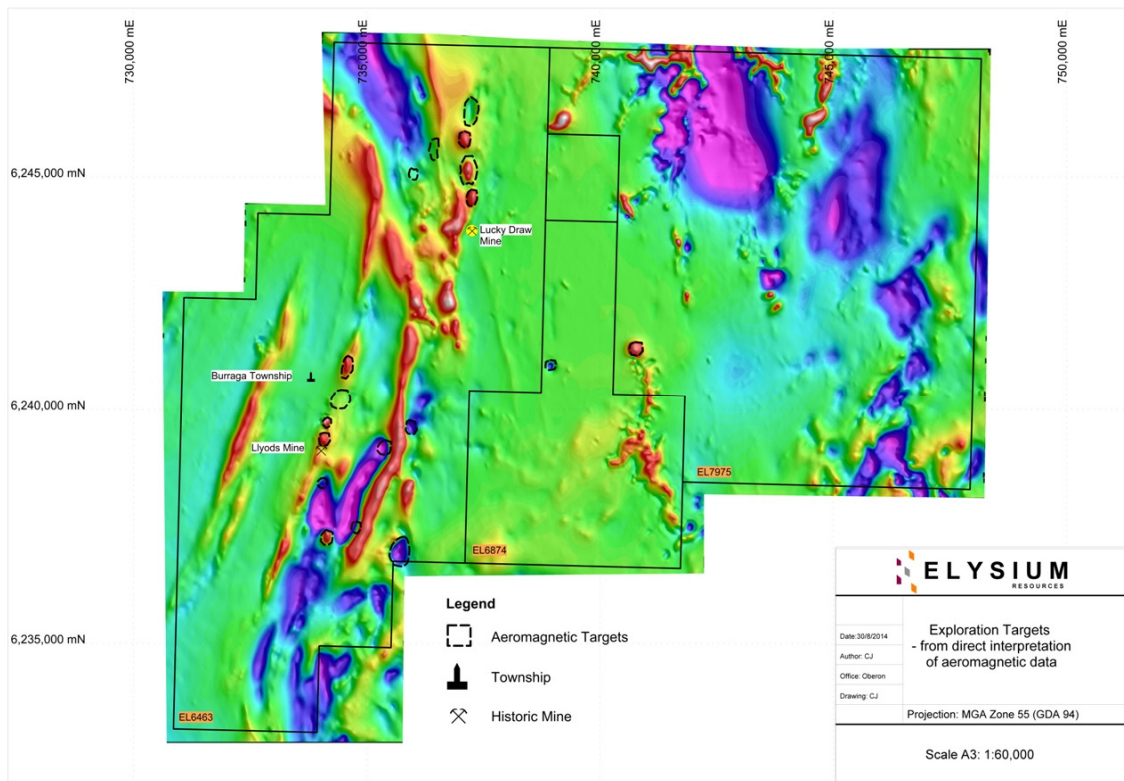


Figure 6 NSW tenements and regional RTP geophysics.

Preliminary findings show numerous targets in EL6463 and single anomalies on the peripheries of the Burraga Granite in both EL6874 and EL7975.

A cluster of 3 high priority targets are defined 0.5 to 1.5km to the south of the historic Lloyds Mine. The central potassium anomaly is located in a structural corridor and presents as a potential intrusion. The Priority 1 target directly to the south-east is a remanently magnetised potassium anomaly and the cross-cutting structures to the north could provide potential fluid traps for the suspected central intrusion. These interpretations are further supported by previously reported strong soil geochemistry over this area. The Company intends commencement of drilling in this area by October. The Priority 2 target that extends from Lloyds in the NE direction is interpreted as a cross-cutting structure possibly providing a trap for fluids from the suspected intrusion to the south (see paragraph above), suggesting possibly that Lloyds itself is a surface expression of a concealed system as reported previously on numerous occasions. Three further Priority 2 targets further north are possibly porphyries and / or display as cross-cutting remanently magnetised features, that coincide with the historical North and Howards shafts. Two IP targets, lie intermittent to these (coinciding to magnetic highs), one directly to the north of Lloyds and one directly beneath the southern slag dump. The Company intends to drill the Priority 2 targets at Lloyds and directly to the north of Lloyds including below the southern slag dump in the kick-off drill program planned for October.

Priority 3 targets generally conform to the NE trending IP anomaly and require additional field work before drilling is proposed. Soil sampling is planned for these areas during the remainder of the 2014. The group of Priority 4 targets to the north of EL6463 may relate to the gold deposits at Lucky Draw and Hackneys Creek. Structurally they appear related to the major NNW faulting corridor previously inferred as the southern extension of the Godolphin Fault which hosts the 2.5Moz McPhillamy's Gold Deposit (refer www.regisresources.com.au) some 50km to the NW.

In EL6874 a remanently magnetised anomaly within the Burraga Granite requires field investigation, as does a magnetic high on the SE periphery of the granite in EL7975. Mapping and soil sampling is being planned for these areas to investigate whether drilling is warranted.

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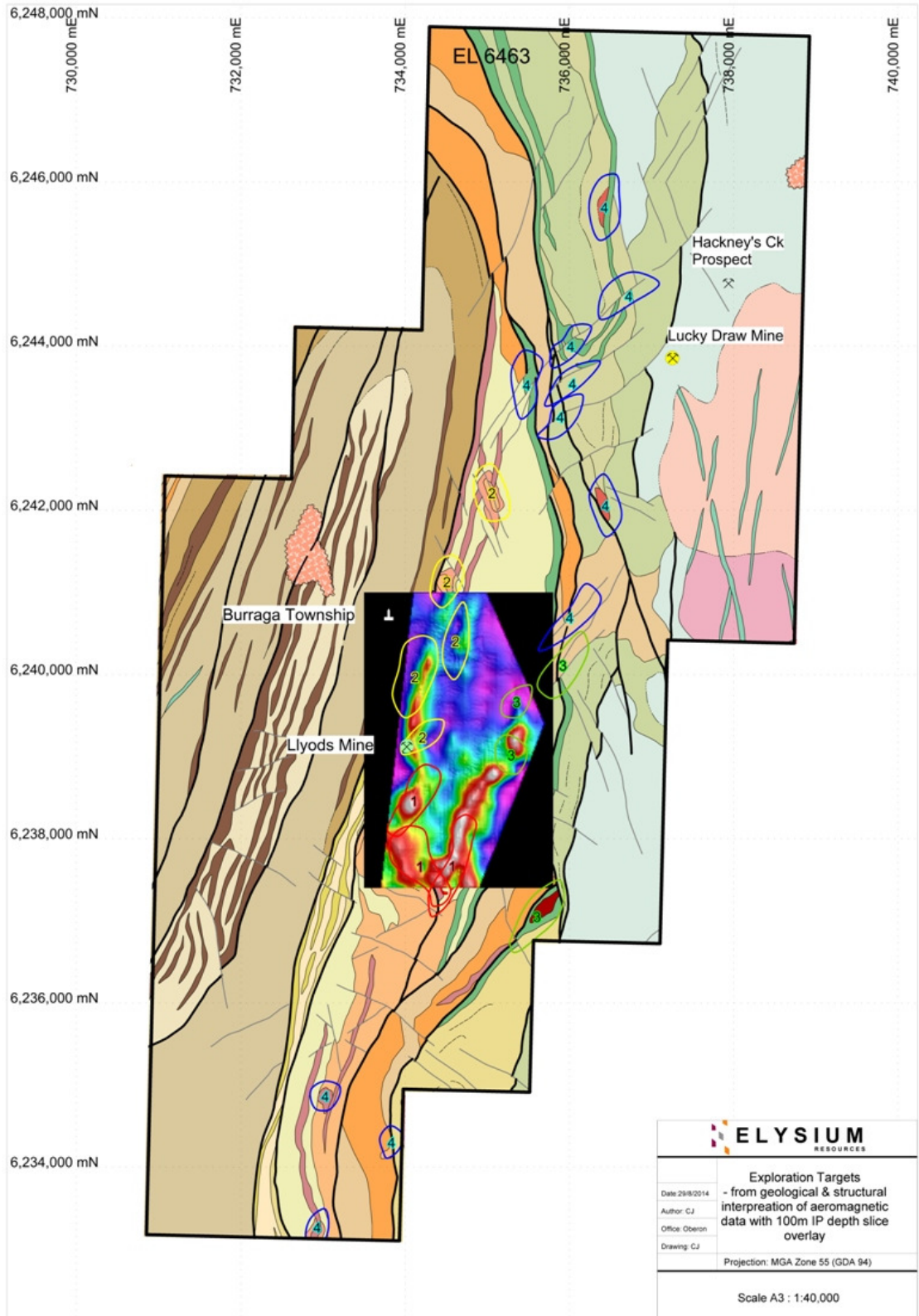


Figure 7. Plan of EL6463 showing interpreted geology and targets from MAG with recent IP survey.

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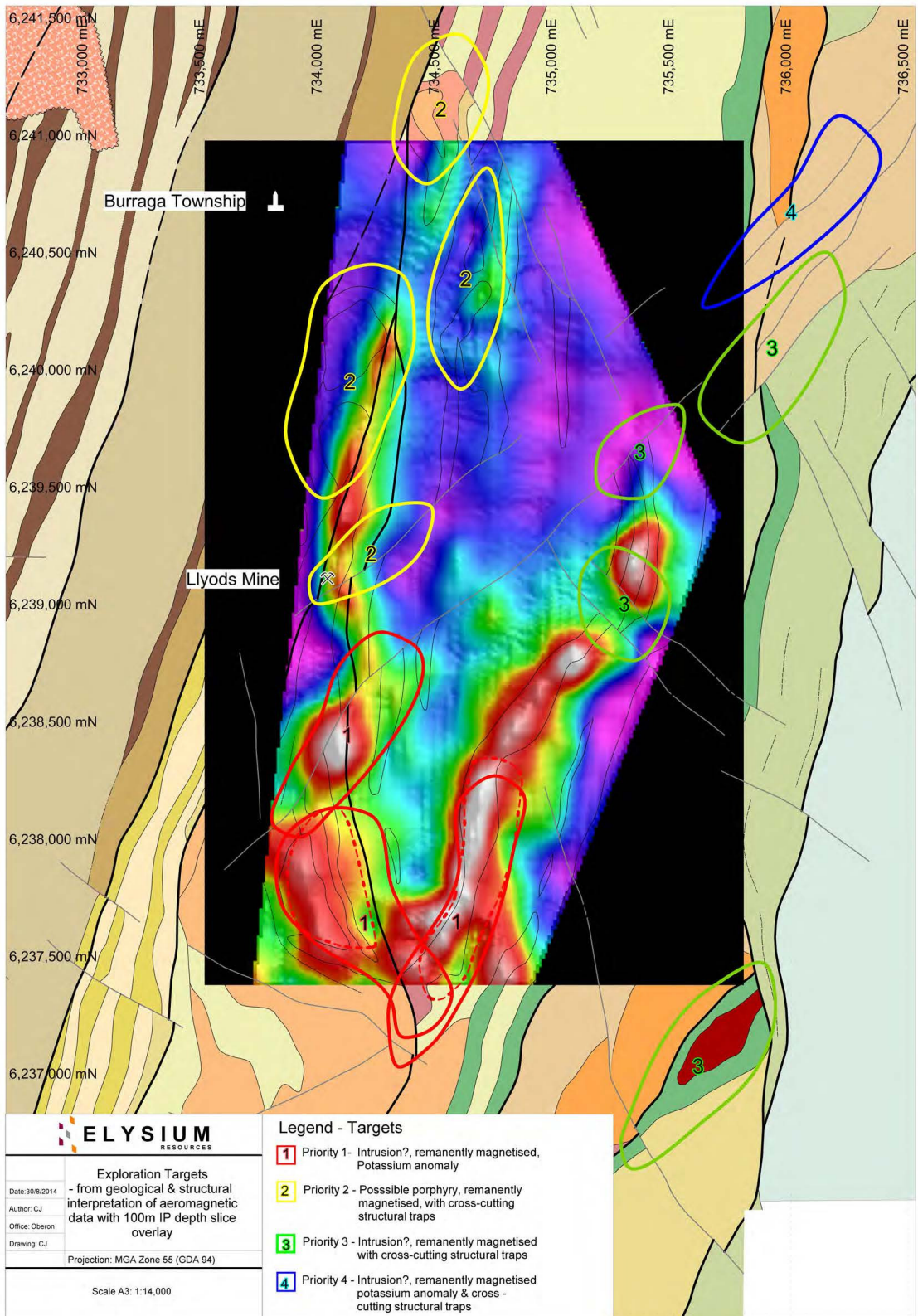


Figure 8. Plan of IP survey area with recently interpreted geology, structure and targets from MAG survey.

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West Australian Projects

E52/2569 "Horseshoe South"

Following the review of the available data and generation of drill targets during the previous reporting period, a grass-roots logistical scoping study involving the planning of a future drill program was undertaken during a 5 day reconnaissance investigation. A proposed exploration activity and expenditure statement was prepared for a 3 hole / 10 day drilling campaign. The planning involved the organisation of accommodation and messing at the Horseshoe Range homestead, located 6kms south of the tenement, vehicle and transport logistics for personnel, supplies and equipment, as well as sample dispatch to Perth, drill site preparation and rehabilitation, and the procurement of a drilling tender by Foraco Australia Pty Ltd.



Figure 9 Location diagram of exploration licence E52/2569

Follow-up field work during the reconnaissance investigation concentrated on previous recommendations of past reporting. A number of historic RAB holes (MRB482 –MRB485) drilled above the western magnetic body, which intersected anomalous gold mineralisation, were of interest, together with a discrete magnetic anomaly M1 identified from the re-interpretation of the 2010 XTEM geophysics by Alterrex Pty Ltd. An extensive review of previous exploration within E52/2569 has highlighted that the entire tenement has been comprehensively explored with RAB, shallow RC, soil geochemistry and regolith mapping; leaving only deep seated RC investigation to be conducted. The three most prospective sites worthy of follow-up are centred on the M1 target (1 x drill-hole proposed) and the western most magnetic anomaly (2 x drill-holes proposed). North-South inversion sections generated from the EM heliborne survey give an approximate location and calculated depth needed to cover these targets. Field location of the three sites positioned the collars in relatively clear, flat and easily accessible areas just shy off the main track.

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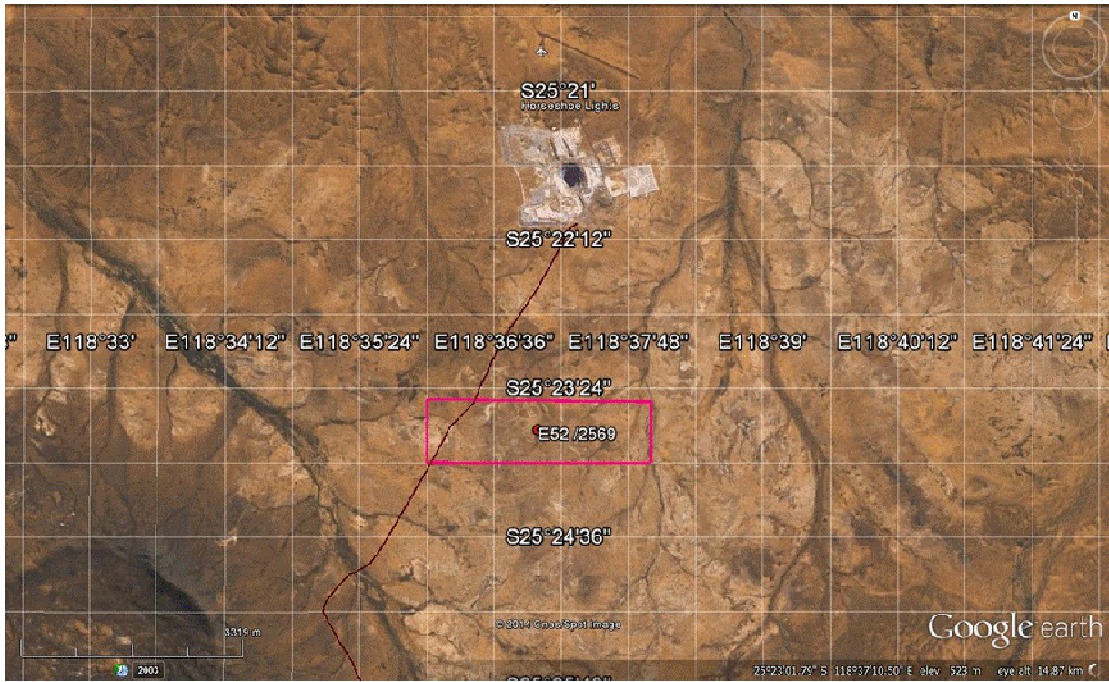


Figure 10. E52/2569 Tenement location plan relative to the existing Horseshoe Lights Mine.

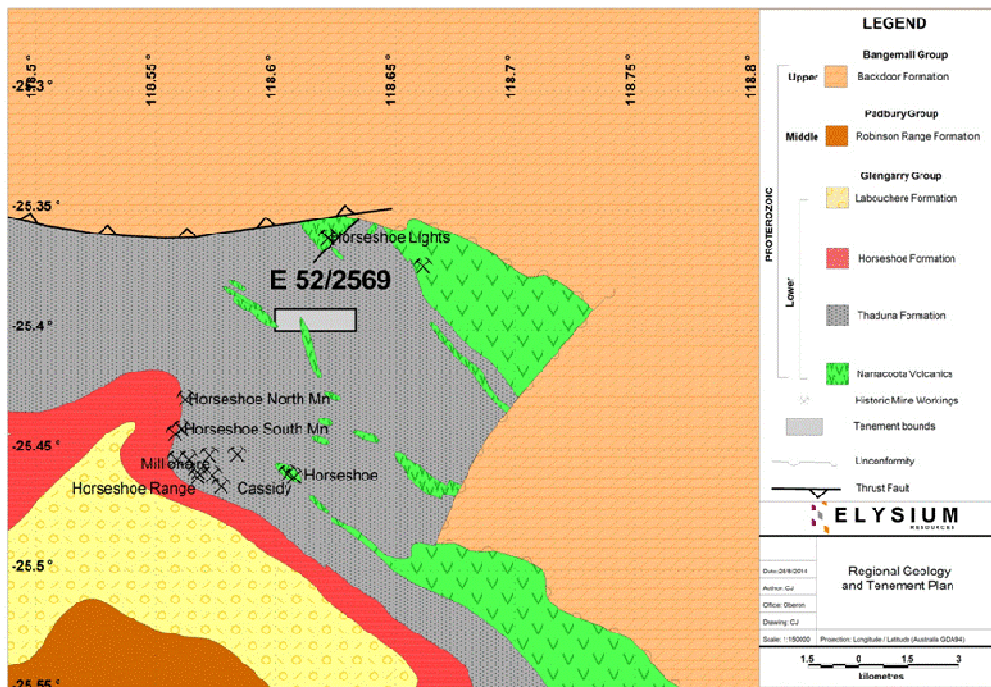


Figure 11. E52/2569 Tenement location plan and regional geology.

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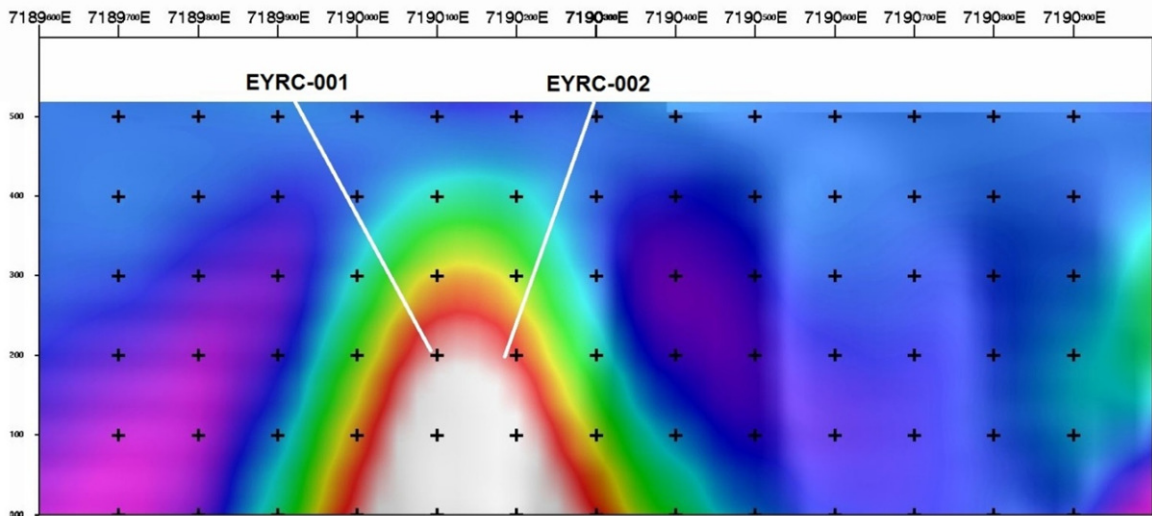


Figure 12. Cross-section 661150E, proposed drilling into concealed magnetics target.

E70/4073 "Redmond".

Following review, the Company decided that this tenement no longer suited the Company's strategy. The costs of maintaining the tenement and the potential that could be derived in the near term was considered marginal, therefore, the tenement was surrendered.

Indonesian Projects

IUP 180/005/IUPE/421.302/2013 "South Malang"

The Company is earning into the South Malang Copper - Gold Project, located approximately 60km to the south of the city of Malang on the island of Java in Indonesia. Under the agreement with Gata Sumber Daya ("Gata"), Elysium is to provide \$AUD2M of exploration funding over a 3 year period to earn 67.5%. Preliminary work commenced over the recent dry season specifically designed to target high sulphidation surface epithermal oxide Au-Ag and associated porphyry Au-Cu systems.

Regional and district scale geological mapping was completed over the entire tenement holding of 99.93 sq. km. Detailed geological mapping was completed over the most advanced prospect at Binglis covering some 15 sq. km. The regional mapping coverage confirmed the NE-SW trending large litho-cap system consisting of central vuggy-quartz zones within advanced argillic and argillic envelopes. Five individual prospects are now confirmed, as shown in the included figures, Purwoharjo, which lies to the NE of Binglis, is the only prospect to receive no attention during this field season.

During the course of the mapping 151 rock chip, 38 channel and 797 clay / soil samples were taken. While the rock chip and channel samples were taken from the available outcrop, the majority of the clay / soil samples were taken based on a grid over the Binglis prospect. A spectral study is planned using the clay/soil samples vector towards possible concealed sources of mineralisation.

Following the assaying and spectral analysis of the collected samples, collation of the field data will be finalised and preliminary drilling sites outlined. An airborne geophysics survey is anticipated to provide confirmation of scout drilling sites.

The field work was carried out by 4 Gata personnel along with up to 6 locals. As part of the community program, electricity is being established to the local hamlets around Binglis as is fresh water which to date has been seasonal from ephemeral streams.

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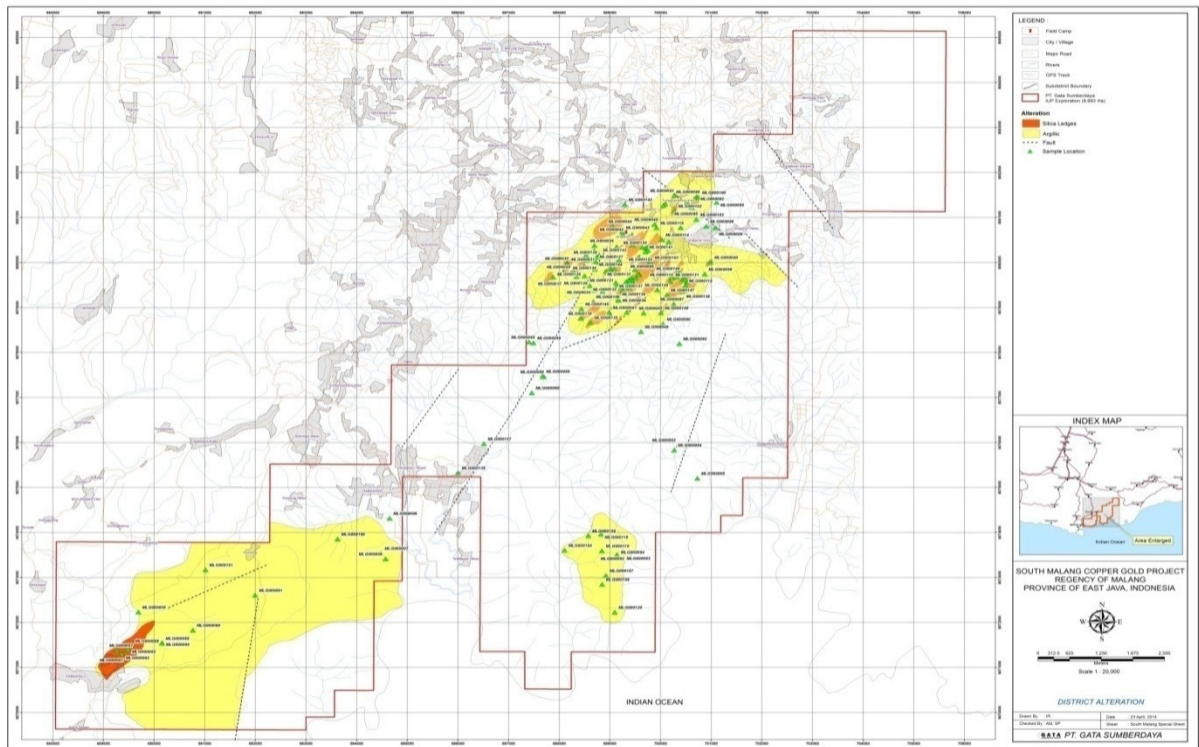


Figure 13. Tenement plan; with Binglis Prospect (most work completed) and also showing alteration mapping at Bolu-Bolu to the south and Tambakrejo - Tampak Bedil to the south-west.

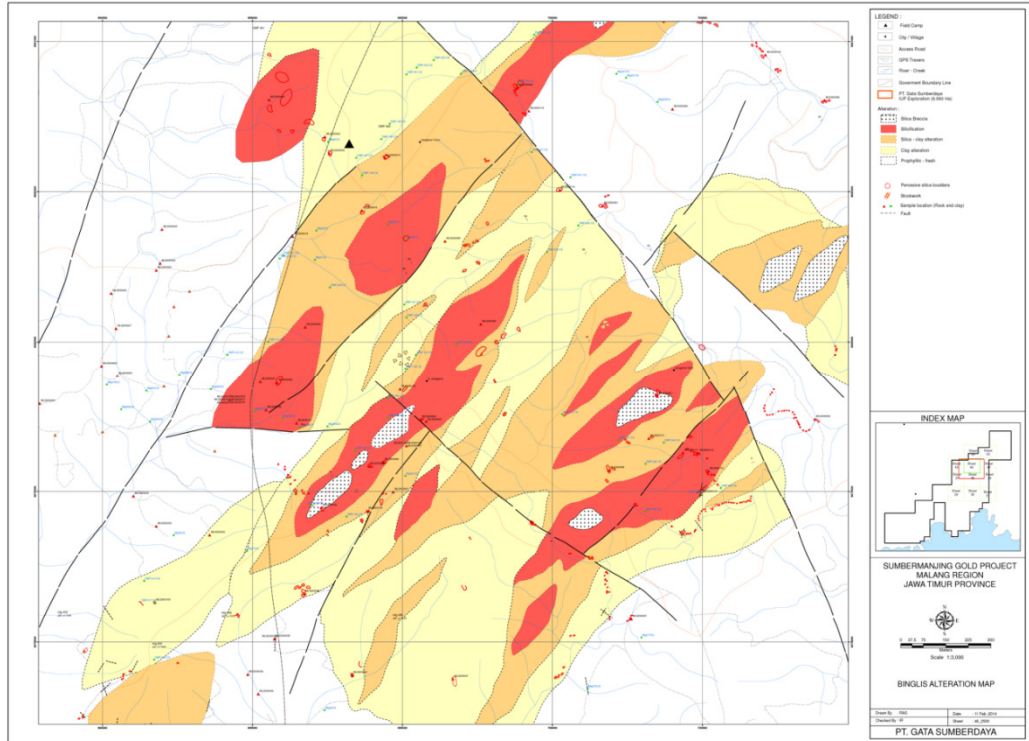


Figure 14. Binglis Prospect alteration mapping.



Figure 15. Field crew inspecting silica haematite outcrop at Binglis Prospect near field camp.



Figure 16. Vuggy silica sample from Binglis Prospect.

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Figure 17. Fresh water project for communities near Binglis Prospect.

JORC Compliance Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore reserves is based on information reviewed or compiled by Neb Zurkic BAppSc(Geol), MSc(Min & Energy Economics), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Professional Geoscientist with the Australian Institute of Geoscientists. Mr. Zurkic is employed by Zurkic Mining Consultants Pty Ltd. Mr. Zurkic has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr. Zurkic consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. Zurkic Mining Consultants Pty Ltd, which is owned and controlled by Mr. Zurkic, owns shares in Elysium Resources Limited.

Exploration Targets

References to Exploration Targets or Targets in this document are in accordance with guidelines of the JORC Code (2012). As such it is important to note that the reported Targets are based on existing data, historical production and geology models. Any references to grade and quantity are conceptual in nature. Exploration carried out to date is insufficient to be able to estimate and report mineral resources in accordance with the JORC Code (2012). It is uncertain if further exploration will result in the determination of a Mineral Resource.

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Matters subsequent to the end of the financial year

On 25 August 2014 the Company completed a Share Subscription Agreement with Blumont Group Ltd. Pursuant to the agreement Blumont subscribed 100,000,000 ordinary shares in the capital of Elysium at an issue price of 1 cent per share together with an attached option per share for a total issue price of 1 cent per share and option.

The options will have an exercise price of 1.4 cents each and expire 30 November 2014.

Under the terms of the Subscription Agreement and in consideration of issuing the Elysium shares, Elysium subscribed for 26,380,953 ordinary shares in the capital of Blumont to the value of A\$1,000,000. Elysium completed the sale of these shares on 12 September 2014 raising gross proceeds of \$850,889.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental Regulation

The directors believe the Group is not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Greenhouse Gas and Energy data reporting requirements

The group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the group intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 requires the group to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2014 the group was below the reported threshold for both legislative reporting requirements therefore is not required to register or report. The group will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

REMUNERATION REPORT (AUDITED)

The information contained in the remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The Group's policy for determining the nature and amount of emoluments of board members and senior executives are as follows:

Executive Remuneration

The Group's remuneration policy for executive directors is designed to promote superior performance and long term commitment to the Group. Executives receive a base salary which is market related. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the best interests of the Group and its shareholders to do so. The Board's reward policy reflects its obligation to align executive's remuneration with shareholders' interests and retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- Reward reflects the competitive market in which the Company operates
- Individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

ELYSIUM RESOURCES LIMITED

DIRECTORS' REPORT

Refer below for details of Executive Directors' remuneration.

Non- Executive Remuneration

Shareholders approve the maximum aggregate remuneration for Non-Executive Directors. The Board recommends the actual payments to Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently \$250,000. During the financial year, the Company paid \$18,750 (2013 - \$11,250) in indemnity insurance for the directors and secretaries of the Group. Refer below for details of Non-Executive Directors' remuneration.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements. Refer to Note 16(b) of the financial report for details of all Directors' share and option holdings.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using either the Black-Scholes or binomial methodologies.

The board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting (currently \$250,000). Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group and are able to participate in an employee option plan (none adopted to date).

Performance based remuneration

The Group currently has no performance based remuneration component built into Director and Executive remuneration packages.

The Board believes that as the Group is in its start up phase of development it is not feasible to establish meaningful Key Performance Indicators from which to base Director and Executive remuneration packages. Once the Group is more fully established the Board will reconsider this policy.

Details of remuneration

Details of the remuneration of the Directors and Key Management Personnel of Elysium Resources Limited are set out below.

The following personnel include the 5 highest paid as required to be disclosed under the Corporations Act 2001:

Directors:

Michael Tilley (Non-Executive Director) (appointed 18 February 2013)

Maxim Carling (Executive Director) (appointed 18 February 2013)

Mark Ohlsson (Non-Executive Director) (appointed 18 February 2013)

Neb Zurkic (Executive Director) (appointed 6 June 2014)

ELYSIUM RESOURCES LIMITED

DIRECTORS' REPORT

Key Management Personnel Remuneration:

2014	Short Term		Post-employment	Share based payments		Total
	Cash fees \$	Cash bonus \$	Super- annuation \$	Options \$	Shares \$	
Name						
Michael Tilley	76,250 *	-	-	78,000	-	154,250
Maxim Carling	175,000*	-	-	227,500	-	402,500
Mark Ohlsson	53,000*	-	-	52,000	-	105,000
Neb Zurkic	172,000*	-	-	227,500	-	399,500
Graham Abbott	25,000	-	-	-	-	25,000
David Williams	25,000	-	-	-	-	25,000
Total	526,250	-	-	585,000	-	1,111,250

* Includes amounts paid by Elysium Resources Limited and Burruga Copper Limited during the year ended 30 June 2014

2013	Short Term		Post-employment	Share based payments		Total
	Cash salary and fees \$	Cash bonus \$	Superannuation \$	Options \$	Shares \$	
Name						
Michael Tilley	42,500	-	-	-	22,800	65,300
Maxim Carling	86,001	-	-	-	61,950	147,951
Graham Abbott	48,334	-	-	-	24,525	72,859
James Meehan	61,665	-	-	-	-	61,665
Nebjosa Zurkic	79,500	-	-	-	-	79,500
Total	318,000	-	-	-	109,275	427,275

** Amounts paid during 2013 financial year relate only to Burruga Copper Limited

Additional Information

The table below sets out the performance of the company and the consequences on shareholders' wealth for the past five years.

	2014	2013	2012	2011	2010
ASX Quoted price of ordinary shares at period end (cents)	0.8	1.3	1.4	1.7	1.1
Loss per share (cents)	0.30	0.20	2.00	0.40	1.55
Dividends paid	-	-	-	-	-

Service Agreements and remuneration commitments (audited)

There are no service agreements in place as at 30 June 2014.

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ELYSIUM RESOURCES LIMITED

DIRECTORS' REPORT

Security Trading Policy

The Group's security trading policy provides guidance on acceptable transactions in dealing in the Company's various securities, including shares, debt notes and options. The Group's security trading policy defines dealing in company securities to include:

- (a) Subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
- (b) Advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
- (c) Entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

The securities trading policy details acceptable and unacceptable times for trading in Company Securities including detailing potential civil and criminal penalties for misuse of "inside information". The Directors must not deal in Company Securities without providing written notification to the Chairman. The Chairman must not deal in Company Securities without the prior approval of the Chief Executive Officer. The Directors are responsible for disclosure to the market of all transactions or contracts involving the Group's shares.

The Elysium Resources Limited Employee Option Plan rules contain a restriction on removing the 'at risk' aspect of the options granted to key management personnel and executives. Participants in the Elysium Resources Limited Employee Option Plan may not enter into derivative transactions with third parties to eliminate the performance element of the options. This rule is enforced via an annual declaration of compliance by all option plan participants.

End of Audited Remuneration Report

Directors' Meetings

The following table sets out the number of meetings of the Group's Directors held while each Director was in office and the number of meetings attended by each Director:

Director	Board Meetings	
	Number of meetings held	Number of meetings attended
Michael Tilley (appointed 18 February 2013)	9	9
Maxim Carling (appointed 18 February 2013)	9	9
Mark Ohlsson (appointed 18 February 2013)	9	9
Neb Zurkic (appointed 6 June 2014)	-	-

Shares Under Option

There are 337,386,426 unissued ordinary shares of Elysium Resources Limited under option at the date of this report, comprising:-

34,386,426 quoted options exercisable at \$0.20 on or before 31 March 2016,
2,000,000 unquoted options exercisable at \$0.20 on or before 1 May 2016,
17,000,000 unquoted options exercisable at \$0.02 on or before 20 June 2017,
94,000,000 unquoted options exercisable at \$0.014 on or before 30 April 2018, and
190,000,000 unquoted options exercisable at \$0.014 on or before 30 November 2014.

Insurance of officers

During the financial year, Elysium Resources Limited paid a premium of \$18,750 (2013- \$11,250) to insure the directors and secretaries of the company and its Australian-based controlled entities.

ELYSIUM RESOURCES LIMITED

DIRECTORS' REPORT

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the entity in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnity of auditors

The Group has not, during or since the financial year, in respect of any person who is or has been an auditor of the Group a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Proceedings on behalf of the Group

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

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

Non-audit services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditor's imposed by the *Corporations Act*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

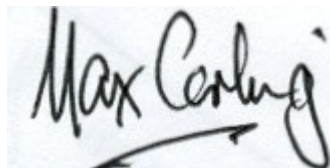
HLB Mann Judd received or is due to receive the following amounts for the provision of non-audit services:

Preparation of an Investigating Accountant's Report for Burruga Copper Limited in relation to the takeover by Elysium Resources Limited - \$20,000.

Auditor's Independence Declaration

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2014 has been received and is set out on page 23.

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



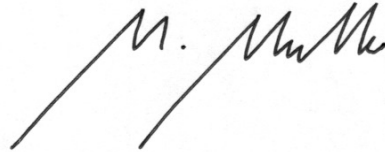
Max Carling
Director
Sydney, New South Wales
23 September 2014

AUDITOR'S INDEPENDENCE DECLARATION

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

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

This declaration is in relation to the Elysium Resources Ltd and the entities it controlled during the year.



Mark Muller
Partner

Sydney, NSW
23 September 2014

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ELYSIUM RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	CONSOLIDATED	
		2014 \$	2013 \$
Revenue from continuing operations	5	-	-
Other income	5	60,807	100,417
Director and consultant expenses		(516,736)	(585,184)
Depreciation		(8,251)	(15,606)
Occupancy costs		(76,497)	(66,179)
Travel expenses		(28,599)	(38,424)
Insurance expenses		(14,006)	(27,353)
Audit and accounting expenses		(78,138)	(43,138)
Employee related expenses		(79,252)	(111,013)
Investor relations/marketing		(17,722)	(27,417)
ASX		(15,476)	-
Legal		(37,395)	(64,030)
Other expenses from continuing operations		(170,399)	(87,697)
Takeover expenses		(250,000)	-
Share based payments		(611,000)	-
Impairment of available for sale financial assets		(49,000)	-
Profit/(Loss) Before Income Tax		(1,891,664)	(965,624)
Income tax expense	6	-	-
NET PROFIT/(LOSS) FOR THE YEAR		(1,891,664)	(965,624)
Other Comprehensive Income			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year attributable to members of the group		(1,891,664)	(965,624)
Basic and diluted earnings/(loss) per share (cents)	24	(0.3)	(0.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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ELYSIUM RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	CONSOLIDATED	
		2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	7	144,848	521,049
Trade and other receivables	8	141,237	108,392
TOTAL CURRENT ASSETS		286,085	629,441
NON-CURRENT ASSETS			
Property, plant and equipment	9	61,083	53,557
Available for sale financial assets	10	12,500	-
Deferred exploration and evaluation expenditure	11	4,612,073	2,210,658
TOTAL NON-CURRENT ASSETS		4,685,656	2,264,215
TOTAL ASSETS		4,971,741	2,893,656
CURRENT LIABILITIES			
Trade and other payables	12	602,905	89,696
TOTAL CURRENT LIABILITIES		602,905	89,696
TOTAL LIABILITIES		602,905	89,696
NET ASSETS		4,368,836	2,803,960
EQUITY			
Contributed Equity	14	7,419,083	4,472,443
Reserves	15	620,400	110,500
Accumulated losses		(3,670,647)	(1,778,983)
TOTAL EQUITY		4,368,836	2,803,960

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

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ELYSIUM RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Contributed Equity	Accumulated Losses	Option Reserve	Total
	\$	\$	\$	\$
2013				
Balance as at 1.07.2012	3,602,789	(813,359)	-	2,789,430
Loss for the year	-	(965,624)	-	(965,624)
Total comprehensive income for the year	-	(965,624)	-	(965,624)
Shares issued during the year	899,303	-	-	899,303
Option issues	-	-	110,500	110,500
Capital raising costs	(29,649)	-	-	(29,649)
Balance as at 30.06.2013	4,472,443	(1,778,983)	110,500	2,803,960
2014				
Balance as at 1.07.2013	4,472,443	(1,778,983)	110,500	2,803,960
Loss for the year	-	(1,891,664)	-	(1,891,664)
Total comprehensive income for the year	-	(1,891,664)	-	(1,891,664)
Transactions with owners in their capacity as owners:				
Share options converted to shares on reverse acquisition of Elysium Resources Limited	110,500	-	(110,500)	-
Deemed cost of reverse acquisition of Elysium Resources Limited (Note 13)	1,971,041	-	-	1,971,041
Shares issued during the year	901,099	-	-	901,099
Capital raising costs	(36,000)	-	-	(36,000)
Options issued during the year	-	-	620,400	620,400
Balance as at 30.06.2014	7,419,083	(3,670,647)	620,400	4,368,836

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

ELYSIUM RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(877,476)	(998,636)
Interest received		4,959	22,976
		<u> </u>	<u> </u>
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	21	<u>(872,517)</u>	<u>(975,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(14,150)	(12,932)
Cash payments for exploration and evaluation		(604,327)	(482,686)
		<u> </u>	<u> </u>
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(618,477)</u>	<u>(495,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		910,499	761,604
Share issue costs		(36,000)	-
Loans received		100,000	-
		<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING ACTIVITIES		<u>974,499</u>	<u>761,604</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the financial year		(516,495)	(709,674)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year		521,049	1,230,723
Net cash acquired on acquisition of subsidiary		140,294	-
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	21	<u>144,848</u>	<u>521,049</u>

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

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ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include financial statements for the consolidated entity consisting of Elysium Resources Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the Corporations Act 2001. The financial statements have been prepared on a going concern basis.

Compliance with IFRS

The financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Principles of consolidation and reverse acquisition

Elysium Resources Limited is listed on the Australian Securities Exchange. Elysium Resources Limited completed the legal acquisition of Burruga Copper Limited including its wholly owned subsidiaries Burruga Management Pty Ltd and BC Exploration Pty Ltd on 1st December 2013.

Burruga Copper Limited was deemed to be the acquirer for accounting purposes as it has obtained control over the operations of the legal acquirer. Accordingly, the consolidated financial statements of Elysium Resources Limited have been prepared as a continuation of the financial statements of Burruga Copper Limited. Burruga Copper Limited (as the deemed acquirer) has accounted for the acquisition of Elysium Resources Limited from 1st December 2013. The comparative information from 1st July 2012 to 30th June 2013 presented in the consolidated financial statements is that of Burruga Copper Limited.

The impact of the reverse acquisition on each of the primary statements is as follows:

Consolidated Statement of Comprehensive Income:

- The statement for the year to 30th June 2014 comprises 12 months of Burruga Copper Limited and 7 month of Elysium Resources Limited.
- The statement for the year to 30th June 2013 comprises 12 months of Burruga Copper Limited.

Consolidated Statement of Financial Position:

- The consolidated statement of financial position at 30th June 2014 represents both Burruga Copper Limited and Elysium Resources Limited as at that date.
- The consolidated statement of financial position at 30th June 2013 represents Burruga Copper Limited as at that date.

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Statement of Changes in Equity

- The consolidated statement of changes in equity for the year ended 30th June 2014 comprises Burraga Copper Limited's equity balance at 1st July 2013, its loss for the year, and transactions with equity holders for 12 months. It also comprises Elysium Resources Limited's transactions with equity holders and its loss for the period 1 December 2013 to 30 June 2014.
- The consolidated statement of changes in equity for the year ended 30th June 2013 comprises 12 months of Burraga Copper Limited's changes in equity.

Cash Flow Statement

- The consolidated cash flow statement for the year ended 30th June 2014 comprises the cash balance of Burraga Copper Limited at 1st July 2013, the cash transactions for the 12 months (12 months for Burraga Copper Limited and 7 months for Elysium Resources Limited) and the closing cash balance of Burraga Copper Limited and Elysium Resources Limited at 30th June 2014.
- The consolidated cash flow statement for the year ended 30th June 2013 comprises 12 months of Burraga Copper Limited's cash transactions.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Elysium Resources Limited (company) as at 30 June 2014. Elysium Resources Limited and its subsidiaries together are referred to in this financial report as either the Consolidated Entity or Group.

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

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(c)).

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests result in gains and losses for the Group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the

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ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Elysium Resources Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

(c) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(d) Segment Reporting

The Consolidated Entity's sole operations are within the mineral exploration industry within Australia, other than its joint venture in Indonesia through its wholly owned subsidiary, Malang Resources Pty Ltd.

The Group has applied AASB 8 *Operating Segments*. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

Given the nature of the Group, its size and current operations management does not treat any part of the Group as a separate operating segment. Internal financial information used by the

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ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group managers operate to manage the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

(e) Exploration and Evaluation Expenditure

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale 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.

Costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Each area of interest is also reviewed annually and acquisition costs written off to the extent that they will not be recoverable in the future.

(f) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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.

(g) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Trade receivables are generally due for settlement within 30 days.

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

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(h) Property, Plant & Equipment

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

Plant & equipment

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

Depreciation

Items of property, plant and equipment are depreciated using the straight-line or diminishing value method over their estimated useful lives to the Group. The depreciation rates used for each class of asset for the current period are as follows:

- Computer Equipment 33%
- Plant & Equipment 20-50%
- Motor Vehicles 22.5%

Assets are depreciated from the date the asset is ready for use.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets continual use or subsequent disposal.

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.

(i) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the end of the reporting period.

Deferred income tax is accounted for using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax from the initial recognition of an asset or liability, in a transaction other than a business combination is not accounted for if it arises that at the time of the transaction affects neither accounting or taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(j) Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, accumulated annual leave expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is in accordance with (j) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Share-based payments

The Group provides benefits to employees (including directors) of the Consolidated Entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of

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cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(i) Investments and other Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments or other financial assets at initial recognition.

Recognition

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting period.

Subsequent Measurement

Available for sale financial assets are subsequently measured at fair value. Changes in the fair value of available for sale financial assets are recognised in the statement of comprehensive income. Details on how the fair value of financial investments is determined are disclosed in note 2.

Loans and receivables

Loans and receivables are non-derivative financial assets initially recognised at fair value with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Impairment

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

If there is evidence of impairment for any of the Consolidated Entity's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

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(m) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, high liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

(n) Revenue Recognition

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

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

Option fee income is recognised when payment for the option fee is received. Revenue from the sale of investments is recognised when the relevant sale contract is executed.

(o) Contributed Equity

Ordinary issued share capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in share proceeds received.

(p) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(q) Joint Venture Operations

Interest in the joint venture operation is brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

(r) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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(s) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

(t) Goods and Services Tax (GST)

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

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

(u) Going Concern

For the year ended 30 June 2014, the Group recorded a loss of \$1,891,664 (2013: \$965,624). At 30 June 2014, the cash balance was \$144,838 (2013: \$521,049) and the Group had an excess of current liabilities over current assets of \$316,820.

The accounts have been prepared on a going concern basis.

On 25 August 2014 the Company completed a Share Subscription Agreement with Blumont Group Ltd. Pursuant to the agreement Blumont subscribed 100,000,000 ordinary shares in the capital of Elysium at an issue price of 1 cent per share together with an attached option per share for a total issue price of 1 cent per share and option. The options will have an exercise price of 1.4 cents each and expire 30 November 2014.

Under the terms of the Subscription Agreement and in consideration of issuing the Elysium shares, Elysium subscribed for 26,380,953 ordinary shares in the capital of Blumont to the value of A\$1,000,000. Elysium completed the sale of these shares on 12 September 2014 with gross proceeds of \$850,889.

The directors have prepared a cash flow forecast reflecting the above mentioned share subscription and have determined there is sufficient cash reserves for the Company to continue as a going concern into the foreseeable future.

(v) Earnings per Share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to owners of the Consolidated Entity, excluding any costs of service equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

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

(w) Comparatives

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

(x) New accounting standards and interpretations

Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2014. The Consolidated Entity plans to adopt these standards at their application dates as detailed below.

There are no other standards that are not yet effective that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

AASB 9 Financial Instruments (Application date 1 January 2017)

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.

- (a) Financial assets are 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. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.
- (b) AASB 9 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.

It is anticipated that the application of this standard will not have a material effect on the Group's results or financial reports in future periods.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)(AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127) (Application date 1 January 2017)

The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)

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- The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

It is anticipated that the application of this standard will not have a material effect on the Group's results or financial reports in future periods.

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

Other than its activities in Indonesia, all the Company's other operations are currently within Australia. The Company is not currently exposed to any material foreign exchange risk related to its Indonesian activities.

(ii) Price risk

Given the current level of operations the Company is not exposed to price risk.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company \$144,838 (2013: \$521,049) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 2.5% (2013: 3.1%).

Sensitivity analysis

At 30 June 2014, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been \$1,448 lower/higher (2013: \$5,210 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and

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future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade, loan and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

3. Critical Accounting Estimates and Judgements

Key estimates

(i) Share-based payment transactions

The Company measures the cost of equity-settled share-based payments at fair value at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted, and estimates of volatility as detailed in Note 22.

(ii) Exploration & Evaluation Expenditure

The Board of Directors determines when an area of mineral exploration interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

(iii) Business Combinations

The Group's accounting policy for business combinations requires management to exercise judgement over the fair value of shares issued to the former equity holders of the acquiree and the fair value of identifiable assets and liabilities acquired. Management utilises the services of independent experts to measure the fair values of the assets, liabilities and equity instruments and base their judgements accordingly.

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4. Parent Entity Information

The following details information related to the legal parent entity, Elysium Resources Limited, at 30 June 2014. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2014 \$	2013 \$
Current assets	742,111	560,782
Non-current assets	2,149,655	41,126
Total assets	2,891,766	601,908
Current liabilities	320,027	480,359
Total liabilities	320,027	480,359
Contributed equity	22,272,902	13,484,369
Reserves	746,280	102,180
Accumulated losses	(20,447,443)	(13,465,000)
Total equity	2,571,739	121,549
Profit / (Loss) for the year	(6,703,686)	(6,528,222)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(6,703,686)	(6,528,222)

5. Revenue

From Continuing Activities

Revenue from continuing operations

Other Revenue

Government subsidies – R&D tax refund

Interest received

-	-
55,233	77,441
5,574	22,976
60,807	100,417

6. Income Tax

Numerical reconciliation of income tax income to prima facie tax payable

Net (Loss) before tax

Tax benefit at the Australian tax rate of 30% (2013: 30%)

Tax effect of amounts that are not deductible / taxable in calculating taxable income

Non-deductible expenses

Tax losses and temporary differences not brought to account

Income Tax Expense

(1,891,665)	(965,624)
567,500	289,687
(184,569)	-
(382,931)	(289,687)
-	-

Tax Losses

Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit at 30%

9,950,438	3,035,375
2,985,131	910,613

Unrecognised temporary differences

Temporary differences for which deferred tax assets/liabilities have not been recognised.

- Provisions and accruals
- Exploration assets

125,658	20,278
(598,496)	-
(472,838)	20,278

Unrecognised differed tax assets relating to the above temporary differences

2,212,293	930,891
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7. Cash and Cash Equivalents	2014	2013
	\$	\$
Cash at bank and on hand	144,848	521,049

The Group's exposure to interest rate risk is discussed in note 2(b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. Trade and other receivables		
Goods and services tax refund	80,925	20,088
Bonds	5,080	1,580
Other receivables	55,232	86,724
	<u>141,237</u>	<u>108,392</u>

Refer Note 2 for Financial Risk Management.

9. Property, Plant and Equipment		
Plant and equipment, at cost	59,164	43,386
Accumulated depreciation	(17,512)	(11,747)
Motor Vehicles, at cost	40,000	40,000
Accumulated depreciation	(20,569)	(18,082)
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>61,083</u>	<u>53,557</u>

Movements during the year

Movement in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the financial year.

2014	Motor Vehicles	Plant & Equipment	Total
	\$	\$	\$
Balance at 1 July 2013	21,918	31,639	53,557
Additions	-	15,777	15,777
Disposals	-	-	-
Write offs	-	-	-
Depreciation	(2,487)	(5,764)	(8,251)
Balance at 30 June 2014	<u>19,431</u>	<u>41,652</u>	<u>61,083</u>

2013	Motor Vehicles	Plant & Equipment	Total
	\$	\$	\$
Balance at 1 July 2012	28,281	27,950	56,231
Additions	-	12,932	12,932
Disposals	-	-	-
Write offs	-	-	-
Depreciation	(6,363)	(9,243)	(15,606)
Balance at 30 June 2013	<u>21,918</u>	<u>31,639</u>	<u>53,557</u>

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10. Available for sale financial assets	2014 \$	2013 \$
Shares in listed corporations at fair value	12,500	-
At beginning of year	-	-
Acquisitions – as part of reverse takeover	61,500	-
Impairment of available for sale financial assets	(49,000)	-
At end of year	12,500	-

Fair value of investments in listed corporations is assessed as the bid price on the Australian Securities Exchange at the close of business on balance date.

11. Deferred exploration and evaluation expenditure

Exploration and evaluation expenditure capitalised	4,612,073	2,210,658
At beginning of year	2,210,658	1,727,972
Exploration expenditure incurred	604,328	482,686
Expenditure capitalised on reverse takeover (1)	1,797,087	-
At end of year	4,612,073	2,210,658

(1) Fair value of Elysium's exploration assets at date of reverse takeover (Note 13)

The above amounts represent costs of areas of interest carried forward as an asset in accordance with the accounting policy set out in Note 1. The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect of the relevant area of interest, is not charged until a mining operation has commenced.

In accordance with Note 1, the Directors write off exploration expenditure where they assess that the asset is impaired. Exploration expenditure is written off either by a reassessment by the Group that has reduced the interpreted potential of the licence for mineral deposits and, or a joint venture partner has withdrawn from a project.

12. Trade and other payable

Trade Creditors	280,405	89,696
Loans	100,000	-
Accruals	222,500	-
	602,905	89,696

Refer Note 2 for Financial Risk Management.

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13. Reverse Acquisition

On 1 December 2013 Elysium acquired 100% of the share capital of Burruga Copper Limited by issuing 6.5 Elysium shares for each Burruga share and one Elysium share for each Burruga option held by the Burruga Shareholders and Optionholders. The acquisition was made by issuing a Bidder's Statement to Burruga. The acquisition was instigated by Elysium to take advantage of the opportunities it believed existed within the tenements owned by Burruga. Details of the deemed purchase consideration and net assets acquired are as follows:-

Deemed purchase consideration of shares transferred by the owners of Burruga Copper Limited representing the fair value of Elysium at date of acquisition	\$ <u>1,971,041</u>
	Fair value
Assets and liabilities excluding exploration assets	173,954
Deferred exploration and evaluation expenditure recognised at the date of takeover	<u>1,797,087</u>
	<u>1,971,041</u>

14. Contributed Equity

(a) Issued and Paid Up Capital	2014	2013
	\$	\$
557,049,989 Elysium (2013: 507,000,025 Elysium) fully paid ordinary shares	4,472,443	3,602,789
Deemed cost of reverse acquisition of Elysium Resources Limited (Note 13)	1,971,041	-
Share options converted to shares on reverse acquisition of Elysium Resources Limited	110,500	-
Share Issue	865,099	869,654
815,765,230 Elysium Resources Limited	<u>7,419,083</u>	<u>4,472,443</u>

(b) Movement of fully paid ordinary shares during the period were as follows:

Date	Details	Number of Shares	\$
1 July 2012	Opening Balance	507,000,025	3,602,789
August 2012	Placement	8,450,887	195,021
November 2012	Placement	10,725,006	110,550
March 2013	Placement	30,874,071	593,732
	Less capital raising costs	-	(29,649)
30 June 2013	Balance	<u>557,049,989</u>	<u>4,472,443</u>

Date	Details	Number of Shares	\$
1 July 2013	Opening Balance	557,049,989	4,472,443
1 December 2013	Reverse takeover Elysium shares	160,130,741	1,971,041
1 December 2013	Share options converted to shares on reverse acquisition of Elysium	8,500,000	110,500
April 2014	Placement	90,000,000	900,000
	Less capital raising costs	-	(36,000)
June 2014	Options exercise	84,500	1,099
30 June 2014	Balance	<u>815,765,230</u>	<u>7,419,083</u>

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(c) Share Options

The Consolidated Entity has 237,386,426 options on issue as at 30 June 2014.

34,386,426 listed options are exercisable at \$0.20 on or before 31 March 2016.

2,000,000 unlisted options which were issued to the company's former managing director Noel Taylor are exercisable at \$0.20 on or before 1 May 2016.

As a result of the June 2013 rights issue, the Company issued 23,152,398 listed options during July 2013. The options were exercisable at \$0.013 on or before 30 June 2014. 84,500 of these options were exercised prior to 30 June 2014. The balance of 23,067,898 expired on that date

In accordance with resolutions passed at the shareholders meeting held on 1 July 2013 the Company issued 17,000,000 unlisted options. The options are exercisable at \$0.02 on or before 30 June 2017.

As part of a placement of ordinary shares in April 2014, the Company issued 90,000,000 free attaching unlisted options. The options are exercisable at \$0.014 on or before 30 November 2014.

In accordance with resolutions passed at the shareholders meeting held on 28 May 2014 the Company issued 94,000,000 unlisted options. The options are exercisable at \$0.014 on or before 30 April 2018.

(d) Terms and Conditions of Issued Capital

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity 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 a vote on a show of hands. Ordinary shares have no par value.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that the Group can provide returns to shareholders and benefits for other stakeholders whilst maintaining an optimal capital structure to reduce the cost of capital. The Group considers capital to consist of cash reserves on hand and available for sale financial assets.

The Group monitors its working capital position against expenditure requirements to undertake its planned exploration program and maintain its ongoing operations. Where required the Group will sell assets, issue new securities, raise debt or modify its exploration program to ensure the Group's working capital requirements are met.

15. Option Reserve

The Option Reserve is used to recognise fair value of options issued. Details of movements in this reserve is shown below.

	2014 \$	2013 \$
Balance at the beginning of the year	110,500	-
Share options converted to shares on acquisition of Elysium Resources	(110,500)	-
Option issues	620,400	110,500
Balance at end of year	620,400	110,500

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Key Management Personnel Disclosures

(a) Key Management Personnel Compensation:

	The Group 2014 \$	The Group 2013 \$
Short-term	526,250	109,275
Post employment	-	-
Other long-term	-	-
Termination benefits	-	-
Share-based payment	585,000	318,000
	<u>1,111,250</u>	<u>427,275</u>

The detailed remuneration disclosures are provided in the remuneration report on pages 18 to 20.

(b) Equity Instrument Disclosure relating to Key Management Personnel

At balance date the relevant interest of each Key Management Personnel in ordinary fully paid shares and options of the Consolidated Entity were:

2014 Director / Key Management Personnel	Balance at beginning of the year	Fully Paid Ordinary Shares in Elysium Shares issued or purchased	Shares issued as part of Burraga takeover	Balance at the end of the year
Michael Tilley	10,000,000	2,500,000	3,275,000	15,775,000
Maxim Carling	12,000,000	12,000,000	23,543,646	47,543,646
Mark Ohlsson	-	-	-	-
Neb Zurkic	5,000,000	2,500,000	31,752,506	39,252,506
Graham Abbott	7,500,000	2,625,000	12,406,840	22,531,840
David Williams	-	-	76,521,146	76,521,146
	<u>34,500,000</u>	<u>19,625,000</u>	<u>147,499,138</u>	<u>201,624,138</u>

No shares are held nominally.

Director / Key Management Personnel	Balance at beginning of the year *	Share Options		Balance at the end of the year
		Options issued	Options exercised/Transfer s/Ceasing to be a Director/Expired	
Michael Tilley	1,000,000	17,500,000	(2,250,000)	16,250,000
Maxim Carling	2,500,000	49,500,000	(8,500,000)	43,500,000
Mark Ohlsson	-	12,250,000	-	12,250,000
Nebjosa Zurkic	-	35,000,000	-	35,000,000
Graham Abbott	750,000	-	(750,000)	-
David Williams	-	-	-	-
	<u>4,250,000</u>	<u>114,250,000</u>	<u>(11,500,000)</u>	<u>107,000,000</u>

* Opening balances of Options represent share options in Burraga Copper Limited

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2013 Director / Key Management Personnel	Fully Paid Ordinary Shares of Burraga Copper			
	Balance at beginning of the year	Shares issued or purchased	Transfers/ Ceasing to be a director	Balance at the end of the year
Michael Tilley	-	350,000	-	350,000
Graham Abbott	1,333,504	459,856	-	1,793,360
Maxim Carling	5,087,484	750,000	(200,000)	5,637,484
James Meehan	3,010,000	-	(3,010,000)	-
Nebojsa Zurkic	4,375,001	510,000	(4,885,001)	-
David Williams	13,092,486	-	(1,320,002)	11,772,484
	<u>26,898,475</u>	<u>2,069,856</u>	<u>(9,415,003)</u>	<u>19,553,328</u>

No shares are held nominally.

Director / Key Management Personnel	Share Options			Balance at the end of the year
	Balance at beginning of the year	Options issued	Ceasing to be a Director	
Michael Tilley	-	1,000,000	-	1,000,000
Graham Abbott	-	750,000	-	750,000
Maxim Carling	-	2,500,000	-	2,500,000
James Meehan	-	-	-	-
David Williams	-	-	-	-
Nebojsa Zurkic	-	2,500,000	(2,500,000)	-
	<u>-</u>	<u>6,750,000</u>	<u>(2,500,000)</u>	<u>4,250,000</u>

Other transactions and balances with Key Management Personnel are disclosed in Note 19 (b).

17. Remuneration of Auditor	2014 \$	2013 \$
Amounts paid or payable for:		
- An audit or review of the financial statements of the entity	47,600	20,141
- Other non-assurance services	20,000	-
	<u>67,600</u>	<u>20,141</u>

18. Segment Information

The Group operates in the mineral exploration industry in Australia only, other than its joint venture in Indonesia through its wholly owned subsidiary, Malang Resources Pty Ltd.

Given the nature of the Consolidated Entity, its size and current operations, management does not treat any part of the Group as a separate operating segment. Internal financial information used by the Group's decision makers is presented on a "whole of entity" manner without dissemination to any separately identifiable segments.

The Group's management operate the business as a whole without any special responsibilities for any separately identifiable segments of the business.

Accordingly the financial information reported elsewhere in this financial report is representative of the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Related Party Transactions

(a) Key Management Personnel

Refer to note 16 for disclosures relating to key management personnel compensation. Outstanding amounts due to Key Management Personnel or their related parties at year end are:-

	2014 \$	2013 \$
M Carling	89,000	45,000
N Zurkic	60,267	-
M Tilley	13,200	-
M Ohlsson	11,000	-
Total	173,467	45,000

(b) Transactions with related parties and key management personnel

Corporate Advisory

Mr. Carling is a principal of Carling Capital Partners Pty Limited ("CCP"), a corporate advisory firm.

On 25 February 2013, Burraga Copper Limited ("BCU") entered into an Agreement with CCP to place additional shares in BCU. A fee of up to 5% was payable to CCP on the amount raised of \$462,500.

In addition CCP was to introduce BCU to United Orogen Limited (now Elysium Resources Limited ("EYM")). In the event that a takeover or other transaction occurred between EYM and BCU, CCP would receive a success fee of the greater of \$250,000 and 2.5% of the transaction value. The takeover was completed on 1 December 2013 resulting in a fee of \$250,000 being payable. \$100,000 of this amount has been paid in the year to 30 June 2014. The balance of \$150,000 remains outstanding

Office Rental Agreement

The Group has a rental agreement with CCP to occupy part of the premises it occupies at Suite 705, 3 Spring Street Sydney for an amount of \$3,500 per month to the end of the Group's occupancy term on 30 December 2014.

Accounting fees

During the year the Burraga Copper paid accounting fees of \$11,138 (2013: \$22,998) on a normal commercial basis to Graham Abbott & Associates, a related company of Mr Graham Abbott.

Share Issue

As part of the takeover of Burraga Copper Limited by Elysium Resources Limited, the following directors or their related parties received Elysium shares for Burraga shares and options.

Director / Key Management Personnel	Burraga shares held prior to Takeover	Burraga Options held prior to Takeover	Elysium shares issued as part of Takeover
Michael Tilley	350,000	1,000,000	3,275,000
Maxim Carling	5,637,484	2,500,000	23,543,646
Nebjosa Zurkic	4,885,001	-	31,752,506
Graham Abbott	1,793,360	750,000	12,406,840
David Williams	11,772,484	-	76,521,146
Total	24,438,329	4,250,000	147,499,138

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Commitments

(a) Tenement Commitments

The following expenditure is required to maintain the exploration tenements over which the Group has an interest in:

Tenement Name	Holders	Area (sq. km)	Grant Date	Expiry Date	Rent (\$)	Minimum Expenditure (\$)
E52/2569	Elysium Resources Limited	5.5	18/06/2010	17/06/2015	\$227	\$20,000
EL 6463	Burruga Copper Ltd	84	5/9/2005	5/9/2016	-	\$135,333
EL 6874	Burruga Copper Ltd	24	13/9/2007	13/9/2015	-	\$47,500
EL 7975	Burruga Copper Ltd	75	11/10/2012	10/10/2014	-	\$10,833
IUPE 412.302/2013	PT Gata Sumber Daya	99.9	29/7/2013	29/7/2016	-	Nil

(b) Lease Commitments

The Group has a rental agreement with CCP to occupy part of the premises it occupies at Suite 705, 3 Spring Street Sydney for an amount of \$3,500 per month to the end of the Group's occupancy term on 30 December 2014.

BC Exploration has a rental agreement for a GPS Surveying System which terminates 27 June 2017. As at 30 June 2014 remaining payments under the agreement total \$32,374.

	2014 \$	2013 \$
21. Reconciliation of the operating (loss) after tax to the net cash flows from operating activities		
Cash Flow Information		
Operating loss after income tax	(1,891,664)	(965,624)
Non cash items -		
Depreciation	8,251	15,606
Employee provisions	-	(1,598)
Share based payments	611,000	218,550
Impairment of available for sale financial asset	49,000	-
Changes in assets and liabilities		
Increase (Decrease) in payables	369,270	(192,784)
Increase (Decrease) in provisions	-	-
Decrease (Increase) in receivables	(18,372)	(49,810)
Net cash flow from/(used in) operating activities	<u>(872,517)</u>	<u>(975,660)</u>
Reconciliation of Cash		
Cash balance comprises:		
Cash at bank	144,848	521,049

Financing facilities available

As at 30 June 2014 the Group had no financing facilities available.

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ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Non Cash financing and Investing Activities

During the year ended 30 June 2014 Elysium Resources Limited acquired 100% of the shares in Burruga Copper Limited in exchange for 565,549,989 ordinary shares in Elysium Resources Limited.

22. Share – Based Payments

The following options relating to share based payments existed at 30 June 2014:

	2014		2013	
	Number of options	Weighted Average exercise price	Number of Options	Weighted average exercise price
Outstanding at the beginning of the year	8,500,000	1.3 cents	-	-
Granted	94,000,000	1.4 cents	8,500,000	1.3 cents
Converted into shares on reverse acquisition of Elysium Resources Limited	(8,500,000)	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year end	94,000,000	1.4 cents	8,500,000	1.3 cents
Exercisable at year end	94,000,000	1.4 cents	8,500,000	1.3 cents

During 2014 94,000,000 options were issued to Consolidated Entity's Directors, with an exercise price of 1.4 cents and expiring on 30 April 2018. Using the Black Scholes Model the fair value of an option is approximately 0.65 cents based on the following criteria:

Exercise price	1.4 cents
Life of the options	1,440 days
Underlying share prices	1 cent
Expected volatility	100%
Risk free interest rate	2.75%pa

23. Contingencies

The Directors are not aware of any contingent liabilities or assets as at 30 June 2014 (2013: Nil).

24. Earnings per share

	2014	2013
Basic and diluted loss per share (cents)	0.3	0.2
The options are not considered dilutive and therefore no diluted earnings per share is disclosed.		
Weighted average number of ordinary shares used as the denominator	667,680,163	532,163,537
Net loss used in calculating EPS	(1,891,664)	(965,624)

ELYSIUM RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Events occurring after the reporting period

On 25 August 2014 the Company completed a Share Subscription Agreement with Blumont Group Ltd. Pursuant to the agreement Blumont subscribed 100,000,000 ordinary shares in the capital of Elysium at an issue price of 1 cent per share together with an attached option per share for a total issue price of 1 cent per share and option.

The options will have an exercise price of 1.4 cents each and expire 30 November 2014.

Under the terms of the Subscription Agreement and in consideration of issuing the Elysium shares, Elysium subscribed for 26,380,953 ordinary shares in the capital of Blumont to the value of A\$1,000,000. Elysium completed the sale of these shares on 12 September 2014 raising gross proceeds of \$850,889.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

26. Subsidiaries

The consolidated financial statements incorporate assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of incorporation	Class of shares	Equity Holding	
			2014 %	2013 %
Orange Hills Resources Limited	Australia	Ordinary	100	100
Burruga Copper Limited	Australia	Ordinary	100	-
Burruga Management Pty Ltd	Australia	Ordinary	100	-
BC Exploration Pty Ltd	Australia	Ordinary	100	-
Malang Resources Pty Ltd	Australia	Ordinary	90	-

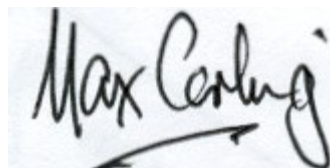
ELYSIUM RESOURCES LIMITED

DIRECTORS' DECLARATION

In the Directors opinion:

1. The financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes set out on pages 24 to 50, are in accordance with the *Corporations Act 2001* and:
 - a. Complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date
2. The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosure included in the audited Remuneration Report in the Director's Report complies with Section 300A of the *Corporations Act 2001*.
5. The directors have been given the declarations by the Executive Director and Chief Financial Officer as required by section 295A of the *Corporations Act 2001*.

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



Max Carling
Director
Sydney, New South Wales
23 September 2014

ELYSIUM RESOURCES LIMITED

ABN 45 115 593 005

INDEPENDENT AUDITOR'S REPORT

To the members of Elysium Resources Ltd.

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

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

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289

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ELYSIUM RESOURCES LIMITED

ABN45 115 593 005

INDEPENDENT AUDITOR'S REPORT (continued)

Independence

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

Opinion

In our opinion:

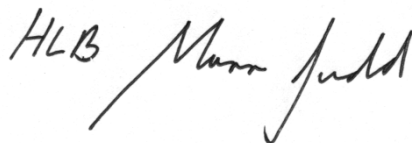
- (a) the financial report of Elysium Resources Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

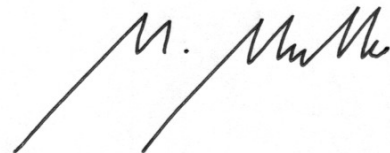
We have audited the Remuneration Report included in pages 18 to 21 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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



**HLB Mann Judd
Chartered Accountants**



**Mark D Muller
Partner**

**Sydney, NSW
23 September 2014**

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ELYSIUM RESOURCES LIMITED

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT ELYSIUM RESOURCES LIMITED ("THE COMPANY")

Introduction

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity and pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential *Corporate Governance Principles and Best Practice Recommendations* ("Recommendations") as published by ASX Corporate Governance Council. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Board Composition

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the financial report and their term of office are detailed in the Directors' Report.

There is no formal policy or procedure regarding the taking of professional advice by the independent directors, however no restrictions are placed on the independent directors to take advice on matters arising from their roles as independent directors of the Company, or the reimbursement of the costs incurred by the Company.

Mr Tilley and Mr Ohlsson are considered by the Board to be independent directors. The determination by the Board as to whether individual directors are independent is a matter of judgment. In making this determination the Board has followed the guidance in Box 2.1 of the Recommendations and the *Guide to Reporting on Principle 2*. The Board considers the relationships the independent directors have with the Company do not materially impact on their independence. In determining the materiality of these relationships, the Board has considered both quantitative and qualitative factors. In determining the quantitative factors the Board considers that a relationship is immaterial where it is equal to or less than 5% of the base amount. In applying this level of materiality to the relationship of the independent directors in the case of shareholders and suppliers, the Board considers that the independent directors' interest is less than 5% of the base amount. In respect to the qualitative measures the Board has considered the factors affecting the independent directors' relationship with the Company and consider these qualitative factors to be immaterial in the assessment of their independence.

Disclosure as to the nature and amount of remuneration paid to the Directors of the Company is included in the Directors report and notes to the financial statements in the Company's annual report each year. The structure and objectives of the remuneration policy and its links to the Company's performance is disclosed in the annual Directors' Report. The only form of retirement benefit to which non-executive directors are entitled, is superannuation.

Trading Policy

The Company's policy regarding directors and employees trading in its securities is set by the Board of directors. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Remuneration Policy

The Company's remuneration policy was developed by and approved by the Board. All executives receive a salary and statutory superannuation.

ELYSIUM RESOURCES LIMITED

CORPORATE GOVERNANCE

The Company does not participate in share based remuneration for its executives but can issue share options to Directors, employees and consultants. The terms of the share options to Directors, employees and consultants are based on what similar sized companies in the mining industry are offering. All share options to be issued to Directors require shareholder approval before being issued.

The amounts of remuneration for all Directors, including monetary and non-monetary components, are detailed in the Directors Report under the key management personnel remuneration heading. All remuneration paid to Executives is valued at the cost to the Company and expenses. Shares given to Executives are valued as the difference in the market value of those shares and the amount paid by the Executive. Options given to Executives are valued using the Black-Scholes methodology.

Corporate Reporting

The Directors has made the following certifications to the Board:

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

Code of Conduct

The Company has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity, in the best interests of the Company and in compliance with the letter and the spirit of the law and Company policies.

Any breaches of the Code are reported to the chairman in the first instance for notification to the Board.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

Continuous disclosure and shareholder communication

The Company has a policy that information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities is continuously disclosed as required under the Australian Stock Exchange (ASX) listing rules.

The Company encourages communication with shareholders and the attendance and effective participation by shareholders at general meetings.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.

Annual and half yearly reports are made available on the Company's website and mailed to those shareholders who request a hard copy.

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ELYSIUM RESOURCES LIMITED

CORPORATE GOVERNANCE

Explanations for Departures from Best Practice Recommendations

Principle 1 Recommendation 1.1, 1.2, 1.3

Notification of Departure:

The Company has not: (1) formally disclosed the functions reserved to the Board and those delegated to senior executives; (2) formally disclosed the process for evaluating the performance of senior executives, and; (3) whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process which is to be disclosed.

Explanation for Departure:

The Board recognises the importance of distinguishing between the respective roles and responsibilities of the Board and management, and evaluating the performance of senior executives. The Board has established a framework for the management of the Company and the roles and responsibilities of the Board and management. Previously, due to the small size of the Board and of the Company, the Board did not think that it was necessary to formally document the roles of the Board and management as these roles were clearly understood by all members of the Board and management. The Board is responsible for the strategic direction of the Company, establishing goals for management and monitoring the achievement of these goals, monitoring the overall corporate governance of the Company and ensuring that shareholder value is increased.

Principle 2 Recommendation 2.1

Notification of Departure:

The Board does not have a majority of independent Directors.

Explanation for Departure:

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint independent directors as it deems appropriate.

As of the date of this report the Company has 2 non-independent directors and 2 independent directors (including the Chairman).

Principle 2 Recommendation 2.4

Notification of Departure:

The full Board carries out the role of a nomination committee, and therefore a charter relevant to the specific functions of a nomination committee have not been adopted.

Explanation for Departure:

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular at this early stage of the Company's operations, where the Company's focus is on the retention of directors and senior executives. In the future, as the Company grows and increases in size and level of activity, the Board will reconsider the establishment of a separate nomination committee.

ELYSIUM RESOURCES LIMITED

CORPORATE GOVERNANCE

Principle 2 Recommendation 2.5 *Notification of Departure:*

The Company has not disclosed the process for evaluating the performance of the Board, and individual directors.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the Company grows and increases in size and activity, the Board will consider the establishment of formal Board and individual director evaluation processes.

Principle 2 Recommendation 2.6 *Notification of Departure:*

The Company has not disclosed whether a performance evaluation for the Board and directors has taken place in the reporting period and whether it was in accordance with a disclosed process.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing formal evaluations. In the future, as the Company grows and increases in size and activity, the Board will consider the establishment of formal Board and individual director evaluation processes.

Principle 3 Recommendation 3.2, 3.3, 3.5 *Notification of Departure:*

The Company has not established and disclosed a diversity policy.

Explanation for Departure:

The Board considers that at this time no efficiencies or other benefits would be gained by introducing a formal diversity policy. In the future, as the Company grows and increases in size and activity, the Board will consider the establishment of a formal diversity policy.

Other than the Board members, there are no employees within the Company.

Principle 4 Recommendation 4.1, 4.2, 4.3, 4.4 *Notification of Departure:*

There is no separate Audit Committee.

Explanation for Departure:

The Company's financial statements are reviewed in detail by the Board. The Board also relies on the functions and capabilities of its external auditors to ensure proper audit of financial statements. While the Board considers this process sufficient to ensure integrity in financial reporting in the current circumstances, it will continue to monitor whether any further safeguards are required and make changes as appropriate.

Principle 6 Recommendation 6.1, 6.2 *Notification of Departure:*

The Company does not have a formal documented Shareholder communication policy.

Explanation for Departure:

The Company strongly encourages more communication between the shareholders and the Company and Board. All general meetings include briefings by Board members to provide a deeper insight into the Company, opportunities for the shareholders to have their questions answered, and following all

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CORPORATE GOVERNANCE

general meetings, the directors encourage shareholders to chat informally with them. As the Company grows in size, the Board is very keen to develop more formal and expansive communications with shareholders.

*Principle 7 Recommendation 7.1, 7.2, 7.4
Notification of Departure:*

The Company has not established and disclosed its risk management policies and assessment framework.

Explanation for Departure:

The Board is aware of the various risks that affect the Company and its particular business. As the Company develops, the Board will further develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

*Principle 8 Recommendation 8.1, 8.2, 8.4
Notification for departure:*

The Company has not established a separate remuneration committee.

Explanation for Departure:

Due to the early stage of development and small size of the Company, a separate remuneration committee was not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, none of the Directors participate in any deliberations regarding their own remuneration or related issues.

ELYSIUM RESOURCES LIMITED

SHAREHOLDER INFORMATION

ASX Information

Substantial shareholders

The substantial shareholders as at 5 September 2014 were:

BLUMONT GROUP LTD	100,000,000
SIWEL CAPITAL PTY LTD <DLW SUPER A/C>	76,521,146
STONETOWN PTY LTD <THE STENTON SUPERFUND A/C>	53,625,000

Distribution of shareholders as at 5 September 2014

Range of Holding	Holders	Shares
1-1,000	13	3,337
1,001-5,000	49	208,052
5,001-10,000	238	2,296,914
10,001 - 100,000	387	13,079,581
100,001 - over	148	907,796,672
	<u>835</u>	<u>923,384,556</u>

Shareholders with less than a marketable parcel 656

Distribution of Option Holders (20c options expiring 31 March 2016) as at 5 September 2014

Range of Holding	Holders	Options
1-1,000	0	0
1,001-5,000	176	782,566
5,001-10,000	57	505,272
10,001 - 100,000	112	2,353,264
100,000 - over	12	28,745,324
	<u>357</u>	<u>32,386,426</u>

Option holders with less than a marketable parcel 350

Voting Rights

Each fully paid ordinary share carries voting rights of one vote per share.

Twenty Largest Shareholders as at 5 September 2014 – 69.35%

	Number of Shares	Percentage of capital held
BLUMONT GROUP LTD	100,000,000	10.83
SIWEL CAPITAL PTY LTD <DLW SUPER A/C>	76,521,146	8.29
STONETOWN PTY LTD <THE STENTON SUPERFUND A/C>	53,625,000	5.81
CAZENOVE PTY LTD <CARDINAL PROVIDENT FUND A/C>	39,143,646	4.24
BIATAN PTY LTD	33,637,500	3.64
DARMAL PTY LTD	30,930,039	3.35
MR ONG KING KIK	30,000,000	3.25
MR FARNASH W S B R MUBARAK	30,000,000	3.25
DR V T SUBRAMANIAM	30,000,000	3.25
ZURKIC MINING CONSULTANTS PTY LTD	28,437,506	3.08
APOLLAN PTY LTD <HOPETOUN A/C>	26,487,513	2.87
FARRELL FLOYD HOLDINGS PTY LTD <KNOX MITCHELL SUPER A/C>	26,253,506	2.84

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	Number of Shares	Percentage of capital held
AMIGA HOLDINGS PTY LIMITED <STAFF SUPER FUND A/C>	25,867,500	2.80
MECADANE PTY LTD <OAKCLIFF A/C>	25,215,006	2.73
KINETIC INVESTMENT CO PTY LTD <WICK SUPER FUND A/C>	21,035,400	2.28
IRON MOUNTAIN MINING LIMITED	20,526,361	2.22
WENTOVA PTY LTD <WENTOVA EMPLOYEES RETIREMENT>	16,250,000	1.76
SIWEL CAPITAL PTY LTD	13,310,000	1.44
MR P J L WILLIAMS + MR D L WILLIAMS <PETER WILLIAMS S/F A/C>	13,130,000	1.42
K R DEAN PTY LIMITED ,DEAN SUPER FUND A/C.	13,062,500	1.41
TOTAL	640,370,123	70.76

Twenty Largest Option Holders (20c options expiring 31 March 2016) as at 5 September 2014 – 90.49%

	Number of Options	Percentage of options issued
IRON MOUNTAIN MINING LIMITED	20,012,775	61.79
MS JULIE ZOHAR	2,500,001	7.72
MR DAVID ALAN ZOHAR	1,812,501	5.60
SWANCOVE ENTERPRISES PTY LTD	1,500,000	4.63
Z P PTY LTD <Z PERVAN SUPER FUND A/C>	725,000	2.24
EAGLE NICKEL LTD	634,750	1.96
SHELLGROVE PTY LTD <RJM SUPERANNUATION FUND A/C>	500,000	1.54
MR N F CURRY	318,750	0.98
J & F JAMES BROS HOLDINGS PTY LTD	312,500	0.96
J & F JAMES BROTHERS HOLDINGS PTY LTD	209,047	0.65
DR ADRIAN PIERCE SERONE	112,500	0.35
MRS JANICE JULIE HOPETOUN WADDELL	107,500	0.33
MR SHANE CHEN	100,000	0.31
MR DANG QUANG LE + MRS RACHANEEBOON LE	100,000	0.31
JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	95,870	0.30
MR DAVID ALAN ZOHAR	63,772	0.20
B HARRIES PTY LTD <BH SUPER FUND A/C>	50,000	0.15
MR SERGE DANN + MRS RHONDA DANN <DANN SUPERANNUATION	50,000	0.15
MR FRANCIS ENGLISH	50,000	0.15
SUNSTRONG PTY LTD	50,000	0.15
TOTAL	29,304,966	90.49

ELYSIUM RESOURCES LIMITED

SHAREHOLDER INFORMATION

Unquoted securities

There are 2,000,000 unquoted options exercisable at \$0.20 on or before 1 May 2016.
There are 17,000,000 unquoted options exercisable at \$0.02 on or before 20 June 2017.
There are 94,000,000 unquoted options exercisable at \$0.014 on or before 30 April 2018.
There are 190,000,000 unquoted options exercisable at \$0.014 on or before 30 November 2014.

Shares and Options escrowed

There are no escrowed shares or options.

The Group has an interest in the following tenements as at 5 September 2014:

Tenement Name	Holders	Area (sq. km)	Grant Date	Expiry Date
E52/2569	Elysium Resources Limited	5.5	18/06/2010	17/06/2015
EL 6463	Burruga Copper Ltd	84	5/9/2005	5/9/2016
EL 6874	Burruga Copper Ltd	24	13/9/2007	13/9/2015
EL 7975	Burruga Copper Ltd	75	11/10/2012	10/10/2014
IUPE 412.302/201 3	PT Gata Sumber Daya	99.9	29/7/2013	29/7/2016