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DROMANA ESTATE LIMITED

ABN 58 090 000 276

**ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2014**

DROMANA ESTATE LIMITED

ABN 58 090 000 276

CORPORATE DIRECTORY

REGISTERED OFFICE

Suite 106, 1 Princess Street
Kew Vic 3101
Australia

Dromana Estate Limited ordinary shares are listed on the Australian Stock Exchange: ASX code DMY.

BOARD OF DIRECTORS

Gabriel Chiappini
Chairman, Non-Executive Director

Geoffrey J Bell
Non-Executive Director

Jerko Zuvela
Non-Executive Director

COMPANY SECRETARY

Garry W Bell

SOLICITORS

gtp legal
Level 1
28 Ord Street
West Perth WA 6872

AUDITORS

CWS – Sincock & Co
Level 4 112 Wellington Parade
East Melbourne Vic 3002

SHARE REGISTRY

Advanced Share Registry Ltd
150 Stirling Highway
Nedlands WA 6009

BANKERS

National Australia Bank
107 Main Street,
Mornington 3931

DROMANA ESTATE LIMITED

ABN 58 090 000 276

CHAIRMAN'S REVIEW

Please find attached the Statutory Financial Accounts of Dromana Estate Limited (or "Dromana" or "the company") for the year ended 30 June 2014.

During FY14 Dromana reviewed many alternative transactions and conducted acquisition due diligence on several strategic projects, including the Longonjo Copper Project in Angola and Cloud Central Pty Ltd ("Cloud Central"). Your Board is extremely disappointed at not securing either of these transactions. The Longonjo project was conditional upon Dromana raising a minimum of AUD\$3.5m pursuant to a prospectus compliant with ASX Listing Rules Chapters 1 & 2, however principally due to the depressed capital markets associated with early stage exploration projects, the company was unable to secure funding for this project. Further to this, the Longonjo vendors rejected the company's considerable efforts to extend the option term and flowing on from this, the company reluctantly withdrew from the project.

On 20 March 2014, Dromana announced to the ASX that it had entered into an agreement to acquire 100% of Australian cloud computing service provider, Cloud Central. Cloud Central has four cloud data presences located within Australian Tier-III secure data facilities located in Canberra (2), Sydney and Melbourne with excess capacity to grow revenue. Cloud Central's platforms and services are underpinned by unique intellectual property developed over four years, validated by live customer deployment and numerous Government grants and awards.

In Dromana's ASX announcement on 20 March 2014 the company confirmed, that subject to satisfying the conditions precedent to acquire Cloud Central, the Cloud Central founder Mr Kristoffer Sheather was to become Managing Director and experienced IT entrepreneur and former iiNet Director, Mr Andrew Milner, would become a Non-Executive Director. The all-scrip offer was subject to Dromana shareholder approval and re-compliance with ASX Listing Rules Chapters 1 & 2. Purchase consideration was to be split between an initial issue of 275,000,000 fully paid ordinary shares and additional shares to be issued upon achievement of performance milestones linked to revenue and EBITDA. The company then entered into a Capital Raising Lead Manager Mandate with Hartleys Limited to raise a minimum of AUD\$3.5m. A key condition precedent to this Lead Manager mandate was having Mr Andrew Milner and another Hartley's Nominee appointed as an Executive of Cloud Central. During this period and based on a fully dilutive capital structure, Dromana's market capitalisation increased to \$12m and its share price increased from \$0.005 to \$0.02 per share. Unfortunately due to circumstances beyond Dromana's control, the Hartley's Nominee director (Andrew Milner) and the executive that Hartleys' put forward as a condition to their \$3.5m capital raising mandate, withdrew their acceptance to join Cloud Central. As a result of this condition precedent being breached, Hartleys withdrew their Leader Manager Mandate and Dromana was unable to complete its acquisition of Cloud Central. Dromana continues to work with Cloud Central to secure repayment of the loan funds advanced.

Following the termination of Cloud Central, your Board quickly mobilised to recapitalise and reset Dromana and on 8 August 2014 announced the following transaction to the ASX:

- Appointment of Cygnet Capital as Underwriter and Lead Manager of an entitlements issue and to negotiate the conversion of the existing Secured Noteholders
- Fully underwritten 3-for-1 renounceable entitlements issue to raise \$691,817 at \$0.001 per share
- Funds raised will allow Dromana to recapitalise its balance sheet, settle its current commitments and relaunch the company to focus on new opportunities
- Noteholders have advised of intention to convert \$500,000 of existing convertible notes

On 22 September 2014, Dromana announced to the ASX that it had received applications for 162,730,414 rights raising a total of \$162,730, with the shortfall being underwritten by Cygnet Capital. We expect the shortfall funds to be received early October 2014. Following completion of the transaction and conversion of the Convertible Notes into equity, your company will be ready to embark on securing an accretive asset.

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CHAIRMAN'S REVIEW (continued)

As noted above, your board is disappointed with the FY14 performance, during FY14 Dromana reported a loss of \$871,061 (2013 loss \$395,918). This loss comprised of the following items:

Operating loss for the year	(\$210,899)
Interest paid on the convertible notes on issue during the year	(\$60,000)
Cloud Central acquisition costs written off	(\$97,524)
Impairment of unsecured loan to Cloud Central	(\$163,223)
Expenditure on Longonjo Project written off	(\$339,415)
Loss for FY14	<u>(\$871,061)</u>

The operating loss of \$210,899 includes Corporate Advisory Fees of \$66,000 and Directors Fees of \$78,000. Due to market conditions and working capital restraints, directors have not drawn any director fees since September 2013.

Interest expenses totalling \$60,000 were paid in respect of the convertible notes issued in the December 2011 capital raising. Administration costs of \$66,996 were also incurred in maintaining the company's status as a publicly listed company on the ASX.

During FY14, the company implemented a cost efficiency review, eliminating non-core costs and expenses. Your Board is determined to procure the right asset that will provide all shareholders with an accretive return on current values.



Gabriel Chiappini
Chairman
Dromana Estate Limited

Dated: 26 September 2014

DROMANA ESTATE LIMITED

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CORPORATE GOVERNANCE STATEMENT

As at the date of this report, the Directors of the Company are:

<u>Name</u>	<u>Position</u>
Gabriel Chiappini	Chairman (Non-Executive)
Geoffrey J Bell	Non-Executive Director
Jerko Zuvela	Non-Executive Director

Role of the Board

The Board is ultimately responsible for all matters relating to the running of the company. The Board's role is to govern the company rather than to manage it. In governing the company, the Directors must act in the best interests of the company as a whole. It is the role of senior management to manage the company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Responsibilities of the Board

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

To provide leadership to the company by:

- guiding the development of an appropriate culture and values for the Company through the establishment and review of rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods.
- always acting in a manner consistent with the company's culture and rules and procedures

Oversee the development and implementation of an appropriate strategy by:

- working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place
- regularly reviewing and amending or updating the Company's strategic direction and goals
- ensuring that an appropriate set of internal controls are implemented and reviewed regularly
- overseeing planning activities including the development and approval of strategic plans and operating budgets
- reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including the outcome of such reviews on at least an annual basis.

Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders.

Overseeing the control and accountability systems that ensure the company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.

Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively.

Ensuring appropriate human resource systems (including OH & S systems) are in place to ensure the well-being and effective contribution of all employees.

Delegating appropriate powers to the Executive Director to ensure the effective day-to-day management of the business and monitoring the exercise of these powers. Please note the Company has not had any Executive Directors for its previous 2 financial years.

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CORPORATE GOVERNANCE STATEMENT (continued)

Specific matters reserved for the Board

- Acquiring or selling shares of the Company
- Acquiring, selling or otherwise disposing of property
- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the company's participation in other companies
- Acquiring or selling patent rights, rights in registered trade marks, licences or other intellectual property rights of the company
- Founding, dissolving or relocating branch offices or other offices, plants and facilities
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the company's business activities
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the company
- Taking or granting of loans including, without limitation, issuing of promissory notes or loans
- Granting securities of any type
- Granting loans to company officers or employees and taking guarantees from the company's officers and employees
- Determining the balance sheet strategy for the company or any part of the company
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases
- Determining the total amount of bonuses and gratuities for Company officers and employees
- Appointing and, where appropriate, removal of the Executive Director
- Ratifying the appointment and, where appropriate, the removal of the Group General Manager, Chief Financial Officer and Company Secretary
- Determining the appointment, termination, prolongation or employment or amendment to conditions of employment of members of the Board of Directors
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company

The composition of the Board is reviewed and considered at least annually at a meeting of all Directors. Shareholder approval is required on the composition of the Board. Directors are elected by shareholders and remain accountable to them. The Board will meet formally on a regular basis.

The Board presently comprises three non-executive Directors.

The Company policy regarding the terms and conditions for remuneration relating to the appointment and retirement of Board members are approved at a meeting of all Directors following professional advice. The Directors of the Company, meeting as a Board, determine the fees of Directors within the aggregate limit established by shareholders in general meeting.

The remuneration and terms and conditions of executive officers are reviewed and approved by the Directors after seeking professional advice.

The non-executive members have the right to seek independent professional advice in the furtherance of his duties as a Director at the Company's expense. The Chairman's approval of such expenditure is required.

Where any Director has an interest of any kind in relation to any matter dealt with at a Board or committee meeting that Director abstains from participation in the decision process.

Directors and officers must inform the Chairman, in advance, of any proposed dealing in Dromana Estate Limited securities, refrain from buying or selling in the period of five days before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited 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.

Communications to Shareholders

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to shareholders through:

- The annual report which is distributed to all shareholders;
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate;

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CORPORATE GOVERNANCE STATEMENT (continued)

Communications to Shareholders (continued)

- The appointment of a staff member for shareholder liaison to respond to telephone and written shareholder inquiries; and
- The Company's interactive website at www.dromanaestate.com.au provides shareholders with information on the company, its services and products.

Evaluation of the performance of senior executives, the Board, its committees and individual Directors

The Chairman reviews the performance of the senior executives by way of informal and informal discussions as appropriate throughout the year. The performance of the senior executives were reviewed during the financial year in accordance with this process.

A review of the performance of the Board and its Committees during the financial year, is conducted by the Chairman through formal and informal discussions. Significant issues that are identified or changes recommended are actioned by the Board.

Given the current size of the Board, there are no formal performance reviews of individual Directors.

Keeping the market informed

The Company has documented policies for communications and continuous disclosure procedures and practices. The management group is required to bring any matters which may be of a price sensitive nature to the Board's attention. The Board also specifically addresses the issue of process sensitive information at each of its Board meetings.

The Company Secretary is responsible for the communication of administrative matters to the ASX. Significant announcements are posted on the Company's website as soon as possible after receiving ASX clearance of the release.

Audit Committee

At the date of this report the Company had an audit committee consisting of the following Directors:

Geoffrey J Bell (Audit Committee Chairman)
Gabriel Chiappini

The Audit Committee does not have a formal charter but its objectives to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control include:

- assessing the risk and control environment – review accounting policies, internal controls, practices and disclosures to assist the board in making informed decisions
- overseeing the financial reporting to ensure it is appropriate and of a high quality prior to recommending adoption of the financial statements by the board for release to the ASX and shareholders
- evaluating the audit process, particularly the scope, effectiveness and outcome

Committee members are financially literate, that is, have the ability to read and understand financial reports including the statements of financial performance, financial position and cash flow. The Committee Chairman has accounting and financial experience, is knowledgeable about financial and auditing processes and is responsible for the planning and conduct of meetings and overseeing the reporting to the Board.

The audit committee meets at least each half year to coincide with the production of published financial statements and the assessment of external audit reports. The external auditor, and chief financial officer/company secretary are invited to audit committee meetings. The committee members consult directly with the external auditor as required. This consultation may be independent of management in order to provide and opportunity for the auditor to discuss any contentious issue or raise concerns.

The Chief Financial Officer has provided a written statement that, to the best of their knowledge the financial reports present a true and fair view of the company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is made at half yearly intervals.

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CORPORATE GOVERNANCE STATEMENT (continued)

Risk Management

The Board as a whole considers the major risks affecting the business. Dromana has developed a risk management system to evaluate and control risks effectively to ensure opportunities are not lost. Competitive advantage is enhanced, and management time is not spent reacting to issues or events. It is not intended to eliminate risk. This risk management system encompasses all financial operational and compliance controls and risk management and is subject to regular review.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. Management regularly report monthly actual results against budgets approved by the board.

The Chairman provided a written statement to the Board, that in his opinion:

- the statement given in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- the company's risk management and internal compliance and control framework is operating effectively in all material respects in relation to financial reporting risks.

ASX Corporate Governance Council Guidelines

The ASX Corporate Governance Council released a second edition of Corporate Governance Principles and Recommendations during August 2008 and in December 2008 Guidance Note 9A "Corporate Governance Council - Revised Principles and recommendations" has reissued.

The Board has not adopted the following ASX recommendations:

Principle 2.1: The Board should establish a nomination committee

The Board considers that the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process. As the Board consists of only three Directors this is considered best practice at this stage in the Company's development.

Principle 2.5: The Chairperson should be an independent director

While the Board recognises the importance of independence in decision-making, it does not comply with Recommendation 2.5 as Mr. Chiappini, the current Chairman, is not an independent Director. Although Mr Chiappini has direct and indirect interests in the company, the Board believes that his extensive commercial experience makes him the most appropriate person for the position.

Principle 3.1: Establish a Code of Conduct to guide the Directors, the Executive Directors, the Chief Financial Officer and any other key executives as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Due to the size of the Company and the resources available to it, the Board does not consider that a formal code of conduct for Directors, the Executive Directors, Chief Executive Officer, Chief Financial Officer and other key executives is appropriate. Rather it is agreed that all officers of the Company will act ethically and in the best interests of the Company. As noted previously the company has not employed any Executive Directors or Chief Executive Officers for the last 2 financial years.

Principle 4.1: Structure the Audit Committee so that it consists of only non-executive Directors, a majority of independent Directors, an independent Chairman, who is not Chairman of the Board and at least three members.

The Audit Committee is comprised of the Chairman and one Non-Executive Director, both of whom have considerable commercial qualifications and experience to fulfill the role. The remaining Non-Executive Director, whose qualifications and expertise is in non-financial fields, is not a member of the Audit Committee. The Chairman of the Audit Committee is the Non-Executive Director.

Principle 8.1: The Board should establish a remuneration committee

As the Board considers that due to its small size all members should be involved in determining remuneration levels, it has not established a separate remuneration committee; rather time is set aside at board meetings to address the matters usually considered by a remuneration committee.

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DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the financial year ended 30 June 2014.

Directors

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

Mr. Gabriel Chiappini (Chairman)

Mr. Geoffrey J Bell

Mr. Jerko Zuvela

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

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Mr. Garry W Bell, ACA, CPA, Bachelor of Commerce Melbourne University.

Chartered Accountant with over 40 years experience in Public Practice and the banking industry. Mr. Bell was appointed Company Secretary on 2 February 2008.

Principal Activities

The company completed its due diligence on the Longonjo Project and determined after consultation with Sable Minerals Pty Ltd not to exercise its option to proceed to development of this project. Expenditure incurred in respect of the acquisition of the option and the completion of due diligence totalling \$339,415 has been expensed during the year of which \$253,294 comprised prior year expenses carried forward as an Intangible Asset and current year costs incurred of \$86,121 prior to the project being terminated..

The company entered into a Binding Terms Sheet and Loan Agreement to acquire Cloud Central Pty Ltd and Placement Mandates with DJ Carmichael and Hartleys to fund the acquisition. The company completed due diligence of the Cloud Central business and decided not to proceed with the acquisition as key parts of the proposed transaction could not be implemented to the satisfaction of the Directors. The company incurred due diligence and advisory costs of \$97,524 in respect of this transaction which have been written off.

The company also advanced loan funds of \$163,223 to Cloud Central Pty Ltd in accordance with the Binding Terms Sheet which are now repayable at the earliest of 6 months from termination of the agreement or the date that Cloud Central Pty Ltd next completes a capital raising. The company is reviewing the recoverability of this debt and in the meantime have taken up an impairment provision for the full amount but will pursue recovery of the debt.

Operating Results

The operating loss of the economic entity after income tax amounted to \$871,061 (2013 loss \$395,917).

Dividends Paid or Recommended

No dividends have been paid or recommended.

Review of Operations

The review of operations is included in the attached Chairman's Report and forms part of this report.

Financial Position

The net assets of the economic entity have decreased \$496,698 to \$(506,241) in the financial year to 30 June 2014.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the company during the year.

After Balance Date Events

The company completed a 3:1 Renounceable Rights Issue, fully underwritten by Cygnet Capital Pty Ltd, to raise \$691,817 before costs to assist with its current financial commitments and to finance new acquisition opportunities. The company received valid applications from shareholders for 162,730,414 shares raising \$162,730 and the shortfall of \$529,087 is due to be placed by the underwriter by 2 October 2014.

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DIRECTORS' REPORT

After Balance Date Events (continued)

The following resolutions were passed at a general meeting of the company held on 18 September 2014:

1. Approval to vary the conversion price of the Convertible Notes to \$0.001 per share and to issue 500,000,000 shares on conversion of the Convertible Notes
2. Approval to grant 40,000,000 Placement Options each exercisable at \$0.01 on or before the date that is 4 years from the date the options are granted.
3. Approval to issue up to 41,509,000 shares to Cygnet Capital Pty Ltd (and/or its nominees) in lieu of all or part of the underwriting fee.
4. Approval to issue 16,500,000 shares to Mr Gabriel Chiappini (or his nominee) in lieu of half the amount of outstanding Directors Fees owing at 31 July 2014.
5. Approval to issue 9,900,000 shares to Mr Geoffrey Bell (or his nominee) in lieu of half the amount of outstanding Directors Fees owing at 31 July 2014.

The company received signed confirmations from the Convertible Noteholders consenting to the variation of the conversion price and to the conversion of the Convertible Notes with effect from 23 September 2014.

Meetings of Directors

During the financial year 7 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	<u>Directors' Meetings</u>		<u>Audit Committee Meetings</u>	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Gabriel Chiappini	7	7	2	2
Mr. Geoff. Bell	7	7	2	2
Mr. Jerko Zuvela	7	7	-	-

Information on Directors

The name and particulars of the directors of the company during or since the end of the financial year are –

Gabriel Chiappini	Director (Non-Executive)
Qualifications	Bachelor of Accounting & Finance Edith Cowan University, Member of Australian Institute of Company Directors and Institute of Chartered Accountants, Australia
Experience:	Director of Dromana Estate Limited since 15 December 2011. Director of Green Rock Energy Limited and Company Secretary of Avita Medical Limited, Katana Capital Limited, Neon Energy Limited and Glonbal Construction Services Limited
Interest in shares and options:	Holder of 3,551,155 ordinary shares in Dromana Estate Limited.
Special responsibilities:	Audit committee
Directorships held in other listed entities:	Green Rock Energy Limited
Geoffrey J Bell	Director (Non-Executive Director)
Qualifications:	Bachelor of Commerce (Hons) Melbourne University, CA, FCPA, ACIS, FTIA
Experience:	Director since July 2005. Former partner with PricewaterhouseCoopers specialising in taxation.
Interest in shares and options:	18,779,856 ordinary shares in Dromana Estate Limited
Special responsibilities:	Audit committee (Chairman)
Directorships held in other listed entities:	Nil

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DIRECTORS' REPORT

Jerko Zuvela

Qualifications:

Experience:

Director (Non-executive independent)

Bachelor of Science, Applied Geology Curtin University

Director of Dromana Estate Ltd since 15 December 2011. Over 18 years experience in Australia and internationally, during which time has held senior executive positions in public listed and unlisted companies including for Kangaroo Resources Limited as Chief Geologist, Strike Resources Limited as General Manager Operations and Fireside Resources Limited as Chief Geologist. Mr Zuvela is a Chartered Professional (Geology) Member of the Australasian Institute of Mining and Metallurgy.

Interest in shares and options:

Holder of 1,500,000 ordinary shares in Dromana Estate Limited.

Directorships held in other listed entities:

Argosy Minerals Limited

Remuneration Report

This report details the nature and amount of remuneration for each Director of Dromana Estate Limited and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Dromana Estate Limited has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Dromana Estate Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the economic entity, as well as create goal congruence between Directors, executives and shareholders.

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

- The remuneration policy, setting the terms and conditions for the Executive Director and other senior executives, was developed by the Board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.
- The Board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

Executive directors and executives who are paid remuneration receive a superannuation guarantee contribution required by the government, which is currently 9.25%, and do not receive any other retirement benefits. Individuals may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to Directors and executives is valued at cost to the Company and expensed. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payment to the Non-Executive Directors and reviews their remuneration annually, based upon market practice, duties and accountability. Independent external advice is sought when required. The maximum amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the company.

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DIRECTORS' REPORT

Details of Remuneration for the Year Ended 30 June 2014

The remuneration for each Director and executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Salaries & fees (i) \$	Super. contribution \$	Non-cash benefits \$	Shares \$	Total \$	Performance related %
Directors						
Mr. Gabriel Chiappini	33,000(ii)	-	-	-	33,000	-
Mr. Geoffrey J Bell	22,500	-	-	-	22,500	-
Mr. Jerko Zuvela	22,500	-	-	-	22,500	-
	<u>78,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,000</u>	<u>-</u>
Specified Executives						
Mr. G W Bell	22,575	-	-	-	22,575	-
	<u>22,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,575</u>	<u>-</u>

(i) Directors have agreed not to draw director fees since September 2013, fees have been accrued until the Company has sufficient funds to meet fee liability

(ii) additional fees relate to executive work completed by Mr Gabriel Chiappini during FY14

Employment Contracts of Directors and Senior Executives

As at the date of this report and during the financial year the company does not have any employment contracts with any of its directors and does not have any full time employees.

Mr. Garry W Bell, Chief Financial Officer is employed on a fee for service basis. Either party may terminate the agreement without notice. Termination payments are not payable on resignation or dismissal.

Options

Unissued ordinary shares of Dromana Estate Limited under option at the date of the report are as follows:

Grant date	Date of expiry	Exercise price	Number under option
30 December 2011	30 November 2014	\$0.01	50,000,000
18 September 2014	18 September 2018	\$0.01	<u>40,000,000 (i)</u>
			<u>90,000,000</u>

(i) Options approved by Shareholders at a General Meeting held on 18 September 2014, options yet to be allotted

No shares were issued on the exercise of options granted to employees during the financial year.

Future Developments, Prospects and Business Strategies

Following the 3:1 Renounceable Rights Issue fully underwritten by Cygnet Capital Pty Ltd ("Cygnet"), the Board will consider further transactions in concert with strategic advice received from Cygnet and will assess all business opportunities presented to them with a view to developing a long term business to the benefit of all shareholders.

Environmental Issues

The economic entity is not subject to significant environmental regulation under the law of the Commonwealth or State.

Indemnifying Officers or Auditor

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the company, the company secretary and all executive officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director, Secretary or officer of the company, other than conduct involving a wilful breach of duty in relation to the company to the extent permitted by the Corporations Act 2001.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is an officer or auditor of the economic entity.

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DIRECTORS' REPORT

Proceedings on Behalf of Company

There are no outstanding legal matters as at 30 June 2014.

Non-audit services

No non-audit services were provided during the financial year.

Auditors Independence Declaration

The auditors independence declaration for the year ended 30 June 2014 has been received and can be found on page 12 of the Annual Report.

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



Mr. Gabriel Chiappini
Chairman

Dated this 26th day of September 2014.

For personal use only

DROMANA ESTATE LIMITED
ABN 58 090 000 276

CWS SINCOCK & CO
CHARTERED ACCOUNTANTS

26th August 2014

To the Board of Directors
Dromana Estate Limited
555 Old Moorooduc Road
TUERONG VIC 3933

Dear Board Members

Re: Dromana Estate Limited

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Dromana Estate Limited.

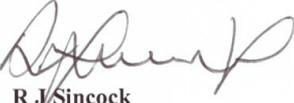
As the partner responsible for the audit of the financial statements of Dromana Estate Limited for the year ended 30th June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the audit independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



CWS – Sincock & Co
Chartered Accountants



R J Sincock
Partner

Liability limited by a scheme approved under Professional Standards Legislation.

LEVEL 4, 112 WELLINGTON PARADE, EAST MELBOURNE VICTORIA 3002
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DROMANA ESTATE LIMITED

ABN 58 090 000 276

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
Other income	2	149	7,326
Administration expenses		(211,048)	(265,190)
Borrowing costs expense		(60,000)	(60,000)
Peru Project Costs		-	(78,053)
Longonjo Project Expenses		(339,415)	-
Cloud Central Acquisition Costs		(97,524)	-
Impairment of Unsecured Loan		(163,223)	-
Income tax expense	4	-	-
Profit/(Loss) for the year		<u>(871,061)</u>	<u>(395,917)</u>
Overprovision of prior year dividend		-	-
Profit/(Loss) for the year		<u>(871,061)</u>	<u>(395,917)</u>
Basic earnings (loss) per share	6	(0.38)c	(0.26)c
Diluted earnings (loss) per share	6	(0.38)c	(0.26)c

The accompanying notes form part of these financial statements.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTE	2014 \$	2013 \$
Current Assets			
Cash and cash equivalents	9	252,243	323,841
Trade and other receivables		27,678	36,544
Unsecured Loans at valuation	10	-	-
Total Current Assets		279,921	360,385
Non-Current Assets			
Unsecured Loans at valuation	10	-	-
Intangible assets	11	-	253,294
Total Non-Current Assets		-	253,294
Total Assets		279,921	613,679
Liabilities			
Current Liabilities			
Trade and other payables	13	286,162	123,132
Financial liabilities	14	-	-
Total Current Liabilities		286,162	123,132
Non-Current Liabilities			
Financial liabilities	14	500,000	500,000
Total Non-Current Liabilities		500,000	500,000
Total Liabilities		786,162	623,132
Net Assets		(506,241)	(9,453)
Equity			
Issued capital	15	15,552,881	15,178,608
Accumulated losses		(16,059,122)	(15,188,061)
Total Equity		(506,241)	(9,453)

The accompanying notes form part of these financial statements.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Share capital \$	Accumulated losses \$	Total \$
Balance at 30 June 2012	15,178,608	(14,792,143)	386,465
Shares issued during the year	-	-	-
Transaction costs recovered	-	-	-
Profit/(Loss) for the year	(395,917)	(395,917)	
Balance at 30 June 2013	15,178,608	(15,188,061)	(9,453)
Shares issued during the year	400,000		400,000
Transaction costs	(25,727)		(15,727)
Profit/(Loss) for the year		(871,061)	(871,061)
Balance at 30 June 2014	<u>15,552,381</u>	<u>(16,059,122)</u>	<u>(506,241)</u>

The accompanying notes form part of these financial statements.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014	2013
		\$	\$
Cash flows from operating activities			
Receipts from customers		65,131	27,370
Payments to suppliers and employees		(332,969)	(376,665)
Interest received		149	7,326
Interest and borrowing costs paid		(14,959)	(60,287)
Net cash used in operating activities	19(a)	<u>(282,648)</u>	<u>(402,256)</u>
Cash flows from investing activities			
Purchase of plant and equipment		-	-
Proceeds from sale of property plant & equipment		-	-
Payment for financial assets		-	(191,206)
Net cash used in investing activities		<u>-</u>	<u>(191,206)</u>
Cash flows from financing activities			
Loan to related entities		(163,223)	-
Repayment of loans from related entities		-	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		400,000	-
Cost of share issue		(25,727)	-
Net cash provided by financing activities		<u>211,050</u>	<u>-</u>
Net increase (decrease) in cash held		(71,598)	(593,462)
Cash at the beginning of the financial year		323,841	917,303
Cash at the end of the financial year	9	<u>252,243</u>	<u>323,841</u>

The accompanying notes form part of these financial statements

DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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

Basis of Preparation

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

a. 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 balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement 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 income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. Financial Instruments

Recognition

Financial instruments are initially measured at cost 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.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b. Financial Instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

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

Impairment

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

c. 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 asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. 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.

d. Interests in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

e. Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transaction and balances

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

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

g. Employee Benefits

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

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Equity Settled Compensation

The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

h. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

i. Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to the customers. Interest revenue is recognised on a proportional basis, taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

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

k. Comparative Figures

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

Critical Accounting Estimates and Judgments

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

DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	NOTE	2014 \$	2013 \$
2. REVENUE			
<hr/>			
Non-operating activities			
- gains on settlement of loans		-	-
- amounts received in settlement of legal matters		-	-
- interest received	(a)	149	7,326
- other revenue		-	-
Other Income		<u>149</u>	<u>7,326</u>
(a) Interest revenue from:			
- other persons		149	7,326
Total Interest Revenue		<u>149</u>	<u>7,326</u>
3. PROFIT/(LOSS) FOR THE YEAR			
Loss from ordinary activities before income tax has been determined after:			
a) Expenses:			
Employee benefits expense		-	-
<hr/>			
Borrowing costs:			
- external parties		-	-
- director related parties		-	-
- other related parties		60,000	60,000
Total borrowing costs		<u>60,000</u>	<u>60,000</u>
(b) Significant revenue and expenses:			
The following significant revenue and expense items are relevant in explaining the financial performance:			
<u>Revenue items</u>			
Profit on settlement of loans		-	-
<hr/>			
<u>Expense items</u>			
Corporate Advisory Fees		(66,000)	(91,000)
Directors Fees – non-executive		(78,000)	(108,000)
Cloud Central acquisition costs		(97,524)	-
Impairment of Unsecured Loan		(163,223)	-
Legal expenses		(2,253)	-
Longonjo Project Costs			
- Costs capitalised 2013 written off	11	(253,294)	-
- Costs incurred in current year		(86,121)	-
Peru Project Costs		-	(78,053)
Net revenue/(expense) from individually significant items		<u>(746,415)</u>	<u>(277,053)</u>

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DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$	\$
4. INCOME TAX EXPENSE		
The prima facie income tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(261,318)	(118,775)
Add (less) tax effect of:		
Diminution in value of investment	-	-
Non-taxable capital gain	-	-
Non-deductible items	-	-
Current year losses not brought to account as future income tax benefit	261,318	118,775
Income tax expense	-	-
5. DIVIDENDS		
In respect of the year ended 30 June 2014, no dividends have been paid or recommended (2013: \$Nil).		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years:	161,427	161,427

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
6. EARNINGS PER SHARE		
(a) Reconciliation of earnings to net loss:		
Net profit/(loss) of the economic entity	(871,061)	(395,917)
Net loss attributable to outside equity interest	-	-
Net loss used in the calculation of basic earnings per share and diluted earnings per share	<u>(871,061)</u>	<u>(395,917)</u>
	2014 Number	2013 Number
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	<u>164,641,928</u>	<u>150,605,764</u>
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted earnings per share	<u>164,641,928</u>	<u>150,605,764</u>

At 30 June 2014 and 30 June 2013, no share options or convertible notes were dilutive and therefore none were included in the calculation of diluted earnings per share on those dates.

7. KEY MANAGEMENT PERSONNEL COMPENSATION

- (a) Names and positions held of key management personnel in office at any time during the financial year are

Key Management Person	Position
Mr. Gabriel Chiappini	Director – Chairman (Non-Executive Director)
Mr. Geoffrey J Bell	Non-Executive Director
Mr. Jerko Zuvela	Non-Executive Director
Mr. Garry W Bell	Company Secretary and Chief Financial Officer

- (b) Compensation Practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

Directors of the Company, meeting as a Board, determine the fees of Directors within the aggregate limit established by shareholders in general meeting. In respect of executive officer remuneration, the directors meet as a board to ensure that remuneration is within commercially acceptable levels and appropriately encourages the achievement of the short term and long term objectives of the company.

At the date of this report and during the financial year, the company has not employed any Executive directors. Should this be activated the remuneration structure for executive officers, including Executive Directors, will be based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis the terms of which are not expected to change in the immediate future. None of the current directors or officers will be paid employee benefit entitlements or retirement benefits. Mr. Garry Bell is employed on a fee for service basis. Either party may terminate the agreement without notice. Termination payments are not payable on resignation or dismissal.

DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

(c) Key Management Personnel Compensation

	Short-term benefits		Post Employment	Share based payment	Total	Performance related %
	Salary & fees	Super. Contribution	Super.			
	\$	\$	\$	\$	\$	
2014						
Mr. Gabriel Chiappini	33,000	-	-	-	33,000	-
Mr. Geoffrey J Bell	22,500	-	-	-	22,500	-
Mr. Jerko Zuvela	22,500	-	-	-	22,500	-
Mr. Garry W Bell	22,575	-	-	-	22,575	-
	<u>100,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,575</u>	<u>-</u>
2013						
Mr. Gabriel Chiappini	36,000	-	-	-	36,000	-
Mr. Geoffrey J Bell	36,000	-	-	-	36,000	-
Mr. Jerko Zuvela	36,000	-	-	-	36,000	-
Mr. Garry W Bell	19,374	-	-	-	19,374	-
	<u>127,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,374</u>	<u>-</u>

The decrease from in Directors Fees in 2014 resulted from the Directors agreeing to reduce their fees from \$3,000 per month to \$1,500 per month from 1 October 2013. The Chairman fees were subsequently increased to \$5,000 for a period of 3 months whilst negotiating the possible acquisition of Cloud Central Pty Ltd.

(d) Shares issued on Exercise of Compensation Options

No shares were issued on exercise of compensation options during the financial year.

(f) Number of Options Held by Key Management Personnel

	Balance 1/7/13	Granted as		Net change other*	Balance 30/6/14	Total vested 30/6/14	Total exercisable 30/6/14	Total unexercisable 30/6/14
		Compen- sation	Options exercised					
Mr. G Chiappini	-	-	-	--	-	-	-	-
Mr. G.J. Bell	-	-	-	-	-	-	-	-
Mr. J Zuvela	-	-	-	--	-	-	-	-
Mr. G.W. Bell	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Net change refers to options lapsed during the period.

(g) Shareholdings

Number of shares held by key management personnel.

	Balance 1/7/13	Received as compensation	Options exercised	Net change other	Balance 30/6/14
Mr G. Chiappini	3,551,155	-	-	-	3,551,155
Mr. G.J. Bell	4,694,964	-	-	-	4,694,964
Mr. J Zuvela	1,500,000	-	-	-	1,500,000
Mr. G.W. Bell	500,000	-	-	-	500,000
Total	<u>10,246,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,928,117</u>

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
8. AUDITORS' REMUNERATION		
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	5,950	4,000
- other services	-	-
	<u>5,950</u>	<u>4,000</u>

9. CASH AND CASH EQUIVALENTS

Cash at bank and on hand

<u>227,688</u>	<u>323,641</u>
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10. UNSECURED LOANS

Loan to Unrelated Entity at cost
Less: Impairment Provision

163,223	
(163,223)	-
<u>-</u>	<u>-</u>

Loan funds advanced to Cloud Central Pty Ltd in accordance with the binding terms sheet, which was terminated with effect from 7 July 2014, are repayable at the earliest of 6 months from the date the loan agreement was executed or the date that Cloud Central Pty Ltd next completes a capital raising.

11. INTANGIBLE ASSETS

Longonjo Copper Project

-	253,294
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<u>-</u>	<u>253,294</u>
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The company executed a Deed of Settlement and Release with the vendors of the Longonjo Project on 18 November 2013 and all costs incurred on the project were expensed in this financial year.

12. DEFERRED TAX ASSETS

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1c occur.

- temporary differences at 30%
- income tax losses at 30%

-	-
2,646,080	2,384,762
<u>2,646,080</u>	<u>2,384,762</u>

The potential income tax benefit will only be obtained if:

- the economic entity derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the economic entity continues to comply with the conditions for deductibility imposed by the law; and no changes in legislation adversely affect the relevant company in realising the benefit.

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
13. TRADE AND OTHER PAYABLES		
CURRENT		
Unsecured liabilities		
Trade creditors	210,162	97,173
Sundry creditors and accrued expenses	76,000	25,959
	<u>286,162</u>	<u>123,132</u>
14. FINANCIAL LIABILITIES		
Secured loan from related entity	-	-
	<u>-</u>	<u>-</u>
LONG-TERM		
Secured Convertible notes issued	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

The company issued 100,000,000 secured convertible notes with a face value of \$0.005 pursuant to a resolution passed at the 2011 AGM. The convertible notes have a maturity date of 29 December 2016 and bear interest at 12% per annum.

15. ISSUED CAPITAL

230,605,764 (2013: 150,605,764)
fully paid ordinary shares

15,552,381 15,178,608

	2014 No.	2013 No.
Number of ordinary shares		
At the beginning of the financial year	150,605,764	150,605,764
Shares issued during the year		
9 May 2014 (i)	57,600,000	-
27 March 2014 (ii)	22,400,000	-
Balance at end of financial year	<u>230,605,764</u>	<u>150,605,764</u>

(i) On 9 May 2014, the company issued 57,600,000 at \$0.005 cents per share as a result of placements not requiring approval of shareholders.

(ii) On 27 March 2014, the company issued 22,400,000 at \$0.005 cents per share as a result of placements not requiring approval of shareholders.

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

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. ISSUED CAPITAL (continued)

Options

Unissued ordinary shares of Dromana Estate Limited under option at the balance date are as follows:

Grant date	Date of expiry	Exercise price	Number under option
30 December 2011	30 November 2014	\$0.01	<u>50,000,000</u> <u>50,000,000</u>

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company does not have any contingent liabilities or contingent assets at 30 June 2014.

17. RELATED PARTY TRANSACTIONS

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

	2014	2013
	\$	\$
	-	-

18. EVENTS SUBSEQUENT TO BALANCE DATE

The company appointed Cygnet Capital to act as Underwriter and Lead Manager for a 3-for-1 renounceable entitlements issue at \$0.001 per share to raise a total of \$691,817. The company received valid applications from shareholders for 162,730,414 shares raising \$162,730 and the shortfall of \$529,087 is due to be placed by the underwriter by 2 October 2014.

The following resolutions were passed at a general meeting of the company held on 18 September 2014:

6. Approval to vary the conversion price of the Convertible Notes to \$0.001 per share and to issue 500,000,000 shares on conversion of the Convertible Notes
7. Approval to grant 40,000,000 Placement Options each exercisable at \$0.01 on or before the date that is 4 years from the date the options are granted.
8. Approval to issue up to 41,509,000 shares to Cygnet Capital Pty Ltd (and/or its nominees) in lieu of all or part of the underwriting fee.
9. Approval to issue 16,500,000 shares to Mr Gabriel Chiappini (or his nominee) in lieu of half the amount of outstanding Directors Fees owing at 31 July 2014.
10. Approval to issue 9,900,000 shares to Mr Geoffrey Bell (or his nominee) in lieu of half the amount of outstanding Directors Fees owing at 31 July 2014.

The company received signed confirmations from the Convertible Noteholders consenting to the variation of the conversion price and to the conversion of the Convertible Notes with effect from 23 September 2014.

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flow from operations with loss from ordinary activities after Income Tax

Profit/(Loss) from ordinary activities after related income tax:

(871,061) (395,917)

Discount on Loan Settlement

-

-

Impairment Provision

163,223

-

Changes in net assets and liabilities, net of effects from acquisition of business:

(Increase)/Decrease in trade and other receivables

8,866

(13,402)

(Increase)/Decrease in other assets

253,294

-

Increase/(Decrease) in trade and other payables

163,030

7,063

Net cash outflows from operations

(282,648)

(402,256)

(b) Credit standby and loan arrangements

Convertible note and loan facilities

500,000

500,000

Amount utilised

500,000

500,000

Unused convertible note and loan facilities

-

-

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DROMANA ESTATE LIMITED

ABN 58 090 000 276

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20. FINANCIAL INSTRUMENTS

(a) Credit Risk

Exposure to credit risk

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

	Note	Carrying amount	
		2014	2013
Cash and cash equivalents	9	323,841	323,841
Trade and other receivables		36,544	36,544
Investments	13	253,294	253,294
		613,679	613,679

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual Cash Flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 yrs
30 June 2014							
Non-derivative financial liabilities							
Secured Convertible Notes	500,000	-	(15,000)	-	-	-	-
Trade and other payables	286,162	(286,162)	-	-	-	-	-
Secured Loan from related entity	-	-	-	-	-	-	-
Loan from unrelated entity	-	-	-	-	-	-	-
Loan from director	-	-	-	-	-	-	-
	786,162	(286,162)	(15,000)	-	-	-	-
30 June 2013							
Non-derivative financial liabilities							
Secured Convertible Notes	500,000	-	(30,000)	(30,000)	(60,000)	(60,000)	(30,000)
Trade and other payables	123,132	(123,132)	-	-	-	-	-
	623,132	120,132	(30,000)	(30,000)	(60,000)	(60,000)	(30,000)

Currency Risk

The Group did not have any exposure to foreign currency risk at either 30 June 2014 or 30 June 2013.

Interest rate risk

Profile

	2014	2013
Floating rate instruments		
Financial assets	252,243	323,841
Financial liabilities	-	-
	252,243	323,841
Fixed rate instruments		
Financial liabilities	(500,000)	(500,000)

DROMANA ESTATE LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20. FINANCIAL INSTRUMENTS (continued)

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would not have significantly increased or decreased equity as the group accounts for interest through the profit and loss as and when incurred or earned.

Fair Values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount	Fair value
Cash and cash equivalents	252,243	252,243
Other current assets	27,678	27,678
Investments	-	-
Secured Loan from related entity	-	-
Secured Convertible Note	(500,000)	(500,000)
Trade and other payables	(286,162)	(286,162)
	<u>(506,241)</u>	<u>(506,241)</u>

21. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014

There were no share options or other share-based payment arrangements entered into or granted to employees during the year.

All options granted to key management personnel and employees are for ordinary shares in Dromana Estate Limited, which confer a right of one ordinary share for every option held.

	2014		2013	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22. SEGMENT REPORTING

Primary Reporting format is Geographical segments:

	Australasia		Europe		Africa		South America		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE										
External sales	-	-	-	-	-	-	-	-	-	-
Total segment revenue	149	7,326	-	-	-	-	-	-	149	7,326
Unallocated revenue										
Total revenue									149	7,326
RESULT										
Segment result	(531,646)	(325,190)	-	-	(339,415)	-	-	(78,053)	(871,061)	(403,243)
Unallocated expenses net of unallocated revenue									-	-
Profit/(Loss) before income tax	(531,646)	(317,864)			(339,415)			(78,053)	(871,061)	(395,917)
Income tax	-								-	-
Profit/(Loss) after income tax	(531,646)	(317,864)			(339,415)			(78,053)	(871,061)	(395,917)
ASSETS										
Segment assets	279,921	360,385							279,921	360,385
LIABILITIES										
Segment Liabilities	786,162	623,132							786,162	623,132
OTHER										
Investments at cost	-	253,294							-	253,294
Acquisitions of non-current segment assets	-	-							-	-
Depreciation of segments assets	-	-							-	-
Diminution of non-current segment assets	-	-							-	-
Other non-cash segment expenses	-	-							-	-

Business Segment - The economic entity is currently seeking business opportunities

DROMANA ESTATE LIMITED

ABN 58 090 000 276

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 40 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the financial year ended on that date of the company and consolidated group;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Gabriel Chiappini
Chairman

Dated this 26th day of September 2014

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DROMANA ESTATE LIMITED
ABN 58 090 000 276

CWS SINCOCK & CO
CHARTERED ACCOUNTANTS

DROMANA ESTATE LIMITED
ABN 58 090 000 276

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF DROMANA ESTATE LIMITED

Scope

Report on the Financial Report

We have audited the accompanying financial report of Dromana Estate Limited, which comprises the balance sheet as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Acts 2001, which has been given to the directors of Dromana Estate Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Liability limited by a scheme approved under Professional Standards Legislation.

LEVEL 4, 112 WELLINGTON PARADE, EAST MELBOURNE VICTORIA 3002
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EMAIL: russell@sayers.net.au

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DROMANA ESTATE LIMITED
ABN 58 090 000 276

CWS SINCOCK & CO
CHARTERED ACCOUNTANTS

Emphasis of Matter

Without qualification to the audit opinion, attention is drawn to the fact that in the course of the 2014 financial year, the company incurred an operating loss of \$871,061 (2013 \$295,917) which contributed to a deficiency of net assets, as at 30 June 2014, of \$506,241 (2013 \$9,453).

It is acknowledged that, subsequent to year end, the company initiated a fully underwritten 3 for 1 renounceable entitlements issue at \$0.001 per share to raise a total of \$691,817, however, the company has been unsuccessful in its efforts to acquire an operating business to provide ongoing revenues. Accordingly, shareholders should be aware that doubt exists in relation to the company's ability to continue as a going concern.

Audit Opinion

In our opinion

- a) the financial report of the Dromana Estate Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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

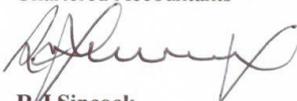
We have audited the Remuneration Report included in pages 10 to 11 of the directors' report for the year ended 30 June, 2014 and Notes 7 and 11 to the accounts. The directors are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report based on our audit conducted in accordance with Australian Accounting Standards.

Opinion

In our opinion the Remuneration Report of Dromana Estate Limited for the year ended 30 June, 2014 complies with Section 300A of the Corporations Act 2001.



CWS-Sincock & Co
Chartered Accountants



R.J. Sincock
Partner

Dated at Melbourne, this 26th day of September 2014

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DROMANA ESTATE LIMITED

ABN 58 090 000 276

AUSTRALIAN STOCK EXCHANGE ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited, which is not shown elsewhere in this report, is as follows:

The information is as at 24 September 2014.

(a) Statement of issued Securities

- (i) 393,336,178 ordinary fully paid shares. All carrying voting rights of one vote per share
- (ii) 50,000,000 options. Each option is convertible into one ordinary share.

Quoted Shares

Of the above issued securities, 393,336,178 ordinary shares are listed on the Australian Stock Exchange Limited.

Options

Of the above issued options, there are no options listed on the Australian Stock Exchange Limited.

(b) Distribution of shareholdings

Number of Ordinary Shares Held	Number of Shareholders
1 - 1,000	528
1,001 - 5,000	193
5,001 - 10,000	65
10,001 - 100,000	154
100,001 - and over	248

(c) Percentage held by largest shareholder

10.24%

(d) Number of shareholders (ordinary shares) holding less than a marketable parcel

961

(e) Substantial Shareholders

Shareholder	Ordinary Fully Paid Shares	% of Issued Capital
Buckland Capital Pty Ltd	20,000,000	5.09
Dominet Digital Corporation Pty Ltd	20,000,000	5.09
Ms Merle Smith & Ms Kathryn Smith (The Mini Pension Fund a/c)	15,706,576	3.99
White Swan Nominees Pty Ltd	15,199,996	3.86

(f) Voting Rights

The voting rights attaching to the Company's fully paid ordinary shares are set out below:

On a show of hands, every member present in person, or by proxy, shall have one vote, and upon a poll each share shall have one vote.

DROMANA ESTATE LIMITED
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**AUSTRALIAN STOCK EXCHANGE
ADDITIONAL INFORMATION**

(g) 20 Largest Shareholders

Shareholder	Fully paid ordinary shares	% of issued capital
Buckland Capital Pty Ltd	20,000,000	5.09
Dominet Digital Corporation Pty Ltd	20,000,000	5.09
Ms Merle Smith & Ms Kathryn Smith (The Mini Pension Fund a/c)	15,706,576	3.99
White Swan Nominees Pty Ltd	15,199,996	3.86
Ms Carmen Bugeja	13,760,000	3.50
Walsall Nominees Pty Ltd	12,260,580	3.12
Twelfth Vilmar Pty Ltd (GJB Super Fund a/c)	12,059,048	3.07
Mr Grant Thomas Patterson (GTP Family Account)	12,000,000	3.05
ABN Amro Clearing Sydney	11,423,617	2.90
Rylet Pty Ltd	10,000,000	2.54
Mr Louie Gerovich	10,000,000	2.54
Cloud Central Web Services Pty Ltd (Catland SF A/c)	10,000,000	2.54
Shanghai Now Limited	6,729,176	1.71
Twelfth Vilmar Pty Ltd	6,666,672	1.70
Chancery Holdings Pty Ltd (McKenzie No 2 S/F a/c)	6,000,000	1.53
State One Nominees Pty Ltd (Settlement A/c)	5,550,000	1.41
Mr Kah Howe Chan	4,922,948	1.25
Mikinos Investments Pty Ltd (Rosham Family A/c)	4,617,617	1.17
GA & AM Leaver Investments Pty Ltd (GA & AM Leaver S/Fund A/c)	4,158,000	1.06
Mr. Allan John Furlong	4,000,000	1.16
	<u>205,054,230</u>	<u>52.13</u>

(h) Company Secretary

The name of the company secretary is Mr. Garry W Bell.

(i) Registered Office

The address of the principal registered office in Australia is Suite 106, 1 Princess Street Kew Vic 3101
Telephone +61 +3 +9855 1700

(j) Register of Securities

Register of securities is held at the following address:
Advanced Share Registry Ltd, 150 Stirling Highway, Nedlands WA 6009

(k) Stock Exchange Listing

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