ARROWHEAD RESOURCES LIMITED

(formerly Gippsland Limited)
ABN 31 004 766 376

ANNUAL REPORT 2015

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	Michael Rosenstreich – Chairman Rowan Caren – Executive Director John Kenny – Non-Executive Director
COMPANY SECRETARY	Rowan Caren
REGISTERED OFFICE	Suite 3, 11 Sheppard Way Marmion WA 6020 Australia
POSTAL ADDRESS	PO Box 2277 Marmion WA 6020 Australia
TELEPHONE	+61 8 6102 2609
EMAIL	info@gippslandltd.com
WEBSITE	www.gippslandltd.com
AUDITORS	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St. George's Terrace Perth WA 6000 Australia
SOLICITORS	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia
	Gowlings (UK) LLP 15th Floor, 125 Old Broad Street London EC2N 1AR United Kingdom
SHARE REGISTRY	Security Transfer Registrars Pty Ltd Suite 1, 770 Canning Hwy Applecross WA 6153 Australia PO BOX 535 Applecross WA 6953 Australia
WEBSITE	www.securitytransfer.com.au
PHONE NUMBER	+61 8 9315 2333
AUSTRALIAN STOCK EXCHANGE	The Company's securities are quoted on the official list of the ASX Ltd (ASX), the home exchange being: The ASX (Perth) Ltd 2 The Esplanade Perth WA 6000 Australia
ASX CODE	AR1
FRANKFURT STOCK EXCHANGE (DEUTSCHE BÖRSE)	The Company's securities are quoted on the Frankfurt Stock Exchange Börsenplatz 4 60313 Frankfurt / Main Germany
FSE CODE	GIX

CHAIRMAN'S REPORT

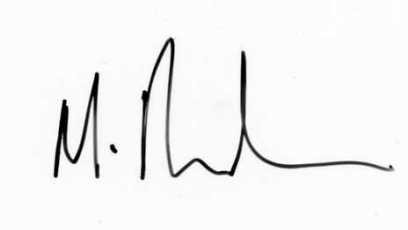
Dear Shareholders

Without doubt the past year has been extremely difficult for all stakeholders following the apparent expropriation of the Company's 50% interest in the Abu Dabbab tantalum-Tin-feldspar project (the Project) in Egypt, by an arm of the Egyptian Government. The effective loss of our key asset required the Board to act decisively and implement tough measures on creditors, shareholders and employees to restructure its significant debt position and then seek to relaunch the Company to acquire a new mineral project.

My fellow directors and I are now looking to the future as we commence the recapitalisation of the Company to raise sufficient funds to complete the debt restructure program and enable the Company to identify, assess and secure a new exploration or mining project. As well, we will pursue our compensation claims against the Government of Egypt for the loss of the Project, but realistically the future of the Company cannot be built around a possibly protracted legal process in offshore jurisdictions that we do not control. This is why it was considered necessary to restructure, recapitalise and refocus the Company on a new business strategy as a means to rebuild shareholder value.

I would like to acknowledge the co-operation, patience and support of my fellow directors, former employees, creditors and shareholders which has enabled the Company to progress through this challenging process. Subject to the completion of the proposed underwritten rights issue we very much look forward to providing what we plan to be positive updates on our quest for a new mining or exploration project.

Yours sincerely,



Mike Rosenstreich

Chairman

REVIEW OF OPERATIONS

1. EGYPT OPERATIONS

1.1 ABU DABBAB TANTALUM-TIN-FELDSPAR PROJECT (50% INTEREST VIA SHAREHOLDING IN TANTALUM EGYPT JSC)

In late February, 2015, the Company announced a revised Project development strategy (the 400K Plan) and a conditional financing arrangement for the Abu Dabbab Tantalum-Tin-Feldspar Project (the Project), (refer ASX announcement 26 February 2015: "Conditional Financing Agreement for Abu Dabbab"). This was regarded as a "break-through" event by the Company to finally getting the Project into production.

The 400K Plan is a staged development strategy, with first production of tantalum and tin achievable within 12 months of starting capital works by utilising the equipment, infrastructure, labour and service contracts from the alluvial tin operation situated on the Abu Dabbab site which ceased operations in September 2014 (Stage 1). The 400K Plan offers reduced execution risk and was primarily developed to facilitate financing of the Project.

In conjunction with the presentation of the 400K Plan proposal to Egyptian Company for Mineral Resources (ECMR) in March 2015, the Company entered into a conditional financing arrangement, to finance the US$7 million capital expenditure for Stage 1, in return for a 50% interest in the Company's 100% subsidiary, Tantalum International Pty Ltd (TIPL). TIPL holds the Company's 50% interest in the Project.

This investment was subject to the satisfaction of customary conditions, including the receipt of confirmation, by way of letters, from each of ECMR, and the Egyptian Ministry of Investment (GAFI), that Tantalum Egypt JSC (TE) was in good standing. GAFI is the regulatory authority for TE, and TE holds the Exploitation Licences at Abu Dabbab.

GAFI had approved TE's renewal of its work permit for the period 1 January 2015 to 31 December 2015, effectively satisfying the GAFI condition precedent.

As regards the ECMR condition precedent, the Company had received verbal assurances of support from ECMR representatives on the TE Board and from the ECMR Chairman, and anticipated the required support letter from ECMR would follow. Despite these assurances, following a meeting between the Chairman of ECMR and the Chairman of TE (who was also the Company's representative on the TE Board), the Company became aware, on 26 March 2015, that ECMR was seeking ways to dissolve TE, and to reissue the Exploitation Licences to a third party, although no formal notice to that effect had been received.

ECMR did not respond to the Company's urgent requests to clarify or resolve any outstanding matters and to date ECMR has still not provided any notifications or responses that illuminate their actions. As a result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into TE.

The Company considers (and ECMR has refused to deny) that Egypt, through ECMR and the Egyptian Mining and Resources Authority (EMRA), is taking measures to gain full control of TE's Exploitation Licences and the Project.

These developments were completely unexpected in the context of meetings in Cairo through mid-March 2015 where the Company was able to present the Project as "the closest it has ever come to going into production". Indeed, whilst there were clearly subsisting frustrations in ECMR concerning the long time-line to development, and the poor performance of the alluvial tin operation, the Company had been complimented by representatives of ECMR for the more consultative and collaborative approach adopted over the previous 12 months in the joint venture relationship.

REVIEW OF OPERATIONS

Without ECMR's support, the Company is not able to procure the required investment funding. The financier has withdrawn his interest in the Project and ECMR has not demonstrated any preparedness to either discuss, or resolve, the situation.

The Company considers ECMR's present unwillingness to engage, and, accordingly, the Company's ability to develop the Project, is the direct result of intense pressure on EMCR from a high sovereign authority in Egypt seeking to gain full control of TE's Exploitation Licences and the Project. The Company has firsthand information to support this view.

The Company is seeking both international and local Egyptian legal advice regarding the extent to which the Company may be entitled to claim in response to the apparent expropriation actions by the Egyptian Government.

1.2 ALLUVIAL TIN OPERATIONS

The Board of TE unanimously decided to cease all activity at the alluvial tin operations at the Abu Dabbab project site effective 10 September, 2014.

The alluvial tin project has been problematical since its inception in March, 2012. Even with the focus on treating various stockpiles since the cessation of mining in early 2014 the operation remained vulnerable to several technical and productivity issues. Ultimately the final phase was terminated prematurely after it became apparent that the expected head grade of the final 81,000 tonne stockpile was 15-20% lower than planned and that the crushed and screened feed material to the Spiral Plant contained a "fixed" or unrecoverable tin component, resulting in the tin yield to final concentrate per tonne processed being lower than planned.

Given the high fixed cost component of the overall project cost structure, efforts to maintain planned production rates or to increase throughput to generate more recovered tin per shift were significantly hampered by productivity issues. On this basis it was decided that there were no options remaining other than to close the operation as quickly as possible.

A production summary for the alluvial tin operation during FY2015 and since inception is provided in Table 1.

Table 1: Production Summary – Alluvial Tin Operations

	Units	FY2015	FY2014	PTD
Mined-2mm size fraction	t	-	81,842	183,971
Head Grade	% Sn	0.08	0.11	0.13
Processed*	t	5,550	159,101	259,506
Tin Concentrate	t	6.5	202	340
Concentrate Grade	% Sn	49	42	54
Contained Tin	t	3.2	85	154

* Note: tonnes processed includes reprocessed tails material.

2. EXPLORATION & MINERAL RESOURCES

The Company formerly held exploration interests in Egypt and Eritrea via various subsidiary holding companies.

REVIEW OF OPERATIONS

The main projects in Egypt were Abu Dabbab (Tantalum-tin-feldspar), Nuweibi (Tantalum-feldspar) and Wadi-Allaqi (gold and base metals). Since the apparent expropriation of the Company's Abu Dabbab and Nuweibi Projects it has effectively lost control of all its Egyptian exploration interests, plant and equipment and Mineral Resources. On this basis the Company no longer includes any Mineral Resources associated with these projects in its current Mineral Resource Inventory and there is no current Mineral Resource Inventory.

In Eritrea the Company held several prospective exploration licences through its 100% owned subsidiary Adobha Resources (Eritrea) Pty Ltd. Minimal work was undertaken during the financial year as the Company focussed on attracting a joint venture partner to carry the projects forward. Over the past twelve months the Company was not able to either joint venture or sell its Eritrean exploration assets. As a result the Eritrean Ministry of Energy and Mines notified the Company that its Adobha and Gerasi South Exploration Licences had been terminated, with no objection from the Company.

3. CORPORATE

During much of the reporting period management was focussed on securing a financing transaction for the Abu Dabbab Project as well as continuing to cut costs and overheads. This culminated in the financing offer for a revised development plan referred to as the 400k Plan by a Taiwan based investor. However, as detailed above the Company was not able to implement that development plan due to the actions of ECMR and the Company in effect lost control of those assets in early April, 2015.

Since that time management has focused on debt restructuring and recapitalising the Company as outlined in detail in these audited financial accounts. The debt and corporate restructuring proposal was approved by shareholders at a General Meeting on 29 September, 2015 and the final phase of recapitalising the Company (a requirement of the Gandel Metals debt restructuring agreement) is currently underway through a proposed underwritten renounceable rights issue planned to open in late October, 2015 to raise approximately $1.4 million before costs.

Following the "imposed" change in the Company's business focus in early April, 2015 the Company was forced to retrench Mr Geoff Hawkins (Chief Financial Officer) and Mr Brian Talbot (Project Development Manager). Mr Ian Gandel resigned as Chairman in April, 2015 and Mr Rosenstreich took on the added responsibility of Chairman whilst Company Secretary, Mr Rowan Caren assumed the extra role of Executive Director and Chief Financial officer. Subsequent to the end of the financial year, Mr Jon Starink resigned as an Executive Director of the Board. The current Board comprises Mr Mike Rosenstreich, Mr Rowan Caren and Mr John Kenny.

In early April, the Company relocated its head office in Perth to significantly smaller premises and the exploration office in Eritrea was closed.

COMPETENT PERSONS COMPLIANCE STATEMENT

The information in this announcement that relates to Exploration Targets, Exploration Results or Mineral Resources is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Michael Rosenstreich, a Competent Person who is a Member of the Australasian Institute of Mines and Metallurgy. Mr Rosenstreich is the Principal of Keystone Resource Development which provides corporate and technical consulting services to the Company. Mr Rosenstreich has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Rosenstreich consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ARROWHEAD RESOURCES LIMITED

ABN 31 004 766 376

Financial Statements 2015

Contents

DIRECTORS' REPORT

Your Directors present their report with respect to the results of Arrowhead Resources Limited (formerly Gippsland Limited) ("Arrowhead" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2015 ("the Balance Date") and the state of affairs of the Company and the Group at Balance Date.

DIRECTORS

The names of the Directors in office at any time during or since the end of the year are as below. Directors were in office for this entire period unless otherwise stated.

Mr Michael Rosenstreich
Mr John Kenny
Mr Rowan Caren (appointed 24 April 2015)
Mr Jon Starink (resigned 31 July 2015)
Mr Ian Jeffrey Gandel (resigned 14 April 2015)

Names, qualifications, experience and special responsibilities

Michael Benjamin Rosenstreich – Chairman and Managing Director
BSC (Hons), MEE, FAusIMM, MAICD

Mr Rosenstreich was appointed Managing Director on 24 March 2014 and Chairman on 24 April 2015. He was a member of the Company's Audit Committee until 11 September 2015 when the Audit Committee was suspended.

Mr Rosenstreich has a technical background and has worked in corporate finance and management of listed companies over the past 30 years including:
• 13 years as an exploration and mine geologist in senior roles;
• 6 years as a resource financier with NM Rothschild & Sons;
• 2 years as a technical consultant with Snowden and independently; and
• 9 years through to 2013 as Managing Director of ASX listed Bass Metals from pre IPO stage through exploration success and culminating in over 5 years of base and precious metals production.

During the past three years Mr Rosenstreich has served as a Director of the following listed companies:
Bass Metals Ltd – Appointed 15 December 2004; ceased 4 October 2013

John Damian Kenny – Director (Non-executive)
B Com (Hons), LLB

Mr Kenny was appointed Director on 2 September 1999. He is Chairman of the Company's Audit Committee.

Mr Kenny is a corporate and resources lawyer with a specialised interest in venture capital, initial public offerings and mergers and acquisitions. He has extensive experience in public equity fundraisings and the pricing of equity, debt and derivative securities.

During the past three years Mr Kenny has served as a Director of the following listed companies:
The ARK Fund Limited* - Appointed 18 June 2003;
Indus Coal Limited - Appointed 13 September 2011. Resigned 7 February 2014;
Sun Resources Limited - Appointed 1 March 2012. Resigned 19 November 2013; and
Winchester Energy Limited* – Appointed 17 March 2014.

Rowan St John Caren – Director and Company Secretary
BCom, CA

Mr Caren was appointed Company Secretary on 15 August 2006 and as a Director on 24 April 2015.

Mr Caren was employed by the chartered accountancy firm PricewaterhouseCoopers in Australia and overseas for six years and has been directly involved in the minerals exploration industry for a further 18 years. He also provides company

secretarial and corporate advisory services to several exploration companies and is a member of Chartered Accountants Australia and New Zealand.

During the past three years Mr Caren has not served as a Director of any other listed company.

Jon Starink – Director (Executive)
BSC (Hons), BChemE(Hons), MApplSc, FAusIMM, FIEAust, FIChemE, MRACI, MTMS, CPEng, CChem, CSci

Mr Starink was appointed Director on 8 May 2007 and resigned on 31 July 2015. He was also a member of the Audit Committee and Remuneration Committee.

Mr Starink is a Chartered Professional Engineer, a Chartered Scientist and a Chartered Industrial Chemist, a Fellow of the Institution of Engineers Australia, a Fellow of the Australasian Institute of Mining and Metallurgy, a Fellow of the Institution of Chemical Engineers, a Member of The Metallurgical Society and a Member of the Royal Australian Chemical Institute.

During the past three years Mr Starink has served as a Director of the following listed company:
Macarthur Minerals Limited – Appointed 28 June 2011. Resigned 28 April 2015.

Ian Jeffrey Gandel - Chairman (Non-executive)
LLB, BEc, FCPA, FAICD

Mr Gandel was appointed Director and non-executive chairman on 24 June 2009 and resigned on 14 April 2015. He was also Chairman of the Company's Remuneration Committee and a member of the Audit Committee.

Mr Gandel is a Melbourne businessman with extensive experience in retail management and retail property. He has had an involvement in the construction and leasing of Gandel shopping centres and has been a director of Gandel Retail Trust. He has previously been involved in the Priceline retail chain and the CEO of a chain of serviced offices.

During the past three years Mr Gandel has served as a Director of the following listed companies:
Alliance Resources Limited* – Appointed 15 October 2003;
Alkane Resources Ltd* – Appointed 25 July 2006; and
Octagonal Resources Ltd* - Appointed 10 November 2010.

* denotes current directorship

Interest in Shares and Options of the Company and related bodies corporate

As at the date of this report, the interest of the directors in the shares and options of Arrowhead Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Mr M Rosenstreich	-	-
Mr J Kenny	5,165,819	-
Mr R Caren	-	-
Mr I Gandel	862,788,200	-
Mr J Starink	3,085,715	-

OPTIONS

At the date of this report, there were no options on issue.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

During the financial year, 7 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr M Rosenstreich	7	7	-	-	-	-
Mr J Kenny	7	5	2	1	-	-
Mr R Caren	1	1	-	-	-	-
Mr I Gandel	5	5	2	2	-	-
Mr J Starink	7	7	2	2		

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group during the year were exploration and development of commercially and economically viable mineral resources. There were no significant changes in the nature of the Group's principal activity during the year other than as noted below.

CONSOLIDATED RESULTS

The consolidated operating loss of the Group after providing for income tax amounted to $12,608,813 (2014: loss of $5,849,058).

Review of Operations

- The alluvial tin project in Egypt ceased operations in September 2014.
- The Company announced a revised Project development strategy (the 400K Plan), and a conditional financing arrangement for the Abu Dabbab Project in February 2015. The 400K Plan and financing arrangements were presented to the Egyptian Company for Mineral Resources (**ECMR**) (Arrowhead's 50% equity partner in Tantalum Egypt JSC, the joint venture company through which the Project is to be developed) at meetings in Egypt in March 2015. The 400K Plan was a staged development strategy, with first production of tantalum and tin achievable within 12 months of starting capital works. The Company entered into a conditional financing arrangement, to finance the US$7 million capital expenditure for the first development stage. This investment was subject to the satisfaction of customary conditions, including the receipt of confirmation, by way of letters, from each of ECMR, and the Egyptian Ministry of Investment (GAFI), that Tantalum Egypt JSC (TE) was in good standing. GAFI is the regulatory authority for TE, and TE holds the Exploitation Licences at Abu Dabbab. GAFI has approved TE's renewal of its work permit for the period 1 January 2015 to 31 December 2015, effectively satisfying the GAFI condition precedent. Arrowhead sought clarification from ECMR of its intentions with respect to the Project, as well as certain assurances that ECMR remained supportive of TE and Project development. However, neither that clarification nor those assurances were received and the proposed financier for the Project has reconsidered its investment in the Project.
- The Company completed a rights issue in March 2015 which raised $1,044,845 (before costs) at an issue price of $0.002 per share.
- Since late March, 2015, Arrowhead has been prevented from implementing its development and capital raising plans for the Abu Dabbab Project. At that time, the Company received advice from ECMR that they were seeking to dissolve TE and re-tender the Project's Exploitation Licences. ECMR alleges that Arrowhead has abandoned the Project. Arrowhead rejects ECMR's allegations in their entirety and denies that it has, at any time, abandoned the Project. In Arrowhead's view, ECMR's conduct constitutes expropriation, or measures tantamount to expropriation, of its interests in the Project.
- As a consequence of ECMR's actions, the Company is assumed to no longer have control, as defined in Australian Accounting Standards, over its subsidiary TE and has therefore deconsolidated the results of TE from the Group.
- As a result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into Egypt, which resulted in the loss of all accounting and administrative staff and functions in Egypt. The Company is assumed to also no longer have control, as defined in Australian Accounting Standards, over its subsidiary Nubian Resources JSC and has therefore deconsolidated the results of Nubian Resources JSC from the Group.

- For the year ended 30 June 2015, exploration expenditure in Eritrea in relation to the Group's current Exploration Licences (Adobha and Gerasi South) of $7,197 (2014: $213,973) was impaired. Due to the reduction of exploration activities in Eritrea, the Group assessed the carrying value of the capitalised exploration expenditure in relation to the Adobha Exploration Licence and Gerasi South Exploration Licence and decided to fully impair the asset. The assessment led to the recognition of an impairment loss of $7,197, which has been recognised in profit or loss.
- The Group received a letter from the Eritrean Ministry of Energy and Mines on 19 August 2015 stating that the Adobha Exploration Licence and the Gerasi South Exploration Licences had been terminated. This followed the Company's unsuccessful efforts over the preceding 12 months to joint venture or sell these licences.

Financial Position

The net assets of the Group have decreased by $5,142,131 to a net deficit of $4,067,793 at 30 June 2015 due largely to the following factors:

- Discontinuation of the Egyptian operations following a loss of control totalling $10,390,171;
- Impairment of related party loans previously supported by Group assets in Egypt totalling $457,690;
- Completion of a rights issue which raised $1,044,865 (before costs); and
- Net funding for operations and working capital provided as loans from Gandel Metals Pty Ltd in the current year totalling $765,000.

As at the Reporting Date the group had a working capital deficit of $4,115,274 (2014: deficit of $3,788,750).

DIVIDENDS

No dividends were declared or paid during the financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Company occurred during the financial year:

a) The Company ceased operations at its alluvial tin project joint venture in Egypt in September 2014;
b) Loan funding received from Gandel Metals Pty Ltd, a company associated with Mr Ian Gandel, during the year totalled $1,317,000, of which $552,000 was offset against Abbotsleigh Pty Limited's rights issue entitlement. Abbotsleigh Pty Limited is a Company associated with Mr Gandel;
c) Completion of a rights issue which raised a total of $1,044,865 (before costs);
d) As a consequence of ECMR's actions, the Company is assumed to no longer have control, as defined in Australian Accounting Standards, over its subsidiary TE and has therefore deconsolidated the results of TE from the Group; and
e) As a result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into Egypt, which resulted in the loss of all accounting and administrative staff and functions in Egypt. The Company is assumed to also no longer have control, as defined in Australian Accounting Standards, over its subsidiary Nubian Resources JSC and has therefore deconsolidated the results of Nubian Resources JSC from the Group.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than as noted below, 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.

- It is highly unlikely that Arrowhead will regain access to the Abu Dabbab Project or its other interests and assets in Egypt. Arrowhead considers that it will likely need to seek recourse under Egyptian and/or international law (including making a significant claim for financial compensation for the damage it has suffered). Arrowhead will, through its legal counsel, exercise its rights and pursue its claims vigorously;
- The Company entered into agreements with creditors whereby creditors owed a total of $426,540 have been issued 142,500,000 ordinary shares in the Company in satisfaction of all amounts owing. Amounts owing at the balance date have been adjusted to reflect the amount ultimately settled in shares;
- The Company entered into an agreement with Gandel Metals Pty Limited, an entity associated with Mr Ian Gandel, whereby Gandel Metals Pty Limited will be issued 18,000,000 post consolidation ordinary shares in full satisfaction

of an amount outstanding of $180,000 and will forgive all other amounts owing, which at 30 June 2015 totalled $3,437,291. This agreement was subject to shareholder approval, which was gained on 29 September 2015, and the raising of not less than $1.2 million in new equity. The repayment date of the loans from Gandel Metals Pty Limited was extended to 30 November 2015 to facilitate satisfaction of the conditions;

- The Company entered into an agreement with Ventureworks JDK Pty Limited, an entity associated with Mr John Kenny, whereby Ventureworks JDK will be issued 9,600,000 post consolidation ordinary shares in full satisfaction of an amount outstanding of $96,000 and will forgive all other amounts owing, which at 30 June 2015 totalled $30,000. This agreement was subject to shareholder approval, which was gained on 29 September 2015, and the raising of not less than $1.2 million in new equity;
- The Company entered into a consultancy agreement with Mr Ayman Ayyash for the provision of consultancy services to facilitate and assist with future claims and pursuits in relation to the ECMR dispute.
- Arrowhead entered into a mandate agreement with CPS Capital Group Pty Limited (CPS) whereby CPS will act as lead manager, broker and potential underwriter to Arrowhead's proposed renounceable rights issue (Proposed Rights Issue) to raise $1,428,436 (before costs) at 1 cent per share. CPS also provided a loan facility of $100,000 for working capital. The loan funds were received on 25 August 2015;
- The Group received a letter from the Eritrean Ministry of Energy and Mines on 19 August 2015 stating that the Adobha Exploration Licence and the Gerasi South Exploration Licences have been terminated. This follows unsuccessful efforts by the Company over the preceding 12 months to joint venture or sell the licences; and
- On 29 September 2015, the Company's shareholders approved a consolidation of its share capital on the basis of one new share for every 100 existing shares, a change of constitution and a change of name to Arrowhead Resources Limited.

FUTURE DEVELOPMENTS

It is unlikely that Arrowhead will regain access to the Abu Dabbab Project or its other interests and assets in Egypt. Arrowhead considers that it will likely need to seek recourse under Egyptian and/or international law (including making a significant claim for financial compensation for the damage it has suffered). Arrowhead will, through its legal counsel, exercise its rights and pursue its claims vigorously. This may include seeking the support of a litigation funding group to assist it in doing so.

Subject to successful completion of the recapitalisation strategy, the Company plans to continue with its core business of identifying, exploring and developing mining projects. It is currently formulating a target framework for acquiring new projects in terms of commodity focus, project status and geographic location amongst other determinants.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not currently subject to any significant environmental regulations under Australian, Eritrean or Egyptian legislation. However, the board is committed to achieving a high standard of environmental performance, and regular monitoring of potential environmental exposures is undertaken by management. The board considers that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

The Group is required to carry out its activities in accordance with the Mining Laws and regulations in the areas in which it undertakes its exploration activities.

INDEMNITY AND INSURANCE OF OFFICERS

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay an insurance premium as follows:

- The Company has paid premiums to insure any director or officer of Arrowhead Resources Limited 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 or officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium is $10,883 (2014: $12,047).
- The Company has entered into "Deeds of Indemnity, Access and Insurance" with directors and officers in which the Company agrees to indemnify the directors and officers in respect of certain liabilities incurred by the director or officer while acting in their capacity for the Company and to insure the director or officer against certain risks they are exposed to as a director or officer of the Company.

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001.*

NON-AUDIT SERVICES

No non-audit services were provided by the Company's current auditor, Deloitte Touche Tomatsu ("Deloitte").

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2015 has been received and can be found on page 12 of the directors' report.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each director of Arrowhead Resources Limited.

Remuneration Policy

The remuneration policy of Arrowhead Resources 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 Arrowhead Resources 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 Group, 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 Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, is developed and approved by the board after seeking professional advice from independent external consultants as required. In the years presented, no external consultants have been used.
- All executives receive a base salary or fee (which is based on factors such as length of service and experience).
- The board reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The board policy is to remunerate non-executive directors at market rates 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. In the current year, no advice was sought. The maximum aggregate amount of fees that can be paid to non-executive directors is currently fixed at $250,000 with any change in this amount subject to approval by shareholders at the Annual General Meeting. 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 Company.

No relationship exists between the remuneration policy and the Company's performance.

At the Company's most recent Annual General Meeting, the remuneration report for the year ended 30 June 2014 was passed with a greater than 75% vote in favour.

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2015:

DIRECTORS' REPORT

	30-Jun-15	30-Jun-14	30-Jun-13	30-Jun-12	30-Jun-11
	$	$	$	$	$
Revenue	9,956	34,774	8,228	90,820	82,938
Net profit/(loss) before tax	(12,608,813)	(5,849,058)	(7,999,617)	799,359	(2,630,645)
Net profit/(loss) after tax	(12,608,813)	(5,849,058)	(7,999,617)	799,359	(2,630,645)
	30-Jun-15	**30-Jun-14**	**30-Jun-13**	**30-Jun-12**	**30-Jun-11**
Share price at start of year	$0.003	$0.007	$0.009	$0.032	$0.030
Share price at end of year	$0.003	$0.003	$0.007	$0.009	$0.032
Basic/diluted earnings/(loss) per share (cps)	**(0.82)**	**(0.43)**	**(0.67)**	**0.10**	**(0.43)**

Details of key management personnel

(i) Directors

M Rosenstreich - Managing Director (Appointed Chairman 24 April 2015)
J Kenny - Non-Executive Director
R Caren - Executive Director and Company Secretary (Appointed Director 24 April 2015)
I Gandel - Non-Executive Chairman (Resigned 14 April 2015)
J Starink - Executive Director (Resigned 31 July 2015)

(ii) Executives

A Ayyash - Regional Manager - Middle East and North Africa (Terminated 31 January 2015)

Non-Executive Director Remuneration

J Kenny - Non-Executive Director

- Remuneration: $40,000 per annum.
- Details of remuneration entitlement on termination: Payment of fees up to the date of termination.

Employment Contracts

M Rosenstreich – Managing Director

- Term of agreement: Until terminated in accordance with the agreement.
- Remuneration: $17,600 per month. A discounted fee of $11,000 per month was agreed for the period from May 1 to October 31 2015.
- Period of notice for termination/resignation: Three months written notice by either party.
- Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months fees in lieu of notice

R Caren – Executive Director, Company Secretary

- Term of agreement: Until terminated in accordance with the agreement.
- Remuneration: $7,000 per month. A further amount of $450 per month payable in respect of the Company's office premises provided by Mr Caren.
- Period of notice for termination/resignation: Three months written notice by either party.
- Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months fees in lieu of notice.

DIRECTORS' REPORT

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2015

Key Management Personnel - 30 June 2015	Short-term Benefits Cash, salary and commissions	Share-based Payment Shares and Options	Post-employment Benefits	Total	Remuneration consisting of shares and options for the year
	$	$	$	$	%
Non-Executive Directors					
Mr J Kenny [1]	40,000	-	-	40,000	0.00%
Mr I Gandel [1]	62,850	-	-	62,850	0.00%
Sub-total	102,850	-	-	102,850	
Executive Directors					
Mr M Rosenstreich	194,340	-	-	194,340	0.00%
Mr R Caren [2]	72,520	-	-	72,520	0.00%
Mr J Starink	150,000	-	-	150,000	0.00%
Sub-total	416,860	-	-	416,860	
Other key management personnel					
Mr A Ayyash	191,696	-	-	191,696	0.00%
Sub-total	191,696	-	-	191,696	
Total	711,406	-	-	711,406	

[1] These amounts have not been paid pending an improvement in the Company's financial position.
[2] This amount includes consulting fees of $57,420 paid to Mr Caren during the period prior to his appointment as a director of the Company.

Table 2: Remuneration for the year ended 30 June 2014

Key Management Personnel - 30 June 2014	Short-term Benefits Cash, salary and commissions	Share-based Payment Shares and Options	Post-employment Benefits	Total	Remuneration consisting of shares and options for the year
	$	$	$	$	%
Non-Executive Directors					
Mr J Kenny [1]	40,000	-	-	40,000	0.00%
Mr I Gandel [1]	80,000	-	-	80,000	0.00%
Sub-total	120,000	-	-	120,000	
Executive Directors					
Mr M Rosenstreich [3]	102,360	-	-	102,360	0.00%
Mr J Starink	150,000	-	-	150,000	0.00%
Sub-total	252,360	-	-	252,360	
Other key management personnel					
Mr A Ayyash	200,241	-	-	200,241	0.00%
Sub-total	200,241	-	-	200,241	
Total	572,601	-	-	572,601	

[3] This amount includes fees of $70,200 paid to Mr Rosenstreich during the period prior to his appointment as a director of the Company.

Compensation Options: Granted and vested during the year (consolidated)

There were no options granted to Directors or other Key Management Personnel during 2014 or 2015.

Table 3: Shares issued on exercise of compensation options (consolidated)

30 June 2015	Shares issued No.	Paid per share $	Unpaid per share $
Directors			
Nil	-	-	-

30 June 2014	Shares issued No.	Paid per share $	Unpaid per share $
Directors			
Nil	-	-	-

Share-based payment arrangements in existence

There were no share-based payment arrangements in existence in relation to directors and senior management during the financial year.

During the financial year:

- There were no grants of share-based payment compensation to directors or senior management.
- No directors or senior management exercised options that were granted to them as part of their compensation.

Option holdings of key management personnel (consolidated)

- There are no options held in Arrowhead Resources Limited by key management personnel.

Table 4: Shareholdings of key management personnel (consolidated)

Shares held in Arrowhead Resources Limited (number) by key management personnel are:

Shareholdings of key management personnel (consolidated)	Balance 1.7.2014	Granted as remuneration	On exercise of Options	Net Change Other*	Balance 30.6.2015
	Ord	Ord	Ord	Ord	Ord
Directors					
Mr M Rosenstreich	-	-	-	-	-
Mr J Kenny	5,165,819	-	-	-	5,165,819
Mr R Caren	-	-	-	-	-
Mr I Gandel	586,788,200	-	-	276,000,000	862,788,200
Mr J Starink	3,085,715	-	-	-	3,085,715
Executives	-	-	-	-	-
Mr A Ayyash	974,784	-	-	-	974,784
	596,014,518	-	-	276,000,000	872,014,518

Shareholdings of key management personnel (consolidated)	Balance 1.7.2013	Granted as remuneration	On exercise of Options	Net Change Other*	Balance 30.6.2014
	Ord	Ord	Ord	Ord	Ord
Directors					
Mr M Rosenstreich	-	-	-	-	-
Mr J Kenny	5,165,819	-	-	-	5,165,819
Mr I Gandel	586,788,200	-	-	-	586,788,200
Mr J Starink	3,085,715	-	-	-	3,085,715
Executives					
Mr A Ayyash	974,784	-	-	-	974,784
	596,014,518	-	-	-	596,014,518

* Net change refers to shares purchased or sold during the financial year.

Related party transactions with key management personnel

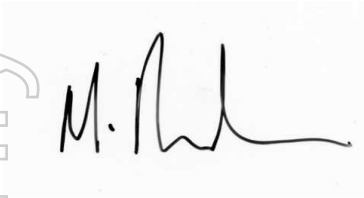
Related party transactions with key management personnel, other than those already disclosed in this remuneration report, are as follows:

	2015 $	2014 $
Funds loaned to Arrowhead by Gandel Metals Pty Limited – a company associated with Mr I Gandel. The loan is unsecured and interest is payable at rates between 4.83% and 5.33% during the year.	**1,317,000**	2,572,016
Loan funds converted into shares by Gandel Metals Pty Limited at an issue price of $0.002 (0.2 cents) per share, pursuant to the Company's rights issue.	**552,000**	-
Interest paid or payable on loans from Gandel Metals Pty Limited. The loan is unsecured and interest is payable at rates between 4.83% and 5.33% during the year.	**169,908**	50,341
An amount in respect of the provision of office facilitues was paid or payable to Dabinett Corporate Pty Limited – a company associated with Mr R Caren.	**900**	-

[END OF REMUNERATION REPORT]

DIRECTORS' REPORT

Signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001 (Cth).



MB ROSENSTREICH
Managing Director

Dated this 30th day of September 2015.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

The Board of Directors
Arrowhead Resources Limited
3/11 Sheppard Way,
MARMION WA 6020

30 September 2015

Dear Board Members,

Arrowhead Resources Limited (formerly Gippsland 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 Arrowhead Resources Limited (formerly Gippsland Limited).

As lead audit partner for the audit of the financial statements of Arrowhead Resources Limited (formerly Gippsland Limited) for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Yours sincerely,

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$	$
Continuing Operations			
Finance revenue	3(a)	1,228	1,001
Other income	3(b)	8,728	33,773
Total income - continuing operations		9,956	34,774
Administration expense	3(c)	(358,968)	(538,284)
Employee benefits expense	3(d)	(826,505)	(889,046)
Foreign exchange gain/(losses)		18,018	632,032
Exploration expense		(3,697)	-
Project evaluation expense		(209,667)	(673,528)
Impairment of inventories	8	-	-
Impairment of property plant and equipment	10	(148,143)	-
Impairment of exploration and evaluation expenditure	11	(7,197)	(213,973)
Impairment of mine properties	12	-	-
Loss on disposal of property plant and equipment		(28,751)	-
Depreciation and amortisation		(35,615)	(83,392)
Impairment of related party loans		(457,690)	-
Finance costs		(170,383)	(50,341)
Total expenses		(2,228,598)	(1,816,532)
Loss before income tax from continuing operations		(2,218,642)	(1,781,758)
Income tax expense	4	-	-
Loss after income tax for the year from continuing operations		(2,218,642)	(1,781,758)
Discontinued Operations			
Loss for the year from discontinued operations	31	(10,390,171)	(4,067,300)
Loss for the Year		(12,608,813)	(5,849,058)
Other comprehensive income, net of income tax			
Exchange rate differences on translating foreign operations		1,848,525	(217,989)
Total other comprehensive income		1,848,525	(217,989)
Total comprehensive loss for the period		(10,760,288)	(6,067,047)
Profit/(loss) is attributable to:			
Members of the parent		(12,608,813)	(3,851,672)
Non-controlling interest		-	(1,997,386)
		(12,608,813)	(5,849,058)
Total comprehensive income/(loss) is attributable to:			
Members of the parent		(10,094,249)	(4,283,157)
Non-controlling interest		(666,039)	(1,783,890)
		(10,760,288)	(6,067,047)
Earnings per share			
From continuing and discontinued operations			
Basic earnings/(loss) per share (cents per share)	5	(0.82)	(0.43)
Diluted earnings/(loss) per share (cents per share)	5	(0.82)	(0.43)
From continuing operations			
Basic earnings/(loss) per share (cents per share)	5	(0.14)	(0.13)
Diluted earnings/(loss) per share (cents per share)	5	(0.14)	(0.13)

The accompanying notes form an integral part of this Consolidated Statement of Profit or Loss and Other Comprehensive Income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $	2014 $
Current Assets			
Cash and cash equivalents	6	8,725	276,698
Trade and other receivables	7	13,586	26,683
Inventories	8	-	68,967
Other assets	9	5,835	46,346
Total Current Assets		28,146	418,694
Non-Current Assets			
Property, plant and equipment	10	47,481	1,030,053
Exploration and evaluation	11	-	3,833,035
Mine properties	12	-	-
Total Non-Current Assets		47,481	4,863,088
Total Assets		75,627	5,281,782
Current Liabilities			
Trade and other payables	13	711,409	1,521,041
Provisions	14	94,995	114,387
Loans and borrowings	15	3,337,016	2,572,016
Total Current Liabilities		4,143,420	4,207,444
Total Liabilities		4,143,420	4,207,444
Net (Liabilities) Assets		(4,067,793)	1,074,338
Equity			
Contributed equity	17(a)	49,531,922	48,530,322
Reserves	18(a)	825,158	(1,689,406)
Accumulated losses		(54,424,873)	(41,816,060)
Non-controlling interest	16	-	(3,950,518)
Total (Deficit) Equity		(4,067,793)	1,074,338

The accompanying notes form an integral part of this Consolidated Statement of Financial Position.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts from sale of alluvial tin		-	2,123,180
Payments to suppliers and employees		(1,410,119)	(4,172,137)
Payments for project evaluation		-	(337,578)
Interest received		1,228	1,073
Finance costs		(70,319)	(36,252)
Other receipts		8,728	33,773
Net cash flows provided by/(used in) operating activities	6	(1,470,482)	(2,387,941)
Cash flows used in investing activities			
Payments for exploration and evaluation		-	(374,203)
Payments for plant and equipment		-	(115,525)
Proceeds from sale of plant and equipment		146,872	-
Net cash outflow on discontinued operation		(2,002,008)	
Loans repaid by other entities		-	8,287
Net cash flows used in investing activities		(1,855,136)	(481,441)
Cash flows from financing activities			
Proceeds from issue of fully paid shares		492,846	-
Payment of transaction costs		(43,246)	(6,221)
Proceeds from borrowing		1,317,000	2,572,000
Net cash provided by financing activities		1,766,600	2,565,779
Net decrease in cash held		(1,559,018)	(303,603)
Net foreign exchange differences		1,291,045	(6,582)
Cash and cash equivalents at beginning of the financial year		276,698	586,883
Cash and cash equivalents at end of the financial year		8,725	276,698

The accompanying notes form an integral part of this Consolidated Statement of Cash Flows.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital $	Accumulated Losses $	Option reserve $	Foreign Currency Translation Reserve $	Non-controlling interest $	Total Equity $
As at 1 July 2014	48,530,322	(37,964,388)	534,662	(1,792,583)	(2,166,628)	7,141,385
Currency translation differences	-	-	-	(431,485)	213,496	(217,989)
Loss for the year	-	(3,851,672)	-	-	(1,997,386)	(5,849,058)
Total comprehensive income for the year	-	(3,851,672)	-	(431,485)	(1,783,890)	(6,067,047)
Transactions with owners in their capacity as owners						
Issue of share capital	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
Balance at 30 June 2014	48,530,322	(41,816,060)	534,662	(2,224,068)	(3,950,518)	1,074,338
Currency translation differences	-	-	-	2,514,564	(666,039)	1,848,525
Loss for the year	-	(12,608,813)	-	-	-	(12,608,813)
Total comprehensive income for the year	-	(12,608,813)	-	2,514,564	(666,039)	(10,760,288)
Transactions with owners in their capacity as owners						
Difference arising from deconsolidation	-	-	-	-	4,616,557	4,616,557
Issue of share capital	1,044,846	-	-	-	-	1,044,846
Transaction costs	(43,246)	-	-	-	-	(43,246)
Balance at 30 June 2015	49,531,922	(54,424,873)	534,662	290,496	-	(4,067,793)

The accompanying notes form an integral part of this Consolidated Statement of Changes in Equity.

1 CORPORATE INFORMATION

The financial report of Arrowhead Resources Limited for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 30 September 2015. Arrowhead Resources Limited was formerly called Gippsland Limited until shareholders approved the change of name on 29 September 2015.

Arrowhead Resources Limited which is the ultimate parent company, is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group were exploration and development of mineral resources.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards.

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For the purpose of preparing the financial statements, the consolidated entity is a for-profit entity.

(b) Maintenance of Accounting Records

The directors note that in late March 2015, the Company received advice from Egyptian Company for Mineral Resources (ECMR), its 50% equity partner in its subsidiary Tantalum Egypt JSC (TE) that ECMR was seeking to dissolve TE and re-tender their exploitation licenses, over the Abu Dabbab deposit. Refer to Note 2(d) for further information on this matter.

At 31 March 2015, ECMR had taken control of TE offices in Egypt, where the accounting and statutory records for Tantalum Egypt JSC and its fellow subsidiary, Nubian Resources JSC, were maintained. The directors have determined that on this date Arrowhead effectively lost control and access to the accounting and statutory records of these entities. Despite their best efforts, the directors have not been able to obtain all accounting and statutory records of these entities in relation to transactions and balances for the 9 months ended 31 March 2015. Therefore, the directors have prepared the financial report based on the unaudited trial balance at 31 March 2015 to the best of their knowledge, based on the limited information available to them at the time of preparation of the financial report and have

recognized a loss from discontinued operations on Tantalum Egypt JSC and Nubian Resources JSC totaling $10.390m in the statement of profit or loss in relation to the subsidiaries.

(c) Going Concern

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

The consolidated entity has incurred a net loss after income tax of $12,608,813 (2014: $5,849,058) and experienced net cash outflows from operations of $1,470,482 (2014: $2,387,941) and net cash outflows from investing activities of $1,855,136 (2014: $481,441) for the year ended 30 June 2015. As at 30 June 2015, the consolidated entity had a working capital deficiency of $4,115,274 and had cash and cash equivalents of $8,725.

These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Subsequent to year end, Arrowhead issued 142,500,000 shares on a pre-consolidation basis in satisfaction of existing liabilities totalling $426,000. The company has also entered into a mandate agreement with CPS Capital Group Pty Limited (CPS) whereby CPS will act as lead manager, broker and potential underwriter to Arrowhead's proposed renounceable rights issue (Proposed Rights Issue) to raise $1,428,436 at 1 cent per share, as part of the recapitalisation outlined below. CPS also provided a loan facility of $100,000 for working capital repayable by 20 November 2015. The loan funds were received on 25 August 2015.

The directors have prepared a cash flow forecast for the period ending 31 December 2016 which indicates that the current cash resources will not meet expected cash outgoings without additional capital and / or debt funding. The directors anticipate that these requirements will be met through the following recapitalisation process, which was approved by shareholders at the general meeting held on 29 September 2015:

(i) Successful completion of the Proposed Rights Issue by November 2015;
(ii) Consolidation of the Company's share capital on the basis of one new share for every one hundred existing shares;
(iii) Agreement with Gandel Metals Pty Limited (a related entity of former director, Ian Gandel) to forgive debts totalling $3,437,000 and to accept 18,000,000 shares on a post-consolidation basis in satisfaction of remaining liabilities of $180,000, subject to completion of the Proposed Rights Issue; and
(iv) Agreement with Ventureworks JDK Pty Limited (a director related entity of John Kenny) to forgive debts totalling $30,000 and to accept 9,600,000 shares on a post-consolidation basis in satisfaction of remaining liabilities of $96,000, subject to completion of the Proposed Rights Issue.

Further, the company will need to secure a new project for shareholders which will create value and gain further investment support.

The directors are satisfied that they will achieve the matters set out above and therefore the going concern basis of preparation is appropriate.

Should the company and the consolidated entity be unable to achieve the initiatives referred to above, there is a material uncertainty whether the company and the consolidated entity will be able to continue as going concerns and, therefore, whether they will realise their assets and discharge their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

(d) Egypt – Discontinued Operations

Since late March, 2015, Arrowhead has been prevented from implementing its development and capital raising plans for the Abu Dabbab Project. At that time, the Company received advice from ECMR, that ECMR was seeking to dissolve TE and re-tender the Project's Exploitation Licences.

The Company announced a revised Project development strategy (the 400K Plan), and a conditional financing arrangement for the Project, on 26 February 2015. At the same time, the Company entered into a conditional financing arrangement, to finance the US$7 million capital expenditure for Stage 1, in return for a 50% interest in the Company's 100% subsidiary, Tantalum International Pty Ltd (TIPL). TIPL holds the Company's 50% interest in TE and therefore the Project.

This investment was subject to the satisfaction of customary conditions, including the receipt of confirmation, by way of letters, from each of ECMR, and the Egyptian Ministry of Investment (GAFI), that TE was in good standing. GAFI is the regulatory authority for TE, and TE holds the Exploitation Licences at Abu Dabbab. GAFI has approved TE's renewal of its work permit for the period 1 January 2015 to 31 December 2015, effectively satisfying the GAFI requirement. As regards obtaining ECMR confirmation, the Company had received verbal assurances of support from ECMR representatives on the TE Board and from the ECMR Chairman, and anticipated the required support letter from ECMR would follow. Despite these assurances, following a meeting between the Chairman of ECMR and the Chairman of TE (who was also the Company's representative on the TE Board), the Company became aware, on 26 March 2015, that ECMR was seeking ways to dissolve TE, and to reissue the Exploitation Licences to a third party, although no formal notice to that effect has been received. The Company requested urgent clarification of ECMR's intentions from ECMR. ECMR did not respond to the Company's request at that time, and has not responded to the Company's further requests to date.

As a result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into TE and Egypt. The Company considers (and ECMR has not denied) that Egypt, through ECMR and the Egyptian Mining and Resources Authority (EMRA), is taking measures to gain full control of TE's Exploitation Licences and the Project. Given the potential consequences of not continuing to fund TE, the Directors requested a suspension of trading of the Company's shares on the ASX pending some clarity or resolution of the matters threatening the Company's ongoing interest in the Project.

To the reporting date the Company has focussed on direct and confidential discussions with ECMR, EMRA and relevant Egyptian Government agencies to maximise the prospects of achieving a positive outcome on this dispute with ECMR. Commensurate with this the Company has obtained both international and local Egyptian preliminary legal briefings regarding the extent to which the Company may be entitled to claim in response to ECMR's actions.

Whilst the legal investigative process is continuing, the Board considers that it has gained sufficient clarity on the situation to make the following observations and conclusions:

- The Company is unlikely to be able to develop the Project or regain full control of TE's Exploitation Licences.
- ECMR has stated that it is unwilling to further consider the 400K Plan.
- ECMR has accused Arrowhead (and therefore TE) of abandoning the Project.
- Arrowhead strongly rejects ECMR's allegations, denies it has abandoned the Project, and has reserved its rights (including the right to seek recourse under both Egyptian and International law).
- ECMR has yet to respond directly to Arrowhead's questions or to its invitation to meet and discuss these matters.
- ECMR has refused to acknowledge Arrowhead's appointments to the TE Board; namely Mr Rosenstreich to replace its previous representative as Chairman and the appointment of a new Arrowhead representative to restore its representation to 2 directors on a Board of 4.

The emerging outlook, based on Arrowhead's legal advice and its own observations, is that it is highly unlikely that Arrowhead will regain access to the Project or its other interests and assets in Egypt. Arrowhead considers that it will likely need to seek recourse under Egyptian and/or international law (including making a significant claim for financial compensation for the damage it has suffered). Arrowhead will, through its legal counsel, exercise its rights and pursue its claims vigorously. This may include seeking the support of a litigation funding group to assist it in doing so.

As a consequence of ECMR's actions, the Company is assumed to no longer have control, as defined in Australian Accounting Standards, over its subsidiary TE and has therefore deconsolidated the results of TE from the Group.

As a result of ECMR's unwillingness to engage with the Company, the Company suspended further funding into Egypt, which resulted in the loss of all accounting and administrative staff and functions in Egypt. The Company is assumed to also no longer have control, as defined in Australian Accounting Standards, over its subsidiary Nubian Resources JSC and has therefore deconsolidated the results of Nubian Resources JSC from the Group.

(e) Statement of Compliance

Compliance with Australian Accounting Standards ensures the financial report, the financial statements and notes comply with International Financial Reporting Standards ("IFRS").

(f) New Standards and Interpretations Adopted

(i) Adoption of new and revised Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, beginning 1 July 2014.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group included:

- AASB 1031 'Materiality' (December 2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments - Part B'
- AASB 2014-1 'Amendments to Australian Accounting Standards' [Part A – Annual Improvements 2010-2012 and 2011- 2013 Cycles]
- AASB 2014-1 'Amendments to Australian Accounting Standards' [Part C – Materiality]
- Interpretation 21 'Levies'

The adoption of these standards and interpretations did not have a material impact on the Group.

(ii) Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2015:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

The impact of these recently issued or amended standards and interpretations have not yet been assessed by management.

(g) Basis of consolidation

The consolidated financial statements comprise the financial statements of Arrowhead Limited and entities (including special purpose entities) controlled by Arrowhead Limited (its subsidiaries).

Control is achieved when the Company:
• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and
• has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the Group. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Refer to Note 2(d) and Note 31 for deconsolidation.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(h) Interests in joint operations

The Group's interest in its joint operations is accounted for by recognising the Group's assets and liabilities from the joint operation, as well as expenses incurred by the Group and the Group's share of income earned from the joint operation, in the consolidated financial statements.

(i) Foreign currency translation

Both the functional and presentation currency of Arrowhead Limited and its Australian subsidiaries is Australian dollars ($AU). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All differences in the consolidated financial report are taken to the statement of profit or loss and other comprehensive income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the statement of profit or loss and other comprehensive income.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries Tantalum Egypt JSC, Nubian Resources JSC and Nubian Resources PLC is Egyptian pounds (EGP). Tantalum Egypt JSC and Nubian Resources JSC have been discontinued as of 31 March 2015, as disclosed in Note 2(d).

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Arrowhead Limited at the rate of exchange ruling at the statement of financial position date and the statements of profit or loss and other comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

(j) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount which represents fair value at that date less an allowance for any doubtful debts. An allowance of doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Categories of inventory include spare parts and stores.

(m) Other financial assets

Other financial assets in the parent company represent investments in subsidiaries held at cost less any impairment.

(n) Property, plant and equipment

Leasehold improvements, buildings and plant and equipment are stated at cost less accumulated depreciation and any impairment losses recognised.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold Improvements - over 2 to 5 years
Buildings – over 20 years
Plant and equipment - over 3 to 10 years

Impairment
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss and other comprehensive income in the period the item is derecognised.

(o) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is recognised as exploration and evaluation assets, measured on the cost basis. The expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

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

The Group assesses the stage of each mine under construction to determine when a mine moves into the pre-production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete and ready for its intended use. At this time, any costs capitalised to 'exploration and evaluation' are reclassified to 'mine properties'. Some of the criteria will include, but are not limited, to the following:

- Availability of the plant;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce metal in saleable form (within specifications); and
- Ability to sustain ongoing production of metal at commercial rates of production.

(p) Mine properties

When a mine construction project moves into the pre-production stage, any costs capitalised to 'exploration and evaluation' are reclassified to 'mine properties'. During this pre-production stage, certain mine construction and commissioning costs continue to be capitalised to mine properties and offset any incidental revenue earned until such time as the project is operating in line with management's expectation.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mine asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation / amortisation commences.

Mine properties are recorded at cost, less accumulated depreciation and amortisation and any impairment losses. Amortisation is over the units of production of the economically recoverable reserves (that is, tonnes of ore).

(q) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(r) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

(u) Contributed equity

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

(v) Share-based payment transactions

The Group provides remuneration to employees (including directors) of the Group 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. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Arrowhead Limited ('market conditions').

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 Group, 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 the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 5).

(w) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. All other leases are classified as finance leases. Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(x) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue from the sale of alluvial tin is recognised when the goods are delivered and title has passed, at which time the following conditions are satisfied:

- the Group has received the provisional advance payment from the buyer for the goods; and
- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(y) Income tax

In principle, deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

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

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

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

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

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

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

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

(z) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL
Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 29.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

(aa) Other taxes

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

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

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

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

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

(bb) Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees at balance date. Employee benefits expected to be settled within one year, together with entitlements arising from wages and salaries, annual leave and sick leave, which will 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 entity to employee superannuation funds and are charged as expenses when incurred.

(cc) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(dd) Segment information

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the board of directors of the Company.

(ee) Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, these relate to impairment of inter-company loans and exploration and evaluation expenditure.

The criteria used by management in determining the impairment is as follows:

- Inter-company loans are impaired by the lending company to the extent that there is uncertainty about the future recoverability of such loans from the borrowing company. Reversal of all or part of prior period impairment losses may be approved by management once a borrowing company has a capacity to repay all or part of such inter-company loans, and
- The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation or alternatively the sale of the respective areas of interest at an amount at least equal to book value. Therefore exploration and evaluation expenditure is impaired until such time as the aforementioned can be determined, normally by way of a Feasibility Study or some other event. Reversal of prior period impairment losses may be approved by management once the capacity to exploit or sell has been positively determined.
- The impairment of financial assets is accounted for by revaluing the financial asset to market value at the reporting date.
- The Group assesses the stage of each mine under construction to determine when a mine moves into the pre-production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete, ready for its intended use and operating in the manner intended by management. When a mine construction project moves into the pre-production stage, any costs capitalised to 'exploration and evaluation' are reclassified to 'mine properties'.
- The value of financial assets requires the directors to estimate future cash flows expected to arise and assess the going concern position of the Company.

Mine properties are amortised over the units of production of the economically recoverable reserves.

Control over subsidiaries – refer to note 2(d) re deconsolidation of subsidiaries.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(ff) Financial risk management policy

Details of the Group's financial risk management policy are set out in Note 29.

(gg) Compound financial instruments

The Group evaluates the terms of any financial instrument to determine whether it contains both a liability and an equity component. The separate components of a financial instrument that create a financial liability and grant an option to the holder of the instrument to convert it into an equity instrument are recognised separately on the statement of financial position.

(hh) Comparative figures

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

3 REVENUES, OTHER INCOME AND EXPENSES

	2015	2014
Revenue and expenses from continuing operations		
(a) Revenue		
Finance revenue	1,228	1,001
	1,228	1,001
(b) Other income		
Sundry income	8,728	33,773
	8,728	33,773
(c) Administration expenses		
Included in administration expenses:		
Minimum lease payments - operating lease	33,963	169,769
Consultancy expenses	21,930	70,663
(d) Employee benefits expenses		
Payroll cost	812,386	868,208
Superannuation	14,119	20,838
As per Statement of Comprehensive Income	826,505	889,046

4 INCOME TAX

	2015 $	2014 $
Major components of income tax expense for the Years ended 30 June 2015 and 30 June 2014 are:		
Income statement		
Current income		
Current income tax charge (benefit)	-	-
Adjustments in respect of previous current income tax	-	-
Income tax expense (benefit) reported in income statement	-	-

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

Accounting profit (loss) before tax from continuing operations	(2,218,642)	(1,718,758)
Accounting profit (loss) before income tax	(2,218,642)	(1,718,758)
At the statutory income tax rate of 30% (2014: 30%)	(665,593)	(515,627)
Add:		
Non-deductible expenses	176,780	294,178
Temporary differences and losses not recognised	488,813	221,449
At effective income tax rate of 0% (2014: 0%)	-	-

Unrecognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) have not been recognised in respect of the following items	2015 $	2014 $
Prepayments	(251)	(119)
Trade and other payables	18,338	114,216
Employee benefit	28,499	34,316
Business related costs	-	17,178
Foreign exchange	(5,405)	438
Capital Losses	764,834	764,834
Tax Losses	4,000,805	6,662,024
	4,806,820	7,592,887
Unrecognised deferred tax asset	(4,806,820)	(7,592,887)

The tax losses do not expire under current legisation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.
The Company is still in the process of reviewing the continuity of ownership test and the same business test in determining whether these unrecognised tax losses can be utilised in future financial periods.

5 EARNINGS PER SHARE

	2015 cents	2014 cents
Basic earnings per share		
From continuing operations	**(0.14)**	(0.13)
From discontinued operations	**(0.67)**	(0.30)
Total basic earnings per share	**(0.82)**	(0.43)
Diluted earnings per share		
From continuing operations	**(0.14)**	(0.13)
From discontinued operations	**(0.67)**	(0.30)
Total diluted earnings per share	**(0.82)**	(0.43)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(a) Reconciliation of earnings used in calculating earnings per share

	$	$
Loss attributable to ordinary equity holders of the Company from continuing operations used in the calculation of basic earnings per share and diluted earnings per share	**(2,218,642)**	(1,781,758)
Loss for the year from discontinued operations used in the calculation of basic earnings per share and diluted earnings per share from discontinued operations	**(10,390,171)**	(5,849,058)

(b) Weighted average number of shares used in the denominator

	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,543,161,631**	1,375,700,081
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**1,543,161,631**	1,375,700,081

There were no potential ordinary shares as at 30 June 2015 (Nil for 30 June 2014).

The consolidated entity's options over ordinary shares could potentially dilute basic earnings per share in the future, however they have been excluded from the calculations of diluted earnings per share because they are anti-dilutive and out of the money for the years presented.

6 CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash and cash equivalents		
Cash at bank and in hand	**8,725**	276,698
	8,725	276,698

Cash at bank and in hand earns interest at floating rates based on daily bank rates.

The fair value of cash and cash equivalents is $8,725 (2014: $276,698).

Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities	Note	2015 $	2014 $
Operating loss after income tax		(12,608,813)	(5,849,058)
Adjustments for:			
Depreciation and amortisation		35,615	159,354
Loss on disposal of property plant and equipment		28,751	-
Impairment		155,340	168,474
Impairment of related party loans		457,690	745,421
Loss from discontinued operation		10,390,171	2,089,265
Reversal of impairment of loans to other entities		-	(8,287)
Foreign exchange loss (gain)		(18,019)	(106,454)
Loss on disposal of shares			
Changes in assets and liabilities :			
(Increase)/decrease in trade and other receivables		9,239	298,522
(Increase)/decrease in other assets		13,759	(2,138)
(Increase)/decrease in inventories		1,206	(26,008)
(Decrease)/increase in provisions		28,225	6,539
(Decrease)/increase in trade and other payables		36,355	136,429
Net cash (used in) operating activities	6	(1,470,482)	(2,387,941)

Non-cash transactions

During the 2015 financial year, the Group did not enter into any non-cash investing and financing activities which are not reflected in the statement of cash flows, other than the issue of 276,000,000 ordinary shares pursuant to the Company's rights issue at 0.002 cents per share in offset of loan amounts owing to Gandel Metals Pty Limited totaling $552,000.

During the 2014 financial year, the Group did not enter into any non-cash investing and financing activities which are not reflected in the statement of cash flows.

7 TRADE AND OTHER RECEIVABLES (CURRENT)

Trade and other receivables	2015 $	2014 $
Trade receivables	-	-
Other receivables	**13,586**	26,683
	13,586	26,683

(i) Trade receivables are non-interest bearing and are generally on 30-day terms.
(ii) Other receivables relate to GST receivable from the Australian Taxation Office.

8 INVENTORIES

	2015 $	2014 $
Inventories		
Spare parts	-	112,878
Spare parts in transit	-	8,757
Provision for impairment (spare parts)	-	(52,668)
	-	68,967

9 OTHER ASSETS

	2015 $	2014 $
Other assets		
Prepayments	**837**	38,370
Rental deposit	**4,998**	7,976
	5,835	46,346

10 PROPERTY, PLANT AND EQUIPMENT

	Consolidated			
	Leasehold Improvements $	Buildings $	Plant and equipment $	Total $
Year ended 30 June 2015				
Balance at 30 June 2014	-	303,778	726,275	1,030,053
Additions	-	-	18,368	18,368
Foreign exchange adjustments	-	4,039	(24,358)	(20,319)
Impairment of PP&E	-	(148,143)	-	(148,143)
Depreciation charge for the year	-	(9,601)	(26,014)	(35,615)
Disposals	-	-	(175,623)	(175,623)
Loss on discontinued operation	-	(150,073)	(471,168)	(621,240)
Balance at 30 June 2015	-	-	47,481	47,481
At 1 July 2014				
Cost or fair value	-	355,115	2,147,020	2,502,135
Accumulated depreciation and impairment	-	(51,337)	(1,420,745)	(1,472,082)
Net carrying amount	-	303,778	726,275	1,030,053
At 30 June 2015				
Cost or fair value	-	184,152	141,363	325,515
Accumulated depreciation and impairment	-	(184,152)	(93,882)	(278,034)
Net carrying amount	-	-	47,481	47,481

11 EXPLORATION AND EVALUATION EXPENDITURE

	2015	2014
Exploration and Evaluation Expenditure (at cost)	**3,908,613**	10,785,834
Accumulated Impairment	**(3,908,613)**	(6,952,799)
	-	3,833,035
Movement:		
Exploration and Evaluation Expenditure		
Balance at beginning of year	**3,833,035**	4,040,894
Current year expenditure	**356,185**	405,509
Foreign exchange adjustments	**583,803**	(207,381)
Reclassification as PP&E	**-**	(192,014)
Loss on discontinued operation	**(4,765,826)**	-
Impairment	**(7,197)**	(213,973)
Closing balance	**-**	3,833,035

The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation or alternatively the sale of the respective areas of interest at an amount at least equal to book value.

For the year ended 30 June 2015, evaluation expenditure on the Abu Dabbab project was capitalised at cost, until such time production commences and costs are transferred to 'mine properties'. As at 31 March 2015, the Group recognised a loss of control over TE and therefore treated the subsidiary as a discontinued operation from 31 March 2015 (refer to Note 2(d)).

For the year ended 30 June 2015 and 30 June 2014, there was no exploration expenditure on the Wadi Allaqi project.

For the year ended 30 June 2015, exploration expenditure in Eritrea in relation to the Group's current Exploration Licences (Adobha and Gerasi South) of $7,197 (2014: $213,973) was impaired. Due to the reduction of exploration activities in Eritrea, the Group assessed the carrying value of the capitalised exploration expenditure in relation to the Adobha Exploration Licence and Gerasi South Exploration Licence and decided to fully impair the asset. The assessment led to the recognition of an impairment loss of $7,197, which has been recognised in profit or loss.

The Group received a letter from the Eritrean Ministry of Energy and Mines on 19 August 2015 stating that the Adobha Exploration Licence and the Gerasi South Exploration Licences had been terminated. This followed the Company's unsuccessful efforts over the preceding 12 months to joint venture or sell these licences.

12 MINE PROPERTIES

	2015	2014
Mine Properties (at cost)	-	1,750,059
Accumulated Amortisation and Impairment	-	(1,750,059)
	-	-
Movement:		
Mine Properties		
Balance at beginning of year	-	1,573,476
Foreign exchange adjustments	-	30,396
Amortisation	-	(745,421)
Impairment	-	(969,711)
Prior period adjustment (revenue)	-	111,260
Closing balance	-	-

During the year, $Nil (2014: $745,421) of the net capitalised costs in relation to the Alluvial Tin Project were amortised based on production.

In 2014, the Group carried out a review of the recoverable amount of the Alluvial Tin Project and determined that based on the Group's forecasts, the recoverable amount of the Alluvial Tin Project was significantly less than its carrying value. The Directors decided to fully impair the remaining balance of net capitalised costs of $969,711, which was recognised as an impairment expense in profit or loss. The Alluvial Tin Project ceased operations in September 2014 and forms part of discontinued operations as disclosed in Note 31.

13 TRADE AND OTHER PAYABLES (CURRENT)

	2015 $	2014 $
Trade and other payables		
Trade payables and accruals	**711,409**	1,521,041
	711,409	1,521,041

(i) Trade payables and accruals are non-interest bearing and are normally settled on repayment terms between 7 and 30 days.
(ii) Subsequent to balance date the Company agreed with creditors comprising $403,813 of the total to accept shares in satisfaction of all amounts owed. Refer to Note 24 for more details.

14 PROVISIONS (CURRENT)

	2015 $	2014 $
Provision for annual leave	**38,134**	79,899
Provision for long service leave	**56,861**	34,488
	94,995	114,387

15 LOANS AND BORROWINGS (CURRENT)

	2015 $	2014 $
Directors' Loans - unsecured	**3,337,016**	2,572,016
	3,337,016	2,572,016

The Company entered into an agreement with the lender, Gandel Metals Pty Limited, an entity associated with Mr Ian Gandel, whereby Gandel Metals Pty Limited will be issued 18,000,000 post consolidation ordinary shares

in full satisfaction of an amount outstanding of $180,000 and will forgive all other amounts owing. This agreement was subject to shareholder approval, which was gained on 29 September 2015, and the raising of not less than $1.2 million in new equity.

The terms of the loan agreements are as follows:

(a) the interest rate for the loans is equal to the ANZ loan interest rate, as varied (currently 4.83%);
(b) the loans are unsecured; and
(c) the loans are repayable by 30 November 2015 or such earlier date that Arrowhead completes a capital raising for an amount equal to or greater than $500,000 more than the overall level of indebtedness to Gandel Metals at the time each loan agreement was entered into (currently the overall level of indebtedness to Gandel Metals is $3,337,000).

During the period, Gandel Metals Pty Ltd, a company related to the Company's former Chairman, Mr Ian Gandel, provided additional unsecured loans to the Company of totalling $1,317,000, of which $552,000 was converted into shares pursuant to the Company's rights issue completed in March 2015.

During the year, interest paid or payable on the loan was $169,908.

16 NON-CONTROLLING INTEREST

	2015 $	2014 $
Balance at beginning of year	**3,950,518**	2,166,628
Share of (loss)/profit for the year	-	1,997,386
Share of movement in foreign currency translation reserve	**666,039**	(213,496)
Difference arising from deconsolidation	**(4,616,557)**	-
Balance at end of year	**-**	3,950,518

17 CONTRIBUTED EQUITY

Ordinary Shares

	2015 $	2014 $
Ordinary shares fully paid	**49,531,922**	48,530,322

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
Issued capital has no par value.

	Number of shares	*$*
(b) Movement in ordinary share capital		
At 1 July 2013	**1,375,700,081**	48,530,322
At 30 June 2014	**1,375,700,081**	48,530,322
Shares issued [(i)]	**522,422,785**	1,044,846
Share issue costs	**-**	(43,246)
Subtotal (shares issued during year)	**522,422,785**	1,001,600
At 30 June 2015	**1,898,122,866**	49,531,922

(i) 522,422,785 shares issued on 6 March 2015 for cash at $0.002 per share.

There are no unissued ordinary shares of Arrowhead Resources Limited under option.

18 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2015	2014
	$	$
Option issue reserve	**534,662**	534,662
Foreign currency translation reserve	**290,496**	(2,224,068)
	825,158	(1,689,406)

Movements in reserves	Option issue reserve	Foreign currency translation reserve	Total
At 30 June 2013	534,662	(1,792,583)	(1,257,921)
Share based payment	-	-	-
Currency translation differences	-	(431,485)	(431,485)
At 30 June 2014	534,662	(2,224,068)	(1,689,406)
Share based payment	-	-	-
Currency translation differences	-	2,514,564	2,514,564
At 30 June 2015	534,662	290,496	825,158

(b) Accumulated Losses

Movement in accumulated losses were as follows:	2015 $	2014 $
Balance 1 July	(41,816,060)	(37,964,388)
Net loss for the year	(12,608,813)	(3,851,672)
Balance 30 June	(54,424,873)	(41,816,060)

(c) Nature and purpose of reserves

Option issue reserve
The option issue reserve is used to record items recognised as expenses on grant of share options.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the net investment hedged in these subsidiaries.

19 INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Arrowhead Limited and the controlled entities listed in the following table:

	Country of incorporation	Percentage of equity interest held by the Group		Investment	
		2015	2014	**2015**	2014
		%	%	**$**	$
Tantalum International Pty Ltd	**Australia**	100	100	100	100
Adobha Resources (Eritrea) Pty Ltd	**Australia**	100	100	100	100
Nubian Resources PLC	**United Kingdom**	100	100	27,388	27,388
Tantalum Egypt JSC	**Egypt**	50	50	-	-
Nubian Resources JSC	**Egypt**	50	50	-	-
				27,588	27,588

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

Tantalum Egypt JSC and Nubian Resources JSC were previously included in the consolidated financial statements on the basis that Arrowhead Limited controlled the activities of Tantalum Egypt JSC by way of Arrowhead's casting vote on the Board of Directors.

As set out in Note 2(d) and 31, Arrowhead no longer controls either Tantalum Egypt JSC or Nubian Resources JSC.

20 INTERESTS IN JOINT OPERATIONS AND BUSINESS UNDERTAKINGS

At 30 June 2015, the Group is no longer a participant in any joint operations. At 30 June 2014, the Group was a participant in the following joint operations:

Name of joint operations	**2015**	2014
	% Interest	% Interest
Seiga – Wadi Allaqi, Egypt	-	50
Um Shashoba – Wadi Allaqi, Egypt	-	50
Haimur – Wadi Allaqi, Egypt	-	50
Nile Valley Block E – Wadi Allaqi, Egypt	-	50
Nile Valley Block A – Wadi Allaqi, Egypt	-	50
Um Garayat – Wadi Allaqi, Egypt	-	50
Koleit – Wadi Allaqi, Egypt	-	50
Um Tiur – Wadi Allaqi, Egypt	-	50
Abu Swayel – Wadi Allaqi, Egypt	-	50

The joint operations are not separate legal entities. They are contractual arrangements between the participants and are of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities. The joint operations do not hold any assets and accordingly the Company's share of exploration expenditure is accounted for in accordance with the policy set out in Note 2.

The tenements are granted subject to an agreement with the Egyptian Government (EMRA) dated 21 June 2004 however the status of these tenements is in dispute with EMRA. Given the Group's loss of control in Egypt the Company no longer intends to seek a resolution of the dispute with EMRA over the joint operations. No expenditure has been incurred or undertaken on the disputed tenements.

21 EXPENDITURE COMMITMENTS

(a) Lease expenditure commitments

The Group has not entered into commercial leases for office accommodation. Its office in Perth is based in the office of an officeholder.

Future minimum rentals payable as at 30 June are as follows:

	2015 $	2014 $
Within one year	-	33,500
After one year but not more than five years	-	20,800
	-	54,300

(b) Exploration expenditure commitments

The Group has no minimum exploration expenditure commitments in respect to any mining tenements or projects.

(c) Joint venture expenditure commitments

The Group has no minimum expenditure commitments in respect to any of its mining joint ventures.

(d) Bank guarantee

There are no bank guarantees of the Group at 30 June 2015.

(e) Capital Commitments

There are no capital commitments of the Group at 30 June 2015.

22 SHARE BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for share based payments during the year is shown in the table below:

	2015 *$*	*2014* *$*
Expense arising from equity-settled share-based payment transactions	-	-
	-	-

(b) Summary of options granted

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

	2015 No	2015 WAEP	2014 No	2014 WAEP
Outstanding at the beginning of the year	-	-	600,000	0.06
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(600,000)	0.06
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

(c) Weighted average of remaining contractual life

There were no options outstanding at the end of the year or the previous year.

(d) Range of exercise price

There were no options outstanding at the end of the year or the previous year.

(e) Option pricing model

Equity-settled transactions

There were no equity-settled share options granted during the year or the previous year.

23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Group did not have any contingent liabilities as at Balance Date, other than as noted below;

(a) Former Director – J Starink

- On 20 July 2015, the Company advised a Director, Mr Jon Starink, that the Board had formed the preliminary view that his employment should be summarily terminated.
- Mr Starink was required to address a number of matters that informed the Board's preliminary view and to show cause as to why his employment should not be summarily terminated.
- Mr Starink did not respond to the show cause letter before he resigned. Instead he resigned as a director of the Company on 31 July 2015. He also claimed that non-payment of his salary for the months of May and June constituted a repudiation of his employment agreement, which repudiation he accepted. The Company denies having repudiated his employment agreement.
- Mr Starink has threatened to commence legal action in respect of contractual and statutory entitlements and damages for breach of his employment agreement, wrongful dismissal and/or a breach of the general protection provisions under the Fair Work Act 2009 (Cth) arising from the repudiation of his Employment Agreement. However, to date no proceedings have been issued.
- The Company will vigorously defend any action brought by Mr Starink and may also seek to counter-claim against Mr Starink on the basis of matters raised by the Company on 20 July 2015 in its show cause letter to Mr Starink.

(b) Egyptian Entities

- Due to the facts and circumstances detailed in note 2(d) the Company does not have any reason to believe that there are any future liabilities arising from its interests in TE and NR.

(c) Eritrean Tenements

- Under Eritrean mining law, expenditure commitments entered into by a tenement holder with respect to a tenement are mandatory. Failure to expend funds in accordance with a commitment may result in a liability to the Eritrean government to the extent of the unexpended portion of the expenditure commitment, or forfeiture of the tenement/s. The Group has received a letter from the Eritrean Ministry of Energy and Mines (Mines Ministry) on 19 August 2015 stating that the Adobha Exploration Licence and the Gerasi South Exploration Licences have been terminated. The Company has been advised that the Eritrean Ministry of Energy and Mines will waive the unexpended portion of the expenditure commitments and there is no remaining liability in relation to the unexpended portion of the expenditure commitments. The directors are of the view that the Consolidated Entity has no further obligations in relation to these licences. The Group has lodged the required documents with the Mines Ministry and expects confirmation to follow. As at 30 June 2015, the Eritrean exploration licences were fully impaired.

Contingent Assets

During 2012, the Company executed a sale and purchase agreement with Stellar Resources Ltd whereby Stellar Resources Ltd acquired the Company's 40% interest in the Heemskirk Tin Project for 43,528,743 shares in Stellar Resources Ltd and a royalty. The 43,528,743 shares in Stellar Resources Ltd were sold during 2013. Under the Minerals Royalty Deed dated 30 January 2012, the royalty receivable by the Company will be calculated as follows:

Net Realised Price (Tin Price) per tonne	Royalty Percentage
Less than $25,000	Nil
$25,000 - $30,000	1% plus 0.0002% for every $1 the Net Realised Price is over $25,000
$30,000 or more	2%

The Group did not have any other contingent assets as at Balance Date.

24 SUBSEQUENT EVENTS

Other than as noted below, 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.

- It is highly unlikely that Arrowhead will regain access to the Abu Dabbab Project or its other interests and assets in Egypt. Arrowhead considers that it will likely need to seek recourse under Egyptian and/or international law (including making a significant claim for financial compensation for the damage it has suffered). Arrowhead will, through its legal counsel, exercise its rights and pursue its claims vigorously.
- The Company entered into agreements with creditors whereby creditors owed a total of $426,540 have been issued 142,500,000 ordinary shares in the Company in satisfaction of all amounts owing. Amounts owing at the balance date have been adjusted to reflect the amount ultimately settled in shares.
- The Company entered into an agreement with Gandel Metals Pty Limited, an entity associated with Ian Gandel, whereby Gandel Metals Pty Limited will be issued 18,000,000 post consolidation ordinary shares in full satisfaction of an amount outstanding of $180,000 and will forgive all other amounts owing, which at 30 June 2015 totalled $3,437,291. This agreement was subject to shareholder approval, which was gained on 29 September 2015, and the raising of not less than $1.2 million in new equity. The repayment date of the loans from Gandel Metals Pty Limited was extended to 30 November 2015 to facilitate satisfaction of the conditions.
- The Company entered into an agreement with Ventureworks JDK Pty Limited, an entity associated with John Kenny, whereby Ventureworks JDK will be issued 9,600,000 post consolidation ordinary shares in full satisfaction of an amount outstanding of $96,000 and will forgive all other amounts owing, which at 30 June 2015 totalled $30,000. This agreement was subject to shareholder approval, which was gained on 29 September 2015, and the raising of not less than $1.2 million in new equity.
- The Company entered into a consultancy agreement with Mr Ayman Ayyash for the provision of consultancy services to facilitate and assist with future claims and pursuits in relation to the ECMR dispute.
- Arrowhead entered into a mandate agreement with CPS Capital Group Pty Limited (CPS) whereby CPS will act as lead manager, broker and potential underwriter to Arrowhead's proposed renounceable rights issue (Proposed Rights Issue) to raise $1,428,436 (before costs) at 1 cent per share. CPS also provided a loan facility of $100,000 for working capital. The loan funds were received on 25 August 2015.
- The Group received a letter from the Eritrean Ministry of Energy and Mines on 19 August 2015 stating that the Adobha Exploration Licence and the Gerasi South Exploration Licences have been terminated. This follows unsuccessful efforts by the Company over the preceding 12 months to joint venture or sell the licences.
- The Company's shareholders approved a consolidation of its share capital on the basis of one new share for every 100 existing shares, a change of constitution and a change of name to Arrowhead Resources Limited on 29 September 2015.

25 REMUNERATION OF AUDITORS

The auditor of Arrowhead Limited is Deloitte Touche Tomatsu ("Deloitte").

	2015	2014
Amounts received or due and receivable by Deloitte for:	$	$
• an audit or review of the financial report of the entity and any other entity in the Group	**49,015**	40,517
	49,015	40,517
Amounts received by auditors other than Deloitte for:		
• an audit or review of the financial report of the entity and any other entity in the Group	**12,210**	30,104
	12,210	30,104
	61,225	70,621

26 RELATED PARTY DISCLOSURE

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

	2015 $	2014 $
Funds loaned to Arrowhead by Gandel Metals Pty Limited – a company associated with Mr I Gandel. The loan is unsecured and interest is payable at rates between 4.83% and 5.33% during the year.	**1,317,000**	2,572,016
Loan funds converted into shares by Gandel Metals Pty Limited at an issue price of $0.002 (0.2 cents) per share, pursuant to the Company's rights issue.	**552,000**	-
Interest paid or payable on loans from Gandel Metals Pty Limited. The loan is unsecured and interest is payable at rates between 4.83% and 5.33% during the year.	**169,908**	50,341
An amount in respect of the provision of office facilitues was paid or payable to Dabinett Corporate Pty Limited – a company associated with Mr R Caren.	**900**	-

27 KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Details of key management personnel

M Rosenstreich	- Executive Chairman and Managing Director (appointed as Chairman on 24 April 2015)
J Kenny	- Non-Executive Director
R Caren	- Executive Director and Company Secretary (appointed as a Director on 24 April 2015)
I Gandel	- Chairman (Non-Executive) – resigned 14 April 2015
J Starink	- Executive Director – resigned 31 July 2015
A Ayyash	- Regional Manager - Middle East and North Africa – terminated 31 January 2015

(b) Compensation of key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2015 **$**	2014 $
Short-term employee benefits	**711,406**	572,601
Post-employment benefits	**-**	-
Share-based payment	**-**	-
	711,406	572,601

(c) Other transactions with key management personnel

Please refer to Note 26 regarding loans from key management personnel to the Company.

28 SEGMENT INFORMATION

(a) Reportable segments

The Group operates predominantly in the mining and exploration industry.

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focussed on the type of resources being explored for and evaluated or developed. Due the factors disclosed within the financial statements in relation to the Group's Egyptian and Eritrean operations, the Group's only reportable segment under AASB 8 is corporate.

Previous segments include a tantalum segment which relates to the development of the Group's Abu Dabbab tantalum-tin project in Egypt and a gold segment relates to the exploration activities at Wadi Allaqi in Egypt. These segments were discontinued as of 31 March 2015.

The corporate segment relates only to the operations of the corporate head office in Perth, Western Australia.

(b) Geographical information

The Group's geographical areas are determined based on the location of the Group's assets and operations. The entire continuing operations relate to the corporate segment which is based in Australia.

29 FINANCIAL INSTRUMENTS

(a) Financial risk management policy

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- meet all financial commitments as and when they fall due, and
- maintain the capacity to fund its forecast project development and exploration strategies.

The Group continually monitors and tests its forecast financial position against these criteria.

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments presently are interest rate risk, foreign currency risk, credit risk, security risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

(b) Interest rate risk

The following table sets out the carrying amount of the financial instruments exposed to interest rate risk:

	2015 $	2014 $
FINANCIAL ASSETS		
Interest Bearing		
Cash at bank	**-**	-
Weighted average interest rate	**0.00%**	0.00%
Non-Interest Bearing		
Cash at bank	**8,725**	276,698
Trade Receivables	**13,586**	26,683
	22,311	303,381
FINANCIAL LIABILITIES		
Interest Bearing		
Unsecured Loan	**3,337,016**	2,572,016
Weighted average interest rate	**4.83%**	5.33%
Non-Interest Bearing		
Trade and other payables	**711,409**	1,521,041
	4,048,425	4,093,057

The following table summarises the sensitivity of financial assets held at balance date to interest rate risk, following a movement of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	Post-tax gain/(loss)/equity increase/(decrease)	
	2015 $	2014 $
+1% (100 basis points)	-	-
-1% (100 basis points)	-	-

(c) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

	Carrying Amount		Fair Value	
	2015 $	2014 $	**2015 $**	2014 $
Financial Assets				
Cash	**8,725**	276,698	**8,725**	276,698
Trade and other receivables - current	**13,586**	26,683	**13,586**	26,683
Financial Liabilities				
Trade and other payables	**711,409**	1,521,041	**711,409**	1,521,041
Unsecured Loans	**3,337,016**	2,572,016	**3,337,016**	2,572,016

Cash, cash equivalents and security deposits: The carrying amount approximates fair value because of their short term to maturity

Trade receivables and trade creditors: The carrying amount approximates fair value.

Fair value hierarchy as at 30 June 2015

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash	8,725	-	-	8,725
Trade and other receivables - current	-	13,586	-	13,586
Total	8,725	13,586	-	22,311
Financial liabilities				
Trade and other payables	-	711,409	-	711,409
Unsecured loans	-	3,337,016	-	3,337,016
Total	-	4,048,425	-	4,048,425

(d) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group does not hold any credit derivatives to offset its credit exposure.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group.

(e) Liquidity risk

The Group's liquidity position is managed to ensure sufficient funds are available to meet our financial commitments in a timely and cost-effective manner.

As referred to in the Going Concern note (Note 2(c)), the Group's liquidity position will depend on several factors, including, but not limited to the ability of the company to complete the Proposed Rights Issue to fund the search for new projects and to provide additional working capital.

The Company continually reviews its liquidity position including cash flow forecast to determine the forecast liquidity position and maintain appropriate liquidity levels.

In addition to commitment disclosure in Note 21, the table below reflects the contractual maturity of financial instruments as at 30 June. Cash flows for financial instruments are presented on an undiscounted basis.

2015	Total	Aging analysis between <30 days	30-60 days	>60 days	Currency of payables AUD	Other
Cash & cash equivalents	(8,725)	(8,725)	-	-	(3,014)	(5,711)
Trade Receivables	(13,586)	(13,586)	-	-	(13,586)	-
Trade and Other Payables	711,409	92,669	28,300	590,440	653,119	58,290
Other Payables	-	-	-	-	-	-
Directors' Loans	3,337,016	-	-	3,337,016	3,337,016	-
Total	4,026,114	70,358	28,300	3,927,456	3,973,535	52,579

2014	Total	Aging analysis between <30 days	30-60 days	>60 days	Currency of payables AUD	Other
Cash & cash equivalents	(276,698)	(276,698)	-	-	(208,131)	(68,567)
Trade Receivables	(26,683)	(26,683)	-	-	(20,472)	(6,211)
Trade Payables	1,071,110	369,920	94,093	607,097	644,202	426,908
Other Payables	449,932	-	-	449,932	-	449,932
Directors' Loans	2,572,016	188,000	166,000	2,218,016	2,572,016	-
Total	3,789,677	254,539	260,093	3,275,045	2,987,615	802,062

(f) **Capital management policy**

The Board's policy is to preserve its capital base as much as possible so as to maintain investor, creditor and market confidence and to sustain future development of the business. Short-term funding for the Group has been obtained via loan funding from Gandel Metals Pty Limited (a related entity of former director, Ian Gandel) to fund operations and commitments.

As referred to in the Going Concern note (Note 2(c)), a further capital raising of $1,428,000, before costs, is proposed to be completed by November 2015 to fund the Group's operations.

There were no changes in the Group's approach to capital management during the year, other than the financing previously available from Gandel Metals Pty Limited is no longer available. The Group relied upon equity to finance its capital management.

Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

(g) Foreign Exchange Risk

As a result of the discontinuance of operations in Egypt, the Group's statement of financial position is no longer significantly affected by movements in the EGP/AUD exchange rates. The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency. At 30 June 2015, the Group had the following exposure to foreign currency:

	2015	2014
Financial Assets		
US$		
Cash and cash equivalents	5,512	60,666
EGP		
Cash and cash equivalents	-	7,611
Trade Receivables	-	3,858
Nakfa		
Cash and cash equivalents	199	290
GBP		
Cash and cash equivalents	-	-
Trade Receivables	-	2,353
	5,711	74,778
Financial Liabilities		
US$		
Trade and other payables	49,564	151,899
EGP		
Trade and other payables	-	709,347
Nakfa		
Trade and other payables	-	5,832
GBP		
Trade and other payables	8,726	9,762
	58,290	876,840
Net exposure	(52,579)	(802,062)

The following sensitivity is based on the most significant foreign currency risk exposures in existence at the statement of financial position date, which is the Australian Dollar moving against the US Dollar (USD). Previously the Group reported sensitivity to its exposure to movements in the exchange rate between the Australian Dollar and the Egyptian Pound, however as the Egyptian operations were discontinued effective 31 March 2015, this exposure no longer exists.

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

Judgements of reasonably possible movements:

	Post Tax Loss (Higher)/Lower		Equity Higher/(Lower)	
	2015	2014	2015	2014
	$	$	$	$
Consolidated				
AUD/USD +10%	4,005	8,294	4,005	8,294
AUD/USD -10%	(4,895)	(10,137)	(4,895)	(10,137)

Foreign exchange rates used during the period were as follows:

	2015 AUD:USD	2014 AUD:USD
Rate as at 30 June	0.76550	0.94190
Average Rate for year ended 30 June	0.83690	0.91790

(h) Equity price risk

The Group is no longer exposed to equity price risks arising from equity.

30 PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 2 for a summary of the significant accounting policies relating to the Group.

	2015	2014
	$	$
(a) Financial Position		
Assets		
Current assets	**23,350**	248,195
Non-current assets	**978**	34,220
Total assets	**24,328**	282,415
Liabilities		
Current liabilities	**4,106,564**	3,308,726
Non-current liabilities	**-**	-
Total liabilities	**4,106,564**	3,308,726
Equity		
Contributed equity	**49,531,922**	48,530,322
Accumulated losses	**(54,148,820)**	(52,091,295)
Option issue reserve	**534,662**	534,662
Total equity	**(4,082,236)**	(3,026,311)

	2015	2014
	$	$
(b) Financial Performance		
Loss for the year	**(2,057,525)**	(3,070,272)
Other comprehensive income	-	-
Total comprehensive income	**(2,057,525)**	(3,070,272)

(c) Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

At the Balance Date there are no guarantees entered into by the Parent Entity in relation to the debts of its subsidiaries (2014: Nil).

(d) Contingent liabilities of the parent entity

The Parent Entity did not have any contingent liabilities as at Balance Date, other than as disclosed in note 23.

(e) Commitments for capital expenditure entered into by the parent entity

The Parent Entity did not have any commitments for capital expenditure as at Balance Date.

31 DISCONTINUED OPERATIONS

Tantalum Egypt JSC and Nubian Resources JSC
Refer to Note 2(d) for further information.

(i) Financial Performance and cash flow information	**2015**	2014
	$	$
Revenue	71,838	2,146,298
Expenses	1,152,738	(6,213,598)
Other	76,425	-
Profit (loss) before income tax	1,301,001	(4,067,300)
Income tax expense	-	-
Profit (loss) after income tax of discontinued operation	1,301,001	(4,067,300)
Net cash inflow (outflow) from operating activities	(179,061)	(1,330,460)
Net cash inflow (outflow) from investing activities	(417,647)	(489,378)
Net cash inflow (outflow) from financing activities	-	-
Net (decrease) increase in cash generated by the division	(596,708)	(1,819,838)

Details of the de-consolidation of the subsidiary	
Net liabilities	(11,623,508)
Disposal of investment in subsidary	(2,135,031)
Reversal of previous loan impairment	15,424,812
Reversal of non controlling interest	3,834,615
Provision for impairment of investment	1,368,050
Current year losses	(1,224,578)
Less release of the foreign currency translation reserve	4,745,811
Loss on de-recognition of the net assets of Tantalum Egypt JSC and Nubian Resources JSC	10,390,171

(ii) The carrying amount of assets and liabilities at the date of derecognition (31 March 2015) were:

Current assets	
Cash and cash equivalent	46,391
Trade and other receivables	6,779
Inventories	75,121
Other assets	10,930
Total current assets	139,221
Non current assets	
Property, plant and equipment	621,240
Exploration and evaluation expenditure	4,765,826
Total non current assets	5,387,067
Total assets	5,526,288
Current liabilities	
Trade and other payables	943,956
Provisions	40,414
Loans and borrowings	16,165,426
Total liabilities	17,149,796
Net liabilities	11,623,508

DIRECTORS' DECLARATION

Subject to the uncertainty of source documentation as disclosed in note 2(b), the directors of Arrowhead Resources Limited declare that:

(a) in the directors' opinion, the financial statements and notes on pages 12 to 53, and the remuneration disclosures that are contained in the Directors' report, set out on pages 6 to 10, are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance, for the year ended on that date; and

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

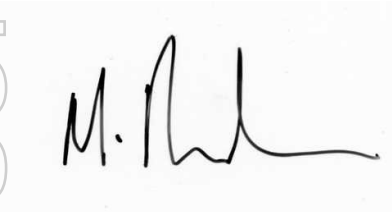
(b) in the directors' opinion, the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in Note 2(e) to the financial statements; and

(c) 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.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors pursuant to Section 295(5) of the *Corporations Act 2001*.

Dated 30th day of September 2015.



MB Rosenstreich
Managing Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

Tel: +61 8 9365 7000
Fax: +61 8 9365 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of Arrowhead Resources Limited (formerly Gippsland Limited)

Report on the Financial Report

We have been engaged to audit the accompanying financial report of Arrowhead Resources Limited (formerly Gippsland Limited), which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 13 to 52.

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 2(e), 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 conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Auditor's Independence Declaration

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 Act 2001*, which has been given to the directors of Arrowhead Resources Limited (formerly Gippsland Limited), would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Disclaimer of Opinion

As disclosed in Note 2(b) to the financial report, the directors have not been able to obtain all accounting and statutory records of its Egyptian subsidiaries (Tantalum Egypt JSC and Nubian Resources JSC), in relation to transactions and balances for the period commencing 1 July 2014 through to the 31 March 2015. Therefore, the directors have prepared the financial report to the best of their knowledge based on the limited information available to them at the time of preparation of the financial report. As the available accounting and statutory records are not adequate to permit the application of necessary audit procedures, we are unable to obtain all information and explanations to form an opinion on the composition of the loss from discontinued operations recognised in the statement of profit or loss and other comprehensive income and the cash inflows and outflows relating to these subsidiaries reflected in the statement of cash flows for the year ended 30 June 2015.

Deloitte.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on whether the financial report of Arrowhead Resources Limited (formerly Gippsland Limited):

(a) is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2(e).

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 2(c) in the financial report which indicates that the consolidated entity has incurred net losses of $12,608,813 (2014: $5,849,058) and experienced net cash outflows from operations of $1,470,482 (2014: $2,387,941) and net cash outflows from investing activities of $1,855,136 (2014: $481,441) for the year ended 30 June 2015. These conditions, along with other matters set out in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the company and the consolidated entity's ability to continue as going concerns and therefore, whether they will realise their assets and extinguish their liabilities in the ordinary course of business.

Report on Other Legal and Regulatory Requirements

Due to the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been given all information and explanations necessary for the conduct of the audit; and we are unable to determine whether the Company has kept:

(a) financial records sufficient to enable the financial report to be prepared and audited; and

(b) other records and registers as required by the *Corporations Act 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 10 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Arrowhead Resources Limited (formerly Gippsland Limited) for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith
Partner
Chartered Accountants
Perth, 30 September 2015

ASX ADDITIONAL INFORMATION

AS AT 7 OCTOBER 2015

A	TOTAL EQUITY SECURITIES	Shares
	Totals on Issue	20,406,441

B	DISTRIBUTION OF EQUITY SECURITIES	
	1 - 1,000	545
	1,001 - 5,000	249
	5,001 - 10,000	65
	10,001 - 100,000	87
	100,001 and over	20
		966
	No of shareholders holding an unmarketable parcel	869

C	TOP 20 SHAREHOLDERS	Number	%
1	Abbotsleigh Pty Ltd <Ian Gandel Share Inv>	8,627,882	42.28
2	JP Morgan Nominees Aust Limited	1,632,025	8.00
3	Situate Pty Ltd	1,174,863	5.76
4	Mandu Pty Ltd	1,000,000	4.90
5	Nessim Emile Alfred	430,000	2.11
6	Ayyash Ayman	425,000	2.08
7	HSBC Custody Nominees Aust Limited	354,880	1.74
8	Taveroam Pty Limited <Beale S/F>	328,121	1.61
9	Sunland Systems Pty Ltd <Sunland Systems A/C>	310,000	1.52
10	Situate Pty Limited	304,758	1.49
11	King Town Holdings Pty Ltd <Employee S/F A/C>	300,000	1.47
12	Statemoor Pty Ltd <Peters Family A/C>	240,000	1.18
13	Citicorp Nominees Pty Limited	230,678	1.13
14	Taveroam Pty Ltd <Beale Super>	175,890	0.86
15	Richard Henry Gardiner	156,858	0.77
16	Chetan Enterprises Pty Ltd	150,000	0.74
17	Threesixty Group Pty Ltd <Ross Hayward S/F A/C>	130,989	0.64
18	Leejames Nominees Pty Limited <Hepburn S/F A/C>	120,000	0.59
19	BNP Paribas Nominees Pty Ltd	118,442	0.58
20	National Nominees Pty Ltd <DB A/C>	110,710	0.54
		16,321,096	**79.99**

D	SUBSTANTIAL SHAREHOLDERS	Number	%
	Abbotsleigh Pty Ltd	8,627,882	42.28
	Situate Pty Ltd, Taveroam Pty Ltd and RW Beale	2,025,003	9.92

ASX ADDITIONAL INFORMATION

AS AT 7 OCTOBER 2015

E VOTING RIGHTS

Under the Company's constitution, all ordinary shares carry one vote per share without restriction.

F EXPLORATION INTERESTS

As at 7 October 2015, the Company has an interest in the following tenements:

Country	Project	Tenement	Status	Interest
Egypt	Abu Dabbab	Exploitation Licence 1658	Granted	50%[1]
Egypt	Abu Dabbab	Exploitation Licence 1659	Granted	50%[1]
Egypt	Nuweibi	Exploitation Licence 1785	Granted	50%[1]

Notes:

1. Arrowhead holds 50% of the shares in TE JSC which holds the exploitation licences. The Company may be unable to regain control of Tantalum Egypt' JSCs Exploitation Licences including the Abu Dabbab Project, as a result of ECMR seeking to dissolve Tantalum Egypt JSC and re-tender the Project's Exploitation Licences.

CORPORATE GOVERNANCE STATEMENT
AS AT 30 JUNE 2015

In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles).

The Group's Corporate Governance Statement for the year ended 30 June 2015 (which reports against these ASX Principles) may be accessed from the Company's website at;
http://www.gippslandltd.com/AboutUs/CorporateGovernanceStatement.aspx

This page has been left blank intentionally.

This page has been left blank intentionally.