



ABN 43 089 093 943

Annual Report 2014

CREAT RESOURCES HOLDINGS LIMITED

ABN 43 089 093 943

Annual Report

For the year ended 30 June 2014

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CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CHAIRMAN'S STATEMENT

Chairman's Statement

Dear Shareholders,

I present to you the Annual Report of your company, Creat Resources Holdings Limited, for the year ended 30th June 2014.

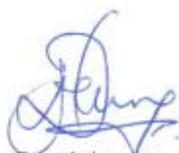
During the year, no effort was spared by your Board of Directors in search of opportunities for your company. Despite the continued recovery of the European and American economies, the resources sector is yet to show signs of improvement. Under such circumstances, any strategic move by your Company will inherit high market risk and will only be presented to you for consideration when the Board is satisfied that the risk level is acceptable.

Our major investment, Galaxy Resources Limited completed their capital restructure exercise last year. From an investment perspective, their share price is yet to reflect the underlying value of the company. In April 2014, Galaxy announced the disposal of their investment in China (the Jiangsu processing plant) in order to make it a debt free company. Their new management team is working hard to unlock the value of the remaining assets of the company.

In accordance with AIM Rules, your company was suspended from trading on 4 April 2014. Should the company be delisted, given the right opportunity and recovery of the resources sector, shares of the company can be relisted in an appropriate market.

Please join me in expressing our gratitude to your Board of Directors. Their dedication certainly helped your company in steering through this difficult year.

We thank you for your continued support.



Derek Leung
Executive Chairman
10 October 2014

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Creat Resources Holdings Limited submit herewith the financial report of Creat Resources Holdings Limited and its subsidiaries (the 'Consolidated Entity' or the 'Company') for the year ended 30 June 2014. The Registered Office and principal place of business is 262 Main St. Zeehan, Tasmania 7469 Australia. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

Information about the directors and senior management

The names and particulars of the directors of the company during or since the end of the financial year are:

<u>Name</u>	<u>Role</u>	<u>Appointed</u>	<u>Ceased</u>
Mr. Derek Leung	Executive Chairman, Managing Director & CEO	10/07/12	Current
Mr. Tad Ballantyne	Deputy Chairman & Non- Executive Director	18/03/08	Current
Mr. Morris Hansen	General Manager, Company Secretary & Executive Director	26/06/12	Current
Mr Phillip Simpson	Non-Executive Director	11/02/09	Current
Mr Zhi Lin	Non-Executive Director	15/08/13	Current

The above named directors held office during the period and since the end of the financial year, except as noted above.

Mr Derek Leung **Executive Chairman, Managing Director and Chief Executive Officer**

Mr. Leung is currently acting in the capacity of Compliance Officer at Creat Capital Company Limited having previously overseen the development and management of its fund management and advisory business. Mr. Leung has held a number of positions within the financial services sector having previously served as a director at Shenyin Wanguo Securities (HK) Limited and Cinda International Securities Limited.

Mr Tad Ballantyne **Deputy Chairman & Non-Executive Director**

Mr Ballantyne has a record of successful business in China and the United States. During the past 20 years Mr Ballantyne has been in the business of acquiring and operating troubled companies or assets being divested by public or private companies. He is currently a director to a number of public companies listed on the NASDAQ or OTC Bulletin Board. Mr Ballantyne holds a Bachelor of Science degree in business management from the University of Wisconsin.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Directors' Shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

	Fully paid ordinary shares Number	Share options Number	Convertible notes Number
Directors			
Mr Derek Leung	-	-	-
Mr Tad Ballantyne	-	-	-
Mr Morris Hansen	-	-	-
Mr Phillip Simpson ⁽¹⁾	6,000,000	-	-
Mr Zhi Lin	-	-	-

(1) Beneficial interest in shares held directly or indirectly through Terralinna Pty Ltd and Kingdom Securities Pty Ltd (6,000,000 shares).

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 8 to 11.

Principal activities

The principal activities of the Consolidated Entity during the financial year were investment in companies involved in mining in both Australia and overseas.

The Company was admitted to trading on AIM on 6 March 2007. The Company initially focused on exploration and mining of zinc, lead and silver deposits in Western Tasmania, Australia. A dual strategy was undertaken that saw the company become an investor in Galaxy Resources Limited, an ASX listed Lithium miner, explorer and producer.

Operating results

The loss of the Consolidated Entity for the year after providing for income tax amounted to \$8,244,533 (2013 loss: \$20,107,689).

Review of operations

The Company is pursuing a strategy of acquiring interests in strategic resource companies.

Galaxy Resources Ltd Investment

Galaxy Resources Limited ("Galaxy") is a Western Australian ASX listed company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars. Lithium compounds such as lithium carbonate are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers. Galaxy has positioned itself to meet this lithium future by focusing on its Lithium deposit in South America, Canada and Australia.

The Company's shareholding in Galaxy is 37,584,912 shares. During the reporting period the Company's holding was diluted through various placements to 3.53% as at 30 June 2014.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report. However, the company continues to assess potential investment opportunities within the mining industry as an investor and/or direct participant.

Trading Suspension

Following the Company becoming an Investing Company on 4 April 2013 and as a result of the Company having not made an acquisition, or acquisitions, which constitute a reverse takeover under the AIM Rules or otherwise having implemented its Investing Policy by 4 April 2014, the Company's ordinary shares were suspended from trading on the Alternative Investment Market (AIM) effective 7 April 2014.

On 8 October 2014, trading on AIM for the Company was cancelled pursuant to AIM Rule 41.

Dividends

In respect of the financial year ended 30 June 2014, no dividends have been paid or recommended (2013: nil).

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the amount of the premium.

The company has not otherwise during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the company or any related body corporate against a liability incurred as such an officer or auditor.

Meetings of Directors

During the reporting period a total of one meeting of directors was held.

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director while they were a director or committee member.

Directors	Board of directors		Audit & Risk committee		Remuneration & nomination committee		Environmental & community impact Committee		Technical & safety committee	
	Held (1)	Attended	Held (1)	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Derek Leung	1	1	-	-	-	-	-	-	-	-
Mr Tad Ballantyne	1	1	-	-	-	-	-	-	-	-
Mr Morris Hansen	1	1	-	-	-	-	-	-	-	-
Mr Phillip Simpson	1	1	-	-	-	-	-	-	-	-
Mr Zhi Lin	1	1	-	-	-	-	-	-	-	-

(1) "Held" also refers to eligible to attend.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Non-Audit Services

The Company may use the services of the auditor on matters additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity is important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the financial year are provided in note 9 to the financial statements.

There were no other non-audit services provided by the auditor during the financial year.

Auditor's independence declaration

The auditor's independence declaration is included on page 58 of the annual report.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's directors and its senior management for the financial year ended 30 June 2014. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- key terms of employment contracts
- remuneration of directors and senior management.

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year.

Name	Role
Mr Derek Leung	Executive Chairman, Managing Director & CEO
Mr Tad Ballantyne	Deputy Chairman & Non-Executive Director
Mr Morris Hansen	Executive Director
Mr Phillip Simpson	Non-Executive Director
Mr Zhi Lin (appointed 15/08/13)	Non-Executive Director

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Derek Leung	Executive Chairman, Managing Director & CEO
Rex Chow	Chief Operations Officer (resigned 15 August 2013)
Morris Hansen	General Manager and Company Secretary

Remuneration policy

The board ensures that the remuneration of key management personnel is competitive, reasonable and acceptable to shareholders.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Relationship between the remuneration policy and company performance

Remuneration of key management personnel is currently not related to company performance.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2014:

	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2010 \$'000
Revenue	12	199	275	211	674
Net loss before tax	(8,245)	(20,107)	(12,788)	(20,439)	(4,139)
Net loss after tax	(8,245)	(20,107)	(12,788)	(20,439)	(4,139)
Share price at start of year	0.60p	0.60p	3.75p	2.25p	1.1p
Share price at end of year	n.a.	0.60p	0.60p	3.75p	2.25p
Dividend	n.a.	n.a.	n.a.	n.a.	n.a.
Basic earnings per share	(1.24)cps	(3.01)cps	(1.92)cps	(3.06) cps	(0.76) cps
Diluted earnings per share	(1.24)cps	(3.01)cps	(1.92)cps	(3.06) cps	(0.76) cps

Key terms of employment contracts

Remuneration and other terms of employment for the directors and senior management are as set out in the Company's Constitution.

Derek Leung

- No set term of agreement as at 30 June 2014.
- Base salary, as at 30 June 2014 Nil.
- No benefits on termination.

Rex Chow (resigned 15 August 2013)

- No set term of agreement as at 30 June 2014.
- Base salary, as at 30 June 2014 Nil
- No benefits on termination.

Morris Hansen

- No set term of agreement.
- Base salary, as at 30 June 2014 of \$64,500, plus statutory superannuation (as applicable).
Note: For the financial period ending 30 June 2014 Morris's salary was revised to \$64,500 plus statutory superannuation (2013: \$110,000 plus statutory superannuation), reflecting his appointment as Company Secretary and the duties required by that position on a part time basis.
- No benefits on termination.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Remuneration of directors and senior management

Details of the remuneration of the directors and the key management personnel of the Consolidated Entity during the year are set out in the following tables:

2014	Short-term benefits				Post Employment		Share Based Payments	Termination Benefit	Total
	Salary & Fees	Non-monetary benefits	Bonus	Other	Super-annuation		Salary & Fees	Non-monetary benefits	
	\$	\$	\$		\$	\$	\$	\$	\$
Directors									
Derek Leung	30,500	-	-	-	-	-	-	-	30,500
Tad Ballantyne	30,500	-	-	-	-	-	-	-	30,500
Morris Hansen	30,500	-	-	-	2,821	-	-	-	33,321
Phillip Simpson	30,500	-	-	-	2,821	-	-	-	33,321
Zhi Lin	27,959	-	-	-	-	-	-	-	27,959
Executive Management									
Morris Hansen	64,500	-	-	-	5,966	-	-	-	70,466
	214,459	-	-	-	11,608	-	-	-	226,067

2013	Short-term benefits				Post Employment		Share Based Payments	Termination Benefit	Total
	Salary & Fees	Non-monetary benefits	Bonus	Other	Super-annuation	Other	Options & rights		
	\$	\$	\$		\$	\$	\$	\$	\$
Directors									
Derek Leung	29,665	-	-	-	-	-	-	-	29,665
Tad Ballantyne	30,500	-	-	-	-	-	-	-	30,500
Morris Hansen	20,000	-	-	-	1,800	-	-	-	21,800
Phillip Simpson	30,500	-	-	-	2,745	-	-	-	33,245
Yuwen Zheng (resigned 10 July 2012)	3,360	-	-	-	-	-	-	-	3,360
Xiaojian Ren (resigned 10 July 2012)	820	-	-	-	-	-	-	-	820
Mei (May) Chen (resigned 13 June 2013)	29,080	-	-	-	-	-	-	-	29,080
Executive Management									
Derek Leung	57,870	-	-	-	-	-	-	-	57,870
Morris Hansen	110,000	-	-	-	9,900	-	-	-	119,900
Mei (May) Chen (resigned 13 June 2013)	42,428	-	-	-	-	-	-	-	42,428
Rex Chow (resigned 15 August 2013)	100,000	-	-	-	-	-	-	-	100,000
Total	454,223	-	-	-	14,445	-	-	-	468,668

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Key management personnel equity holdings

	Opening number of shares 1/7/13	Share movements during period	Closing number of shares 30/6/14
Directors			
Mr Derek Leung	-	-	-
Mr Tad Ballantyne	-	-	-
Mr Morris Hansen	-	-	-
Mr Phillip Simpson	6,000,000	-	6,000,000
Mr Lin Zhi	-	-	-
	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors



Derek Leung

**Executive Chairman, Managing Director
and Chief Executive Officer**

Dated this 10th day of October 2014

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Practices

This statement provides an outline of the main corporate governance policies and practices that the Company has adopted or proposes to adopt. They will be reviewed and possibly modified on an annual basis at the end of each financial year.

In pursuing increasing value for shareholders, the board places considerable importance on high standards of ethical behaviour, governance and accountability. The board is aware of, and continues to have regard to, developments in Australia and overseas in relation to corporate governance "best practice". The board believes that the Company's corporate governance policies and practices substantively comply with the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (ASX Recommendations).

However, the board also recognizes that full adoption of the ASX Recommendations may not be immediately practical nor provide the best result for the Company given its particular circumstances and structure.

The board (together with the Company's management) has defined its corporate policies and practices to ensure that the Company will maintain and continuously improve its governance standards in a changing environment. Underlying this are values and behaviours aimed at ensuring transparency and fair dealing, and protecting shareholder interests. The Company is committed to continuously improving and refining its governance policies and practices.

Role and Responsibilities of the Board

The board of directors is responsible to shareholders for the overall performance of the Company and accordingly takes accountability for monitoring the Company's business and affairs and setting its strategic direction, establishing policies, and overseeing the Company's financial position. Responsibility for the day-to-day management of the Company is delegated to the managing director and through him to senior management.

In summary, the board is responsible and accountable for:

- final approval of corporate strategy and performance objectives, published resources and reserve estimates, and financial plans;
- capital management, including capital raisings, approval and monitoring of significant capital expenditure;
- monitoring of financial performance, review and approval of significant financial and other reporting;
- assessing the appropriateness and adequacy of, and monitoring compliance with, corporate governance policies and ethical standards;
- evaluating the performance of the Company's executive and senior management pursuant to the guidelines, policies and strategies laid down by the board from time to time;
- ensuring the Company's risk management policies are appropriate and reviewing and ratifying its risk management and internal control framework, including insurance, corporate security and prudential limits on a continuing basis;
- approving the Company's treasury policies, including metals price hedging, foreign currency and interest rate exposure; and
- The engagement of auditors to review and report to the board on the Company's financial results and reporting systems, internal controls and compliance with statutory and regulatory requirements.

The board is responsible for the core powers and duties identified above, other than those specifically delegated to management. In addition, detailed formal authorities and delegations from the board to management have been established.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

In carrying out its duties, the board will meet formally, in person, over one or two days at least once a year. At other times regular quarterly board meeting may be held by telephone. Additional meetings will be held as required to address specific issues or as the need arises. Some directors and company senior management also participate in meetings of various board committees, which assist the full board in examining particular areas of interest.

It is the Company's intent for directors to hold board meetings at a venue deemed appropriate for the meeting.

Composition of the Board

The directors (based on the recommendations of the remuneration and nomination committee) determine the composition of the board employing the following principles:

- the board may, in accordance with the Company's constitution, be comprised of a minimum of four directors and maximum of nine; and
- The roles of the chairman of the board and of managing director should be exercised by different individuals.

The Company believes that the board should comprise directors with a broad range of experience reflecting the present and future character of the Company's business. The board must be structured in such a way that it has an appropriate range of expertise competent to understand all the current and emerging issues facing the Company, and can effectively review management's proposals and decisions.

The board is presently comprised of five directors, including a chairman. Details of the current directors are set out in the Directors' Report.

The Company's constitution requires one-third of the directors (or the next lowest whole number) to retire by rotation at each annual general meeting (AGM). The directors to retire at each AGM are those who have been longest in office since their last election. Where directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring directors may offer themselves for re-election.

A director appointed as an additional or casual director by the board will hold office until the next AGM when they may be re-elected.

The managing director is not subject to retirement by rotation and, along with any director appointed as an additional or casual director, is not to be taken into account in determining the number of directors required to retire by rotation.

Director Independence

In assessing independence, the board has regard to whether a director has any business interests or other relationship that could materially affect or interfere with the exercise of their independent judgment and ability to act in the best interests of the Company and its shareholders. The board also makes the assessment having regard to the ASX recommendations.

In order to ensure that any "interests" of a director in a particular matter to be considered by the board are known by each director, each director has contracted with the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. This disclosure extends to the interests of family companies and spouses. Some directors are involved with other companies or professional firms which may potentially have dealings with the Company. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Appointment of Directors

Nominations of new directors, recommended by the remuneration and nomination committee, are considered by the full board. The remuneration and nomination committee may employ external consultants to access a wide base of potential directors, considering their range of skills and experience required in light of the:

- current composition of the board;
- need for independence;
- strategic direction and progress of the Company; and
- nature of the Company's business.

The board assesses nominated directors against a range of criteria including recent relevant experience, professional expertise, personal qualities, potential conflicts of interest and their capacity to commit themselves to the board's activities.

Performance Review of the Board

At least once yearly, the managing director and/or other directors, executives or agents of the Company will provide the board with a report detailing interactions with, and outlining the expressed views of the Company's shareholders. The independent directors and anyone else charged with managing investor relationships may also contribute to this report. The board will undertake informal reviews of its processes and performance and the performance of the independent directors.

Independent Professional Advice

Directors are able to access members of the management team at any time to request relevant information, provided that the managing director is notified in advance.

It is board policy that directors may seek independent advice at the Company's expense, provided that the chairman is notified in advance. Directors must ensure that the costs of the advice are reasonable and will generally obtain the advice with the assistance of the Company Secretary.

Board committees

To assist the board in fulfilling its responsibilities, the board has established four standing committees to consider certain issues and functions in greater detail. The standing committees are:

- Audit and risk;
- Remuneration and nomination;
- Environmental and community impact; and
- Technical and safety.

The chairman of the particular committee reports on any matters of substance at the next full board meeting. Committees provide recommendations to the board. Other committees may be established on an ad hoc basis from time to time to deal with specific matters.

In addition to the formal committee structure for the board, the chairman of the board will maintain a close relationship and have regular meetings with the relevant ministers of the government of the day, and the managing director will have similar relationships and regular meetings with the relevant heads of departments of the government bureaucracy.

The duties set out to be undertaken by the respective committees were addressed by the full board during the financial year given the size of the company.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Audit and Risk Committee

Members of the audit and risk committee are:

Mr. Tad Ballantyne

Mr. Phillip Simpson

The committee has appropriate financial expertise and all members are financially literate and have an appropriate understanding of the industry in which the Company operates and matters pertaining to obligations and responsibilities of publicly listed companies. The managing director may be invited to attend committee meetings in an advisory role. However, specific sessions are held with the Company's (internal) and external auditors independent of the managing director and of management. The company secretary attends all committee meetings.

The function of the audit and risk committee is to assist the board in fulfilling its responsibilities associated with the preparation and independent audit of the Company's accounts, its external financial reporting, its internal control structure, risk management systems and audit function, primarily by:

- determining the appropriateness of accounting principles and disclosure practices adopted by management and monitoring compliance with applicable accounting standards and other requirements;
- overseeing the preparation and audit of, and verifying and ensuring the integrity of, the Company's financial statements and reports;
- the appointment, compensation, retention and oversight of the Company's external auditor or any other public accounting firm engaged for the purpose of performing audit, review or attestation services for the Company;
- reviewing and evaluating the independence, qualifications and performance of the external auditor and managing the relationship between the Company and its external auditor;
- reviewing reports on the adequacy of the Company's internal financial controls, risk management, and compliance systems and processes;
- overseeing the retention, tasking and resourcing of the Company's internal auditor(s) when appointed, monitoring their progress and evaluating their performance; and
- Reviewing the financial management of the Company generally and undertaking such other tasks as the board or the managing director may request from time to time.

In fulfilling its responsibilities, the committee has rights of access to management and to auditors (external and internal) without management present and may seek explanations and additional information. The committee may, with the approval of the board, engage any independent advisers in relation to any matter pertaining to the powers, duties and responsibilities of the committee.

Auditor Independence

The charter adopted by the audit and risk committee confirms its direct responsibility for the appointment, compensation, retention and oversight of the Company's external auditors. In order to ensure the independence of the external auditor, the audit and risk committee:

- requires that no person may play a significant role in managing the audit for more than five out of any seven successive years;
- must approve all non-audit work which may be undertaken by the external auditor and exclude them from undertaking such work where it may give rise to a conflict of interest;

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

- receive periodic statements, at least annually, from the auditors outlining all work undertaken for the Group, and confirming that the auditor has satisfied all professional regulations relating to auditor independence; and
- Meets with the external auditor independently of management.

Risk Oversight and Management

The board, through the audit and risk committee, is responsible for ensuring that there are adequate policies in place in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure that strategic, operational, legal, reputation and financial risks are identified, assessed and managed to facilitate achievement of the Company's business objectives.

The audit and risk committee's charter defines the committee's responsibilities in relation to risk management and includes specific and detailed reference to management of the internal audit function, when created.

Management Assurances

The board will at the request of any director, or otherwise at least twice yearly receive a rolling 12 month cash flow forecast, a balance sheet and selected operational and statistical data.

In addition, in accordance with best practice guidelines, the managing director and chief financial officer are required on a quarterly basis to provide formal statements to the board that in all material respects, the Company's financial statements present a true and fair view of the Company's financial condition and the results and are in accordance with relevant accounting standards consistently applied.

Remuneration and Nomination Committee

Members of the remuneration and nomination committee are:

Mr. Tad Ballantyne

Mr. Phillip Simpson

Under its charter the committee is responsible for:

- reviewing remuneration of non-executive directors, the managing director and other senior executives;
- establishing criteria for membership of the board and its committees, and processes for the identification of suitable candidates;
- reviewing membership of the board and its committees;
- nominating members of the board and its committees;
- formulating policies relating to the retirement of non-executive directors;
- reviewing management succession planning, human resources, correct pay relativities within the company, external wage comparisons, and remuneration policies for the Company generally; and
- ensuring the Company's obligations in relation to employee benefits and entitlements, including superannuation, are met.

The managing director or other members of management may also attend meetings of the committee at the invitation of the committee chairman; whenever particular matters arise that require management participation. However members of management must not participate in the deliberations of the committee involving matters affecting their position or personal interest.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Environmental and Community Impact Committee

Members of the committee are:

Mr. Phillip Simpson

Mr. Morris Hansen

This committee will meet as required and monitor environmental, social and community issues and impacts of the Company's operations on Zeehan and environs. Reviews are to be undertaken on the effectiveness of management's policies and practices relating to:

- the interaction between the Company's activities and the local community, and the ways in which these activities contribute to social and economic development;
- policies and practices followed in dealings with the local community in relation to land, people and resources;
- maintaining and improving community health; and
- The impact and associated risks of the Company's activities on the natural marine, atmospheric and terrestrial environment, together with monitoring compliance with the applicable regulatory regime.

The committee's focus will be on the quality, effectiveness and transparency of these management processes. It will also review specific issues of significance from time to time.

Technical and Safety Committee

Members of the committee are:

Vacant. Board to nominate members.

The committee will meet as required and will monitor:

- occupational health and safety standards, policies and issues;
- technical issues associated with the Company's exploration, mining and processing activities, with reference to the standards set by the Company and the standards and norms of the industry more generally;
- potential developments that could impact the business or the industry; and
- the continuing status of major capital projects approved by the board.

Ethical Standards and Code of Conduct

The board and all the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour and comply with all relevant legislation. A code of conduct has been adopted. It is supported by detailed policies and certain aspects are elevated to form part of employee's contracts of employment.

The values underpinning all Company policies and procedures are:

- commitment to a work environment where the health, safety and well-being of employees, contractors, visitors and other parties affected by the Company's operations are paramount;
- compliance with all laws, regulations and other requirements relating to all aspects of business and personal conduct within Tasmania and the countries with which the Company interacts;
- integrity, transparency and respect in all interactions (whether internal or with groups outside the Company) including with other representative groups in relation to issues important to the community;
- excellence in the management of environmental responsibilities to ensure minimization of any adverse effects on the environment or impact on the local community;

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

- adoption of the highest standards of business administration, accountability and corporate governance, including the ethical use of all Company resources, funds, equipment, information and time;
- fairness, within the framework of commitments to local community groups, to potential and existing employees in all areas of recruitment, training and administration of employee benefits;
- initiative and personal commitment by all employees, contractors and agents working on behalf of the Company, to the highest standards of work performance and the effective achievement of Company objectives; and
- Accountability and willingness to take responsibility.

The code of conduct, associated guidelines and detailed policies and procedures are to be made available to all personnel on joining the Company.

Breaches of the Company's policies or values may be reported using the Company's whistle-blower program. The whistle-blower program is administered by a specialist service provider and, if requested, guarantees confidentiality of identity of persons who make contact.

A report is provided to the audit and risk committee of all contacts made between meetings. Matters of significance are required to be reported to the chairman of the audit and risk committee as soon as they are raised.

Share Trading Policy

In the interest of investor confidence, the Company has formal policies governing the trading of the Company's securities by directors, officers and employees. They are set out below.

Detailed rules are in place for directors, officers and designated employees regulating their ability to deal in the Company's securities. In addition to general prohibitions on trading when in possession of "inside information", trading is limited to certain clearly defined periods.

Trading by directors is restricted to 30 day periods following release of the Company's quarterly and financial results. Trading by directors and designated employees may not take place during the two month period preceding announcement of the Company's financial results and two month period preceding announcement of its interim results. Trading is also subject to a formal clearance procedure and to prohibitions against engaging in short-term trading in, or dealing in options over, the Company's securities.

Breaches of this policy may lead to disciplinary action being taken, including dismissal in serious cases. The company secretary is to inform all directors and staff appropriately relating to the permitted trading periods.

Shareholder Communication and Continuous Disclosure

The Company seeks to provide relevant and timely information to its shareholders, and the broader investment community, in association with its continuous disclosure obligations under the AIM Rules.

Information is communicated to shareholders through the distribution of the Company's interim and annual reports, and where appropriate circulars to shareholders of press announcements.

A detailed disclosure policy and practice has been defined nominating those who may authorise and make disclosures and the method by which the market is to be informed of any price sensitive information. Responsibilities are clearly delineated.

When analysts are briefed on aspects of the Company's operations, any materials used in the presentation are released to the London Stock Exchange at the time of the briefing (to the extent they have not previously been released).

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

CORPORATE GOVERNANCE STATEMENT

Annual General Meeting (AGM)

All shareholders are encouraged to attend and participate in the Company's AGM. Shareholders may attend in person or send a proxy as their representative. Shareholders are routinely afforded an opportunity to question, discuss and comment on the Company's results, operations and management.

The Company's external auditor is routinely invited to and attends the AGM in order to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

		Year Ended 30-Jun-14	Year Ended 30-Jun-13
	<u>Note</u>	\$	\$
Continuing Operations			
Revenue	6	11,769	199,687
Other Gains and Losses	7	(3,802,707)	(2,983,274)
Depreciation Expense	8	(16,808)	(16,997)
Finance Costs	8	(2,970,966)	(3,234,803)
Impairment of Investment		(1,014,793)	(18,980,381)
Administration Expenses		(204,519)	(283,725)
Employee Expenses		(226,067)	(310,798)
Other Expenses		<u>(20,442)</u>	<u>(64,945)</u>
Loss before Income tax		<u>(8,244,533)</u>	<u>(25,675,236)</u>
Income Tax Benefit	10	<u>-</u>	<u>-</u>
Loss for the year from Continuing Operations		<u>(8,244,533)</u>	<u>(25,675,236)</u>
Discontinued Operations			
Profit/(Loss) for the year from discontinued operations	11	<u>-</u>	<u>5,567,547</u>
Total Loss for the year		<u>(8,244,533)</u>	<u>(20,107,689)</u>
Other Comprehensive Income			
Other Comprehensive Income for the Period (Net of Tax)		<u>-</u>	<u>-</u>
Total Comprehensive Income for the Period		<u>(8,244,533)</u>	<u>(20,107,689)</u>
Earnings Per Share			
From continuing and discontinued operations			
Basic (cents per share)		(1.24)	(3.01)
Diluted (cents per share)		(1.24)	(3.01)
From continuing operations			
Basic (cents per share)		(1.24)	(3.85)
Diluted (cents per share)		(1.24)	(3.85)

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	<u>Note</u>	30 Jun 14 \$	30-Jun-13 \$
Assets			
Current Assets			
Cash and Cash Equivalents	22	622,629	1,037,976
Trade Receivables	12	15,616	25,462
Other Current Assets	13	3,228	11,595
Total Current Assets		641,473	1,075,033
Non-Current Assets			
Property, Plant and Equipment	15	228,168	250,478
Other Non-Current Assets	14	1,992,000	3,006,793
Total Non-Current Assets		2,220,168	3,257,271
Total Assets		2,861,641	4,332,304
Liabilities			
Current Liabilities			
Trade and Other Payables	16	145,177	258,578
Financial Liabilities	17	47,622,273	40,745,001
Provisions	18	22,395	12,396
Total Current Liabilities		47,789,845	41,015,975
Total Liabilities		47,789,845	41,015,975
Net Liabilities		(44,928,204)	(36,683,671)
Equity			
Issued Capital	19	69,408,416	69,408,416
Reserves	20	344,531	344,531
Accumulated Losses		(114,681,151)	(106,436,618)
Equity attributable to owners of the Company		(44,928,204)	(36,683,671)
Total Deficiency		(44,928,204)	(36,683,671)

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	<u>Note</u>	30-Jun-14 \$	30-Jun-13 \$
Cash Flows from Operating Activities			
Receipts from Customers		15,442	118,964
Payments to Suppliers and Employees		<u>(540,741)</u>	<u>(1,241,409)</u>
Net Cash used in Operating Activities	22	<u><u>(525,299)</u></u>	<u><u>(1,122,445)</u></u>
 Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		92,822	4,203,853
Proceeds from Mining Bonds		-	2,581,606
Interest Received		<u>17,130</u>	<u>132,165</u>
Net Cash generated by Investment Activities		<u><u>109,952</u></u>	<u><u>6,917,624</u></u>
 Cash Flows from Financing Activities			
Proceeds from Borrowings		-	150,000
Repayment of Borrowings		<u>-</u>	<u>(5,000,000)</u>
Net Cash generated by Financing Activities		<u><u>-</u></u>	<u><u>(4,850,000)</u></u>
Net Decrease in Cash and Cash Equivalents		(415,347)	945,179
Cash and Cash Equivalents at Beginning of the Period		<u>1,037,976</u>	<u>92,797</u>
Cash and Cash Equivalents at the End of the Period	22	<u><u>622,629</u></u>	<u><u>1,037,976</u></u>

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2012	69,408,416	(86,328,929)	344,531	(16,575,982)
Loss for the period	<u>-</u>	<u>(20,107,689)</u>	<u>-</u>	<u>(20,107,689)</u>
Total comprehensive income for the period	<u>-</u>	<u>(20,107,689)</u>	<u>-</u>	<u>(20,107,689)</u>
Balance at 30 June 2013	<u><u>69,408,416</u></u>	<u><u>(106,436,618)</u></u>	<u><u>344,531</u></u>	<u><u>(36,683,671)</u></u>

	Issued Capital	Accumulated Losses	Other Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2013	69,408,416	(106,436,618)	344,531	(36,683,671)
Loss for the period	<u>-</u>	<u>(8,244,533)</u>	<u>-</u>	<u>(8,244,533)</u>
Total comprehensive income for the period	<u>-</u>	<u>(8,244,533)</u>	<u>-</u>	<u>(8,244,533)</u>
Balance at 30 June 2014	<u><u>69,408,416</u></u>	<u><u>(114,681,151)</u></u>	<u><u>344,531</u></u>	<u><u>(44,928,204)</u></u>

The accompanying notes form part of these financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 1: General Information

Creat Resources Holdings Limited (CRHL) is a company incorporated in Australia. The address of its registered office and principal place of business is disclosed in note 30 to the financial statements. The principal activities of CRHL and its subsidiaries (the 'Consolidated Entity' or the 'Company') during the financial year were investment in companies involved in mining in both Australia and overseas.

Going Concern

The financial report has been prepared on a 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.

During development stages, the Company sustained operating losses. These losses have continued as the Company has transitioned to an investment company, with the total loss for the 2014 financial year being \$8,244,533 (2013: \$20,107,689). It expects such losses to continue for at least the next 12 months. The Company will finance its operations primarily through cash and cash equivalents on hand, and future financing from the issuance of debt or equity instruments. The Company has yet to generate any significant revenues and has no assurance of future revenues.

The following plan is in place by Management to support the going concern basis of the Company and the consolidated entity.

On 30 September 2014 the Company received an undertaking from Creat Group in that, for the purposes of assisting the company in achieving its working capital forecast for the next 18 months (through to 31 December 2015):

- Creat Group will continue to provide further funding to CRHL as required with interest rates to be charged based on market interest rates; and
- Creat Group will not call for or cause repayment of any loans or convertible notes, including the payment of accrued interest on such loans or convertible notes, held by Creat Group at 30 June 2014 or entered into/acquired by Creat Group subsequent to that date, and interest that will be due and payable on such loans or convertible notes through to 31 December 2015.

At the date of this report and having considered the above factors, the directors are confident that the Company and the consolidated entity will be able to continue as going concerns.

Note 2: New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for the current and future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has adopted the following new standards and amendments to standards, including any consequential amendments to other standards.

AASB 10 Consolidated Financial Statements

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 *Consolidated and Separate Financial Statements* and INT-112 *Consolidation - Special Purpose Entities*. The adoption has had minimal impact on the consolidated financial statements for the year ended 30 June 2014, as in accordance with new definition of control per AASB 10, Create Resources Holdings Limited has continued to control the entities detailed in note 29 to the financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 2: Adoption of new and revised Accounting Standards (cont).

AASB 11 Joint Arrangements

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Replaces AASB 131 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 12 Disclosure of Interests in Other Entities

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 13 Fair Value Measurements

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value. AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs. Adoption of this standard has had a minor impact on the financial statements for 2014, with additional disclosures added within notes 15 and 26.

AASB 119 Employee Benefits (2011)

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. An amended version of AASB 119 *Employee Benefits* with revised requirements for pensions and other postretirement benefits, termination benefits and other changes. Requires the recognition of changes in the net defined benefit liability (asset), introduces enhanced disclosures about defined benefit plans, modifies accounting for termination benefits, clarifies various miscellaneous issues, changes classification of employee benefits, and incorporates other matters submitted to the IFRS Interpretations Committee. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 127 Separate Financial Statements (2011)

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 *Consolidated and Separate Financial Statements*. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with AASB 9 *Financial Instruments*. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 128 Investments in Associates and Joint Ventures (2011)

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. This Standard supersedes AASB 128 *Investments in Associates* and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases).

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 2: Adoption of new and revised Accounting Standards (cont).

It also prescribes how investments in associates and joint ventures should be tested for impairment. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

Effective for annual reporting periods beginning on or after 1 July 2013, and applied in the financial year ending 30 June 2014. Amends AASB 124 *Related Party Disclosures* to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. Adoption of this standard has resulted in the removal of certain disclosures from note 24 of the 2014 financial statements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Amends a number of pronouncements as a result of the 2009–2011 annual improvements cycle including the repeated application of AASB 1, clarification of the requirements for comparative information as per AASB 101, classification of servicing equipment per AASB 116, tax effect of the distribution to holder of equity instruments per AASB 132, and interim reports and segment information for total assets and liabilities per AASB 134. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. Amends the mandatory effective date of AASB 9 *Financial Instruments* so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013. Modifies the relief from restating prior periods by amending AASB 7 *Financial Instruments: Disclosures* to require additional disclosures on transition from AASB 139 *Financial Instruments: Recognition and Measurement* to AASB 9 in some circumstances. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (AASB 10, AASB 128)

Effective for annual reporting periods beginning on or after 1 January 2013, and applied in the financial year ending 30 June 2014. The transition guidance amendments to AASB 10 *Consolidated Financial Statements* and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB 1048 Interpretation of Standards (December 2013)

Effective for annual reporting periods ending on or after 20 December 2013, and applied in the financial year ending 30 June 2014. A 'service' Standard giving effect to the latest applicable versions of Interpretations and the Framework. Adoption of this standard has had minimal impact on the financial statements for 2014.

AASB CF 2013-1 Amendments to the Australian Conceptual Framework

Effective for annual reporting periods ending on or after 20 December 2013, and applied in the financial year ending 30 June 2014. Incorporates Chapters 1 and 3 of the IASB's Conceptual Framework for Financial Reporting into the AASB Framework for the Preparation and Presentation of Financial Statements for application by for-profit entities. Withdraws SAC 2 Objective of General Purpose Financial Reporting, Chapter 1 'The objective of general purpose financial reporting' and Chapter 3 'Qualitative characteristics of useful financial information' supersede previous guidance on the objective and qualitative characteristics of financial statements. Adoption of this standard has had minimal impact on the financial statements for 2014.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 2: Adoption of new and revised Accounting Standards (cont).

There are also a number of additional standards, amendments to standards and interpretations that are available for early adoption, however the Group has chosen not to early adopt these pronouncements.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Planned to be applied in the financial year ending
AASB 9 <i>Financial Instruments</i> , and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 <i>Materiality (2013)</i>	1 January 2014	30 June 2015
AASB 2013-9 <i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	1 January 2015	30 June 2016
AASB 2013-5 <i>Amendments to Australian Accounting Standards – Investment Entities</i>	1 January 2014 (ending on or after)	30 June 2015
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>	1 July 2014	30 June 2015
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017	30 June 2018

It is anticipated that the reported results and position of the group will not change on adoption of these pronouncements as they do not result in any changes to the group's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The group does not intend to adopt any of these pronouncements before their effective dates.

Note 3: Significant Accounting Policies

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Creat Resources Holdings Limited and its subsidiaries (the 'Company' or 'Consolidated Entity'). For the purposes of preparing this report, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 10 October 2014.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Creat Resources Holdings Limited as an individual entity (the 'Company' or 'Parent Entity') and the consolidated entity consisting of Creat Resources Holdings Limited and its subsidiaries (the 'Group' or 'Consolidated Entity').

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

b) Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for the assets. All amounts are in Australian dollars, unless otherwise noted.

c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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.

All intercompany balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until control ceased.

d) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

e) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Rental revenue is recognised when the right to receive the rent has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

f) Income Tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for 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 assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

- 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 balance sheet 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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Creat Resources Holdings Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 10. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

g) Foreign Currencies Transactions and Balances

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Creat Resources Holdings Limited and the presentation currency for the consolidated financial statements.

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts payable and receivable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. The gains and losses from conversion of short term assets and liabilities, whether realised or unrealised are included in the profit from ordinary activities as they arise.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the balance sheet. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with financial institutions (net of bank overdrafts), other short-term highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

j) Financial Instruments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss (FVTPL) where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

Loans and receivables

Receivables are recorded at fair value based on estimated amounts due less any provision for doubtful debts. Provision for doubtful debts is established when there is evidence that the Consolidated Entity will not be able to collect all amounts due according to the original term of receivables.

Available-for-sale Financial Assets

Available-for-sale (AFS) financial assets include any financial assets not included in the above categories. AFS financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value, other than impairment losses, are recognised in other comprehensive income.

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 assets, 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.

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.

With the exception of AFS equity instruments, 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.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities

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

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the profit or loss statement unless they are designated as hedges.

Fair Value

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

k) Property, Plant and Equipment

Recognition and Measurement

Land and buildings are carried at valuation. Other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. All property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits associated within the part will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

Depreciation where applicable, has been charged in the accounts so as to write off each asset over the estimated useful life of the asset concerned. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The straight-line method of depreciation is used. The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Assets</u>	<u>Depreciation Rates</u>	
Buildings	1.5-2.5%	(2013: 1.5-2.5%)
Plant and equipment, leasehold improvements	6-33%	(2013: 6-33%)
Leased plant and equipment	13-20%	(2013: 13-20%)

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

For mine properties the economic benefits from the asset are consumed in a pattern which is linked to the production level. Except as noted above, such assets are depreciated on a unit of production basis.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

l) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

m) Impairment of Assets (excluding Goodwill)

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement. Recoverable amount is the higher 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

n) Leased Assets

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the Consolidated Entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Consolidated Entity will obtain ownership of the asset or over the term of the lease.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 3: Significant Accounting Policies (cont).

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred on a straight line basis over the life of the lease.

o) Trade and Other Payables

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

p) Employee Entitlements

Provision is made for employee entitlements arising from services rendered by employees to balance sheet date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and any accumulating sick leave which will be settled after one year, have been measured at amounts expected to be paid when the liability is to be settled plus related on-costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements. Contributions are made by the Consolidated Entity to an employee superannuation fund and are charged as expenses when incurred.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

q) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Note 4: Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 4: Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 14 and 15.

Other critical accounting judgements relevant to this financial report include depreciation rates utilised (note 3k) and provisions (note 3l).

Note 5: Segment Information

AASB 8 required operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The chief decision maker of the Company is its Board of Directors, and the system of internal reporting is such that there is only one reportable segment under AASB 8, being investment in companies involved in mining in both Australia and overseas.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 6: Revenue

	2014	2013
	\$	\$
Revenue		
Rent	-	15,845
Interest Income	6,173	132,165
Sundry Income	5,596	51,677
Total Revenue	<u>11,769</u>	<u>199,687</u>

Note 7: Other Gains and Losses

	2014	2013
	\$	\$
Foreign Currency Gain/(loss)	(3,890,027)	(2,912,404)
Gain/(loss) on sale of Assets	87,320	(70,870)
	<u>(3,802,707)</u>	<u>(2,983,274)</u>

Note 8: Expenses

	2014	2013
	\$	\$
Loss for the year has been determined after:		
Finance Costs:		
Interest Expense - Related Parties	2,981,923	3,182,159
Interest Expense - Other	10,957	-
Amortisation of Deferred Finance Costs	-	52,644
	<u>2,970,966</u>	<u>3,234,803</u>
Employee Benefit Expenses:		
Defined contribution plan	11,609	27,733
Rental Expense relating to Operating Leases	-	40,101
Depreciation of Non-Current Assets:		
- Property, Plant & Equipment	16,608	16,997

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 9: Remuneration of Auditors

	2014	2013
	\$	\$
Auditor of the Parent Entity		
Audit or review of the financial report	54,225	65,122
Other non-audit services (i)	-	-
	<u>54,225</u>	<u>65,122</u>

(i) Deloitte Growth Solutions Pty Limited (a Member of Deloitte Touche Tohmatsu) prepared an income tax return and provided professional advice on tax issues.

The auditor of Creat Resources Holdings Limited is Deloitte Touche Tohmatsu.

No other benefits were received by the Auditor.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 10: Income Taxes

	2014	2013
	\$	\$
(a) <u>Income tax recognised in loss:</u>		
Tax (benefit)/expense relating to continuing operations	-	-
(b) <u>Numerical reconciliation of income tax expense to prima facie income tax payable</u>		
Accounting loss before income tax	(8,244,533)	(20,107,689)
Income tax benefit calculated at 30%	(2,473,360)	(6,032,307)
Future income tax benefit not brought to account	2,473,360	6,032,307
Income tax (benefit)/expense	-	-
The potential future income tax benefit at year end not brought to account is:	18,733,932	16,260,572

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 July 2004 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Creat Resources Holdings Limited. The members of the tax-consolidated group are identified at note 29.

The benefit of tax losses will only be obtained if:

- the Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- the Company and its subsidiaries pass either the Continuity of Ownership or the Same Business test as defined in the Income Tax Assessment Act 1997; and
- no changes in tax legislation adversely affect the Company and its subsidiaries in realising the benefit from the deduction for the losses.

Following the sale of mining assets in the 2013 financial year, the Company fails the same business test and can no longer apply tax losses made prior to the change of ownership. As a result, the potential future tax benefit disclosed at 30 June 2013 was adjusted to reflect only those losses made post 30 June 2009. Accumulated losses in the five year period between 30 June 2009 and 30 June 2014 equalled \$62,446,439, which when applied by the corporate tax rate of 30% equates to a potential future income tax benefit of \$18,733,932 at 30 June 2014.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 11: Discontinued Operations

The combined results of the discontinued mining operations included in the loss for the year are set out below.

During the 2013 financial year, the Company and its wholly owned subsidiary ZZ Exploration Pty Limited, entered into a conditional agreement with an unrelated third party to dispose of all the existing mining assets, including all exploration and retention licences currently held by the Group in Tasmania, Australia together with all associated plant and equipment for a total consideration of AUD \$4million in cash. All commitments and obligations attaching to the licences, including the decommissioning and rehabilitation provision, transferred with the mining assets. At the time of the sale all mining operations became discontinued, and the focus of the Company became investing in mining companies.

Included in the group of non-current assets disposed of were the previously impaired mining properties. The previously recorded impairment loss associated with the mine properties involved in the sale, were reversed as at the date of the agreement, resulting in a total impairment reversal of \$6,087,863.

	2014	2013
	\$	\$
Profit/(Loss) for the year from discontinued operations		
Reversal of Impairment	-	6,087,863
Site Operations	-	(54,076)
Site Operations - Environment	-	(102,638)
Depreciation	-	(95,226)
Employee Expenses	-	(240,725)
Other Expenses	-	(27,651)
Profit/(Loss) for the year from discontinued operations	-	<u>(2,206,403)</u>
Attributable income tax expense	-	-
Profit/(Loss) for the year from discontinued operations	-	<u>5,567,547</u>
Cash flows from discontinued operations		
Net cash outflows from operating activities	-	(614,832)
Net cash inflows from investing activities	-	6,785,459
	-	<u>(6,170,627)</u>

Note 12: Trade and Other Receivables

	2014	2013
	\$	\$
Current		
Debtors (i) (ii)	9,550	9,827
Advances to other parties or persons	6,066	15,635
	<u>15,616</u>	<u>25,462</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 12: Trade and Other Receivables (cont.)

	2014	2013
	\$	\$
<u>Ageing of past due but not impaired</u>		
60-90 days	-	550
90+ days	9,275	241
	<u>9,275</u>	<u>791</u>

(i) Impaired receivables

The consolidated entity has no impaired receivables at 30 June 2014 (2013: nil).

(ii) Past due but not impaired

Where financial assets are past due but not impaired, the consolidated entity has assessed that the credit quality of these amounts has not changed and the amounts are still considered recoverable.

Note 13: Other Current Assets

	2014	2013
	\$	\$
GST recoverable/(payable)	3,228	11,595
	<u>3,228</u>	<u>11,595</u>

Note 14: Other Non-Current Assets

As at 30 June 2014, the Company holds 3.7% (2013: 6.43%) of the ordinary share capital of Galaxy Resources Limited ("Galaxy"), an ASX listed emerging mining and chemical company focusing on lithium and tantalum production. The principal assets are the Mt Cattlin Lithium Project, near Ravensthorpe, Western Australia, the Sal De Vida brine deposit in Argentina and the James Bay deposit in Canada.

	2014	2013
	\$	\$
Available-for-sale investments carried at fair value		
Quoted shares (i) (ii)	1,992,000	3,006,793
	<u>1,992,000</u>	<u>3,006,793</u>

(i) An impairment expense was recognised on the company's investment in Galaxy at 30 June 2014 as the fair value of the company's holding, as measured by reference to Galaxy's listed share price, continued to decline significantly during the 2014 financial year. The impairment of investment has been recognised on the Statement of Comprehensive Income.

(ii) The fair value measurement of available-for-sale investments have been classified as level 1 in the fair value hierarchy, as they are derived from quoted prices (unadjusted) in active markets for identical assets.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 15: Property, Plant and Equipment

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Leased Assets	Mine Development	Mine Properties	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated Entity							
Gross carrying amount							
Balance at 1 July 2012	225,475	50,667	4,385,170	162,904	146,167	9,236,409	14,206,792
Additions	-	-	-	-	-	-	-
Disposals	-	(27,368)	(4,276,575)	(141,928)	(146,167)	(9,236,409)	(13,828,447)
Balance at 30 June 2013	225,475	23,299	108,595	20,976	-	-	378,345
Additions	-	-	-	-	-	-	-
Disposals, write offs and impairment	-	(2,863)	(20,490)	-	-	-	(23,353)
Balance at 30 June 2014	225,475	20,436	88,105	20,976	-	-	354,992
Accumulated depreciation/ amortisation and impairment							
Balance at 1 July 2012	(24,361)	(24,313)	(3,751,648)	(156,296)	(146,167)	(9,236,409)	(13,339,194)
Disposals and write offs	-	19,035	3,750,067	171,872	146,167	3,148,546	7,235,687
Depreciation expense	(4,430)	(8,039)	(70,289)	(29,465)	-	-	(112,223)
Reversal of Impairment ⁽¹⁾	-	-	-	-	-	6,087,863	6,087,863
Balance at 30 June 2013	(28,791)	(13,317)	(71,870)	(13,889)	-	-	(127,867)
Depreciation expense	(4,596)	(2,051)	(7,164)	(2,997)	-	-	(16,808)
Disposals and write offs	-	1,596	16,255	-	-	-	17,851
Balance at 30 June 2014	(33,387)	(13,772)	(62,779)	(16,886)	-	-	(126,824)
Net book value							
As at 30 June 2013	196,684	9,982	40,815	7,087	-	-	250,478
As at 30 June 2014	192,088	6,664	25,326	4,090	-	-	228,168

(1) On 17 October 2012, the Company and its wholly owned subsidiary ZZ Exploration Pty Limited, entered into a conditional agreement with an unrelated third party to dispose of all the existing mining assets for a total consideration of AUD \$4million in cash. The previously recorded impairment loss associated with the mine properties involved in the sale, were reversed as at the date of the agreement.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 15: Property, Plant & Equipment (cont).

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings were performed by appropriately qualified independent valuers, and are due for revaluation during the 30 June 2015 financial year.

The fair value of the freehold land and buildings was determined based on the market comparable approach that reflects recent transaction prices for similar properties. There has been no change to the valuation technique during the year.

The fair value measurements of freehold land and buildings have been classified as level 3, as they are based on unobservable inputs for the assets. There were no transfers between different levels of the fair value hierarchy during the 2014 financial year.

As per note 3(k) land and buildings are carried at valuation. Had land and buildings been measured using cost less accumulated depreciation and impairment losses, the net book value of land and buildings at 30 June 2014 would have been \$80,088 (2013: \$84,684).

Note 16: Trade and Other Payables

	2014	2013
	\$	\$
Current		
Trade payables (i)	16,851	8,870
Sundry accruals	128,326	249,708
	145,177	258,578

(i) The average credit period on purchases is 30 days. No interest is charged on the trade payables for the first 60 days from the date of the invoice. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 17: Financial Liabilities

	2014	2013
	\$	\$
Current		
Loans from related party: secured and unsecured (i)	47,620,222	40,735,588
Withholding tax payable	2,051	9,413
	47,622,273	40,745,001

(i) Summary of borrowing arrangements

Amount repayable to related party of the Company. Repayment of these loans has been deferred through the continuing financial support of Creat Group Company Limited ("Creat Group").

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 18: Provisions

	2014	2013
	\$	\$
Current		
Employee benefits (i)	22,395	12,396
	<u>22,395</u>	<u>12,396</u>

(i) The current provision for employee benefits relates to accrued annual leave. There are no vested long service leave entitlements accrued but not taken.

Movement in provisions

	Employee Benefits	Total
	\$	\$
Balance as at 1 July 2013	12,396	12,396
Additional provisions recognised	9,999	9,999
Balance as at 30 June 2014	<u>22,395</u>	<u>22,395</u>

Note 19: Contributed Equity

	2014	2013
	\$	\$
(a) Issued and Paid-up Capital		
667,276,674 Ordinary Shares Fully Paid (2013: 667,276,674)	69,408,416	69,408,416

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Terms and Conditions of Contributed Equity

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of shares held.

At shareholders meeting each Ordinary share is entitled to 1 vote when a poll is called, otherwise each shareholder has 1 vote on a show of hands.

(c) Movements in Fully Paid Ordinary Share Capital

	2014	2014	2013	2013
	Number of Ordinary Shares	\$	Number of Ordinary Shares	\$
Balance at beginning of financial year	667,276,674	69,408,416	667,276,674	69,408,416
Balance at end of financial year	<u>667,276,674</u>	<u>69,408,416</u>	<u>667,276,674</u>	<u>69,408,416</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 20: Reserves

	2014	2013
	\$	\$
Asset revaluation reserve (i)	112,000	112,000
Share-based payments reserve (ii)	232,531	232,531
	<u>344,531</u>	<u>344,531</u>

(i) Asset revaluation reserve

The Asset Revaluation Reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from the Reserve.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised. Further information about Share Based Payments is provided in Note 27.

Note 21: Commitments for Expenditure

(a) Exploration expenditure commitments

As a result of the sale of all mining assets, licences, and associated plant and equipment during the 2013 financial year, there are no outstanding exploration expenditure commitments at 30 June 2014 (2013: Nil).

(b) Lease commitments

There are no finance lease liabilities and non-cancellable operating lease commitments as at 30 June 2014 (2013: nil).

(c) Capital expenditure commitments

There are no capital expenditure commitments as at 30 June 2014 (2013: nil).

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 22: Notes to the Consolidated Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2014	2013
	\$	\$
Cash and bank balances	135,861	287,672
Short term bank deposits	486,768	750,304
	<u>622,629</u>	<u>1,037,976</u>
Reconciliation of cash flows from operations with operating result		
Total Loss for the Year	(8,244,533)	(20,107,689)
Income Tax (Benefit)/Expense Recognised in Loss	-	-
Non-Cash Flows in Loss After Tax		
Foreign Exchange on Loans	3,890,027	2,912,404
Depreciation	16,808	112,223
Interest Expense	2,970,966	3,182,165
Amortisation of Deferred Finance Costs	-	52,638
(Gain)/Loss on Disposal of Assets	(87,320)	70,870
Net Impairment Loss on Investment	1,014,793	18,980,381
Interest Received Investing Activity	(17,130)	(132,165)
Reversal of Impairment	-	(6,087,863)
(Increase)/Decrease in Assets		
Receivables	277	51,442
Other Current Assets	17,936	(5,339)
Increase/(Decrease) in Liabilities		
Payables	(89,760)	(127,264)
Provisions for Employees	9,999	(22,646)
Financial Liabilities	(7,362)	(1,602)
Net Cash used in Operating Activities	<u>(525,299)</u>	<u>(1,122,445)</u>

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 23: Earnings Per Share

Basic and diluted earnings per share amounts are calculated by dividing the loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

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

	2014	2013
(a) Basic earnings per share		
(Loss) attributable to the ordinary equity holders of the Company (cents per share)	(1.24)	(3.01)
(b) Diluted earnings per share		
(Loss) attributable to the ordinary equity holders of the Company (cents per share)	(1.24)	(3.01)
(c) Earnings used in calculating earnings per share		
<i>Basic and Diluted earnings per share</i>		
(Loss) attributable to the ordinary equity holders of the Company (\$)	(8,244,533)	(20,107,689)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	667,276,674	667,276,674

Note 24: Key Management Personnel Compensation

(a) Details of key management personnel

The directors and other members of key management personnel of the Company during and since the end of the financial year were:

Derek Leung	Executive Chairman, Managing Director and Chief Executive Officer
Tad Ballantyne	Deputy Chairman & Non-Executive Director
Morris Hansen	General Manager, Company Secretary and Executive Director
Phillip Simpson	Non-Executive Director
Zhi Lin	Non-Executive Director (appointed 15 August 2013)
Rex Chow	Chief Operations Officer (resigned 15 August 2013)

(b) Key management personnel compensation

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

	2014	2013
	\$	\$
Short-term employee benefits	214,458	454,223
Post-employment benefits	11,609	14,445
	<u>226,067</u>	<u>468,668</u>

Note 25: Related Party Transactions

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

The parent entity within the Consolidated Entity is Creat Resources Holdings Limited (ABN 43 089 093 943). The ultimate parent and controlling entity is Creat Group Company Limited, a company established under the laws of the People's Republic of China.

Control is exercised directly through Creat Group Company Limited ("Creat Group" or "Creat Group (HK) Ltd") with two senior executive directors on the Creat Resources Holdings Limited Board and indirectly through its nominees Marvel Link Group Limited and Kingwealth Finance Limited.

Creat Group and its controlled bodies corporate ("Subsidiaries" or "Nominees") are:

<u>Name</u>	<u>Address</u>
Creat Group Co., Limited	B21 Floor, Lead International, Jia No 2 Wangjing Zhong Huan South Road Chaoyang District Beijing PRC
Marvel Link Group Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong
Kingwealth Finance Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong
Create Group (HK) Limited	Rm 2805, 28/F, The Center, 99 Queen's Road, Central, Hong Kong

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

Controlled entities made payments and received funds on behalf of Creat Resources Holdings Limited by way of inter-company loan accounts. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

On 30 September 2014, the Company received an undertaking from Creat Group in that Creat Group will not call on their loans when they become due for repayment.

(a) Loans with Related parties

	2014	2013
	\$	\$
Creat Group Bridge Loan (Unsecured GBP 500K, 10%, original term 1/3/10 extended approx. 30 months)	321,971	293,284
Creat Group Bridge Loan January 2011 (unsecured GBP 1.2 million, 0%, original term 1/5/11 extended over 18 months)	2,169,590	1,976,285
Creat Group Bridge Loan April & May 2011 (unsecured A\$ 2 million, 10%, term one year)	279,166	279,166
Creat Group Bridge Loan July & August 2011 (unsecured A\$ 2 million, 12%, term one year)	397,471	397,471
Creat Group Bridge Loan December 2011, February, March, May & June 2012 (secured A\$ 0.85 million, 10%, term one year)	906,129	840,120
Creat Group Unsecured Loan (unsecured GBP 10%, resulting from expiry of convertible notes in 2012)	37,169,082	31,469,399
Creat Group Unsecured Loan (unsecured GBP 6%, resulting from expiry of convertible notes in 2013)	6,376,813	5,479,863
	47,620,222	40,735,588

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 25: Related Party Transactions (cont.)

(b) Key management personnel equity holdings

	Number of shares 2014	Number of shares 2013
Directors		
Mr Derek Leung	-	-
Mr Tad Ballantyne	-	-
Mr Morris Hansen	-	-
Mr Phillip Simpson ⁽¹⁾	6,000,000	6,000,000
Mr Lin Zhi	-	-
	<u>6,000,000</u>	<u>6,000,000</u>

(1) Beneficial interest in shares held directly or indirectly through Terralinna Pty Ltd and Kingdom Securities Pty Ltd (6,000,000 shares).

(c) Transactions with related parties

During the 2013 comparative period, the Company negotiated a partial repayment of outstanding debt to its major creditor, Creat Group. The net amount of debt repaid was \$4,850,000 on 17th April 2013. The funds, by agreement with Creat Group, were applied as principal only and in the order of priority being highest interest loans first, and longest overdue loans second.

Note 26: Financial Instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the returns to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from 2013.

The capital structure of the Group consists of debt, which includes financial liabilities as disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 19 and 20, and the Statement of Changes in Equity.

Operating cash flows are used to maintain the Group's day to day operations in its monitoring of current investments and its assessment of potential future investment opportunities.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 26: Financial Instruments (cont.)

Gearing ratio

The Board of Directors review the capital structure on an ongoing basis.

	2014	2013
	\$	\$
Debt (i)	47,620,222	40,735,588
Cash and cash equivalents	(622,629)	(1,037,976)
Net debt	46,997,593	39,697,612
Equity (ii)	(44,928,204)	(36,683,671)
Net debt to equity ratio	(105%)	(108%)

(i) Debt is defined as financial liabilities as per note 17.

(ii) Equity includes all capital and reserves.

Categories of financial instruments

Financial Assets

	2014	2013
	\$	\$
Cash and Cash Equivalents	622,629	1,037,976
Loans and Receivables	15,616	25,462
AFS Investment	1,992,000	3,006,793
	<u>2,630,245</u>	<u>4,070,231</u>

Financial Liabilities

Related Party Loans	47,620,222	40,735,588
Trade Payables	16,851	8,870
	<u>47,637,073</u>	<u>40,744,458</u>

Financial risk management objectives

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk and foreign currency risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Consolidated Statement of Financial Position and notes to the financial statements.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 26: Financial Instruments (cont.)

Foreign Currency Risk

The Group has historically undertaken transactions denominated in foreign currencies. The Group has managed exposures to fluctuations in foreign currencies as they arise.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2014	2013	2014	2013
	Liabilities	Liabilities	Assets	Assets
	\$	\$	\$	\$
GBP	46,037,456	39,218,831	-	-

Foreign Currency Sensitivity Analysis

The Group has been exposed to GBP as the convertible notes held were denominated in GBP. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the GBP impacting the profit of the company. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2014	2013	2014	2013
	Liabilities	Liabilities	Assets	Assets
	\$	\$	\$	\$
GBP	4,185,223	3,565,348	-	-

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages exposures to fluctuations in foreign currencies as they arise. Current exposure is reviewed regularly. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. The following table details the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years
	%	\$	\$	\$	\$	\$
2014						
Loan from related party: unsecured	0%	2,169,590	-	-	-	-
Loan from related party: unsecured	6%	6,376,813	-	-	-	-
Loan from related party: unsecured	10%	38,676,348	-	-	-	-
Loan from related party: unsecured	12%	397,471	-	-	-	-
Trade Payables	0%	16,851	-	-	-	-
		47,637,073	-	-	-	-

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 26: Financial Instruments (cont.)

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years
	%	\$	\$	\$	\$	\$
2013						
Loan from related party: unsecured	0%	1,976,285	-	-	-	-
Loan from related party: unsecured	6%	5,479,863	-	-	-	-
Loan from related party: unsecured	10%	32,881,969	-	-	-	-
Loan from related party: secured	12%	397,471	-	-	-	-
Trade Payables	0%	8,870	-	-	-	-
		<u>40,744,458</u>	-	-	-	-

Fair Value of Financial Instruments

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using option pricing models for optional derivatives.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>Financial assets at fair value</u>				
Available for sale financial assets	1,992,000	-	-	-
2013				
<u>Financial assets at fair value</u>				
Available for sale financial assets	3,006,793	-	-	-

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 27: Share Based Payments

The Company established a Share Option Plan in 2006 which enables directors and employees of the Company to be granted options to acquire ordinary shares in the share capital of the Company. The Share Option Plan provides the directors with a means to attract, retain and reward directors and employees. The key provisions of the Share Option Plan are as follows:

Options are granted under the Share Option Plan for no consideration, and are granted at the discretion of the Board. The options cannot be transferred and can be exercised at any time between the date the option is granted and the expiry date, subject to the imposition of any specified vesting date which is at the discretion of the Board. Each option is convertible into one ordinary share.

During the financial year there were no options granted under the Company's Share Option Plan (2013: nil).

Note 28: Parent Entity Disclosures

Summarised financial information in respect of the Parent entity is set out below:

(a) Financial Position

	2014	2013
	\$	\$
Assets		
Current assets	633,641	1,067,229
Non-current assets	2,193,275	3,218,735
Total assets	2,826,916	4,285,964
Liabilities		
Current Liabilities	48,399,744	41,627,862
Total Liabilities	48,399,744	41,627,862
Equity		
Issued capital	69,408,416	69,408,416
Accumulated losses	(115,325,775)	(107,094,845)
<u>Reserves</u>		
Asset Revaluation - Buildings	112,000	112,000
Reserves – Share Options	232,531	232,531
Total Deficiency	(45,572,828)	(37,341,898)

(b) Financial performance

	Year Ended	Year Ended
	30 June 2014	30 June 2013
	\$	\$
Loss for the year	(8,230,930)	(20,306,146)
Other comprehensive income	-	-
Total comprehensive income	(8,230,930)	(20,306,146)

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

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

Note 29: Controlled Entities

	Country of Incorporation	% owned	
		2014	2013
Parent Entity			
Creat Resources Holdings Limited	Australia	-	-
Controlled Entities of Creat Resources Holdings Limited:			
Oceania Tasmania Pty Limited	Australia	100	100
ZZ Exploration Pty Limited	Australia	100	100
Zeehan Zinc Administration Pty Limited	Australia	100	100
Zeehan Zinc Properties Pty Limited	Australia	100	100

Note 30: Company Details

The registered office of the Company is:

Creat Resources Holdings Limited
262 Main Street Zeehan
Zeehan 7469
Tasmania
Australia

The principal place of business is:

Creat Resources Holdings Limited
262 Main Street Zeehan
Zeehan 7469
Tasmania
Australia

Note 31: Subsequent Events

Fair Value of Investment in Galaxy

Since the end of the financial year, there has been a decrease in the fair value of the company's available for sale investment. With reference to the ASX quoted share price for Galaxy, the fair value of the company's investment has decreased by approximately \$300,000 since 30 June 2014. In accordance with the requirements of AASB 110 Events after the Reporting Period, this decrease in fair value has not been recognised within this financial report.

On 8 October 2014, trading on AIM for the Company was cancelled pursuant to AIM Rule 41.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

CREAT RESOURCES HOLDINGS LIMITED AND CONTROLLED ENTITIES

FOR THE YEAR ENDED 30 JUNE 2014

DIRECTORS' DECLARATION

The directors declare that:

- (a) 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;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3 to the financial statements;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Derek Leung

**Executive Chairman, Managing Director
and Chief Executive Officer**

Dated this 10th day of October 2014

Independent Auditor's Report to the members of Creat Resources Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Creat Resources Holdings Limited, which comprises the statement of financial position as at 30 June 2014, the statement of 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 20 to 55.

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 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Deloitte.

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 Creat Resources Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Creat Resources Holdings Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at [Date] 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 3.

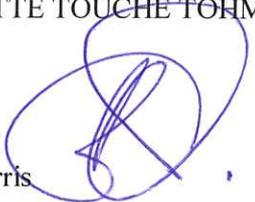
Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU


Carl Harris
Partner
Chartered Accountants
Hobart, 10 October 2014

The Board of Directors
Creat Resources Holdings Limited
262 Main Street
Zeehan TAS 7469

10 October 2014

Dear Board Members

Creat Resources Holdings 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 Creat Resources Holdings Limited.

As lead audit partner for the audit of the financial statements of Creat Resources Holdings Limited for the financial year ended 30 June 2014, 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

Carl Harris
Partner
Chartered Accountants