Vesuvius Minerals Limited

ACN 157 789 761

Annual Financial Report

30 June 2014

Contents

CORPORATE INFORMATION

ACN 157 789 761

Directors
Mr Matthew Sheldrick
Mr James Robinson
Mr Andrew Chapman

Company secretary
Mr Sonu Cheema

Registered office
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Telephone: (08) 6489 1600
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Principal place of business
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Solicitors
Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers
National Australia Bank
1232 Hay Street
West Perth WA 6005

Auditors
HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000

Website www.vesuviusminerals.com.au

DIRECTORS' REPORT

Your directors submit the annual financial report of Vesuvius Minerals Limited for the financial period ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Matthew Sheldrick	Non-executive Chairman
James Robinson	Non-executive Director
Andrew Chapman	Non-executive Director (appointed 3 July 2014)
Timothy Johnston	Non-executive Director (resigned 3 July 2014)

Names, qualifications, experience and special responsibilities

Mr Matthew Sheldrick

Non-executive Chairman

Mr Sheldrick holds a Bachelor of Commerce Degree from the University of Western Australia and is a qualified Chartered Accountant. He has over 25 years' experience in the securities, finance and corporate advisory industries, with particular emphasis in the resources and energy sectors. He has founded a number of ASX listed companies, and has been involved in the growth of these companies by way of mergers and acquisitions. He is currently a director of Black Fire Minerals Ltd (ASX: BFE). He has also previously acted for a number of public and ASX listed companies in a variety of executive and non-executive roles.

Mr James Robinson

Non-executive Director

Mr Robinson gained extensive capital markets experience during 10 years with one of Western Australia's leading corporate advisory and stockbroking firms. He currently serves as a Director of Vortex Pipes Limited (ASX: VTX) and Jacka Resources Limited (ASX: JKA). He is also a Director of corporate advisory firm Cicero Advisory Services. He is a member of the Australian Institute of Company Directors and holds a Bachelor of Economics from the University of Western Australia.

Mr Andrew Chapman

Non-executive Director

Andrew is one of Perth's leading private wealth managers. Joining the industry in 1999, Andrew has been exposed to numerous market cycles and has adapted his personal views on active portfolio management combined with an awareness of risk to offer a specialized investment management service to a select group of high net worth clients. With graduate and post graduate qualifications in Business, Finance and Hospitality; he is well versed to provide customized investment solutions with a direct and transparent investment slant.

Mr Sonu Cheema

Company Secretary

Mr Cheema holds the position of Accountant and Company Secretary, working in the area of public company responsibilities including completion of regular financial reports to management, ASX reporting and auditor liaison. He has experience with Australian, Mongolian and West African based mineral exploration companies and has previously served as Company Secretary for Mongolian Resource Corporation Limited (ASX: MUB) and Black Fire Minerals Limited (ASX: BFE). Mr Cheema is currently Company Secretary for West Peak Iron Limited (ASX: WPI), and Sena Resources Limited. Mr Cheema has completed a Bachelor of Commerce majoring in Accounting at Curtin University and is currently enrolled in the CPA program.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report:

Directors	Number of options over ordinary shares	Number of fully paid ordinary shares
Matthew Sheldrick	1,000,000	-
James Robinson	-	-
Andrew Chapman	-	5,400,000
Timothy Johnston	-	-
Totals	**1,000,000**	**5,400,000**

Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Principal Activities

The principal activity of the company during the period was to investigate and review project opportunities.

Review of Operations

Okmno Asia Limited

The Company is pleased to advise that following the review of numerous projects across various industry sectors and an extensive due diligence process, it has entered into an agreement with Okmno Asia Limited - the holder of a four year exclusive licensing deal (plus rights to extend) with King.com Limited for the manufacture, branding and distribution of Candy Crush Candies in China. Candy Crush Saga is the immensely popular game developed by King that has taken the online world by storm and thrust King to a circa $6 Billion market capitalisation (NYSE: KING).

Under the Agreement, Vesuvius has the right to acquire up to a 45% interest in Okmno Asia via the provision of loans totalling US$650,000 to fund product launch and royalty pre-payments. Vesuvius also holds a first right of refusal over the remaining 55% interest in Okmno Asia. The Company also completed a capital raising of $535,800 during the year.

Vesuvius Vanadium Project

The current depressed global equity markets for junior resource companies, including access to capital created difficult circumstances for the Company in seeking to list and advance its previous assets. This resulted in the Company's decision not to further pursue the Vesuvius Vanadium Project and its Option to acquire this project lapsed in March 2014.

The Board takes this opportunity to thank all existing shareholders for their ongoing support at this time.

DIRECTORS' REPORT (continued)

Significant events after the end of the period

Pursuant to the Okmno Asia Agreement, on 21 August 2014 the Company provided loan funds of $162,884 (USD150,000), taking total loans provided to date to USD250,000. At this time a further 100 ordinary shares in Okmno Asia representing a 10% interest (taking the total shareholding to 20%) were transferred to Vesuvius.

Operating results for the period

The comprehensive loss of the Company for the financial period, after providing for income tax amounted to $902,111.

Review of financial conditions

The Company currently has $443,166 in cash assets as at 30 June 2014. The Directors are of the opinion that the Company is a going concern.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company is not subject to any environmental legislation requirements.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director was as follows:

	Board Meetings	
Director	**Attended**	**Eligible to Attend**
James Robinson	-	-
Matthew Sheldrick	-	-
Timothy Johnston	-	-

In addition, there were 2 circulating resolutions executed by the Board.

DIRECTORS' REPORT (continued)

Remuneration report (Audited)

This report outlines the remuneration arrangements in place for directors and senior management of Vesuvius Minerals Limited ("Vesuvius" or the "Company") for the financial period ended 30 June 2014.

Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

Directors

Matthew Sheldrick	Non-executive Chairman
James Robinson	Non-executive Director
Andrew Chapman	Non-executive Director (appointed 3 July 2014)
Timothy Johnston	Non-executive Director (resigned 3 July 2014)

Remuneration philosophy

The remuneration policy of Vesuvius Minerals Limited has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of Vesuvius Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create aligned goals between directors and shareholders.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company's constitution states that an aggregate remuneration of $250,000 per period can be paid to the non-executive directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Company employees and directors, the Company has contracted key consultants on contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary. Key management personnel agreed to forego fixed remuneration until such time as the Company is listed on the ASX. The fixed remuneration component of the key management personnel is detailed in Table 1.

Variable Remuneration

No variable remuneration is paid.

Options

No Options were granted by the Company as remuneration during the year ended 30 June 2014.

Performance-based Remuneration

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Remuneration of key management personnel

Table 1: Key management personnel remuneration for the period ended 30 June 2014

		Short-term employee benefits			Post-employment benefits	Equity		
		Salary & Fees $	Bonuses $	Non-Monetary Benefits $	Super-annuation $	Options Granted $	Total $	Performance Related %
Directors								
Matthew Sheldrick	2014	-	-	-	-	-	-	-
James Robinson	2014	-	-	-	-	-	-	-
Timothy Johnston	2014	-	-	-	-	-	-	-
Total	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Remuneration of key management personnel

Table 1: Key management personnel remuneration for the period ended 30 June 2013

		Short-term employee benefits			Post-employment benefits	Equity		
		Salary & Fees $	Bonuses $	Non-Monetary Benefits $	Super-annuation $	Options Granted $	Total $	Performance Related %
Directors								
Matthew Sheldrick	2013	-	-	-	-	-	-	-
James Robinson	2013	-	-	-	-	-	-	-
Timothy Johnston	2013	4,977	-	-	-	-	4,977	-
Total	**2013**	4,977	-	-	-	-	4,977	-

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

(a) Option holdings of KMP

30 June 2014	Balance at Beginning	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of Period
Directors					
Mathew Sheldrick	1,000,000	-	-	-	1,000,000
James Robinson	-	-	-	-	-
Timothy Johnston	-	-	-	-	-
Total	1,000,000	-	-	-	1,000,000

30 June 2013	Balance at Beginning	Granted as Remuneration	Options Exercised	Net Change Other	Balance at end of Period
Directors					
Mathew Sheldrick	-	-	-	1,000,000	1,000,000
James Robinson	-	-	-	-	-
Timothy Johnston	-	-	-	-	-
Total	-	-	-	1,000,000	1,000,000

(b) Shareholdings of KMP

No KMP hold shares in the Company as at 30 June 2014 or 30 June 2013.

End of Remuneration Report

DIRECTORS' REPORT (continued)

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 11 and forms part of this directors' report for the period ended 30 June 2014.

Non-Audit Services

Details of amounts paid or payable to the auditors for non-audit services provided during the year by the auditor are outlined in Note 14 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the directors.

Matthew Sheldrick

Mr Matthew Sheldrick
Chairman
Dated this 17 September 2014

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

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

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Perth, Western Australia
17 September 2014

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

	Notes	2014 $	2013 $
Continuing Operations			
Other expenses	2	(30,027)	(186,707)
Loss before income tax expense		(30,027)	(186,707)
Income tax expense	3	-	-
Loss after tax from continuing operations		(30,027)	(186,707)
Discontinued operations			
Loss after tax from discontinued operations	5	(872,084)	-
Net loss for the period		(902,111)	(186,707)
Total comprehensive loss for the period		(902,111)	(186,707)
Basic loss per share (cents per share)	4	(5.73)	(1.71)
Basic loss per share from continuing operations (cents per share)	4	(0.19)	(1.71)

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Assets			
Current Assets			
Cash and cash equivalents	8	443,166	23,209
Total Current Assets		**443,166**	**23,209**
Non-Current Assets			
Deferred exploration expenditure	10	-	857,198
Other receivables	15	106,882	-
Investments	15	13	-
Total Non-Current Assets		**106,895**	**857,198**
Total Assets		**550,061**	**880,407**
Liabilities			
Current Liabilities			
Trade and other payables	9	4,891	91
Accrued Expenses	9	64,825	-
Total Current Liabilities		**69,716**	**91**
Total Liabilities		**69,716**	**91**
Net Assets		**480,345**	**880,316**
Equity			
Issued capital	6	1,559,163	1,057,023
Reserves	7	10,000	10,000
Accumulated losses		(1,088,818)	(186,707)
Total Equity		**480,345**	**880,316**

The accompanying notes form part of these financial statements

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

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Balance at 1 July 2013	1,057,023	(186,707)	10,000	880,316
Loss for the year	-	(902,111)	-	(902,111)
Total comprehensive income/(loss) for the period	-	(902,111)	-	(902,111)
Shares issued during the period	535,800	-	-	535,800
Options issued during the period	-	-	-	-
Transaction costs on share issue	(33,660)	-	-	(33,660)
Balance at 30 June 2014	1,559,163	(1,088,818)	10,000	480,345

	Issued Capital $	Accumulated Losses $	Reserves $	Total Equity $
Loss for the period	-	(186,707)	-	(186,707)
Total comprehensive income/(loss) for the period	-	(186,707)	-	(186,707)
Shares issued during the period	1,100,001	-	-	1,100,001
Options issued during the period	-	-	10,000	10,000
Transaction costs on share issue	(42,978)	-	-	(42,978)
Balance at 30 June 2013	1,057,023	(186,707)	10,000	880,316

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	2014 $	2013 $
		Inflows/(Outflows)	*Inflows/(Outflows)*
Cash flows from operating activities			
Payments to suppliers and employees	8	(14,062)	(186,616)
Net cash used in operating activities		(14,062)	(186,616)
Cash flows from Investing activities			
Payment for exploration and evaluation expenditure		(14,886)	(857,198)
Payment under financing agreement		(106,895)	-
Net cash used in investing activities		(121,781)	(857,198)
Cash flows from financing activities			
Proceeds from issue of shares		555,800	1,057,023
Proceeds from issue of options		-	10,000
Net cash provided by financing activities		555,800	1,067,023
Net increase in cash held		419,957	23,209
Cash and cash equivalents at the beginning of the period		23,209	-
Cash and cash equivalents at the end of the period		443,166	23,209

The accompanying notes form part of these financial statements

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is an unlisted public company, incorporated in Australia and operating in Australia. The principal activity of the company during the period was sourcing mineral exploration projects.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

This is financial report of the Company and covers the financial year ending 30 June 2014.

The Directors have reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Company accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on – 17 September 2014

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

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

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition

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

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and cash equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables are measured on initial recognition at fair value. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company.
The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance 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:

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income tax (continued)

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

- when 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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 date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

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

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

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

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Provisions

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

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Share-based payment transactions

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Vesuvius Minerals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Vesuvius Minerals Limited.

(q) Going concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and the discharge of its liabilities in the normal course of business.

For the financial year ended 30 June 2014, the Company incurred a loss of $902,111 and a net cash outflow of $135,843 from operating and investing activities as disclosed in the statement of comprehensive income and the statement of cash flows, respectively.

As at 30 June 2014, the Company had $443,166 in cash and cash equivalents. The Directors consider that the Company is a going concern however current cash flow forecasts indicate that the Company will require additional funding to ensure that it can continue to fund its operations during the twelve month period from the date of approval of this financial report.

Should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the Company will be available to realise its assets and extinguish its liabilities in the normal course of business.

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

NOTE 2: REVENUES AND EXPENSES

	2014 $	2013 $
(a) Expenses		
Administration expenses	5,029	41,907
ASIC fees	1,528	4,337
Legal and professional	17,282	91,624
Travel and promotional expenses	-	10,430
Directors fees	-	4,977
Other	6,188	33,432
	30,027	186,707

NOTE 3: INCOME TAX

Current tax expense

	2014 $	2013 $
(a) Income tax benefit	-	-
(b) Numerical reconciliation between tax-expense and pre-tax net loss		
Loss from ordinary activities	(902,111)	(186,707)
Income tax using the Company's domestic tax rate of 30%	(270,633)	(56,012)
Temporary differences not recognised		
Other non-deductible expenses/(deductible tax adjustments)	-	-
Current period losses for which no deferred tax asset was recognised	270,633	56,012
Income tax benefit attributable to entity	-	-
Attributable to:		
Continuing operations	9,008	56,012
Discontinued operations	261,625	-

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

NOTE 3: INCOME TAX (continued)

(c) Tax losses

The tax effect of unused losses of $270,633 (2013: $56,012) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realized.
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect of the Company in realising the benefit.

(d) Unrecognised temporary differences

	2014 $	2013 $
Net deferred tax balances (calculated at 30%) have not been recognised in respect of the following items:		
Income tax losses not brought to account	270,633	56,012
Unrecognised deferred tax assets	270,633	56,012
Attributable to:		
Continuing operations	9,008	56,012
Discontinued operations	261,625	-

NOTE 4: LOSS PER SHARE

	2014 cents per share	2013 cents per share
Basic loss per share		
Continuing operations	(0.19)	(1.71)
Discontinuing operations	(5.73)	-
Total basic loss per share	(5.92)	(1.71)
	$	$
Loss for the year	(902,111)	(186,707)
Loss from continuing operations	(30,027)	-
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share:	15,743,014	10,940,408

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

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

NOTE 5: DISCONTINUED OPERATIONS

Following the end of the period and following a review of the prospectivity of the tenements, Vesuvius had impaired the carrying value of its vanadium assets.

Financial information relating to the discontinued operations is set out below:

	2014 $	2013 $
Costs carried forward in respect of:		
Loss from discontinued operations		
Impairment expense	(872,084)	-
Loss from discontinued operations	(872,084)	-

	2014 $	2013 $
Cash Flow from discontinued operations:		
Net cash flows from operating activities	-	-
Net Cash flows from investing activities	(14,886)	-
Net cash flows from financing activities	-	-
Net cash flows	(14,886)	-

NOTE 6: SHARE CAPITAL

	2014 $	2013 $
(a) Ordinary shares		
Balance on 1 July	1,057,023	1
Shares issued	535,800	1,100,000
Less share issue costs	(33,660)	(42,978)
At 30 June	1,559,163	1,057,023
Movements in ordinary shares on issue	No.	No.
Balance on 1 July	12,900,001	1
Movements during the period:		
Shares issued	26,700,000	12,900,000
At 30 June	39,600,001	12,900,001

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

NOTE 6: SHARE CAPITAL (continued)

Ordinary shareholders entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 7: RESERVES

	2014 $	2013 $
Option Reserve		
At 1 July	10,000	-
Options issued	-	10,000
As at 30 June	10,000	10,000

Movements in Company Options on issue	No.	No.
At 1 July	10,000,000	-
Movements during the period:		
Options issued	-	10,000,000
At 30 June	10,000,000	10,000,000

Company options carry no voting rights and carry no right to dividends. Company options are unlisted. 10,000,000 Company options are exercisable at $0.20 on or before 30 June 2016.

NOTE 8: CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at hand and in bank	443,166	23,209
	443,166	23,209

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company did not engage in any non-cash financing activities for the period ended 30 June 2014 and was not party to any borrowing facilities for the same period.

Reconciliation of loss for the period to net cash flows from operating activities

Loss after tax from continuing operations	(30,027)	(186,707)
Changes in assets and liabilities:		
Increase in trade payables and accruals	15,965	91
Net cash (used in) operating activities	(14,062)	(186,616)

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

NOTE 9: TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables[i]	4,891	91
Accrued expenses[ii]	64,825	-
Balance at 30 June	69,716	91

[i] Trade payables are non-interest bearing and are normally settled on 60-day terms

[ii] Includes $20,000 capital raising proceeds to be refunded for unissued share capital

NOTE 10: DEFERRED EXPLORATION EXPENDITURE

Costs carried forward in respect of: Exploration and evaluation phase – at cost	2014 $	2013 $
Balance at the beginning of the year / period	857,198	-
Expenditure incurred	14,886	2,198
Project acquisition costs	-	855,000
Less: exploration expenditure written off	(872,084)	-
Total deferred exploration expenditure balance at 30 June	-	857,198

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable mineral or other natural resource deposits and their successful development and commercial exploration or sale of the respective mining areas. Following a review of the prospectivity of the tenements, the assets have been fully impaired.

NOTE 11: FINANCIAL INSTRUMENTS

	2014 $	2013 $
Financial assets		
Receivables	106,882	-
Cash and cash equivalents	443,166	23,209
Balance at end of period	550,048	23,209
Financial liabilities		
Trade and other payables	69,716	91
Balance at end of period	69,716	91

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
2014						
Non-interest bearing	-	443,166	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		443,166	-	-	-	-

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

NOTE 11: FINANCIAL INSTRUMENTS (continued)

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company 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 – 1 year $	1 – 5 years $	5+ years $
2014						
Non-interest bearing	-	-	69,716	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	69,716	-	-	-

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 Months $	3 months – 1 year $	1 – 5 years $	5+ years $
2013						
Non-interest bearing	-	23,209	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		23,209	-	-	-	-

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company 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 – 1 year $	1 – 5 years $	5+ years $
2013						
Non-interest bearing	-	-	91	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		-	91	-	-	-

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity.

Financial risk management objectives and policies:

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Capital risk

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

NOTE 11: FINANCIAL INSTRUMENTS (continued)

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Company's policy not to trade in financial instruments.

(a) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers and suppliers.

The Company's exposure and the credit ratings of its counter-parties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Short Term Deposits with the NAB or other acceptable Australian Banking entities. The risk is managed by the Company by maintaining an appropriate mix between short term deposits and at call deposits. The Company's exposure to interest rate on financial assets is detailed in the interest rate risk sensitivity analysis section of this note.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the Company's cash and cash equivalent exposure to interest rates. A 100 basis point increase or decrease is used when reporting interest rate risk. The Company's sensitivity to interest rates may decrease during the current period depending on the use of the cash reserves of the Company.

The effect on loss and equity as a result of change in the interest rate, with all other variable remaining constant as is considered to not be material as no interest has been earned.

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

NOTE 11: FINANCIAL INSTRUMENTS (continued)

(d) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The Company does not have short or long term debt**,** and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings.

The Company may be exposed to currency risk on international investments and purchases that are denominated in a currency other than the respective currencies of the Company. As the Company has no international projects it is not currently exposed to currency risk, however may be exposed to currency risk if it acquires an international project. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTE 12: KEY MANAGEMENT PERSONNEL DISCLOSURES

KMP Compensation

Refer to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2014. The totals of remuneration paid to KMP of the Company during the year are as follows:

	2014 $	2013 $
Short-term employee benefits	-	4,977
Post-employment benefits	-	-
Other long-term benefits	-	-
Other long-term benefits	-	-
Total KMP compensation	-	4,977

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

NOTE 13: EVENTS AFTER THE BALANCE DATE

Pursuant to the Okmno Asia Agreement, on 21 August 2014 the Company provided loan funds of $162,884 (USD150,000), taking total loans provided to date to USD250,000. At this time a further 100 ordinary shares in Okmno Asia representing a 10% interest (taking the total shareholding to 20%) were transferred to Vesuvius.

NOTE 14: AUDITORS' REMUNERATION

	2014 $	2013 $
The auditor of Vesuvius Minerals Limited is HLB Mann Judd.		
Amounts received or due and receivable by HLB Mann Judd for:		
Audit or review of financial statements	4,500	-
Preparation of Investigating Accounting Report for inclusion in prospectus	-	7,000
	4,500	7,000

NOTE 15: COMMITMENTS AND CONTIGENCIES

Okmno Asia Agreement

Under the Agreement Vesuvius Minerals Limited has the right to acquire a 45% interest in Okmno Asia Limited via the provision of loans totalling US$650,000 to fund product launch and royalty pre-payments. Okmno Asia is the holder of a four year licensing deal with King.com Limited for the manufacture, branding and distribution of Candy Crush Candies in China. Vesuvius also holds a first right of refusal over the remaining 55% interest in Okmno Asia. Pursuant to the Terms Sheet Vesuvius has agreed to loan Okmno Asia the following amounts:

- USD100,000 ($106,695) within 3 days of execution of the Terms Sheet, representing a royalty prepayment to King.com Limited. Vesuvius was also transferred a 10% interest in Okmno Asia in return for payment of HKD100;
- USD150,000 ($162,884) by way of payment on or before 31 August 2014 representing a working capital loan to Okmno Asia. Vesuvius was also transferred a 10% interest in Okmno Asia in return for payment of HKD100 (for a total 20%);
- USD150,000 on or before 30 September 2014, representing a royalty prepayment to King.com Limited. Vesuvius will also be transferred a 10% interest in Okmno Asia in return for payment of HKD100 (for a total 30%); and
- USD250,000 on or before 31 December 2014, representing a royalty prepayment to King.com Limited. Vesuvius will also be transferred a 15% interest in Okmno Asia in return for payment of HKD150 (for a total 45%).

There is no interest payable on the loans. Subject to the clauses in the Term Sheet, all loan amounts must be fully and finally repaid on or before 5:00pm (WST) on 31 December 2017.

NOTE 16: DIVIDENDS

The directors of the Company have not declared any dividend for the period ended 30 June 2014.

DIRECTORS' DECLARATION

In the opinion of the directors of Vesuvius Minerals Limited ('the Company'):

1. The financial statements and notes thereto, as set out on pages 12 to 30, are in accordance with the Corporations Act 2001 including:

   a. giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the period then ended; and

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

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

Matthew Sheldrick

Mr Matthew Sheldrick
Chairman
Dated this 17 September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Vesuvius Minerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Vesuvius Minerals Limited ("the company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Vesuvius Minerals.

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 is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Vesuvius Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the period ended on that date; and

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

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(q) in the financial report, which indicates that the company will require additional funding to ensure that it can continue to fund its operations during the twelve month period from the date of approval of the financial statements. Should additional funding not be obtained, there is a material uncertainty that may cast significant doubt as to whether the company will be available to realise its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the period 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.

Auditor's opinion

In our opinion the remuneration report of Vesuvius Minerals Limited for the period ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
17 September 2014