



WINDIMURRA VANADIUM LIMITED
(Subject to Deed of Company Arrangement)

Annual Financial Report
For the year ended 30 June 2013

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Corporate Information

Directors	Ms Paula Cowan (appointed 30 July 2012) Mr Paul Price (appointed 30 July 2012) Mr KC Ong (appointed 30 July 2012)
Company Secretary	Ms Paige Exley (appointed 30 July 2012, resigned 7 November 2012) Ms Nicki Farley (appointed 7 November 2012)
Registered Office and Principal Place of Business	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Share Registry	Computershare Investor Services Pty Limited Reserve Bank Building Level 2, 45 St Georges Terrace PERTH WA 6000
Website	<u>www.windimurravanadium.com.au</u>
Place of Incorporation	Western Australia
Auditors	KPMG 235 St Georges Terrace Perth WA 6000
Solicitors	Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Bankers	National Australia Bank 100 St Georges Terrace PERTH WA 6000 Suncorp Bank 41-43 St Georges Terrace PERTH WA 6000
Stock Exchange	ASX Limited Exchange Plaza 2 The Esplanade PERTH WA 6000
ASX Code	WVL

Windimurra Vanadium Limited

Directors' report

For the year ended 30 June 2013

The directors present their report together with the annual financial report of Windimurra Vanadium Limited ("the Company") for the financial year ended 30 June 2013 and the auditor's report thereon.

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Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Paul Price <i>Chairman and Non-Executive Director</i>	Mr Price was appointed as a Director of the Company on 30 July 2012. Mr Price has extensive experience in corporate and commercial matters and has advised national and international clients on capital raising and structuring issues including Corporations Act and ASX Listing Rule compliance and governance issues. Paul's clients span numerous industry sectors, including resources and energy, manufacturing, professional services, industrial and technology. Mr Price has served as a director of a number of ASX listed companies and is a co-founder of corporate advisory firm Trident Capital. Mr Price is a member of the Australian Institute of Company Directors, AMPLA (the Resources and Energy Law Association) and the Association of Mining and Exploration Companies. Paul has a Bachelor of Jurisprudence, a Bachelor of Laws and a Masters of Business Administration, all from the University of Western Australia. Mr Price is a director of Cell Aquaculture Ltd.
Paula Cowan <i>Non-Executive Director</i>	Ms Cowan was appointed as a Director of the Company on 30 July 2012. Ms Cowan is a qualified chartered accountant with over 10 years' experience and is currently a Partner of Palisade Business Consulting, a boutique professional services firm delivering financial solutions to listed and private companies, regulatory authorities and a range of Government and not for profit enterprises. Prior to joining Palisade Business Consulting, Ms Cowan was an Executive Director at KordaMentha, Perth. As a Chartered Accountant and member of the Australian Institute of Company Directors, her expertise and experience underpins services including business advisory, governance, cashflow modelling and management, corporate recovery, restructuring and financial investigations and reporting across a variety of industry sectors, including agribusiness, Indigenous, Mining and manufacturing.
KC Ong <i>Non-Executive Director</i>	Mr Ong was appointed as a Director of the Company on 30 July 2012. Mr. Ong has over 25 years of extensive and diverse experience in corporate finance and business advisory to corporations in Australia and South-East Asia. Mr. Ong is a Director of Trident Management Services. He is an alumni from Deakin University, Victoria, holding a Bachelor of Commerce degree and is a Certified Practicing Accountant. Mr Ong is a director of Reclaim Industries Limited, My ATM Limited, and Cell Aquaculture Limited.

2. Company secretary

Ms Paige Exley was appointed to the position of company secretary on 30 July 2012 and resigned on 7 November 2012.

Ms Nicki Farley was appointed to the position of company secretary on 7 November 2012. Ms Farley holds a Bachelor of Laws and Arts from the University of Western Australia and has over 10 years of experience working within the corporate advisory area providing advice in relation to capital raisings, corporate and securities laws, mergers and acquisitions and general commercial transactions. Ms Farley has also held a number of company secretarial roles for ASX listed companies.

3. Directors' meetings

There were no directors' meetings held during the financial year as the Company is currently in administration.

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

4.1 Corporate governance statement

The Company has adopted systems of control and accountability as the basis for the administration of Corporate Governance. Some of these policies and procedures are summarised below.

The Board is committed to administering the policies and procedures with openness and integrity, pursue the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Eight Essential Corporate Governance Principles and Best Practice Recommendations ("Recommendations") as published by ASX Corporate Governance Council.

The Company's Corporate Governance policy is available on the Company's website. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

Principle 1– Lay solid foundations for management oversight

The Board and management have agreed on their respective roles and responsibilities and the functions reserved to the Board and management. The Board has established and adopted a Board Charter for this purpose. The Board has also established a Nomination and Remuneration Committee Charter which, among other functions, guides the Board in its evaluation of the performance of senior executives.

Principle 2 – Structure the Board to add value

The Board ultimately takes responsibility for corporate governance, and will be accountable to the Shareholder for the performance of the Company. The functions and responsibilities of the Board are set out in the Company's constitution and Corporations Act.

The Board does not currently have a majority of independent directors. It is comprised of one independent director and two non-independent directors. The existing structure is considered appropriate given the small scale of the Company's enterprise and the associated economic restrictions this places on the Company. The existing structure is aimed at maximising the financial position of the Company by keeping its operating costs to a minimum.

No separate nomination committee has been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the nomination committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee Charter. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate committee.

Principle 3 – Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board has established a Code of Conduct to guide the Directors, managers, contractors, employees and officers of the Company. A Share Trading Policy has also been established.

Principle 4 – Safeguard integrity in financial reporting

The Directors require the Chief Financial Officer and Chief Executive Officer to state in writing to the Board that the Company's financial condition and operational results and is in accordance with relevant accounting standards.

A separate audit committee has not been formed. However, the Company has adopted an Audit Committee Charter. The role of the audit committee is carried out by the full Board in accordance with the Audit Committee Charter. The Board considers that given its size, no efficiencies or other benefits would be gained by establishing a separate audit committee.

Windimurra Vanadium Limited Directors' report (continued)

For the year ended 30 June 2013

4.1 Corporate governance statement (continued)

Principle 5 – Make timely and balanced disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with the Listing Rules and the Corporations Act. The Directors have established a written policy and procedure to ensure compliance with the disclosure requirements of the Listing Rules.

Principle 6 – Respect the rights of Shareholders

The Directors have established a communication strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to the ASX, the Company will ensure that all relevant documents are released on the Company's website.

Principle 7 – Recognise and manage risk

The Directors have established a Risk Management Policy regarding the oversight and management of material business risks.

Principle 8 – Remunerate fairly and responsibly

A separate remuneration committee has not been formed. However, the Company has adopted a Nomination and Remuneration Committee Charter. The role of the Remuneration Committee is carried out by the full Board in accordance with the Nomination and Remuneration Committee charter. The Board considers at this stage, no efficiencies or other benefits would be gained by establishing a separate Committee.

Other information

Further information relating to the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.windimurravanadium.com.au.

5 Remuneration report (audited)

5.1.1 Principles of compensation – audited

This report outlines the remuneration arrangements in place for directors of Windimurra Vanadium Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purpose of this annual financial report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Details of Key Management Personnel

Mr. Paul Price

Mr. KC Ong

Ms. Paula Cowan

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

5.2 Directors' and executive officers' remuneration - audited

In January 2013, the Board approved the remuneration of directors; being \$5,000 per month for the Chairman and \$4,000 per month for each other Director for their services, commencing upon the reinstatement of the Company's Shares on the ASX.

Paul Price, Paula Cowan, and KC Ong were appointed as directors on 30 July 2012 and received no directors' fees for the year ended 30 June 2013. There were no employees or executives during the year.

5.2.1 Loans to Directors

There were no loans to directors during the financial year ending 30 June 2013.

5.2.2 Analysis of bonuses included in remuneration

There were no short term cash bonuses paid during the reporting period.

5.2.3 Options over equity instruments granted as compensation

There were no options over ordinary shares in the Company granted as compensation to key management personnel during the reporting period. No options were granted since the end of the financial year.

6. Principal activities

Prior to going into administration on 18 February 2009, the principal commercial activity of the Company during the year was the exploration and commercial development of the Windimurra Vanadium mine site.

There were no other significant changes in the nature of the activities of the Company during the year.

7. Operating and financial review

Overview of the Company

The net loss of the Company for the financial year ended 30 June 2013 amounted to \$334,263 (2012: loss \$91,609).

History, Review of Operations and Subsequent Events

Prior to going into administration, the Company held a 90% interest in the Windimurra Vanadium Mine ("Windimurra Mine"), located some 600km to the north east of Perth and 80km east south east of the town of Mt Magnet in Western Australia. The Windimurra Vanadium Mine hosted one of the largest proven reserves of vanadium reported anywhere in the world.

Administration

On 18 February 2009, the Company advised the ASX that Martin Jones, Darren Weaver and Andrew Saker were appointed as Joint and Several Administrators to its 90% owned subsidiary MidWest Vanadium Pty Ltd. Furthermore, Messrs Martin Madden and Brian McMaster both of KordaMentha, were appointed as Joint and Several Receivers and Managers over the shares the Company owned in its 90% owned subsidiary, MidWest Vanadium Pty Ltd and over all the assets and undertaking of MidWest Vanadium Pty Ltd itself. The securities of the Company were suspended from official quotation on the official list of the ASX on 11 February 2009.

On 3 March 2009, a meeting of the Company's Creditors was convened pursuant to Section 439A of the Corporations Act 2001 to consider, amongst other matters, the execution of a Deed of Company Arrangement to reconstruct and recapitalise the Company.

On 9 December 2009, at a reconvened Creditors meeting, Creditors resolved that the Company enter into a Deed of Company Arrangement ("the original DOCA"). On 31 December 2009 the Company and the Administrators executed the original DOCA and the Administrators became the Deed Administrators of the original DOCA.

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

History, Review of Operations and Subsequent Events (continued)

In or about March 2010, Trident Capital Pty Ltd made a proposal to reconstruct and recapitalise the Company ("Recapitalisation Proposal").

Pursuant to a resolution at a meeting of the Creditors on 6 May 2010 to consider the variation or termination of the original DOCA in light of Trident Capital Pty Ltd's proposal, the creditors resolved that the Company vary the original DOCA. On 27 May 2010, the Company and the Administrators executed the revised Deed of Company Arrangement ("DOCA") to vary and supersede the original DOCA and the Administrators became the administrators of the DOCA.

The principal features of the Recapitalisation Proposal were as follows:

- Capital Consolidation - The Company's securities being consolidated on a 1:8 basis;
- Reduction of Capital - The capital of the Company being reduced by applying a portion of the accumulated losses of the Company (determined to be \$220,399,903) against the share capital of the Company which is considered permanently lost;
- Issue of Shares to Strategic Investors - The issue of 30,000,000 fully paid ordinary shares (post consolidation) for nil consideration to Strategic Investors;
- Conversion of Convertible Notes - The issue of 100,000,000 new shares arising on the conversion of the convertible notes issued by the Company in consideration for \$500,000, with a conversion rate of 1 share for every \$0.005 of the note amounts (post consolidation);
- Issue of Shares under Prospectus - The issue of not less than 200,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise not less than \$2,000,000 under a prospectus.
- Appointment of Directors - Appointment of new directors and secretary;
- Right for Directors to apply for Shares - The right of the directors to participate in the public issue;
- Payment to the Claimant Group - The payment of \$300,000 to the Badimia Native Title Claimant Group in exchange for the documentation required to obtain the grant of the mining lease M58/272 in accordance with the Deferred Mining Agreement;
- Payments to the Deed Administrator - In accordance with the DOCA, transfer of the proceeds from liquidation of the Company's assets and the amount of \$480,000 from the capital raisings to the Deed Administrators to be applied to the trust fund;
- Forgiveness of Claims - The release of all existing claims against the Company with creditors' claims to be satisfied from the Creditors' trust fund in accordance with the terms of the DOCA and the Creditors Trust Deed.

On 26 February 2013, the terms of the Recapitalisation Proposal which were subject to shareholder approval, was tabled and the resolutions passed at a general meeting of shareholders.

The reduction of capital took effect on 26 February 2013. On 12 March 2013, the Company's securities were consolidated on a 1:8 basis, resulting in a reduction of the number of shares on issue from 154,278,674 to 19,284,366 fully paid ordinary shares.

Due to unforeseen costs and circumstances, the Company determined that it is necessary to increase the amount to be raised under the prospectus to \$2,500,000 to ensure that it has sufficient cash reserves to satisfy ASX's conditions to reinstatement. Accordingly, an additional general meeting of shareholders was held on 14 August 2013 with the following resolutions approved by shareholders:

- The issue of 100,000,000 new shares arising on the conversion of the convertible notes issued by the Company in consideration for \$500,000 raised from related and non-related parties including Trident Capital Pty Ltd, with a conversion rate of 1 share for every \$0.005 of the note amounts (post consolidation);
- The issue of up to 250,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise up to \$2,500,000 under a prospectus;
- The right of the Directors to participate in the public offer under the prospectus;
- The issue of 30,000,000 fully paid ordinary shares (post consolidation) for nil consideration to Strategic Investors.

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

History, Review of Operations and Subsequent Events (continued)

Officers

On 30 July 2012, Messrs. Paul Price, KC Ong and Ms Paula Cowan were appointed as Directors of the Company. Ms Paige Exley was appointed as Company Secretary.

On 7 November 2012, Ms Paige Exley resigned as Company Secretary of the Company and Ms Nicki Farley was appointed.

8. Dividends

No dividends have been paid or declared by the Company to members during the 2013 or 2012 financial years.

9. Going Concern

Notwithstanding the Company being in administration, the Directors are of the opinion that the Company is a going concern. In forming this opinion, the Directors have taken into account the above matters as well as that:

1. The Company has successfully issued convertible notes raising \$500,000. The convertible notes were issued in two tranches:
 - Tranche 1 (providing \$150,000) was issued in July 2012; and
 - Tranche 2 (providing \$350,000) was issued in December 2012.

All cash relating to these convertible notes was received prior to the date of issue of this annual report.

2. If the prospectus for the proposed capital raising and issue of up to 250,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise up to \$2,500,000 is fully subscribed, then the Company will receive \$2,500,000 before costs of issue. The Directors expect that this amount will be sufficient to enable the Company to pay the costs of the Recapitalisation Proposal, make payments for the benefit of Creditors under the DOCA, pay the Badimia Native Title Claimant Group pursuant to the Deferred Mining Agreement, fund the costs of reviewing and evaluating the Company's Mining Lease M58/272 and provide additional working capital.
3. The Directors are confident that the Company will be released and discharged of all claims (liabilities) by Creditors through satisfaction of the outstanding conditions of the DOCA, specifically the payment by the Company to the Deed Administrators of \$480,000 from the proceeds of issuing shares under the Prospectus.

In the event that the above initiatives are unsuccessful, in particular the outstanding conditions of the DOCA and the Company's reinstatement with the ASX, there is a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the carrying amount and classification of assets or to the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

10. Future developments

In accordance with the terms of the DOCA, the Company is currently preparing a prospectus for the issue of 250,000,000 fully paid ordinary shares by means of a public offer at one cent per share to raise \$2,500,000.

Funds raised under the prospectus will initially be used to pay the costs of the Recapitalisation Proposal, make payments for the benefit of creditors under the DOCA and pay the Badimia Native Title Claimant Group pursuant to the Deferred Mining Agreement.

Once completed, the Company will seek reinstatement to the Official List of the ASX.

Upon reinstatement to the ASX, the Company will seek to attract a suitable management team to explore and potentially develop the Tenement, Western Australian Mining Lease M58/272. The management team will also investigate the value of the Tenement, particularly in light of Atlantic Ltd's commissioning a vanadium mine adjacent to the Tenement in late 2011 (Atlantic Mine).

In addition to exploring and evaluating the potential of the tenement, once reinstated the Company will also actively pursue new projects in line with its operational history by way of acquisition and/or investment.

11. Directors' interests

There were no relevant interests of each director to be disclosed as there were no shares or options issued to Directors during the reporting period and at the date of this report.

12. Share options

Options granted to directors and officers of the Company

No options were granted during or since the end of the financial year as the Company went into administration on 18 February 2009.

Unissued shares under options

At the date of this report, there were no unissued ordinary shares of the Company under option as the Company went into administration on 18 February 2009.

13. Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed subject to and so far as may be permitted by the Corporations Act 2001 to indemnify each current director and officer at the date of the report against all liabilities that may arise from their position as directors and officers of the Company. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

14. Non-audit services

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit services provided during the year are set out below.

There were no non-audit services provided by KPMG and its related practices.

	2013 \$	2012 \$
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	65,000	-
	65,000	-

Windimurra Vanadium Limited

Directors' report (continued)

For the year ended 30 June 2013

15. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 33 and forms part of the directors' report for financial year ended 30 June 2013.

This report is made with a resolution of the directors:



Paul Price
Chairman

Dated at Perth this 12th day of November 2013

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Other income		-	3,585
Audit expenses	9	(65,000)	-
Administrative expenses	7	(269,504)	(84,771)
Administrators expenses		-	(15,000)
Loss before financing expenses		(334,504)	(96,186)
Financial income	8	621	4,778
Financial expenses	8	(380)	(201)
Net financing income		241	4,577
Loss before tax		(334,263)	(91,609)
Income tax expense	10	-	-
Loss for the period/total comprehensive loss		(334,263)	(91,609)
Loss per share			
Basic and diluted loss per share	11	(0.002)	(0.001)

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes of the financial statements set out on pages 17 to 29.

Statement of Financial Position

For the year ended 30 June 2013

	<i>Note</i>	2013 \$	2012 \$
Assets			
Cash and cash equivalents	12	153,039	1,925
Trade and other receivables	13	73,782	-
Total current assets		<u>226,821</u>	<u>1,925</u>
Total assets		<u>226,821</u>	<u>1,925</u>
Liabilities			
Trade and other payables	14	717,635	658,476
Convertible notes	15	500,000	-
Total current liabilities		<u>1,217,635</u>	<u>658,476</u>
Total liabilities		<u>1,217,635</u>	<u>658,476</u>
Net deficiency		<u>(990,814)</u>	<u>(656,551)</u>
Equity			
Issued capital	16	-	216,228,763
Reserves	16	-	3,965,772
Accumulated losses		(990,814)	(220,851,086)
Total equity		<u>(990,814)</u>	<u>(656,551)</u>

The above Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 17 to 29.

Statement of Changes in Equity

For the year ended 30 June 2013

	Note	Share capital	Option premium reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$
Balance at 1 July 2011		216,228,763	3,965,772	(220,759,477)	(564,942)
Total other comprehensive loss		-	-	(91,609)	(91,609)
Balance at 30 June 2012		216,228,763	3,965,772	(220,851,086)	(656,551)
Balance at 1 July 2012		216,228,763	3,965,772	(220,851,086)	(656,551)
Total other comprehensive loss		-	-	(334,263)	(334,263)
Reduction of share capital	16	(216,228,763)	(3,965,772)	220,194,535	-
Balance at 30 June 2013		-	-	(990,814)	(990,814)

The above Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 17 to 29.

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts from related parties		-	3,585
Cash paid to suppliers and administrators		(349,127)	(15,039)
Interest received		621	4,778
Interest paid		(380)	(201)
Net cash used in operating activities	19	(348,886)	(6,877)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from convertible notes		500,000	-
Net cash from financing activities		500,000	-
Net increase/(decrease) in cash and cash equivalents		151,114	(6,877)
Opening cash and cash equivalents at 1 July		1,925	8,802
Closing cash and cash equivalents	12	153,039	1,925

The above Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 17 to 29.

Windimurra Vanadium Limited

Notes to the financial statements

For the year ended 30 June 2013

1. Reporting entity

This annual financial report includes the financial statements and notes of Windimurra Vanadium Limited ("the Company"). The Company is in administration and is a for-profit entity primarily involved in exploration for mineral reserves and is domiciled in Australia. Its registered address is Level 24, 44 St George's Terrace, Perth, Western Australia.

2. Basis of preparation

(a) Statement of compliance

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The annual financial report complies with International financial Reporting Standards as adopted by the International Accounting Standards Board.

The annual financial report was authorised for issue by the directors on 12th November 2013.

(b) Basis of measurement

The annual financial report has been prepared on the historical cost basis. The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Going concern

The financial statements for the year ended 30 June 2013 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

On 11 February 2009, the securities of the Company were suspended from official quotation on the Official List of the ASX and on 18 February 2009, Martin Jones, Darren Weaver and Andrew Saker were appointed as administrators of the Company. In addition, Martin Madden and Brian McMaster of Korda Mentha were appointed Joint and Several Receivers ("the Receivers") over the shares the Company held in its 90% owned subsidiary, MidWest Vanadium Pty Ltd ("MidWest") and over all the assets and undertakings of MidWest.

On 3 March 2009, a meeting of the Company's Creditors was convened pursuant to Section 439A of the Corporations Act 2001 to consider, amongst other matters, the execution of a Deed of Company Arrangement to reconstruct and recapitalise the Company.

On 9 December 2009, at a reconvened Creditors meeting, Creditors resolved that the Company enter into a Deed of Company Arrangement ("the original DOCA"). On 31 December 2009 the Company and the Administrators executed the original DOCA and the Administrators became the Deed Administrators of the original DOCA.

In or about March 2010, Trident Capital Pty Ltd made a proposal to reconstruct and recapitalise the Company ("Recapitalisation Proposal").

Pursuant to a resolution at a meeting of the Creditors on 6 May 2010 to consider the variation or termination of the original DOCA in light of Trident Capital Pty Ltd's proposal, the creditors resolved that the Company vary the original DOCA. On 27 May 2010, the Company and the Administrators executed the revised Deed of Company Arrangement ("DOCA") to vary and supersede the Original DOCA and the Administrators became the administrators of the DOCA.

The principal features of the Recapitalisation Proposal were as follows:

- Capital Consolidation - The Company's securities being consolidated on a 1:8 basis;
- Reduction of Capital - The capital of the Company being reduced by applying a portion of the accumulated losses of the Company (determined to be \$220,399,903) against the share capital of the Company which is considered permanently lost;

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

(d) Going concern (continued)

- Issue of Shares to Strategic Investors - The issue of 30,000,000 fully paid ordinary shares (post consolidation) for nil consideration to Strategic Investors;
- Conversion of Convertible Notes - The issue of 100,000,000 new shares arising on the conversion of the convertible notes issued by the Company in consideration for \$500,000, with a conversion rate of 1 share for every \$0.005 of the note amounts (post consolidation);
- Issue of Shares under Prospectus - The issue of not less than 200,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise not less than \$2,000,000 under a prospectus.
- Appointment of Directors - Appointment of new directors and secretary;
- Right for Directors to apply for Shares - The right of the directors to participate in the public issue;
- Payment to the Claimant Group - The payment of \$300,000 to the Badimia Native Title Claimant Group in exchange for the documentation required to obtain the grant of the mining lease M58/272 in accordance with the Deferred Mining Agreement;
- Payments to the Deed Administrator – In accordance with the DOCA, transfer of the proceeds from liquidation of the Company's assets and the amount of \$480,000 from the capital raisings to the Deed Administrators to be applied to the trust fund;
- Forgiveness of Claims - The release of all existing claims against the Company with Creditors' claims to be satisfied from the Creditors' trust fund in accordance with the terms of the DOCA and the Creditors Trust Deed.

On 26 February 2013, the terms of the Recapitalisation Proposal which were subject to shareholder approval, was tabled and the resolutions passed at a general meeting of shareholders.

Due to unforeseen costs and circumstances, the Company determined that it is necessary to increase the amount to be raised under the prospectus to \$2,500,000 to ensure that it has sufficient cash reserves to satisfy ASX's conditions to reinstatement. Accordingly, an additional general meeting of shareholders was held on 14 August 2013 with the following resolutions approved by shareholders:

- The issue of 100,000,000 new shares arising on the conversion of the convertible notes issued by the Company in consideration for \$500,000 raised from related and non-related parties including Trident Capital Pty Ltd, with a conversion rate of 1 share for every \$0.005 of the note amounts (post consolidation);
- The issue of up to 250,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise up to \$2,500,000 under a prospectus;
- The right of the Directors to participate in the public offer under the prospectus;
- The issue of 30,000,000 fully paid ordinary shares (post consolidation) for nil consideration to Strategic Investors.

As the Company is currently subject to the DOCA, there is a risk that if the terms and conditions of the DOCA are not satisfied, the Company may proceed into administration or liquidation.

ASX requires the Company to obtain the grant of the Windimurra Tenement prior to being reinstated to the Official List, although the Directors are not aware of any reasons why the Minister would reject the application for the Windimurra Tenement, the Minister has discretion under the Mining Act to grant or refuse a mining lease as it thinks fit.

Notwithstanding the Company being in administration, the Directors are of the opinion that the Company is a going concern. In forming this opinion, the Directors have taken into account the above matters as well as that:

1. The Company has successfully issued convertible notes raising \$500,000. The convertible notes were issued in two tranches:
 - Tranche 1 (providing \$150,000) was issued in July 2012; and
 - Tranche 2 (providing \$350,000) was issued in December 2012.

All cash relating to these convertible notes was received prior to the date of issue of this annual report.

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

(d) **Going concern (continued)**

2. If the prospectus for the proposed capital raising and issue of up to 250,000,000 fully paid ordinary shares (post consolidation) by means of a public offer at one cent per share to raise up to \$2,500,000 is fully subscribed, then the Company will receive \$2,500,000 before costs of issue. The Directors expect that this amount will be sufficient to enable the Company to pay the costs of the Recapitalisation Proposal, make payments for the benefit of Creditors under the DOCA, pay the Badimia Native Title Claimant Group pursuant to the Deferred Mining Agreement, fund the costs of reviewing and evaluating the Company's Mining Lease M58/272 and provide additional working capital.
3. The Directors are confident that the Company will be released and discharged of all claims (liabilities) by Creditors through satisfaction of the outstanding conditions of the DOCA, specifically the payment by the Company to the Deed Administrators of \$480,000 from the proceeds of issuing shares under the Prospectus.

In the event that the above initiatives are unsuccessful, in particular the outstanding conditions of the DOCA and the Company's reinstatement with the ASX, there is a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and therefore the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustments relating to the carrying amount and classification of assets or to the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

3. **Significant accounting policies**

(a) **Financial instruments**

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note 3(g).

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at balance date.

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

3. Significant accounting policies (continued)

(b) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(c) Exploration and evaluation assets

Exploration and evaluation costs, comprising net direct costs (including the costs of acquiring licences) and an appropriate portion of related overhead expenditure directly attributable to the exploration property, relating to current areas of interest are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 3(h)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets.

In the event that an area of interest is abandoned, accumulated costs carried forward are written off to the income statement in the year in which that assessment is made. Expenditure is not carried forward in respect of any area of interest, unless the Company's right of tenure to that area of interest is current.

(d) Impairment Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Windimurra Vanadium Limited
Notes to the financial statements (continued)
For the year ended 30 June 2013

(d) Impairment (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

(f) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(g) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets, that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(h) Income tax

Income tax on the Statement of Profit or Loss and Other Comprehensive Income for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

(h) Income tax (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(j) Goods and services tax

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

(k) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

i) AASB 13 *Fair Value Measurement* (effective for annual reporting periods beginning on or after 1 July 2013).

AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.

Additional disclosures may be required for items measured at fair value in the Statement of Financial Position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.

When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

(k) New standards and interpretations not yet adopted (continued)

ii) AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective from 1 July 2013). Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001.

When this standard is first adopted for the year ended 30 June 2014 the Company will show reduced disclosures under Key Management Personnel note to the financial statements.

iii) 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). Amendment to defer the effective date of AASB 9 to 1 January 2013. Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.

When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosure will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(d) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The fair value of share based payments is measured using the market price of the listed shares on the date of issue.

(e) Financial guarantees

For financial guarantee contract liabilities, the fair value at initial recognition are determined using a probability weighted discounted cash flow approach. This method takes into account the probability of default by the guaranteed party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

5. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk.

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this annual financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company continually monitors its cash flow requirements. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, affect the Company's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk arises as a result of the fluctuations in variable interest rates.

Windimurra Vanadium Limited

Notes to the financial statements (continued)

For the year ended 30 June 2013

5. Financial risk management (continued)

Capital management

Capital is defined as the share capital of the Company. Notwithstanding the Company being in administration since February 2009, the Board has implemented policies with regards to capital management. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. On 12 March 2013, the Company's securities were consolidated on a 1:8 basis. The Company is not subject to externally imposed capital requirements.

6. Segment reporting

The Company operated in one industry being mining and mineral exploration and in the one geographical segment, Australia.

7. Administrative expenses

	2013	2012
	\$	\$
Legal expenses	160,832	31,692
Other administrative expenses	108,672	53,079
	<u>269,504</u>	<u>84,771</u>

8. Finance income and expense

	2013	2012
	\$	\$
Interest received from external parties	621	4,778
Total finance income	<u>621</u>	<u>4,778</u>
Bank fees	(380)	(201)
Total finance expenses	<u>(380)</u>	<u>(201)</u>
Net finance income and expenses	<u>241</u>	<u>4,577</u>

9. Auditors' Remuneration

Audit services

Auditors of the Company

KPMG Australia:

Audit and review of financial reports

	2013	2012
	\$	\$
Audit and review of financial reports	65,000	-
	<u>65,000</u>	<u>-</u>

The Company has been in administration since 18 February 2009. The administrator of the Company determined not to have the Company's financial reports subsequent to 18 February 2009 reviewed or audited. In connection with the Company's proposed capital raising, the Directors sought to remedy this matter by having all reviews and audits brought up to date. The audit fee noted above represents the fee for the reviews for the half year periods ended 31 December 2008, 2009, 2010, 2011 and 2012, and audits for the full years ended 30 June 2009, 2010, 2011, 2012 and 2013.

10. Income Tax

The Company's tax returns for the period under administration have not been filed as of the date of this annual financial report. Potential tax benefits from carried forward tax losses have not been recognised and/or disclosed in this annual financial report as the company believes that it's not probable they will be recovered in the future.

Windimurra Vanadium Limited
Notes to the financial statements (continued)
For the year ended 30 June 2013

11. Earnings per share

Basic and diluted earnings per share

The calculation of basic loss per share at 30 June 2013 was based on the loss attributable to ordinary shareholders of \$334,263 (2012: loss of \$91,609) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2013 of 19,284,366 (2012: 19,284,366).

Weighted average number of ordinary shares

	2013	2012
Issued ordinary shares at 1 July ⁽¹⁾	19,284,366	19,284,366
No movement during the year	-	-
Weighted average number of ordinary share at 30 June	19,284,366	19,284,366

⁽¹⁾ A consolidation of the Company's shares was approved by shareholders on 26 February 2013. This consolidation has been adjusted retrospectively to the commencement of the comparative period for presentation purposes.

12. Cash and cash equivalents

	2013	2012
	\$	\$
Current		
Bank balances	153,039	1,925
	153,039	1,925

13. Trade and other receivables

	2013	2012
	\$	\$
Current		
Prepayment	32,349	-
GST receivable	41,433	-
	73,782	-

14. Trade and other payables

	2013	2012
	\$	\$
Current		
Trade payables	585,908	477,017
Accrued expenses	131,727	181,459
	717,635	658,476

15. Convertible notes

	2013	2012
	\$	\$
Face value of convertible notes issued	500,000	-
	500,000	-

The Company has successfully issued convertible notes raising \$500,000. The convertible notes ('notes') were issued in two tranches:

- Tranche 1 (providing \$150,000) was issued in July 2012; and
- Tranche 2 (providing \$350,000) was issued in December 2012.

The conversion of the notes into shares is conditional upon:

1. Shareholder approval which was obtained at the General Meeting held on 26 February 2013 ;and
2. the Company's satisfaction that it has or will be able to comply with all of the elements of ASX's conditional approval to the Company's securities being reinstated to the official list of the ASX.

The notes do not bear interest and, in the event the conditions stated above are not satisfied, the notes will be redeemed in cash.

Windimurra Vanadium Limited
Notes to the financial statements (continued)
For the year ended 30 June 2013

16. Capital and reserves
Share capital

	Ordinary shares	
	2013	2012
On issue at 1 July ⁽¹⁾	19,284,366	19,284,366
No movement during the year	-	-
On issue at 30 June – fully paid	19,284,366	19,284,366

⁽¹⁾ A consolidation of the Company's shares was approved by shareholders on 26 February 2013. This consolidation has been adjusted retrospectively to the commencement of the comparative period for presentation purposes

	2013	2012
	\$	\$
Reserves		
Option premium reserve	3,965,772	3,965,772
Write off all reserves	(3,965,772)	-
	-	3,965,772

On 26 February 2013, the capital of the Company was reduced by applying a portion of the accumulated losses of the Company against the share capital of the Company which is considered permanently lost. The option premium reserve was also written off as a reduction of capital.

Dividends

No dividends were proposed or paid during the financial year.

17. Financial instruments

Credit risk

Exposure to credit risk

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

	Carrying amount	
	2013	2012
Cash and cash equivalents	153,039	1,925
Trade and other receivables	41,433	-
	194,472	1,925

The Company does not currently earn revenue from operating assets, thus there is currently no credit risk on trade receivables at the reporting date by geographic region, customer type or by significant customer.

Impairment losses

The Company does not currently earn revenue from operating assets, thus there is currently no receivables that are past due, nor is there a requirement to make any allowances for impairment in respect of other receivables.

Liquidity risk

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

Company	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2013	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	717,635	717,635	-	717,635	-	-	-
Convertible notes	500,000	500,000	-	500,000	-	-	-

Company

30 June 2012

Trade and other payables	658,476	658,476	-	84,732	573,744	-	-
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Currency risk

Exposure to currency risk

The Company was not exposed to foreign currency risk at reporting date.

Windimurra Vanadium Limited
Notes to the financial statements (continued)
For the year ended 30 June 2013

17. Financial instruments (continued)
Interest rate risk

The Company's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Floating interest rate \$	2013 total \$	Floating interest rate \$	2012 total \$
Financial assets				
-Within one year				
Cash and cash equivalents	153,039	153,039	1,925	1,925
Trade and Other Receivables	-	41,433	-	-
Total financial assets	153,039	194,472	1,925	1,925
Financial liabilities				
-Within one year				
Total financial liabilities	-	-	-	-

Employee compensation commitments
Key management personnel

There are no employee compensation commitments under non-cancellable employment contracts.

18. Contingencies

On the completion of the Recapitalisation Proposal (refer to note 2 d)), the Company will retain ownership of its 100% interest in the application for Western Australian mining lease M58/272 (Windimurra Tenement) located in the Murchison Goldfield in Western Australia.

The Windimurra Tenement is currently in the application stage and is pending grant by the minister. The Windimurra Tenement is subject to a native title claim, therefore before the Windimurra Tenement can be granted by the Minister, the Company and the Badimia Native Title Claimant Group (Claimant Group) are required to comply with "the right to negotiate" process set out in the Native Title Act.

On 17 January 2013, the Company and the Claimant Group have completed their negotiation in accordance with the Native Title Act and as a result have entered into the Deferred Mining Agreement.

In accordance with the Deferred Mining Agreement, conditional to obtaining shareholders' approval, the relisting of the Company's securities to the Official List of the ASX and the capital raising, the Company will pay \$300,000 to the Claimant Group in return for the grant of the Windimurra Tenement.

19. Reconciliation of cash flows from operating activities

	2013 \$	2012 \$
Cash flows from operating activities		
Loss for the period	(334,263)	(91,609)
Operating loss before changes in working capital	(334,263)	(91,609)
(Increase) in trade and other receivables	(73,782)	-
Increase in trade and other payables	59,159	84,732
Net cash from operating activities	(348,886)	(6,877)

Windimurra Vanadium Limited
Notes to the financial statements (continued)
For the year ended 30 June 2013

20. Related Parties

Convertible notes:

Paul Price is a Director of Trident Capital Pty Ltd ("Trident Capital"). During the half year, the Company issued convertible notes to the value of \$100,000 to Trident Capital.

Accounting services:

KC Ong and Paul Price are Directors of Trident Management Services Pty Ltd ("Trident Management Services"), which provided the Company with accounting services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount payable to Trident Management Services for the year ended 30 June 2013 was \$33,495 (2012: \$nil).

There were no other transactions with Directors and key management personnel in the current financial year.

Options and rights over equity instruments

There were no options issued or outstanding over equity instruments during the year.

Movements in shares

There were no movement during the reporting period in the number of ordinary shares in Windimurra Vanadium Limited held, directly, indirectly or beneficially, by each key management person, including their related parties.

Refer to the Directors Report on page 5 for details of changes in key management personnel.

Windimurra Vanadium Limited Directors' declaration

The directors of Windimurra Vanadium Limited ("the Company") declare that:

- 1) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the Company as at 30 June 2013 and of their performance, as represented by the results of their operations and cash flows, for the financial year ended on that date; and
 - b) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
- 2) whilst drawing attention to the disclosure as set out in Note 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.
- 3) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295(a) of the Corporations Act 2001.

Dated at Perth this 12th day of November 2013.

Signed in accordance with a resolution of the directors:



Paul Price
Chairman



Independent auditor's report to the members of Windimurra Vanadium Limited (subject to Deed of Company Arrangement)

Report on the financial report

We have audited the accompanying financial report of Windimurra Vanadium Limited (subject to Deed of Company Arrangement) ("the Company"), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

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 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the 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. These Auditing 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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*.

Auditor's opinion

In our opinion:

(a) the financial report of Windimurra Vanadium Limited (subject to Deed of Company Arrangement) is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to the matter described in note 2(d). There is a material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern. As set out in note 2(d), the Company needs to undertake a capital raising to enable it to extinguish its liabilities and satisfy the requirements of its Deed of Company Arrangement ("DOCA"). Should the Company be unsuccessful in raising the necessary equity, it may not be able to realise its assets at the amounts stated in the financial report and it may not be able to satisfy the requirements of the DOCA and remain a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in section 5 of the directors' report for the year ended 30 June 2013. 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 auditing standards.



Auditor's opinion

In our opinion, the remuneration report of Windimurra Vanadium Limited (subject to Deed of Company Arrangement) for the year ended 30 June 2013 (subject to Deed of Company Arrangement), complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'D. Sinclair'.

David Sinclair
Partner

Perth

12 November 2013



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Windimurra Vanadium Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

David Sinclair

Partner

Perth

12 November 2013

Windimurra Vanadium Limited

Additional shareholder information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 24 October 2013.

A. Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

Distribution	Number of shareholders	Number of Shares
1 – 1,000	1485	536,366
1,001 – 5,000	599	1,280,355
5,001 – 10,000	87	609,756
10,001- 100,000	49	1,307,275
More than 100,000	16	15,550,614
Totals	2,236	19,284,366

There were 2,213 shareholders holding less than a marketable parcel of ordinary shares calculated at \$0.01 per share being the price of the proposed capital raising.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number	Percentage Quoted
JP Morgan Nominees Australia Limited	3,158,664	16.38
National Nominees Limited	2,066,642	10.72
Citicorp Nominees Pty Ltd	1,956,441	10.15
ANZ Nominees Limited<Cash Income A/C>	1,721,305	8.93
HSBC Custody Nominees (Australia) Ltd – A/C 3	1,461,947	7.58
HSBC Custody Nominees (Australia) Ltd – A/C 2	1,088,411	5.64
HSBC Custody Nominees (Australia) Ltd – GSCO ECA	996,642	5.17

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

Shareholder Name	Listed Ordinary Shares	
	Number	Percentage Quoted
JP Morgan Nominees Australia Limited	3,158,664	16.38
National Nominees Limited	2,066,642	10.72
Citicorp Nominees Pty Ltd	1,956,441	10.15
ANZ Nominees Limited<Cash Income A/C>	1,721,305	8.93
HSBC Custody Nominees (Australia) Ltd – A/C 3	1,461,947	7.58
HSBC Custody Nominees (Australia) Ltd – A/C 2	1,088,411	5.64
HSBC Custody Nominees (Australia) Ltd – GSCO ECA	996,642	5.17
Zero Nominees Pty Ltd	705,662	3.66
Blackmort Nominees Pty Ltd <51824 Account>	584,207	3.03
Noble Resources Limited	466,068	2.24
HSBC Custody Nominees (Australia) Ltd	336,953	1.75
George Robinson	303,660	1.57
Bond Street Custodians Limited <Macquarie Smaller Co A/C>	241,197	1.25
Hillbrow Investments Limited	188,708	0.98
Cogent Nominees Pty Ltd	159,874	0.83
Bond Street Custodian Limited <Macquarie Alpha Opport A/C>	114,233	0.59
Marford Group Pty Ltd	91,062	0.47
Forbar Custodians Limited<Forsyth Barr Ltd Nominee A/C>	85,813	0.44
Benjay Pty Ltd	85,192	0.44
Bond Street Custodian Limited <Macq Aus Long Short Eq A/C>	64,958	0.34
Top 20 Total	15,877,639	82.33

Windimurra Vanadium Limited

Additional shareholder information (continued)

D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person (or representing a corporation who is a member) shall have one vote and upon a poll, each share will have one vote.

E. On-market buy-back

There is no current on-market buy-back.

F. Restricted Securities

There are currently no restricted securities.