



**ABN 85 146 530 378**

**ANNUAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2012**

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Corporate Directory	1
Directors' Report	2
Lead Auditor's Independent Declaration	18
Corporate Governance Statement	19
Statement of Comprehensive Income	26
Statement of Financial Position	27
Statement of Changes in Equity	28
Statement of Cash Flows	29
Notes to the Financial Statements	30
Directors' Declaration	56
Independent Auditor's Report	57
Shareholder Information	59

**Directors & Officers**

Faldi Ismail – Executive Chairman  
Robert Jewson – Non-Executive Technical Director  
Francis De Souza – Non-Executive Director

Tanya Woolley – Company Secretary

**Registered Office**

C/- Blue Horse Corporate Pty Ltd  
108 Outram Street  
West Perth WA 6005

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**Stock Exchange**

Australian Securities Exchange Limited (ASX)  
Home Exchange – Perth  
ASX Symbols – EPC (ordinary shares)

**Australian Company Number**

ACN 146 530 378

**Australian Business Number**

ABN 85 146 530 378

**Bankers**

National Australia Bank  
Fremantle Business Business Centre  
Level 1, 88 High Street  
Fremantle WA 6160

**Auditors**

Pitcher Partners Corporate & Audit (WA) Pty Ltd  
Level 1, 914 Hay Street  
Perth WA 6000  
Website: [www.pitcher.com.au](http://www.pitcher.com.au)

**Share Registry**

Security Transfers Registrars  
770 Canning Highway  
Applecross WA 6153  
Website: [www.securitytransfers.com.au](http://www.securitytransfers.com.au)

**Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000  
Website: [www.steinpag.com.au](http://www.steinpag.com.au)

**Domicile and Country of Incorporation**

Australia

The Directors submit their report on Epic Resources Limited (the "Company" or "Epic") for the financial year ended 30 June 2012.

## **1. INFORMATION ON DIRECTORS**

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

### **Mr Faldi Ismail, Executive Chairman**

B.Bus, MAICD

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies.

Mr Ismail has many years of investment banking experience covering a wide range of sectors, with a specific focus on the resources sector.

Mr Ismail is the co-founder and operator of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and initial public offerings (IPOs).

During the past three years, Mr Ismail held the following directorships in other ASX listed companies: Coventry Resources Limited (current), Minbos Resources Limited (ceased), Kangaroo Resources Limited (ceased), Energio Limited (ceased), Cape Range Limited (ceased) and Sam's Seafood Holdings Limited (now Pan Asia Corporation Limited) (ceased) and Kalimantan Gold Corporation Limited (TSX-V/AIM Listed) (current).

### **Mr Robert Jewson, Non-Executive Technical Director**

**(Appointed on 5 September 2011)**

Bsc Min Exp & Min Geo

Mr Jewson holds a Bachelor of Science majoring in Mineral Exploration & Mineral Geology. Mr Jewson has extensive experience across a wide range of commodities including iron ore, gold, uranium, coal and base metals both within Australia and abroad. Mr Jewson has significant commercial and geological knowledge which will allow Epic to rapidly evaluate resource opportunities abroad and aggressively pursue projects which meet Epic's investment criteria.

During the past three years, Mr Jewson held the following directorships in other ASX listed companies: Conto Resources Limited (Current) and Terranova Minerals Limited (Current).

### **Mr Francis De Souza, Non-Executive Director**

**(Appointed on 21 September 2011)**

B. Com (Banking and Finance)

Mr De Souza holds a Bachelor of Commerce majoring in Banking and Finance. Mr De Souza has many years experience in financial services, specialising in corporate advisory and equity markets with a specific focus in the resources sector. Mr De Souza has facilitated a number of resource transactions ranging from reverse takeovers, project evaluations through to capital raisings and initial public offerings (IPOs).

Mr De Souza is the co-founder of Otsana Capital, a boutique advisory firm specialising in mergers and acquisitions, capital raisings and IPOs.

During the past three years, Mr De Souza held the following directorships in other ASX listed companies: Conto Resources Ltd (current) and Emergent Resources Ltd (current); as well as Kalimantan Gold Corporation Limited (TSX-V/AIM Listed) (current).

**Mr Morgan Barron, Non-Executive Director  
(Appointed on 15 November 2010; resigned 5 September 2011)**

CA, B.Com. Acc.Fin UWA, FINSIA Associate, AICD

Mr Barron is a Chartered Accountant who has worked in various corporate roles both in Australia and across Europe. Mr Barron holds a Bachelor of Commerce Degree, is an Associate of the Securities Institute of Australia, and a graduate of the Australian Institute of Company Directors. Mr Barron has more than 15 years experience in corporate finance and has been involved in a number of ASX capital raisings, mergers/acquisitions and corporate transactions.

During the past three years, Mr Barron held the following directorships in other ASX listed companies: Strickland Resources Limited (current), Eneabba Gas Limited (Current) and ZYL Limited (ceased).

**Mr Noel O'Brien, Non-Executive Director  
(Appointed on 8 November 2010; resigned 21 September 2011)**

BE(Met), MBA, FAusIMM, MAICD

Mr O'Brien has a broad technical and operational knowledge of processing, logistics and project delivery in the international minerals industry based on 36 years experience in Australia and Africa. He is currently providing technical consulting services to mining companies and advising boards on new prospect evaluation and project definition. Mr O'Brien has previously held senior positions with WestNet Infrastructure Group, GHD, SNC-Lavalin Inc, Anglo American/De Beers and Peko Mines NL.

During the past three years, Mr O'Brien held the following directorships in other ASX listed companies: Baraka Petroleum Limited (ceased).

## **2. INFORMATION ON COMPANY SECRETARY**

**Mrs Tanya Woolley  
(Appointed on 17 February 2011)**

B.Com, MPA, ACSA

Mrs Woolley is a Chartered Secretary and Financial Accountant with substantial experience in the financial reporting and corporate compliance of ASX listed and unlisted companies. Mrs Woolley holds a Bachelor of Commerce degree (Finance & International Business), a Masters of Professional Accounting and a Graduate Diploma in Applied Corporate Governance.

Mrs Woolley previously held the position of Company Secretary and Financial Accountant for gold producer Kingsrose Mining Limited for three years. Prior to this she worked as an auditor at Pitcher Partners Perth, undertaking various audits of ASX listed and unlisted companies. Mrs Woolley currently holds the position of Company Secretary for ASX listed companies: Conto Resources Limited and Minbos Resources Limited.

### 3. DIRECTORS' SHAREHOLDINGS

The following table sets out each current Director's relevant interest in shares and rights or options to acquire shares of the Company as at the date of this report.

Director	Fully Paid	Unlisted
	Ordinary Shares	Share Options
Mr Ismail	1,375,000 (i)	500,000 (iv)
Mr Jewson	521,333 (ii)	-
Mr De Souza	685,000 (iii)	450,000 (iv)
	<b>2,581,333</b>	<b>950,000</b>

- (i) Mr Ismail acquired 1,000,000 shares on incorporation with the balance being acquired on market. None of these ordinary shares are restricted.
- (ii) Mr Jewson acquired 250,000 shares under the Epic Director Plan with the balance being acquired on market.
- (iii) Mr De Souza acquired 250,000 shares under the Epic Director Plan, 350,000 shares were acquired on incorporation and the balance was acquired per the initial public offering or on market. Of these shares, 332,500 are escrowed until 14 February 2013.
- (iv) These are Broker Options issued to promoters and brokers involved in the initial public offering process. Mr De Souza acquired 450,000 unlisted Broker Options prior to his appointment as Non-Executive Director, whilst Mr Ismail was a Director when the 500,000 options were acquired. These options were issued on 27 January 2011; they are escrowed until 28 January 2013 and are exercisable at \$0.20 each, on or before 31 January 2014.

### 4. DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

### 5. DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Directors	Appointment / Resignation	Number Eligible to Attend	No. Attended
Mr Ismail	(Appointed 24/09/2010)	5	5
Mr Jewson	(Appointed 05/09/2011)	4	4
Mr De Souza	(Appointed 21/09/2011)	4	3
Mr Barron	(Resigned 05/09/2011)	1	1
Mr O'Brien	(Resigned 21/09/2011)	1	1

For details of the function of the Board, Audit Committee and Remuneration Committee, please refer to the Corporate Governance Statement.

### 6. PRINCIPAL ACTIVITIES

Epic is an Australian-based exploration company that was initially established to acquire, explore, evaluate and exploit Uranium-REE mineralisation within the Northern Territory. The Company is actively reviewing numerous projects in the resources sector, both in Australia and overseas, by way of acquisition or investment. These projects include other types of minerals including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel, potash and tungsten.

## **7. REVIEW OF OPERATION**

During the financial year the Company continued to explore and evaluate the tenements lying within the Quartz Hill Project in the Northern Territory. The financial year also saw the Company apply for three exploration licences that lie adjacent to the Quartz Hill Project, increasing the Company's exploration acreage in the Northern Territory. On 20 July 2012 the Company announced that these three additional licences had successfully been granted.

On 6 February 2012 the Company entered into a conditional agreement (the "Agreement") to acquire 100% interest in two coal licences (collectively "the Licences") located in the second largest Indonesian Province of East Kalimantan, Indonesia. This was subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval from the Company's shareholders. On 29 May 2012, the agreement was terminated on the basis that the conditions precedent for the successful completion of the acquisition were not met to the satisfaction of the Board.

On 7 June 2012 the Company acquired the McPhees Gold Project in Western Australia. The key terms of the outright purchase of licences P45/2783 and E45/3648 was a cash consideration of \$15,000 and the issue of 200,000 ordinary shares in the Company at \$0.10 each.

Since listing and up to reporting date, the Company has used its funds in accordance with its business objectives, and it is the intention of the Company to continue to use funds on the ongoing development of its current projects and the investment and acquisition of additional resource projects to deliver shareholder value in accordance with its ongoing business objectives.

At the date of signing the Directors report Epic held the following tenements:

<b>TENEMENT No.</b>	<b>STATUS</b>	<b>PROJECT</b>
EL 24838	GRANTED	UR-QUARTZ HILL NT
EL 25296	GRANTED	NT-QUARTZ HILL
EL 29137	GRANTED	QUARTZ HILL
EL 29143	GRANTED	QUARTZ HILL
EL 29144	GRANTED	QUARTZ HILL
E45/3648	GRANTED	MCPHEES
P45/2783	GRANTED	MCPHEES

### **➤ McPhees Gold Project**

The McPhees Gold Project (McPhees) is located in the East Pilbara Granite Greenstone Terrane, within the Pilgangoora Greenstone belt of the Pilbara Craton, approximately 80 kilometres south of Port Hedland, within the Marble Bar Mineral Field, Western Australia.

McPhees lies within the northern portion of the Pilgangoora Syncline and locally within the core of a major syncline.

Gold mineralisation at McPhees occurs within north-northeast trending shear zones within altered schistose wall rocks and quartz veins comprising actinolite and pyrrhotite. Generally gold occurs as fine grains within acicular quartz veins or more rarely as small grains disseminated in composite grains of arsenopyrite.

Gold has been previously mined from McPhees initially by a series of small pits and shafts between 1933 and 1939. A total of approximately 340 ounces of gold was produced at an average grade of 5g/t Au from 2,131t of ore during this period. Lynas Find NL subsequently mined McPhees in 1994 to 1998.

Figure 1 – McPhees North Pit Looking North North-West



➤ **Quartz Hill Project**

Epic has completed its first-pass reconnaissance mapping and sampling campaign at its Quartz Hill Project containing licences EL24838 and EL25296 (see **Figure 2**). Exploration activities carried out during this campaign was restricted to rock chipping identifiable zones within the REE-bearing pegmatite bodies in the vicinity of the Lone Pine prospect.

The pegmatite bodies display variable developed zonation. Inner zones were rarely observed suggesting exposure due to erosion is not well advanced. Several areas of multivariate REE association have been identified in the Lone Pine assay results that may be the focus of further work.

The focus of mapping during this initial campaign was to understand the extent and nature of the internal zonation identifiable within the pegmatite outcrops to guide rock chip sampling of prospective high-grade zones. The campaign focused work on mapping within the most prospective individual pegmatites where historic REE-U mineralisation has been reported. Concurrent rock chip samples were taken from identifiable zones, with multiple samples taken from several sites along strike in larger pegmatite bodies.

The initial reconnaissance field campaign conducted across the Quartz Hill project area provided relatively discouraging results as no new prospects of mineralisation were identified. Furthermore it was noted that the existing zones of mineralisation have limited areal extent, not warranting further investigation. However, mineralisation was identified outside of the Quartz Hill property during this phase of initial reconnaissance exploration.

The Company is still completing its entitlement to earn a 75% interest in the Quartz Hill Project. Refer to details in Note 24 Contingent Liabilities.

➤ **Additional Tenure**

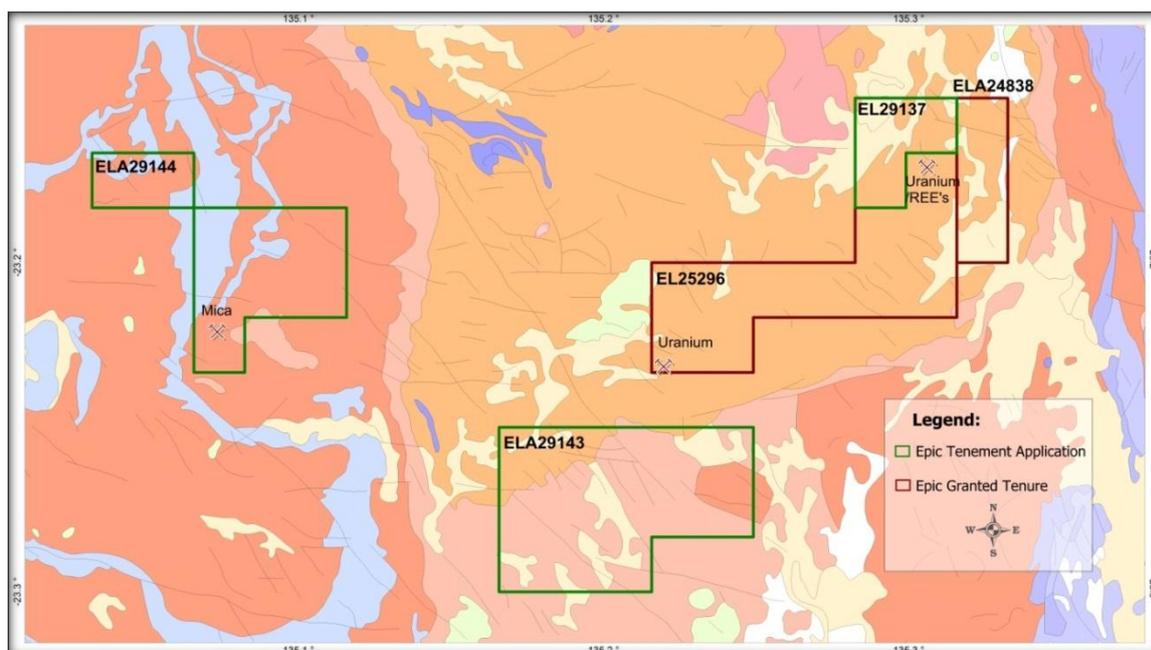
During the financial year, the Company applied for three additional exploration licences in close proximity and adjacent to the Quartz Hill Project (see **Figure 2**). The exploration licences were deemed to have additional prospectivity and form part of the Company's regional exploration strategy. On the 4th of July 2012, the Company received a notification of intention to grant EL29137, EL29143 and EL29144 from the Department of Resources NT; and on the 20 July 2012 the Company announced that the three additional licences had been successfully granted covering a total land area of 78km<sup>2</sup>.

Going forward these exploration licences represent the focus of the Quartz Hill extension of the Northern Territory exploration program due to their higher level of prospectivity for both Uranium and Rare Earth mineralisation relative to the Quartz Hill Project itself. A desktop review has outlined a number of targets warranting further investigation.

Since the grant of these licences, Epic has commenced a comprehensive project evaluation of these additional licence areas to investigate their potential. All historical geochemical, geophysical and geological data will be captured and interpreted to assist with the geological understanding of the project areas and an update to the market provided upon the completion of the project evaluation.

Epic is targeting pegmatite style uranium-rare earth mineralisation and iron oxide copper gold (IOCG) mineralisation in an area of mixed magma types with extensive fluid alteration.

**Figure 2 – Quartz Hill Project: Location of Exploration Licences**



➤ **Other Projects of Interest**

The Company continues to evaluate additional resource opportunities both within Australia and abroad to deliver value for shareholders. These projects may include other types of minerals including, without limitation, coal, iron ore, copper, gold, manganese, tin, nickel, potash and tungsten.

**Competent Person Statements**

Technical information in this report has been prepared under the supervision of Mr Jonathan King, a member of the Australian Institute of Geoscientists (AIG). Mr King has sufficient experience which is relevant to the styles of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr King consents to the inclusion in this report of the information, in the form and context in which it appears.

## 8. FINANCIAL RESULTS

The financial results of the Company for the year ended 30 June 2012 are:

	30-Jun-12	30-Jun-11
Cash and cash equivalents (\$)	3,461,140	3,818,989
Net assets (\$)	3,825,742	4,125,464
Revenue (\$)	180,668	81,392
Net loss after tax (\$)	(361,332)	(360,961)
Loss per share (cents)	(1.23)	(2.56)
Dividend (\$)	-	-

## 9. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

## 10. AFTER BALANCE SHEET DATE EVENTS

- On the 20 July 2012 the Company announced that the three additional licences, that lie in close proximity and adjacent to the Quartz Hill Project, had been successfully granted covering a total land area of 78km<sup>2</sup>.
- On 10 August 2012, the Company announced that it had entered into a conditional agreement to acquire 100% of the shares in Carbones de Colombia (a company incorporated in Spain) currently held by Ascot Equities Pty Ltd ("Vendor"). Carbones de Colombia owns 90% of subsidiary company Carbones de Titiribi, a company incorporated in Colombia, that in turn is the holder of various coal licences.

Subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval from the Company's Shareholders, the Company will proceed with the transaction.

Details of the transaction are as follows:

- initial consideration payment to the value of 4,500,000 fully paid ordinary shares in the capital of Epic (Consideration Shares),
- \$200,000 in cash; and
- \$300,000 in cash as reimbursement of expenditure in securing the Licences.

In addition, the Vendor will be entitled to be issued additional fully paid ordinary shares in the capital of Epic (Shares), subject to satisfying various milestones. Further details of the transaction are detailed in the ASX announcement lodged on 10 August 2012.

The Directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

## **11. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Directors are actively evaluating a number of resource opportunities and further information on the likely developments of the Company will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

## **12. ENVIRONMENTAL ISSUES**

The Company is not subject to any significant environmental regulations under either Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company. There were no ground disturbing activities conducted during the financial year.

## **13. REMUNERATION REPORT (Audited)**

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. There were no company executives and other key management personnel who were not also Directors of the Company for the financial year.

The remuneration arrangements detailed in this report are for Chairman and Non-Executives who held office during the financial year and are as follows:

<b>Director/Position</b>	<b>Duration of Appointment</b>
Faldi Ismail – Executive Chairman	Appointed 24 September 2010
Robert Jewson – Non-Executive Technical Director	Appointed 5 September 2011
Francis De Souza – Non-Executive Director	Appointed 21 September 2011
Morgan Barron – Non-Executive Director	Appointed 15 November 2010, Resigned 5 September 2011
Noel O' Brien – Non-Executive Director	Appointed 8 November 2010, Resigned 21 September 2011

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Contractual Arrangements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Value of options to Directors
- I Adoption of Remuneration Report by Shareholders

## **A Remuneration Philosophy**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel of Epic comprise the Board of Directors only.

The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled Directors and Executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

## **B Remuneration Structure and Approvals**

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development nor has the Board engaged the services of a remuneration consultant to provide recommendations when setting the remuneration received by Directors. It is considered that the size of the Board along with the level of activity of the Company renders this impractical and the full Board considers in detail all of the matters for which the Directors are responsible.

### **➤ Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The Board, in accordance with the Company's Constitution and the ASX listing rules specify that the Non-Executive Directors fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2011 Annual General Meeting (AGM) held on 18 November 2011 whereby shareholders approved an aggregate fee pool of \$300,000 per year (in accordance with the terms and conditions set out in the Explanatory Statement that accompanied the Notice of Meeting). The Board will not seek any increase for the Non-Executive Directors pool at the 2012 Annual General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. Non-Executive Directors do not receive retirement benefits but are able to participate in share-based incentive programmes in accordance with Company policy.

During the financial year, Non-Executive Directors received combined fees totalling \$73,100. Messrs Jewson and De Souza are each paid Director's fees of \$3,000 per month from the commencement of their appointment date. Messrs O'Brien and Barron were each paid \$3,000 per month up to their respective resignation dates; during the financial year they were paid \$9,000 and \$6,500, respectively.

During the financial year Non-Executive Director, Mr Rob Jewson, entered into a consultancy mandate with the Company for the provision of professional and technical services that fall outside the scope of his Directorship role. Under this mandate Mr Jewson received a consultancy fee in connection with time spent on Company business, including reasonable expenses incurred in carrying out this consultancy role. During the financial year, Mr Jewson received consulting fees totalling \$37,100.

During the financial year, shareholders approved the Director Share Plan ("Director Plan" or "Plan") whereby shares are allocated to Directors and other eligible participants under the Plan. On 2 December 2011 the Company issued 250,000 fully paid ordinary shares each to Messrs De Souza and Jewson at an issue price of \$0.20 per share under this Plan.

Further details relating to remuneration of Non-Executive Directors are contained in the Remuneration Table disclosed as Section D of this Report; and within the Notes to the Financial Statements: Note 16 Reserves, Note 19 Share-Based Payments and Note 21 Key Management Personnel Disclosures.

➤ **Non-Executive Remuneration Approvals**

The Board, in accordance with the Company's Constitution, sets the aggregate remuneration of Non-Executive Directors, subject to shareholder approval. Within this pre-approved aggregate remuneration pool, fees paid to Non-Executive Directors are approved by the Board of Directors in the absence of the Remuneration Committee and is set at levels to reflect market conditions and encourage the continued services of the Directors. Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors and Executives.

➤ **Executive Remuneration structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Director and executive team.

The main objectives sought when reviewing executive remuneration is that the Company has:

- coherent remuneration policies and practices to attract and retain executives;
- directors who will create value for shareholders;
- competitive remuneration offered benchmarked against the external market; and
- fair and responsible rewards to executives having regard to the performance of the Company, the performance of the executives and the general pay environment.

During the financial year, the Company's Executive Chairman, Mr Faldi Ismail, received fees totalling \$46,500 (plus GST). Mr Ismail received an incremental increase during the year from \$3,000 to \$4,500 per month (plus GST) that was commensurate with an increase in responsibilities.

During the financial year, the Company entered into an Administrative Services and Rental Agreement with Adamantium Holdings Pty Ltd <Wolf Property Unit Trust> ("Adamantium"), a private company of which Mr Ismail has a financial interest. Amounts received as at 30 June 2012 totalled \$10,500 (plus GST). Rent is payable three months in advance.

Further details relating to remuneration of Executive Directors are contained in the Remuneration Table disclosed as Section D of this Report; and within the Notes to the Financial Statements: Note 21 Key Management Personnel Disclosures.

➤ **Executive Remuneration Approvals**

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate the directors and management to pursue the Company's long term growth and success and demonstrate a clear relationship between the Company's overall performance and the performance of executives.

### C Remuneration and Performance

Director remuneration is currently not linked to either long term or short term performance conditions. The Board feels that the terms and conditions of options and shares currently on issue to the Directors are a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth, and as such, has not set any performance conditions for the Directors of the Company. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

### D Details of Remuneration

The key management personnel of the Company are the Board of Directors.

During the financial year ended 30 June 2012 and the financial period from 24 September 2010 (date of incorporation) through to 30 June 2011, the Directors received no long-term benefits or termination benefits. The only remuneration received by the Directors within these periods were short-term employee benefits and share-based payments.

Details of the remuneration of the Directors of the Company up to 30 June 2012 are set out below:

30-Jun-12	Short-term employee benefits				Post-employment benefits	Share-based payments	Total	Percentage of remuneration consisting of options for the year (%)
	Salary & fees	Cash bonus	Non-monetary	Other (iii)	Super-annuation	Options & rights (iv)		
	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
Mr Ismail	46,500	-	-	10,500	-	-	57,000	-
Mr Jewson (i)	29,600	-	-	37,100	-	20,805	87,505	24%
Mr De Souza (i)	28,000	-	-	-	-	20,805	48,805	43%
Mr Barron (ii)	6,500	-	-	-	-	-	6,500	-
Mr O'Brien (ii)	9,000	-	-	-	-	-	9,000	-
<b>Sub-total</b>	<b>119,600</b>	<b>-</b>	<b>-</b>	<b>47,600</b>	<b>-</b>	<b>41,610</b>	<b>208,810</b>	
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>119,600</b>	<b>-</b>	<b>-</b>	<b>47,600</b>	<b>-</b>	<b>41,610</b>	<b>208,810</b>	

(i) Messrs Jewson and De Souza were appointed on 5 September 2011 and 21 September 2011, respectively.

(ii) Messrs Barron and O'Brien resigned on 5 September 2011 and 21 September 2011, respectively.

(iii) For more information on Other fees paid to Mr Ismail and Mr Jewson refer to Note 21 Key Management Personnel.

(iv) Messrs Jewson and De Souza participated in the Director Plan and were each issued 250,000 shares at \$0.20. For further detail refer to Note 19: Share Based Payments.

Details of the remuneration of the Directors of the Company up to 30 June 2011 are set out below:

30-Jun-11	Short-term employee benefits				Post-employment benefits	Share-based payments	Total	Percentage of remuneration consisting of options for the year (%)
	Salary & fees	Cash bonus	Non-monetary	Other	Super-annuation	Options & rights		
	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
Mr Ismail (i)	16,500	-	-	-	-	22,393	38,893	58%
Mr O'Brien (ii)	16,500	-	-	-	-	22,393	38,893	58%
Mr Barron (iii)	16,500	-	-	-	-	22,393	38,893	58%
Mr Reeves (iv)	-	-	-	-	-	-	-	-
Mr Wall (v)	-	-	-	-	-	-	-	-
Mr De Souza (vi)	-	-	-	-	-	-	-	-
Sub-total	49,500	-	-	-	-	67,179	116,679	
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
<b>Total</b>	<b>49,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,179</b>	<b>116,679</b>	

- (i) Faldi Ismail (Executive Chairman) (appointed on 24 September 2010).  
(ii) Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010; resigned on 21 September 2011).  
(iii) Morgan Barron (Non-Executive Director) (appointed on 15 November 2010; resigned on 5 September 2011).  
(iv) David Reeves (Non-Executive Director) (appointed on 24 September 2010; resigned on 4 November 2010).  
(v) Peter Wall (Non-Executive Director) (appointed on 24 September 2010; resigned on 15 November 2010).  
(vi) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010; resigned on 15 November 2010).

## **E Contractual Arrangements**

- Mr Faldi Ismail – Executive Chairman
  - Contract commencement date: 24 September 2010
  - Remuneration was payable from 14 February 2011 following the Company's official listing on the Australian Securities Exchange (ASX)
  - Director's Fee: Initially \$3,000 per month, however, in December 2011 Mr Ismail received an incremental increase in fees which is now set at \$4,500 per month.
  - Remuneration is subject to annual review by the board of the Company and approval by the shareholders of the Company (if required)
  - Term: Open although subject to retirement by rotation under the Company's Constitution. There are no entitlements to termination or notice periods.
  
- Mr Robert Jewson – Non-Executive Technical Director
  - Contract commencement date: 5 September 2011
  - Remuneration payable from 5 September 2011
  - Director's Fee: \$3,000 per month
  - Remuneration is subject to annual review by the board of the Company and approval by the shareholders of the Company (if required)
  - Term: Open although subject to retirement by rotation under the Company's Constitution. There are no entitlements to termination or notice periods.

- Mr Francis De Souza – Non-Executive Director
  - Contract commencement date: 21 September 2011
  - Remuneration payable from 21 September 2011
  - Director's Fee: \$3,000 per month
  - Remuneration is subject to annual review by the board of the Company and approval by the shareholders of the Company (if required)
  - Term: Open although subject to retirement by rotation under the Company's Constitution. There are no entitlements to termination or notice periods.

## **F Share-based Compensation**

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

### ➤ **Options**

There were no options granted to key management personnel during the financial year, nor were shares issued upon exercise of options. As at the date of this report no options have been exercised nor did any options lapse.

At the date of this report, the unissued ordinary shares of Epic under option carry no dividend or voting rights. The grant date equals the vesting date for all options. When exercisable, each option is convertible into one ordinary share of the Company.

### ➤ **Shares**

During the financial year, shareholders approved the Director Share Plan ("Director Plan" or "Plan") whereby shares are allocated to Directors and other eligible participants under the plan. Under this Director Plan, eligible Directors are provided with a non-recourse loan from the Company to fund the subscription price of issued shares in accordance with the terms and conditions of the Director Plan. A full summary of the Plan was set out in the Notice of Meeting dated 17 October 2011. Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

On 2 December 2011 the Company issued 250,000 fully paid ordinary shares each to Messrs De Souza and Jewson at an issue price of \$0.20 per share under the Plan. Refer to Note 16 Reserves and Note 20 Related Party Disclosures for more information.

### ➤ **Link to Performance**

For options, and shares issued under the Director Plan that are treated as options for accounting purposes, there are no performance requirements to be met before exercise can take place. This is largely because by setting the option price or share price at a level above the current share price at the time the options or shares are granted, the Board considers this to be a sufficient, long-term incentive to align the goals of the Directors and management with those of the shareholders to improve the Company's performance. The Board will continue to monitor this policy to ensure that it is appropriate for the Company in future years.

## **G Equity Instruments Issued on Exercise of Remuneration Options**

No shares were issued during the financial year to Directors or key management as a result of exercising remuneration options.

**H Value of Options to Directors**

The Company has a Director Share Plan under which it allocates shares to Directors and other eligible participants as per the terms and conditions of the Plan. While these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

During the financial year, the value of these shares (otherwise, "options" granted) issued under this Plan during the year is set out below. Their value is the estimated fair value using the Black-Scholes option pricing model. There were no options granted from a previous year that were exercised or lapsed in relation to key management personnel during the financial year end 30 June 2012.

The value of the shares, accounted for as options, to Directors, either granted, exercised or lapsed, during the financial year ended 30 June 2012 under the Director Share Plan are set out below:

Directors	Granted options	Issue date	Expiry date	Fair value of options at grant date (\$)	Fair value of options exercised (\$)	Fair value of options lapsed (\$)	Remuneration consisting of options for year ended 30/6/2012 (%)
Mr De Souza	250,000	2/12/2011	2/12/2015	20,805	-	-	43%
Mr Jewson	250,000	2/12/2011	2/12/2015	20,805	-	-	24%
<b>Total</b>	<b>500,000</b>			<b>41,610</b>			

The 500,000 shares issued during the year under the Director Plan have no vesting conditions attached however, in accordance with the terms and conditions of the Director Plan, the shares are under a Company-imposed trading lock until such time as each Director has repaid the loan provided by the Company to fund the subscription price for shares issued to them. The amount payable by Mr Jewson and Mr De Souza is \$0.20 per share. For further information refer to note 19 Share-Based Payments and note 21 Key Management Personnel Disclosures.

The value of options to Directors, either granted, exercised or lapsed, during the period from 24 September 2010 (date of incorporation) to 30 June 2011 are set out below:

Directors	Granted options	Issue date	Expiry date	Fair value of options at grant date (\$)	Fair value of options exercised (\$)	Fair value of options lapsed (\$)	Remuneration consisting of options for year ended 30/6/2011 (%)
Mr Ismail	250,000	31/01/2011	31/01/2014	22,393	-	-	58%
Mr Barron (i)	250,000	31/01/2011	31/01/2014	22,393	-	-	58%
Mr O'Brien (i)	250,000	31/01/2011	31/01/2014	22,393	-	-	58%
<b>Total</b>	<b>750,000</b>			<b>67,179</b>			

(i) Messrs Barron and O'Brien resigned on 5 September 2011 and 21 September 2011, respectively.

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

## **I Adoption of Remuneration Report by Shareholders**

The adoption of the Remuneration Report for the financial period from 24 September 2010 (date of incorporation) through to 30 June 2011 was put to the shareholders of the Company at the Annual General Meeting of held 18 November 2011. All proxies received were in favour of the resolution and the resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### **End of Remuneration Report**

## **14. OPTIONS**

At the date of this report, the unissued ordinary shares of Epic under option are as follows:

<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number Under Option</b>
31/01/2014	\$0.20	3,500,000

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

## **15. PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

## **16. INDEMNIFYING OFFICERS**

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.

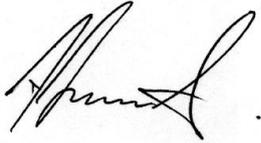
## **17. NON-AUDIT SERVICES**

The Board of Directors advises that there were no non-audit services provided by the Company's auditors during the financial year.

**18. AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration for the financial year ended 30 June 2012 has been received and can be found on page 18 of the financial report.

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



**Faldi Ismail  
Executive Chairman  
Perth, Western Australia  
Date: Thursday, 16 August 2012**



**PITCHER PARTNERS**

PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD

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## **AUDITOR'S INDEPENDENCE DECLARATION**

### **To the Directors of Epic Resources Limited**

In relation to the independent audit for the year end 30 June 2012, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*.
- (ii) No contraventions of any applicable code of professional conduct.

Pitcher Partners Corporate & Audit (WA) Pty Ltd.

### **PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD**

#### **MARK ENGLISH**

Executive Director

16 August 2012

**CORPORATE GOVERNANCE**

The Board of Directors of Epic Resources Limited (the “Company” or “Epic”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Epic on behalf of the shareholders by whom they are elected and to whom they are accountable.

This Corporate Governance Statement sets out the Company’s current compliance with the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (Principles and Recommendations). The Principles and Recommendations are not mandatory. The Statement below discloses the extent to which the Company has followed the Principles and Recommendations, furthermore, the Board of the Company currently has in place a Corporate Governance Plan which is located on the Company’s website.

	<b>PRINCIPLES AND RECOMMENDATIONS</b>	<b>COMMENT</b>
<b>1.</b>	<b><i>Lay solid foundations for management and oversight</i></b>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Directors guide and monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. This is available on the Company’s website.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	At present the only senior executive of the Company who is not a director is the Company Secretary. The evaluation of the performance of the Company Secretary is assessed annually (or on an as needed basis) and in accordance with the terms and conditions of the consulting agreement entered into by the Company with Blue Horse Corporate Pty Ltd for the provision of company secretarial and financial reporting services.
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	There have been no departures from the ASX’s Principles and Recommendations 1.1 and 1.2. Information has been provided above and further referenced within this annual report and/or to the Company’s Corporate Governance Policy (which is available on the Company’s website).
<b>2.</b>	<b><i>Structure the board to add value</i></b>	
2.1	A majority of the board should be independent directors.	Mr De Souza is the only current independent Director. Please refer to Point 2.1a below this table for further explanation.
2.2	The chair should be an independent director.	The Chairman is not independent. Please refer to Point 2.1a below for further explanation.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not have a chief executive officer. Due to the current size of the Company’s operation, the Company does not deem it necessary to appoint a chief executive officer at this time.
2.4	The board should establish a nomination committee.	The Company is currently not of a relevant size that justifies the formation of a separate nomination committee. Matters

		typically dealt with by such a committee are dealt with by the Board of Directors.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	<p>With the Company listing on 14 February 2011, since this time and during the financial year ended 30 June 2012, there have been changes to the Company Board. It was in September 2011 that two new directors were appointed to the Board, these being Messrs Jewson and De Souza, replacing outgoing directors Messrs Barron &amp; O'Brien.</p> <p>Subsequently, the Board has not yet developed a formal process for performance evaluation at this time. However, to ensure that the responsibilities of the Board are discharged in an appropriate manner, the performance of the Board will be reviewed annually by the, Executive Chair; and the performance of the Chair will be reviewed annually by the rest of the Board. Directors whose performance is consistently unsatisfactory may be asked to retire.</p>
2.6	Companies should provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The Company has provided details of each director, their skills, and experience in Section One of the Directors' Report. Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 2.1 through to 2.5 have been detailed in the sections above.

**2.1 a) Comment pertaining to "Principle 2.1 – A majority of the Board should be independent directors"**

The Company recognises that independent Directors are important in verifying to shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance.

Directors of Epic Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when evaluating independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

After considering all facts mentioned above in regards to evaluating the independent status of a director, the Company deems Mr De Souza to be independent.

Mr Jewson has a material contractual relationship with the Company other than as a Director. Mr Jewson, through his private company Geological Resource Solutions Pty Ltd, has a contract in place which the Company is party to. Under this contract Mr Jewson provides ongoing geological consultancy services and assists the Company with exploration planning and technical advice on an 'as needed' basis.

Mr Ismail currently holds the Chair position in an executive capacity. Further, Mr Ismail has a material contractual relationship with the Company other than as a Director. Mr Ismail, through an associated private company, Adamantium Holdings Pty Ltd as Trustee for the Wolf Property Unit Trust, provides premises and administrative services to the Company through a rental agreement.

The Company intends to seek out and appoint independent Directors to the Board however, the Board believes that the Company is not of sufficient size to warrant the inclusion of more independent non-executive Directors in order to meet the ASX recommendation of maintaining a majority of independent non-executive Directors. The Company maintains a mix of Directors from different backgrounds with complementary skills and experience.

	<b>PRINCIPLES AND RECOMMENDATIONS</b>	<b>COMMENT</b>
<b>3.</b>	<b><i>Promote ethical and responsible decision-making</i></b>	
3.1	<p>Companies should establish a code of conduct and disclose the code or a summary of the code as to:</p> <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	<p>The Board is bound by the Company's Board Charter and Code of Conduct (as disclosed in the Company's Corporate Governance Plan). The Board understands the obligations for ethical and responsible decision making. All Directors and Officers are expected to:</p> <ol style="list-style-type: none"> <li>a) comply with the law;</li> <li>b) act in the best interests of the Company;</li> <li>c) be responsible and accountable for their actions; and</li> <li>d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts.</li> </ol>
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.</p>	<p>The Company adopted a diversity policy on the 1 July 2011 as part of their Corporate Governance Plan. The Company recognises the benefits arising from board diversity, and is committed to providing a diverse workplace that embraces and promotes diversity.</p> <p>Epic Resources Limited is an equal opportunity employer and welcomes people from different backgrounds. Full details of the Company's diversity policy can be found on the Company website – <a href="http://www.epicresources.com.au">www.epicresources.com.au</a></p>
3.3	<p>Companies should disclose in each annual report the</p>	<p>The Company is currently not of a size that justifies the formal establishment of measurable diversity objectives.</p>

	measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The position of Company Secretary and Financial Accountant is currently fulfilled by Mrs Tanya Woolley. Mrs Woolley is the only senior executive and only officer below Board level that is engaged by the Board through consultancy company, Blue Horse Corporate Pty Ltd.
3.5	Companies should provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 3.1 through to 3.4 have been detailed in the sections above.
<b>4.</b>	<b><i>Safeguard integrity in financial reporting</i></b>	
4.1	The board should establish an audit committee.	The Company is not of a size at the moment that justifies having a separate audit committee. However, matters typically dealt with by such a committee are dealt with by the Board of Directors.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> <li>• has at least three members.</li> </ul>	<p>The Company is not currently of a size to justify the existence of a separate Audit Committee. Matters typically dealt with by an audit committee are currently dealt with by the Board of Directors which comprises one Executive Chair, and two Non-Executive Directors.</p> <p>ASX Principle 4.2 is satisfied to the extent that it is made up on a majority of non-executive directors of which Mr De Souza is independent. All other recommendations have not been satisfied due to the fact that the Company cannot viably justify an additional chair who is not also the chair of the Board; nor that a majority of the Board be independent.</p> <p>Though the Company intends to seek out and appoint additional independent directors to the Board when size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix of Directors from different backgrounds with complementary skills and experience.</p>
4.3	The audit committee should have a formal charter.	No charter has been developed, as there is no audit committee due to the role currently being fulfilled by the Board. The Board however, has a formal charter and code of conduct in place, as disclosed in the Corporate Governance Plan available on the Company's website.
4.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 4.1 through to 4.3 have been detailed in the sections above.

<b>5.</b>	<b><i>Make timely and balanced disclosure</i></b>	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	<p>The Company is committed to ensuring that shareholders and the market are provided with full and timely information. The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.</p> <p>The Company Secretary has been nominated as the person responsible for communicating with ASX on behalf of the Company. This role includes ensuring all necessary compliance with disclosure requirements has been met.</p>
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principle and Recommendation 5.1 have been detailed in the section above.
<b>6.</b>	<b><i>Respect the rights of shareholders</i></b>	
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	<p>Pursuant to Principle 6, the Company's objective is to ensure effective communication with its shareholders at all time.</p> <p>Given the size of the Company, all communication with shareholders is currently reverted to the Board and its Company Secretary. The Company's website has a dedicated News &amp; Media section which publishes all important Company information and relevant announcements made to the market.</p>
6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principle and Recommendation 6.1 have been detailed in the section above.
<b>7.</b>	<b><i>Recognise and manage risk</i></b>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Company has adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified, assessed effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Company has a documented risk management policy. The Board is responsible for driving risk management in the Company. The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management are recurring items for deliberation at Board Meetings.

7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	At this point in the Company's development the Board does not deem it necessary that assurance other than from the Board be provided in regards to the preparation of financial reports.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 7.1 through to 7.3 have been detailed in the sections above. Full details of the Company's risk management policy can be found on the Company's website.
<b>8. Remunerate fairly and responsibly</b>		
8.1	The board should establish a remuneration committee.	<p>The Board has not established a remuneration committee at this point in the Company's development. It is considered that the size of the Board along with the level of activity of the Company renders this impractical as the full Board considers in detail all of the matters for which the directors are responsible.</p> <p>The remuneration philosophy, structure and approvals process is explained in detail in Section 13 of the audited Remuneration Report contained within the Directors' Report.</p>
8.2	<p>The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent director</li> <li>• has at least three members</li> </ul>	<p>The Company is not currently of a size to justify the existence of a separate remuneration committee. Matters typically dealt with by a remuneration committee are currently dealt with by the Board of Directors which comprises one Executive Chair, and two Non-Executive Directors.</p> <p>ASX Principle 8.2 is satisfied to the extent that it is made up on a majority of non-executive directors of which Mr De Souza is independent. All other recommendations have not been satisfied due to the fact that the Company cannot viably justify an additional chair who is not also the chair of the Board; nor that a majority of the Board be independent.</p> <p>Though the Company intends to seek out and appoint additional independent directors to the Board when size and scale of the Company justify and warrant their inclusion, for the time being the Company maintains a mix</p>

		of Directors from different backgrounds with complementary skills and experience.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board is currently made up of one executive Chair and two non-executive Directors. The remuneration structure specific to executive directors and non-executive Directors have been explained in detail in Section 13 of the audited Remuneration Report contained within the Directors' Report.
8.4	Companies should provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 8.1 through to 8.3 have been detailed in the sections above.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	30-Jun-12 \$	30-Jun-11 \$
<b>Continuing operations</b>			
Revenue	6	180,668	81,392
Directors fees and other benefits		(119,600)	(45,000)
Share-based payments	19	(41,610)	(313,513)
Administration expense	7	(284,220)	(83,840)
Impairment of exploration and evaluation expenditure	13	(96,570)	-
<b>Loss from continuing operations before income tax</b>		<b>(361,332)</b>	<b>(360,961)</b>
Income tax expense	8	-	-
<b>Loss from continuing operations after income tax</b>		<b>(361,332)</b>	<b>(360,961)</b>
<b>Other comprehensive loss</b>			
Other comprehensive loss for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(361,332)</b>	<b>(360,961)</b>
<b>Loss for the period is attributable to:</b>			
Owners of the Company		(361,332)	(360,961)
		<b>(361,332)</b>	<b>(360,961)</b>
<b>Total comprehensive loss for the period attributable to:</b>			
Owners of the Company		(361,332)	(360,961)
		<b>(361,332)</b>	<b>(360,961)</b>
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic loss per share – cents per share	17	(1.23)	(2.56)
Diluted loss per share – cents per share	17	(1.23)	(2.56)
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>			
Basic loss per share – cents per share	17	(1.23)	(2.56)
Diluted loss per share – cents per share	17	(1.23)	(2.56)

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 30 to 55.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Notes	30-Jun-12 \$	30-Jun-11 \$
<b>Current Assets</b>			
Cash & cash equivalents	9	3,461,140	3,818,989
Trade & other receivables	10	12,281	56,782
Other assets	11	6,665	-
<b>Total Current Assets</b>		<b>3,480,086</b>	<b>3,875,771</b>
<b>Non-Current Assets</b>			
Plant & equipment	12	3,218	-
Exploration & evaluation expenditure	13	354,870	268,824
<b>Total Non-Current Assets</b>		<b>358,088</b>	<b>268,824</b>
<b>TOTAL ASSETS</b>		<b>3,838,174</b>	<b>4,144,595</b>
<b>Current Liabilities</b>			
Trade & other payables	14	12,432	19,131
<b>Total Current Liabilities</b>		<b>12,432</b>	<b>19,131</b>
<b>TOTAL LIABILITIES</b>		<b>12,432</b>	<b>19,131</b>
<b>NET ASSETS</b>		<b>3,825,742</b>	<b>4,125,464</b>
<b>Equity attributable to the equity holders of the Company</b>			
Contributed equity	15	4,192,912	4,172,912
Reserves	16	355,123	313,513
Accumulated losses		(722,293)	(360,961)
<b>TOTAL EQUITY</b>		<b>3,825,742</b>	<b>4,125,464</b>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 30 to 55.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2011</b>	<b>4,172,912</b>	<b>313,513</b>	<b>(360,961)</b>	<b>4,125,464</b>
<b>Comprehensive income:</b>				
Loss for the period	-	-	(361,332)	(361,332)
<b>Total comprehensive loss for the period</b>	-	-	<b>(361,332)</b>	<b>(361,332)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	20,000	-	-	20,000
Share-based payments	-	41,610	-	41,610
<b>At 30 June 2012</b>	<b>4,192,912</b>	<b>355,123</b>	<b>(722,293)</b>	<b>3,825,742</b>

	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
At 24 September 2010 (Date of Incorporation)	-	-	-	-
<b>Comprehensive income:</b>				
Loss for the period	-	-	(360,961)	(360,961)
<b>Total comprehensive loss for the period</b>	-	-	<b>(360,961)</b>	<b>(360,961)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	4,525,000	-	-	4,525,000
Capital raising costs	(352,088)	-	-	(352,088)
Share-based payments	-	313,513	-	313,513
<b>At 30 June 2011</b>	<b>4,172,912</b>	<b>313,513</b>	<b>(360,961)</b>	<b>4,125,464</b>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 30 to 55.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	Notes	30-Jun-12	30-Jun-11
		\$	\$
<b>Cash flows used in operating activities</b>			
Payment to suppliers & employees		(365,329)	(166,491)
Interest received		180,668	81,392
<b>Net cash flows used in operating activities</b>	<b>9</b>	<b>(184,661)</b>	<b>(85,099)</b>
<b>Cash flows used in investing activities</b>			
Payment for plant & equipment		(3,907)	-
Payment for exploration & evaluation expenditure		(169,281)	(143,824)
<b>Net cash flows used in investing activities</b>		<b>(173,188)</b>	<b>(143,824)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share, net of share issue costs		-	4,047,912
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>4,047,912</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(357,849)</b>	3,818,989
Cash and cash equivalents at beginning of period		3,818,989	-
<b>Cash and cash equivalents at end of period</b>	<b>9</b>	<b>3,461,140</b>	3,818,989

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 30 to 55.

## 1. REPORTING ENTITY

Epic Resources Limited (the “Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange Limited (“ASX”). The Company is a for profit entity. The address of its registered office and principal place of business is disclosed in the Corporate Directory of the annual report. The financial statement of the Company is for the financial year ended 30 June 2012.

The nature of the operations and principal activities of the Company are described in the Directors’ Report.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The 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 financial report of the Company also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board.

The financial statements were approved by the Board of Directors on 16 August 2012.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

### (c) Functional and presentation currency

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

### (d) Comparatives

Prior period comparatives are for the period from incorporation being 24 September 2010 to 30 June 2011.

### (e) New and amended standards adopted by the Company

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

### (f) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements.

#### (a) Revenue recognition

##### *Interest Revenue*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### (b) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.
- The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and deferred tax liabilities shall be offset only if:

- (a) there is a legally enforceable right to set-off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or 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 substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

#### (c) Other taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with amounts 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. Commitments or contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(d) Cash and cash equivalents**

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

**(e) Plant and equipment**

**(i) Owned assets**

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

**(ii) Subsequent costs**

The Company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Comprehensive Income as an expense as incurred.

**(iii) Depreciation**

Depreciation is charged to the Statement of Comprehensive Income using a straight line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current financial year are as follows:

- Plant and equipment: 3 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

**(f) Exploration and evaluation**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) The rights to tenure of the area of interest are current; and

(ii) At least one of the following conditions is also met:

- (a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) Exploration and evaluation 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 is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then classified to development.

**(g) 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.

**(h) Contributed equity**

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.

**(i) Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(b) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(j) Investments and other financial assets**

***Classification***

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

***(i) Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

*(ii) Loans and receivables*

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) in the Statement of Financial Position.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

**Financial Assets – reclassification**

The Company may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

**Recognition and de-recognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivable and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expense in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined is disclosed in note 18 Financial Risk Management.

### ***Impairment***

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

#### **(i) Assets carried at amortised cost**

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### **(ii) Assets classified as available-for-sale**

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

**(k) Share-based payments**

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share option reserve). The fair value is measured at grant date and recognised over the period during which the holder become unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of the Company ("market conditions"). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the company until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to the Statement of Comprehensive Income. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Company obtains the goods or the counterparty renders the service.

**(l) Critical accounting estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

**(i) Note 13 – Exploration & Evaluation Expenditure**

The Company's accounting policy for exploration and evaluation is set out in note 3(f) above. If, after having capitalised expenditure under this policy, the Directors conclude that the Company is unlikely to recover the expenditure by future exploration or sale, then the relevant capitalised amount will be written off to the Statement of Comprehensive Income.

(ii) Note 19 – Share-Based Payments

The Company measures the cost of equity settled share based payments at fair value at the grant date using the Black-Scholes model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not been adopted early by the Company. The new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements are provided below:

AASB	REF	DESCRIPTION
AASB 9	(i)	Financial Instruments*
AASB 10	(i)	Consolidated Financial Statements
AASB 11	(i)	Joint Arrangements
AASB 13	(i)	Fair Value Measurement
AASB 119	(i)	Employee Benefits
AASB 1053	(ii)	Application of Tiers of Australian Accounting Standards
AASB 2010-7	(i)	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]
AASB 2010-8	(iv)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]
AASB 2011-4	(ii)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]
AASB 2011-8	(iv)	Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]
AASB 2011-9	(iii)	Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
AASB 2011-10	(i)	Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]

- (i) Applies to annual reporting periods beginning on or after 1 January 2013.
- (ii) Annual reporting periods beginning on or after 1 July 2013
- (iii) Annual reporting periods beginning on or after 1 July 2013 and early adoption is permitted.
- (iv) Annual reporting periods beginning on or after 1 January 2012.

\*In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

The abovementioned new standards and interpretations are not expected to have a material impact on the Company's financial statements.

**5. SEGMENT INFORMATION**

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

The Company engages in one business in Australia from which it earns revenues, and its results are analysed as a whole by the Board of Directors. Consequently revenue, profit and net assets for the operating segment and geographical segment are reflected in this annual report.

**6. REVENUE**

	<b>30-Jun-12</b>	30-Jun-11
	\$	\$
<b>Revenue</b>		
Interest income	<b>180,668</b>	81,392
<b>Total revenue</b>	<b>180,668</b>	<b>81,392</b>

**7. EXPENSES**

	<b>30-Jun-12</b>	30-Jun-11
	\$	\$
<b>Administration expenses</b>		
Consulting expenses	<b>122,828</b>	36,667
Depreciation expenses	<b>689</b>	-
Administration costs	<b>95,940</b>	24,527
Exchange loss	<b>2,044</b>	-
Compliance and regulatory expenses	<b>62,719</b>	22,646
<b>Total administration expenses</b>	<b>284,220</b>	<b>83,840</b>

**8. INCOME TAX EXPENSES**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Numerical reconciliation of income tax expenses to prima facie tax payable</b>		
Accounting loss before tax	<b>(361,332)</b>	(360,961)
<b>Prima facie tax payable on loss at 30%</b>	<b>(108,400)</b>	(108,288)
<u>Add/(less) tax effect of:</u>		
Permanent difference		
- Share based payments	<b>12,483</b>	94,054
- Exploration expenditure	<b>(54,785)</b>	(80,647)
- Less amount impaired during the year and included in net loss before tax	<b>28,971</b>	-
- Carried forward adjustment	-	155
Temporary difference		
- Provision for accrued expenses	<b>(1,650)</b>	4,500
- Provision for accrued interest income	<b>(10,343)</b>	-
- Other temporary differences	<b>(21,125)</b>	(21,125)
<b>Unused tax losses not recognised as deferred tax assets</b>	<b>154,849</b>	111,351
<b>Income tax expense</b>	<b>-</b>	-

The Directors have considered the probability of taxable profits arising in the near future is remote and have therefore determined not to recognise any deferred tax assets relating to unused tax losses.

The Company estimates it has accumulated income tax losses of \$266,200 (2011: \$111,351). The benefit of these losses and timing difference will only be obtained if:

- The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- The Company continues to comply with the conditions for deductibility imposed by law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

**9. CASH & CASH EQUIVALENTS**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Cash at bank and in hand</b>	<b>156,664</b>	3,813,989
<b>Short-term deposit</b>	<b>3,304,476</b>	5,000
	<b>3,461,140</b>	3,818,989

Reconciliation of net loss after income tax to net cash flows used in operating activities

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Net loss after income tax</b>	<b>(361,332)</b>	<b>(360,961)</b>
<b>Adjustments for:</b>		
Depreciation	689	-
Share-based payments (Refer Note 16)	41,610	313,513
Impairment of exploration & evaluation expenditure	96,570	-
<b>Change in assets and liabilities</b>		
(Increase)/decrease in trade & other receivables	44,501	(56,782)
Increase/(decrease) in trade & other payables	(6,699)	19,131
<b>Net cash flows used in operating activities</b>	<b>(184,661)</b>	<b>(85,099)</b>

Non-cash transaction: On 7 June 2012 the Company acquired the McPhees Gold Project in Western Australia. Part of the consideration was the issue of 200,000 ordinary shares in the Company at \$0.10 each.

**10. TRADE & OTHER RECEIVABLES**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Other receivables</b>	<b>12,281</b>	<b>56,782</b>
	<b>12,281</b>	<b>56,782</b>

**(a) Trade receivables past due but not impaired**

There were no trade receivables past due but not impaired.

**(b) Fair value and credit risk**

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 18 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

**11. OTHER ASSETS**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
Deposits	6,665	-
	<b>6,665</b>	<b>-</b>

**12. PLANT & EQUIPMENT**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Office Equipment</b>		
At cost	3,907	-
Accumulated depreciation	(689)	-
<b>Total office equipment</b>	<u>3,218</u>	<u>-</u>
	<b>Office</b>	
	<b>Equipment</b>	<b>Total</b>
	\$	\$
<b>Movement during the year</b>		
<b>Balance at the beginning of the year</b>	-	-
Additions	3,907	3,907
Depreciation expense	(689)	(689)
<b>Carrying amount at the end of the year</b>	<u>3,218</u>	<u>3,218</u>

**13. EXPLORATION & EVALUATION EXPENDITURE**

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
Carrying amount of exploration & evaluation expenditure	<u>354,870</u>	<u>268,824</u>
	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	\$	\$
<b>Movement during the year</b>		
<b>Balance at the beginning of the year</b>	268,824	-
Additions	182,616	268,824
Impairment	(96,570)	-
<b>Carrying amount at the end of the year</b>	<u>354,870</u>	<u>268,824</u>

The ultimate recoupment of costs carried forward for exploration expenditure phases is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective area of interest.

On 29 May 2012, the Company terminated its Indonesian agreement on the basis that the conditions precedent for the successful completion of the acquisition were not met to the satisfaction of the Board. As a result all Indonesian expenditure was impaired at 30 June 2012.

**14. TRADE & OTHER PAYABLES**

	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	\$	\$
Trade and sundry creditors (a)	<b>2,932</b>	4,131
Accruals (b)	<b>9,500</b>	15,000
	<b>12,432</b>	19,131

(a) Trade and sundry creditors are non-interest bearing and are predominantly settled on 30-day terms.

(b) Accruals are non-interest bearing and are predominantly settled on 30-day terms.

**15. CONTRIBUTED EQUITY**

*Share Capital*

	<b>30-Jun-12</b>		<b>30-Jun-11</b>	
	\$	No.	\$	No.
<b>Fully paid ordinary shares</b>	<b>4,192,912</b>	<b>29,825,000</b>	4,172,912	29,125,000

Ordinary shares 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.

At shareholders meetings, each ordinary share is entitled to one vote per share when a poll is called, otherwise each shareholder has one vote on a show of hands.

At 30 June 2012 there were 29,825,000 fully paid ordinary shares on issue with 26,489,062 shares freely tradeable and the balance of 3,335,938 under escrow. There are no preference shares on issue.

*Movement in ordinary shares on issue*

	\$	No.	Issue price per ordinary share
<b>On incorporation (24 September 2010)</b>	<b>0.01</b>	<b>1</b>	<b>\$0.01</b>
Shares issued to promoters	50,000	4,999,999	\$0.01
Shares issued to seed investors	350,000	3,500,000	\$0.10
Shares issued to vendors	125,000	625,000	\$0.20
Initial public offering	4,000,000	20,000,000	\$0.20
Share raising costs	(352,088)	-	
<b>Balance at 30 June 2011</b>	<b>4,172,912</b>	<b>29,125,000</b>	
Shares issued to directors (a)	-	500,000	
Shares issued to vendor (b)	20,000	200,000	\$0.10
<b>Balance at 30 June 2012</b>	<b>4,192,912</b>	<b>29,825,000</b>	

(a) Shares issued to Directors under the Director Share Plan are recognised as shares issued at nil value. While these are issued shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes. The value of the "options" granted, is the fair value calculated at the grant date using the Black- Scholes option pricing model (refer to Note 19).

The 500,000 fully paid ordinary shares are currently under a Company-imposed trading lock, in accordance with the terms and conditions of the Director Plan. Refer to note 19 Share-Based Payments for further information. A full summary of the Director Plan was set out in the Notice of Meeting dated 17 October 2011.

- (b) On 7 June 2012 the Company acquired the McPhees Gold Project in Western Australia. Part of the consideration was the issue of 200,000 ordinary shares in the Company at \$0.10 each.

*Options*

As at 30 June 2012, the following options over unissued ordinary shares were on issue:

	No.	Grant Date	Issued Date	Expiry Date	Exercise Price \$
<b>Unlisted Options</b>					
Directors Options	750,000	21/12/2010	31/01/2011	31/01/2014	\$0.20
Brokers Options (i)	<u>2,750,000</u>	21/12/2010	31/01/2011	31/01/2014	\$0.20
	<b><u>3,500,000</u></b>				

- (i) Of these Broker Options, Mr De Souza acquired 450,000 unlisted Broker Options prior to the Company listing on the ASX and prior to his appointment as Non-Executive Director. Mr Ismail also acquired 500,000 unlisted Broker Options prior to the Company listing on the ASX but he was a Director when these options were acquired. These broker options were issued on 27 January 2011; they are escrowed until 28 January 2013 and are exercisable at \$0.20 each, on or before 31 January 2014.

**16. RESERVES**

	30-Jun-12	30-Jun-11
	\$	\$
<b>Share-based Payment Reserves</b>		
Balance at the beginning of the year	313,513	-
Equity-settled share based payment transactions (i)	41,610	313,513
<b>Balance at 30 June 2012</b>	<b>355,123</b>	313,513

- (i) For further details on share-based payments refer to Note 19 Share-Based Payments.

**17. EARNINGS PER SHARE**

The calculation of basic loss per share was based on the loss attributable to ordinary shareholders of (\$361,332) (2011: \$360,961 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2012 of 29,426,096 (2011: 14,100,342) calculated as follows:

**a) Basic loss per share**

	30-Jun-12	30-Jun-11
<b>Net loss attributable to the ordinary equity holders of the Company (\$)</b>	<b>(361,332)</b>	(360,961)
<b>Weighted average number of ordinary shares for basis per share (No.)</b>	<b>29,426,096</b>	14,100,342
<b>Continuing operations</b>		
- Basic loss per share (cents)	<b>(1.23)</b>	(2.56)

**b) Diluted loss per share**

Potential ordinary shares are not considered dilutive, thus diluted loss per share is the same as basic loss per share.

**18. FINANCIAL RISK MANAGEMENT**

The Company's principal financial instruments consist of deposits with banks, receivables and payables. At the reporting date, the Company had the following mix of financial assets and liabilities.

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
<b>Financial assets</b>		
Cash & cash equivalents	3,461,140	3,818,989
Trade & other receivables	<u>12,281</u>	<u>56,782</u>
	<u>3,473,421</u>	<u>3,875,771</u>
<b>Financial liabilities</b>		
Trade & other payables	<u>12,432</u>	<u>19,131</u>
	<u>12,432</u>	<u>19,131</u>

**Financial risk management**

The main risks arising from the Company's financial instruments are market risk (including equity price risk and interest rate risk), credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. Primary responsibility for identification and control of financial risks rests with the Board of Directors.

**(a) Capital management**

The Company's capital includes share capital, reserves and accumulated losses. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to achieve this, the Company may issue new shares in order to meet its financial obligations. There are no externally imposed capital requirements.

**(b) Equity price risk**

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with the Board established mandate limits and investment strategies.

Equity securities price risk arises on the financial assets at fair value through profit or loss or held for trading. During the year the Company did not encounter any equity price risk exposure.

**(c) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The Company has no borrowings.

	Weighted Average Interest Rate	30-Jun-12 \$	Weighted Average Interest Rate	30-Jun-11 \$
<b>Financial assets</b>				
Cash & cash equivalents	4.5%	3,461,140	5%	3,818,989
<b>Net exposure</b>		<b>3,461,140</b>		<b>3,818,989</b>

**(d) Credit risk**

Credit risk refers to the risk that a counterparty 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 financing loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk. All receivables are due within 30 days and none are past due.

**(i) Cash**

The Company's primary banker is National Australia Bank. The Board considers the use of this financial institution, which has a short term rating of A- from Standards and Poors to be sufficient in the management of credit risk with regards to these funds.

**(ii) Trade & other receivables**

While the Company has policies in place to ensure that transactions with third parties have an appropriate credit history, the management of current and potential credit risk exposures is limited as far as is considered commercially appropriate. Up to the date of this report, the Board has placed no requirement for collateral on existing debtors.

	30-Jun-12 \$	30-Jun-11 \$
<b>Standard &amp; Poors rating</b>		
A-	<b>3,461,140</b>	<b>3,818,989</b>

**(e) Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings.

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, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial receivables and payables of the Company in the table below are due or payable within 30 days.

30-Jun-12				Total	Carrying Amount
	<6 months	>6 - 12 months	> 12 months	Contractual Cash Flows	
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Cash & cash equivalents	3,461,140	-	-	3,461,140	3,461,140
Non-interest bearing assets	12,281	-	-	12,281	12,281
	<b>3,473,421</b>	-	-	<b>3,473,421</b>	<b>3,473,421</b>
<b>Financial liabilities</b>					
Non-Interest bearing liabilities	(12,432)	-	-	(12,432)	(12,432)
	<b>(12,432)</b>	-	-	<b>(12,432)</b>	<b>(12,432)</b>
<b>Net exposure</b>	<b>3,460,989</b>	-	-	<b>3,460,989</b>	<b>3,460,989</b>

30-Jun-11				Total	Carrying Amount
	<6 months	>6 - 12 months	> 12 months	Contractual Cash Flows	
	\$	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents	3,818,989	-	-	3,818,989	3,818,989
Non-interest bearing assets	56,782	-	-	56,782	56,782
	<b>3,875,771</b>	-	-	<b>3,875,771</b>	<b>3,875,771</b>
<b>Financial liabilities</b>					
Non-Interest bearing liabilities	(19,131)	-	-	(19,131)	(19,131)
	<b>(19,131)</b>	-	-	<b>(19,131)</b>	<b>(19,131)</b>
<b>Net exposure</b>	<b>3,856,640</b>	-	-	<b>3,856,640</b>	<b>3,856,640</b>

**(f) Fair value measurements**

The financial assets and liabilities of the Company are carried at fair value and are shown in the statement of financial position. At 30 June 2012 the Company has no tradeable financial instruments and therefore no valuation method for fair value measurement is required.

**19. SHARE-BASED PAYMENTS**

At the Annual General Meeting of shareholders held 18 November 2011, shareholders approved the Epic Director Share Plan ("Director Plan").

Under the Director Plan, on 2 December 2011, Robert Jewson and Francis De Souza were each issued 250,000 shares at \$0.20 each and received a loan from the Company to fund the subscription price for those shares in accordance with the terms and conditions of the Director Plan. The Director loan will be non-recourse and the repayment term of each loan to the Participating Directors is four (4) years. The loans are interest free. The shares are currently under a Company-imposed trading lock until such time as each Director has repaid the loan. A full summary of the Director Plan was set out in the Notice of Meeting dated 17 October 2011.

Accounting Standards require that shares issued under employee incentive share plans in conjunction with non-recourse loans are to be accounted for as options. As a result, the amounts receivable from Directors in relation to these loans have not been recognised in the financial statement. Shares issued under this Director Plan are recognised as shares issued at nil value (Refer to note 15 Contributed Equity) with a share based payment expense recognised in the Statement of Comprehensive Income based on an estimated fair value using the Black- Scholes option pricing model (see below) .

The following table lists the inputs to the model used:

	<u>Director Shares</u>
Number of shares granted	500,000
Issue date	2-Dec-11
Dividend yeild	0%
Share price at issue date	\$0.16
Issue price	\$0.20
Volatility (i)	78%
Risk free interest rate	3.365%
Expiration period	4 years
Expiry date	2-Dec-15
Black & Scholes valuation	\$0.08

- (i) Volatility was determined based on the volatility of the share prices of the Company since it listed on the ASX.

**a) Recognised share-based payment expense**

The expense recognised under the Director Plan during the financial year was \$41,610.

Set out below is a summary of the terms and conditions of the shares issued under the Director Plan:

- a. Each share entitles the holder to one share in the Company;
- b. Shares have been issued at \$0.20 each on 2 December 2011;
- c. Each Eligible Participant has received a loan from the Company to fund the subscription price for those shares;
- d. The Loan Term and the manner for making such payments shall be determined by the Board and set out in the invitation;
- e. The Loan Term expires on 2 December 2015;
- f. An Eligible Participant may not sell or otherwise deal with a plan Share until the Loan Amount in respect of that plan Share has been repaid;
- g. An Eligible Participant must repay the Loan in full prior to expiry of the Loan Term;
- h. The Company shall have a lien over the Plan Shares in respect of which the Loan Amount is outstanding and the Company shall be entitled to sell those Plan Shares in accordance with the terms of the Plan;
- i. Loans must be made solely to the Eligible Participant and in the name of the Eligible Participant;
- j. Loans will be non-recourse and interest free;
- k. The Company will not meet any costs in relation to the sale of Plan Shares; and
- l. Any plan Shares issued under the Plan will rank equally in all respects (other than with respect to any restrictions on transfer specified in the plan or otherwise imposed by the Board).

**b) Summary of options granted during the financial year**

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

	30-Jun-12		30-Jun-11	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the period	3,500,000	\$0.20	-	-
Granted during the period	-	-	3,500,000	\$0.20
Exercised during the period	-	-	-	-
Lapsed/cancelled during the period	-	-	-	-
Outstanding at the year end	3,500,000	\$0.20	3,500,000	\$0.20
<b>Exercisable at the year end</b>	<b>3,500,000</b>	<b>\$0.20</b>	3,500,000	\$0.20

The outstanding balance as at 30 June 2012 is as follows:

Grant date	Issue date	Vesting date	Expiry date	Exercise price	Options granted	Options Lapsed/ cancelled	Options exercised	Number of options at end of period	
								On issue	Vested
<i>Directors</i>									
23-Dec-10	31-Jan-11	-	31-Jan-14	\$0.20	750,000	-	-	750,000	750,000
<i>Brokers</i>									
23-Dec-10	31-Jan-11	-	31-Jan-14	\$0.20	2,750,000	-	-	2,750,000	2,750,000

**20. RELATED PARTY DISCLOSURE**

**(a) Key management personnel**

Disclosures relating to Directors and Executives are set out in note 21 Key Management Personnel Disclosures.

**(b) Transactions and balances with related parties**

Disclosure relating to transactions and balances with related parties are set out in note 21 Key Management Personnel Disclosures.

**(c) Equity Interests in related parties**

There are no ordinary shares held in related entities.

## 21. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Key management personnel

The following persons were key management personnel of the Company during the financial year:

#### (i) Directors

- Faldi Ismail (Executive Chairman) (appointed on 24 September 2010)
- Robert Jewson (Non-Executive Technical Director) (appointed on 5 September 2011)
- Francis De Souza (Non-Executive Director) (appointed on 21 September 2011)
- Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010; resigned 21 September 2011)
- Morgan Barron (Non-Executive Director) (appointed on 15 November 2010; resigned 5 September 2011)

No other key management personnel were noted for the financial year ended 30 June 2012.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the Directors of the Company and Executives of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company does not have an employee share option scheme.

Details of the remuneration of the Directors of the Company up to 30 June 2012 are set out in the table below. There are no amounts outstanding at year end.

30-Jun-12	Short-term employee benefits				Post-employment benefits	Share-based payments	Total	Percentage of remuneration consisting of options for the year (%)
	Salary & fees	Cash bonus	Non-monetary	Other (iii)	Super-annuation	Options & rights (iv)		
	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
Mr Ismail	46,500	-	-	10,500	-	-	57,000	-
Mr Jewson (i)	29,600	-	-	37,100	-	20,805	87,505	24%
Mr De Souza (i)	28,000	-	-	-	-	20,805	48,805	43%
Mr Barron (ii)	6,500	-	-	-	-	-	6,500	-
Mr O'Brien (ii)	9,000	-	-	-	-	-	9,000	-
<b>Sub-total</b>	<b>119,600</b>	<b>-</b>	<b>-</b>	<b>47,600</b>	<b>-</b>	<b>41,610</b>	<b>208,810</b>	
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>119,600</b>	<b>-</b>	<b>-</b>	<b>47,600</b>	<b>-</b>	<b>41,610</b>	<b>208,810</b>	

(i) Messrs Jewson and De Souza were appointed on 5 September 2011 and 21 September 2011, respectively.

(ii) Messrs Barron and O'Brien resigned on 5 September 2011 and 21 September 2011, respectively.

(iii) For more information on Other fees paid to Messrs Ismail and Jewson refer to section (c) below: *Material contracts with related parties*.

(iv) Messrs Jewson and De Souza participated in the Director Plan and were each issued 250,000 shares at \$0.20. For further detail refer to Note 19: Share Based Payments.

Details of the remuneration of the Directors of the Company up to 30 June 2011 are set out below:

30-Jun-11	Short-term employee benefits				Post-employment benefits	Share-based payments	Total	Percentage of remuneration consisting of options for the year (%)
	Salary & fees	Cash bonus	Non-monetary	Other	Super-annuation	Options & rights		
	\$	\$	\$	\$	\$	\$	\$	
<b>Directors</b>								
Mr Ismail (i)	16,500	-	-	-	-	22,393	38,893	58%
Mr O'Brien (ii)	16,500	-	-	-	-	22,393	38,893	58%
Mr Barron (iii)	16,500	-	-	-	-	22,393	38,893	58%
Mr Reeves (iv)	-	-	-	-	-	-	-	-
Mr Wall (v)	-	-	-	-	-	-	-	-
Mr De Souza (vi)	-	-	-	-	-	-	-	-
Sub-total	49,500	-	-	-	-	67,179	116,679	
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	49,500	-	-	-	-	67,179	116,679	

- (i) Faldi Ismail (Executive Chairman) (appointed on 24 September 2010).  
(ii) Noel O' Brien (Non-Executive Director) (appointed on 8 November 2010; resigned on 21 September 2011).  
(iii) Morgan Barron (Non-Executive Director) (appointed on 15 November 2010; resigned on 5 September 2011).  
(iv) David Reeves (Non-Executive Director) (appointed on 24 September 2010; resigned on 4 November 2010).  
(v) Peter Wall (Non-Executive Director) (appointed on 24 September 2010; resigned on 15 November 2010).  
(vi) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010; resigned on 15 November 2010).

	<b>30-Jun-12</b>	30-Jun-11
	\$	\$
<b>Compensation by category</b>		
Short-term employee benefits	<b>167,200</b>	49,500
Share-based payments (refer note 19)	<b>41,610</b>	67,179
	<b>208,810</b>	116,679

**(b) Equity instruments disclosures relating to key management personnel**

**(i) Options provided as remuneration and shares issued on exercise of such options**

In the 2012 financial year no options were provided to key management personnel as remuneration.

In the 2011 financial year 750,000 options were provided to key management personnel as remuneration.

**(ii) Shares issued on exercise of compensation options**

There are no shares issued on exercise of compensation options.

**(iii) Option holdings**

Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2012 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Change Other (i)	Closing Balance	Not vested and not exercisable (ii)	Vested and exercisable
Mr Ismail	500,000	-	-	500,000	500,000	-
Mr O'Brien	250,000	-	(250,000)	-	-	-
Mr Barron	250,000	-	(250,000)	-	-	-
Mr De Souza	450,000	-	-	450,000	450,000	-
Mr Jewson	-	-	-	-	-	-
	<b>1,450,000</b>	<b>-</b>	<b>(500,000)</b>	<b>950,000</b>	<b>950,000</b>	<b>-</b>

(i) Messrs Barron and O'Brien resigned on 5 September 2011 and 21 September 2011, respectively.

(ii) Options are escrowed until 28 January 2013.

Details of options held directly, indirectly or beneficially by key management personnel and their related parties at any time during the financial year ended 30 June 2011 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Net Change Other (iv)	Closing Balance	Not vested and not exercisable (v)	Vested and exercisable
Mr Ismail	-	250,000	250,000	500,000	500,000	-
Mr O'Brien	-	250,000	-	250,000	250,000	-
Mr Barron	-	250,000	-	250,000	250,000	-
Mr Reeves (i)	-	-	-	-	-	-
Mr Wall (ii)	-	-	-	-	-	-
Mr De Souza (iii)	-	-	450,000	450,000	450,000	-
	<b>-</b>	<b>750,000</b>	<b>700,000</b>	<b>1,450,000</b>	<b>1,450,000</b>	<b>-</b>

(i) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010).

(ii) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010).

(iii) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010).

(iv) These are Broker Options issued to promoters and brokers involved in the initial public offering process. Mr Ismail was also a director when these options were acquired. These broker options were issued on 27 January 2011; they are escrowed until 28 January 2013 and are exercisable at \$0.20 each, on or before 31 January 2014.

(v) Options are escrowed until 28 January 2013.

**(iv) Share holdings**

The number of shares in the Company or other key management personnel of the Company, including their related parties at any time during the financial year ended 30 June 2012 are set out below:

Company Directors & Related Parties	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Mr Ismail	1,300,000	-	-	75,000	1,375,000
Mr O'Brien	-	-	-	-	-
Mr Barron (i)	116,875	-	-	(116,875)	-
Mr De Souza (ii)	350,000	250,000	-	85,000	685,000
Mr Jewson (iii)	-	250,000	-	271,333	521,333
	<b>1,766,875</b>	<b>500,000</b>	<b>-</b>	<b>314,458</b>	<b>2,581,333</b>

(i) Mr Barron resigned on 5 September 2011.

(ii) Mr De Souza acquired 250,000 shares under the Epic Director Plan, 350,000 shares were received on incorporation and the remaining shares were acquired per the initial public offering or on market.

(iii) Mr Jewson acquired 250,000 shares under the Epic Director Plan with the balance being acquired on market.

The number of shares in the Company or other key management personnel of the Company, including their related parties at any time during the financial year ended 30 June 2011 are set out below:

Company Directors and Related Parties	Opening Balance	Received as Remuneration	Received During Year on Exercise of Options	Net Change Other	Closing Balance
Mr Ismail	-	-	-	1,300,000	1,300,000
Mr O'Brien	-	-	-	-	-
Mr Barron	-	-	-	116,875	116,875
Mr Reeves (i)	-	-	-	-	-
Mr Wall (ii)	-	-	-	-	-
Mr De Souza (iii)	-	-	-	350,000	350,000
	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,766,875</b>	<b>1,766,875</b>

(i) David Reeves (Non-Executive Director) (appointed on 24 September 2010 and resigned on 4 November 2010).

(ii) Peter Wall (Non-Executive Director) (appointed on 24 September 2010 and resigned on 15 November 2010).

(iii) Francis De Souza (Non-Executive Director) (appointed on 4 November 2010 and resigned on 15 November 2010).

**(c) Material contracts with related parties**

**(i) Directors' Deeds of Indemnity**

With every Director appointment, the Company enters into a deed of indemnity, insurance and access with each of its Directors. During the 2012 financial year the Company entered into of Deed of Indemnity with Mr Jewson and Mr De Souza, with effect from their appointment dates. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act (2001) against any liability arising as a result of the Director acting in the capacity as a Director of the Company. The Company is also required to maintain insurance policies for the benefit of the Directors and must also allow the Directors to inspect Company documents in certain circumstances.

**(ii) Loans to Directors**

On 18 November 2011, Shareholders approved the implementation of the “Epic Director Share Plan” (Director Plan). An Eligible Participant who is invited to subscribe for Director Plan shares may also be invited to apply for a loan up to the amount payable in respect of the Director Plan shares accepted by the Eligible Participant (Director Loan).

On 2 December 2011, Robert Jewson and Francis De Souza were issued 250,000 Director Shares each and received a Director Loan from the Company to fund the subscription price for those Director Shares of \$50,000 each in accordance with the terms and conditions of the Director Plan. The amounts receivable from Directors in relation to these loans have not been recognised in the financial statements as the Director loan is non-recourse and therefore, accounted for as a share-based payment expense (refer to Note 16 Reserves) and shares issued at nil value (refer to Note 15 Contributed Equity).

The Director Loans are non-recourse and the repayment term of each loan to the Participating Directors is four (4) years. The loans are interest free. A full summary of the Director Plan was set out in the Notice of Meeting dated 17 October 2011.

**(iii) Other Fees Paid to Directors**

Consultancy agreement – Geological Resources Solutions Pty Ltd

On the 5 September 2011, the Company entered into a consultancy agreement (“Geological Agreement”) with Geological Resources Solutions Pty Ltd (“Geological Resources”) to provide a geological consultancy services to the Company. Geological Resources was founded by Mr Robert Jewson, a company in which he is the sole director and has a financial interest.

The Company has agreed to pay Geological Resources according to the following arrangement:

- Consultancy services at an hourly rate of \$100 per hour plus disbursements and;
- Field work services at a daily rate of \$1,500 plus disbursements.

Services provided are invoiced to the Company and paid monthly in arrears. The minimum term of the Geological Agreement is 12 months unless otherwise agreed. The Geological Agreement may be terminated by either party giving one month’s written notice or immediately upon a material breach, gross negligence or wilful recklessness by either party.

The Company is required to take out and maintain public liability for the contractor provided by Geological Resources.

Under this agreement, Geological Resources received fees totalling \$37,100 during the financial year. There are no further amounts outstanding at year end.

Rental and administration agreement – Adamantium Holdings Pty Ltd as Trustee for the Wolf Property Unit Trust

On the 30 April 2012, the Company entered into a rental and administration agreement (“Rental Agreement”) with Adamantium Holdings Pty Ltd as Trustee for the Wolf Property Unit Trust (“Adamantium”) to provide premises and administrative services to the Company. Adamantium was founded by Mr Ismail, a company in which he is the sole director and is a beneficiary and has a financial interest in the trust that controls the Wolf Property Unit Trust.

The Company has agreed to pay Adamantium in accordance with the following arrangement, commencing from 1 April 2012:

- rental and administration services are charged at \$3,500 per month; and
- services are payable three months in advance in quarterly instalments.

The minimum term of the Rental Agreement is 12 months with semi-annual rolls and extensions, and a minimum cancellation notification period of three months.

Under this agreement, Adamantium received rental and administration fees totalling \$10,500 during the financial year. There are no further amounts outstanding at year end.

**(iv) Other transactions with key management personnel including their related parties**

There were no other transactions made to key management personnel, including their related parties during the financial year ended 30 June 2012.

During the period from 24 September 2010 (date of incorporation) through to 30 June 2011, the Company entered into a corporate mandate with Otsana Capital Pty Ltd ("Otsana Capital") to act as lead manager and financial arranger to the Company with respect to the Offer. Otsana Capital was co-founded by Mr Faldi Ismail and Mr Francis De Souza, a company in which they are both directors and have a financial interest.

The Company agreed to pay Otsana Capital the following:

- A fixed arranging fee equal to \$20,000 for all funds raised pursuant to the offer; and
- The issue of 2,750,000 "broker options" exercisable at \$0.20 each on or before 31 January 2014 (of which 2,000,000 options were allocated to other AFSL holders that assisted with the raising of funds under the offer). Of the 2,750,000 options issued to Otsana Capital and later allocated to other AFSL holders that assisted with the raising, Mr Ismail received 250,000 broker options and Mr De Souza received 450,000 broker options.

**22. COMMITMENTS**

Leasing Agreements

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
Within one year	<b>31,500</b>	-
After one year but not more than five years	-	-
After more than five years	-	-
Total minimum commitment	<b>31,500</b>	-

The commitment above relates to the following leasing agreements with Adamantium Holdings Pty Ltd as Trustee for the Wolf Property Unit Trust. Refer to Note 21 Key Management Personnel Disclosures.

Exploration & Evaluation Commitments

	<u>30-Jun-12</u>	<u>30-Jun-11</u>
	\$	\$
Within one year	<b>186,148</b>	-
After one year but not more than five years	-	-
After more than five years	-	-
Total minimum commitment	<b>186,148</b>	-

The commitments above are discretionary and subject to mining expenditure, they relate to the exploration tenements that the Company has interests in as at year-end.

## 23. SUBSEQUENT EVENTS

- On the 20 July 2012 the Company announced that the three additional licences, that lie in close proximity and adjacent to the Quartz Hill Project, had been successfully granted covering a total land area of 78km<sup>2</sup>.
- On 10 August 2012, the Company announced that it had entered into a conditional agreement to acquire 100% of the shares in Carbones de Colombia (a company incorporated in Spain) currently held by Ascot Equities Pty Ltd ("Vendor"). Carbones de Colombia owns 90% of subsidiary company Carbones de Titiribi, a company incorporated in Colombia, that in turn is the holder of various coal licences.

Subject to completion of satisfactory legal and technical due diligence and the receipt of shareholder approval from the Company's Shareholders, the Company will proceed with the transaction.

Details of the transaction are as follows:

- initial consideration payment to the value of 4,500,000 fully paid ordinary shares in the capital of Epic (Consideration Shares),
- \$200,000 in cash; and
- \$300,000 in cash as reimbursement of expenditure in securing the Licences.

In addition, the Vendor will be entitled to be issued additional fully paid ordinary shares in the capital of Epic (Shares), subject to satisfying various milestones. Further details of the transaction are detailed in the ASX announcement lodged on 10 August 2012.

## 24. CONTINGENT LIABILITIES

Under the Option and Farm-in Agreement entered into by the Company with Cazaly Iron Pty Ltd ("Cazaly") on 29 October 2010, the Company has a right to earn a 75% interest in the Quartz Hill Project subject to completing 2,000 metres of RC drilling within 2 years of the Company listing on the ASX, being 14 February 2013. An amount of \$200,000 has been budgeted to complete this drilling expenditure. This expenditure is over and above the minimum expenditure commitments as detailed in Note 22 Commitments.

No other contingent liabilities were noted for the Company for the financial year ended 30 June 2012.

## 25. DIVIDEND

No dividend has been paid during the financial year and no dividend is recommended for the financial year.

## 26. REMUNERATION OF AUDITORS

	30-Jun-12	30-Jun-11
	\$	\$
<b>Amounts received or due and receivable by Pitcher Partners Corporate and Audit (WA) Pty Ltd for:</b>		
(i) An audit or review of the financial report of the Company	<b>25,977</b>	20,980
(ii) Other services in relation to the Company:		
- Investigating Accountant's Report	-	8,303
(iii) Tax services	-	-
<b>Total auditor remuneration</b>	<b>25,977</b>	29,283

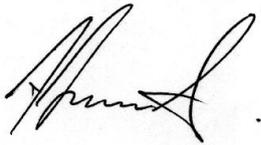
In the Directors' opinion:

- a) the financial statements and notes set out on pages 26 to 55 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date, and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

On behalf of the Board of Directors



**Faldi Ismail**  
**Executive Chairman**  
**Perth, Western Australia**  
**Thursday, 16 August 2012**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
EPIC RESOURCES LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Epic Resources Limited (the “Company”), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

*Independence*

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
EPIC RESOURCES LIMITED**

*Opinion*

In our opinion:

- (a) the financial report of Epic Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 16 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Epic Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

Pitcher Partners Corporate & Audit (WA) Pty Ltd.

**PITCHER PARTNERS CORPORATE & AUDIT (WA) PTY LTD**



**MARK ENGLISH**  
Executive Director

**16 August 2012**

The following additional information was applicable as at 14 August 2012.

**a) Fully paid ordinary shares**

- There are a total of 29,825,000 ordinary fully paid shares on issue, 26,489,062 of which are listed on the ASX, with the balance of 3,335,938 being restricted securities.
- The number of holders of fully paid ordinary shares is 350.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no shares subject to voluntary escrow.
- There are no preference shares on issue.
- Distribution of fully paid ordinary shareholders is as follows:

Distribution of Holders	Number of Fully Paid Ordinary Shareholders
1 - 1,000	2
1,001 - 5,000	16
5,001 - 10,000	64
10,001 - 100,000	206
100,001 and above	62

**b) Holders of non-marketable parcels**

Holders of non-marketable parcels are deemed to be those who shareholding is valued at less than \$500.

- There are 10 shareholders who hold less than a marketable parcel of shares.
- The number of fully paid ordinary shareholdings held in less than marketable parcels is 19,175.

**c) Substantial shareholders**

As at report date there are no substantial shareholders.

**d) Share buy-backs**

There is no current on-market buy-back scheme.

**e) Epic Director Share Plan**

On 18 November 2011, Shareholders approved the implementation of the "Epic Director Share Plan" (Director Plan). An Eligible Participant who is invited to subscribe for Director Plan shares may also be invited to apply for a non-recourse loan up to the amount payable in respect of the shares accepted by the Eligible Participant.

There are currently 500,000 shares that have been issued under this Director Plan with the subscription price having been funded by the Company for these shares in accordance with the terms and conditions of the Director Plan. These shares are currently under a Company-imposed trading lock until such a time as the loan has been repaid.

While these are issued shares for legal and taxation purposes, Accounting Standards require they be recognised as shares issued at nil value and accounted for as options with a share-based payment expense to the Company. The repayment term of each loan to the Eligible Participant is four (4) years. The loans are interest free. A full summary of the Director Plan was set out in the Notice of Meeting dated 17 October 2011.

**f) Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder is entitled to vote and may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, is entitled to one vote per share held.

**g) Top 20 Shareholders**

The top 20 largest fully paid ordinary shareholders together held 45.73% of the securities in this class and are listed below:

	Holder Name	Quantity	% Holding
1	ROMFAL SIFAT PL	1,375,000	4.61%
2	BANKS-SMITH KATRINA F	1,248,225	4.19%
3	PHEAKES PL	1,143,875	3.84%
4	BUZZ CAP PL	1,065,000	3.57%
5	MATTHEE ARIF ELBERT + H	1,050,000	3.52%
6	BOND STREET CUSTS LTD	1,000,000	3.35%
7	CONFADENT LTD	900,000	3.02%
8	AH SUPER PL	750,000	2.51%
9	BOND STREET CUSTS LTD	650,000	2.18%
10	CAZALY RES LTD	625,000	2.10%
11	WISEPLAN INV PL	570,000	1.91%
12	WILGUS INV PL	557,500	1.87%
13	TREMAIN SASHA	387,500	1.30%
14	JEWSON ROBERT ANDREW	385,000	1.29%
15	DESOUZA FRANCIS	350,000	1.17%
16	UNAC WEST END GRP PL	350,000	1.17%
17	ALEXANDER HLDGS WA PL	350,000	1.17%
18	VIAVAN PL	309,000	1.04%
19	NANNOOK HLDGS PL	300,000	1.01%
20	DONNELLY ANDREW PAUL	270,250	0.91%
		<b>13,636,350</b>	<b>45.73%</b>

**h) Options**

The following options over unissued ordinary shares are on issue:

	No.	Issued Date	Expiry Date	Exercise Price \$	Number of option holders
<b>Unlisted Options</b>					
Directors Options	750,000	31/01/2011	31/01/2014	\$0.20	3
Brokers Options	2,750,000	31/01/2011	31/01/2014	\$0.20	19
	<b>3,500,000</b>				

The unissued ordinary shares of Epic under option carry no dividend or voting rights. The grant date equals the vesting date for all options. When exercisable, each option is convertible into one ordinary share of the Company.