

GOLDEN EAGLE MINING LIMITED

ABN 53 145 676 900

**ANNUAL REPORT
30 JUNE 2014**

COMPANY INFORMATION

DIRECTORS

Mr Bradd Granville
Mr Stewart Brown
Mr Paul Jago
Mr Shaun Melville

COMPANY SECRETARY

Ms Susan Hunter

AUDITORS

Moore Stephens
Level 3, 12 St Georges Terrace
Perth WA 6000

REGISTERED OFFICE

Unit 6, 100 Railway Road
Subiaco WA 6008

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DIRECTORS' REPORT

Your directors present their report on Golden Eagle Mining Ltd for the year ended 30 June 2014.

DIRECTORS

The following persons were directors of Golden Eagle Mining Ltd during or since the end of the financial year and up to the date of this report:

Mr Bradd Granville
Mr Stewart Brown
Mr Paul Jago
Mr Shaun Melville (appointed 5 June 2014)

INFORMATION ON CURRENT DIRECTORS

Mr Bradd Granville

Bradd Granville has substantial commercial management experience in the mining industry. Bradd has held various senior operational roles in the oil and gas as gold sectors. Bradd has been influential in driving Golden Eagle Mining Ltd to extensive growth through identifying opportunities, consolidating numerous licenses and incorporating strategy.

Mr Stewart Brown

Stewart Brown is a mining engineer with over 30 years experience in operations throughout Australia and has held executive positions in a number of companies. He has multi-commodity experience with extensive expertise in managing open cut operations including Joint Venture Projects. He has held senior technical and operational management roles including statutory mining positions. He has had experience in leading the development of remote mining projects from resource development through to operational commencement and closure. Stewart holds a Diploma of Mining Engineering, an MBA (Tech Mgt) and is a MAusIMM. Stewart is currently a director of Bronleyhill Consultancy Pty Ltd and Principal of Stewart Brown Consulting Pty Ltd.

Mr Paul Jago

Paul Jago is a qualified Mining Engineer with experience in all aspects of gold mining. Much of Paul's 17 years in the Mining Industry was spent at Kalgoorlie's (KCGM) world famous Super Pit. Paul has held a range of positions including Drill & Blast Operations Manager, Senior Production Engineer, Senior Planning Engineer and Senior Consultant. Paul has vast management experience and has held managerial positions in charge of over 200 personnel together with budget responsibility of over \$600 million. Paul holds a Bachelor of Engineering degree.

Mr Shaun Melville

Shaun Melville has extensive experience in global markets, working closely with a range of companies from blue chip down to start ups operating within the Resource and IT sectors to implement corporate strategies. Shaun is a co-founder of Raptor Global Corporation Ltd and also a director of Drilling Resource Partners Pty Ltd, both companies being involved with consulting to the mining sector. Shaun has been influential in assisting in the successful management of ASX listed and unlisted companies. Shaun holds a Bachelor of Psychology degree.

COMPANY SECRETARY

Ms Susan Hunter (appointed 1 September 2014)

Susan Hunter has over 18 years experience in the corporate finance industry. Susan holds a Bachelor of Commerce degree from the University of Western Australia, is a member of the Australian Institute of Chartered Accountants, a fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors. Susan is also a member of the Governance Institute of Australia and is currently Company Secretary for a number of ASX listed companies.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS

The interests of the directors in securities of the company at the date of this report are:

Director	Fully Paid Ordinary Shares
Mr Bradd Granville	1,188,013
Mr Stewart Brown	1,188,013
Mr Paul Jago	1,188,013
Mr Shaun Melville	-

PRINCIPAL ACTIVITIES

The principal activity of the entity during the course of the financial year was to seek appropriate investment opportunities in exploration assets within Australia, offering investors excellent exposure to a range of commodities. There were no significant changes in the nature of the entity's principal activities during the year.

RESULTS

The loss of the company for the financial year was \$1,033,344.

FINANCIAL POSITION AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The net liabilities of the company at 30 June 2014 were \$786,134.

Cash on hand at 30 June 2014 totalled \$105.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The company will continue to pursue investment opportunities within the Australian resources sector.

DIVIDENDS

No dividends have been provided for or paid by the entity in respect of the year ended 30 June 2014.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed in Note 16 there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect:

- the company's operations in future years; or
- the results of those operations in future years; or
- the company's state of affairs in future years.

NON-AUDIT SERVICES

No non-audit services were performed during the financial year by the auditor.

DIRECTORS' MEETINGS

Four formal directors meetings were held during the financial year.

DIRECTORS' REPORT *(continued)*

PROCEEDINGS OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

A handwritten signature in dark ink, appearing to read 'B. Granville', written over a circular stamp.

Mr Bradd Granville
Director

Perth, October 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace WA
6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181
www.moorestephens.com.au

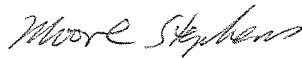
**AUDITOR'S INDEPENDENCE DECLARATION UNDER
S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF
GOLDEN EAGLE MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this ¹²3 day of October 2014

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDEN EAGLE MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Golden Eagle Mining Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other 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 of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 (IFRS).

Auditor's Responsibility

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

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

We 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if provided to the directors as at the time of this auditor's report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDEN EAGLE MINING LIMITED *(continued)*

Auditor's Opinion

In our opinion:

- a. the financial report of Golden Eagle Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the 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 1.

Inherent Uncertainty Regarding Going Concern

We draw attention to note 1(a) of the financial statements which states that the financial statements have been prepared on a going concern basis. The ability of the Company to continue as a going concern for at least the next 12 months from the date of our report will require it to undertake further capital raisings during this period. Based on prior experience the directors of the Company are confident of obtaining the necessary shareholder support if and when required. Notwithstanding this there is some uncertainty of the Company achieving these outcomes and consequently we have significant uncertainty as to whether the Company will continue as a going concern for a minimum period of the next 12 months. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.



Neil Pace
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 13th day of October 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Continuing operations			
Other income		760	-
		<u>760</u>	<u>-</u>
Expenses			
Administration expenses		(495,793)	(405,752)
Exploration and evaluation expenses		(345,936)	(208,521)
Fundraising expenses		(154,470)	(266,248)
Other expenses		(37,905)	(54,958)
		<u>(1,034,104)</u>	<u>(935,479)</u>
Loss before income tax expense		(1,033,344)	(935,479)
Income tax expense	3	-	-
		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,033,344)</u>	<u>(935,479)</u>

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	105	14,905
Trade and other receivables	5	94,891	1,717
Loans receivable	7	44,808	44,808
Total Current Assets		139,804	61,430
Non-Current Assets			
Plant and equipment	6	31,446	40,706
Total Non-Current Assets		31,446	40,706
TOTAL ASSETS		171,250	102,136
LIABILITIES			
Current Liabilities			
Trade and other payables	8	424,508	432,558
Borrowings	9	532,876	532,856
Total Current Liabilities		957,384	965,414
TOTAL LIABILITIES		957,384	965,414
NET LIABILITIES		(786,134)	(863,278)
EQUITY			
Issued capital	10	5,220,150	4,109,663
Accumulated losses		(6,006,284)	(4,972,941)
TOTAL EQUITY		(786,134)	(863,278)

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

		Issued Capital	Accumulated Losses	Total
	Note	\$	\$	\$
Balance at beginning of year		4,109,662	(4,972,940)	(863,278)
Total comprehensive income for the year		-	(1,033,344)	(1,033,344)
Issue of shares	10	1,110,488		1,110,488
Share issue costs	10	-	-	-
Balance at end of year		5,220,150	(6,006,284)	786,134

for the year ended 30 June 2013

		Issued Capital	Accumulated Losses	Total
	Note	\$	\$	\$
Balance at beginning of year		2,741,290	(4,037,461)	(1,296,171)
Total comprehensive income for the year		-	(935,479)	(935,479)
Issue of shares	10	1,368,372		1,368,372
Share issue costs	10	-	-	-
Balance at end of year		4,109,662	(4,972,940)	863,278

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,125,307)	(1,363,673)
Net cash outflow from operating activities	4	(1,125,307)	(1,363,673)
Cash flows from investing activities			
Payments for plant and equipment		-	(4,273)
Net cash outflow from investing activities		-	(4,273)
Cash flows from financing activities			
Proceeds from issue of shares	10	1,110,487	1,368,373
Payments for share issue costs	10	-	-
Proceeds from borrowings	9	20	10,000
Loans receivable	7	-	-
Net cash inflow from financing activities		1,110,507	1,378,373
Net decrease in cash and cash equivalents		(14,800)	10,427
Cash and cash equivalents at the beginning of the financial year		14,905	4,478
Cash at the end of the financial year	4	105	14,905

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the company to continue as a going concern is dependent on the company raising additional funding when required over the 12 months from the date of approval of this report and/or the commercial development or sale of its exploration assets.

Should the company not achieve the matters set out above, the company may not be able to continue as a going concern or may have to dispose of assets other than in the normal course of business. No adjustments related to the recoverability and classification of recorded assets or liabilities related to the above have been made in the financial report.

(b) New and amended accounting policies adopted by the company

The company has adopted all new and revised accounting standards and interpretations that are relevant to its operations and effective for reporting periods beginning 1 July 2010. None of the new and revised standards and interpretations adopted during the year had a material impact.

(c) New accounting standards for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company are not expected to impact significantly on the company when adopted in future periods.

(d) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to the company's mineral tenements is expensed as incurred. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(e) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) **Plant and equipment**

Plant and equipment is stated at historical cost less depreciation. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset during their expected useful life of 3 to 5 years.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not shown in the accounts at a value in excess of the recoverable amount from assets.

(g) **Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as shares in listed companies) is based on quoted market prices at 30 June 2014.

The nominal value, less any estimated credit adjustments, of trade receivables and payables are assumed to approximate their fair value.

(h) **Impairment of assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(i) **Trade and other receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed over an ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to note 1(h) for further discussion on the determination of impairment losses.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(j) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(l) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

A deferred tax asset for unused tax losses is recognised only if it is probable that future taxable amounts will be available to utilise losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments other than loans receivables and financial liabilities, the entity does not currently hold any other classification of financial assets.

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(n) 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.

(o) Employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial statements 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.

3. INCOME TAX

(a) Income tax expense in loss

Current tax expense

2014	2013
\$	\$

-	-
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The prima facie income tax on the pre-accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Reconciliation

Loss before tax from continuing operations

(1,033,344)	(935,479)
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Income tax expense calculated at 30%

(310,003)	(280,644)
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Effect of unused tax losses not recognised as deferred tax assets

(310,003)	(280,644)
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-	-
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(b) Deferred tax assets comprise:

Deferred tax assets have not been recognised in respect of the following items:

Tax losses

(5,778,017)	(4,814,245)
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(c) Unutilised Australian tax losses

(5,778,017)	(4,814,245)
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The company has no franking credits to offset against future taxable income.

No income tax expense has been provided in the accounts because the company has an operating loss for the year. No future tax benefit attributable to tax losses has been brought to account as recovery is not certain or assured.

The benefit will only be obtained if the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised, continues to comply with the conditions for deductibility imposed by taxation legislation and there are no changes in tax legislation adversely affecting the consolidated entity in realising the benefit.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	2014 \$	2013 \$
4. CASH AND CASH EQUIVALENTS		
Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank	105	14,905
Cash on hand	-	-
	<hr/>	<hr/>
Balance per statement of cash flows	105	14,905
	<hr/>	<hr/>
(a) Reconciliation of the loss for the year to net cash flows from operating activities		
Operating loss	(1,033,344)	(935,479)
Depreciation and amortisation	9,261	11,450
Decrease/increase in operating assets and liabilities:		
Trade and other receivables	(93,174)	-
Trade and other payables	(8,050)	(439,644)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,125,307)	(1,363,673)
	<hr/>	<hr/>
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	1,536	1,717
Current tax assets	93,355	-
	<hr/>	<hr/>
	94,891	1,717
	<hr/>	<hr/>
6. PLANT AND EQUIPMENT		
Plant & equipment – at cost	65,943	65,943
Accumulated depreciation	(34,497)	(25,236)
	<hr/>	<hr/>
	31,446	40,707
	<hr/>	<hr/>
7. LOANS RECEIVABLE		
Loans to unrelated parties	44,808	44,808
	<hr/>	<hr/>
	44,808	44,808
	<hr/>	<hr/>
The loans are payable on demand and are non interest bearing		
8. TRADE AND OTHER PAYABLES		
Trade creditors	216,013	296,019
Current tax liabilities	-	7,463
Payroll liabilities	208,495	129,076
	<hr/>	<hr/>
	424,508	432,558
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	2014 \$	2013 \$
9. BORROWINGS		
Loans from related parties	532,876	532,856
	<u>532,876</u>	<u>532,856</u>
(b) Borrowing arrangements		
Loans are non interest bearing and repayable at the time the Company completes an initial public offer and listing on ASX. The loans are to be settled by way of an issue of 2,500,000 ordinary shares (at \$0.20 per share) and 1,250,000 options (exercisable at 40 cents per share)		
10. ISSUED CAPITAL		
Ordinary and Convertible Preference Shares		
(a) Issued and Fully Paid	<u>5,220,150</u>	<u>4,109,663</u>
(b) Movement in ordinary shares on issue		
51,290,755 Fully paid, ordinary shares at the beginning of the year	4,109,663	2,741,290
Issued during the year:		
28,231,791 fully paid, ordinary shares	1,110,487	1,368,373
fully paid, ordinary shares net of share issue costs	<u>1,110,487</u>	<u>1,368,373</u>
79,522,546 Fully paid ordinary shares at the end of the year	<u>5,220,150</u>	<u>4,109,663</u>
(c) Rights attaching to ordinary shares and convertible performance shares		
<i>Ordinary shares</i>		
i. Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.		
ii. At shareholder meetings, when a poll is called, each ordinary share is entitled to one vote otherwise each shareholder has one vote on a show of hands.		
The company has not issued any options to acquire its ordinary shares.		
11. AUDITORS' REMUNERATION	2014 \$	2013 \$
Fee paid or payable for services provided by the auditors:		
(a) Audit services		
Audit and review of financial reports under the Corps Act	7,000	7,000
(b) Other services		
Income tax return preparation	-	-
Total remuneration of auditors	<u>7,000</u>	<u>7,000</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

12. RELATED PARTY DISCLOSURES

Related party transactions are summarised below.

(a) Remuneration of key management personnel

Key management personnel (KMP) includes any person having authority and responsibility for planning, directing, and controlling the activities of the company including any director. The totals of remuneration paid to the KMP of the company during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	166,047	203,874
Post-employment benefits	15,359	18,349
Share-based payments – Promoters' shares	-	-
	<u>181,406</u>	<u>222,223</u>

(b) Other related party transactions

Other related parties include close family members of key management personnel and entities that are controlled by those key management personnel, individually or collectively with their close family members. Loans Receivable (as set out in Note 7) and Borrowings (as set out in Note 9) are with entities associated with directors.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial instruments comprise receivables, payables and cash which arise directly from its operations.

The company manages its exposure to key financial risks, in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets whilst protecting future financial security.

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

The company generates income from interest on surplus funds.

At balance date, the company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

	2014 \$	2013 \$
Financial assets		
Cash and cash equivalents	105	14,905
Net exposure	105	14,905

The company periodically analyses its interest rate exposure. Within this analysis consideration is given to alternative financing, hedging positions and the mix of fixed and variable interest rates.

At 30 June 2014, if interest rates had moved, up or downwards by 10%, with all other variables held constant, post tax loss and equity would not have been significantly affected.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company. The company's potential concentration of credit risk consists mainly of cash deposits with banks. The company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The company considers the credit standing of counterparties when making deposits to manage the credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The company holds the majority of its financial assets as cash deposits and has significant liabilities hence it does not have material liquidity risk at year end.

The remaining contractual maturities of the company's financial liabilities are:

	2014 \$	2013 \$
12 months or less	957,384	965,414
	965,414	965,414

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. To monitor existing financial assets and liabilities as well as to enable effective control of future risks, the company has established risk reporting processes covering its business units that reflect expectations of management of expected settlement of financial assets and liabilities.

	≤6 months	6-12 months	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$
2014					
Financial assets					
Cash and cash equivalents	105	-	-	-	105
Trade and other receivables	1,536	44,808	-	-	46,344
Financial liabilities					
Borrowings	-	(532,876)	-	-	(532,876)
Trade and other payables	(424,508)	-	-	-	(424,508)
Net maturity	(422,867)	(488,068)	-	-	(910,935)
2013					
	≤6 months	6-12 months	1-5 years	>5 years	Total
	\$	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	14,905	-	-	-	14,905
Trade and other receivables	1,717	44,808	-	-	46,525
Financial liabilities					
Borrowings	-	(532,856)	-	-	(532,856)
Trade and other payables	(432,558)	-	-	-	(432,558)
Net maturity	(415,936)	(488,048)	-	-	(903,984)

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

14. COMMITMENTS

Farm-in and joint venture agreements

The company has no farm-in joint venture agreements with other entities.

Office Rent

The company paid rent to a related company Golden Stallion Resources Pty Ltd which held the property lease. The company has no formal agreement or obligations in relation to its future rental arrangements.

Exploration Expenditure Commitments

In order to maintain current rights of tenure to exploration tenements, the company is required to meet rent and rate commitments and perform minimum exploration work to meet the minimum expenditure requirements specified by the relevant authorities. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in the financial report. The minimum expenditure obligations for the next 12 months are estimated to be approximately \$790,000.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

14 COMMITMENTS (continued)

Option Agreement in Relation to Tenement Acquisition

On 24 November 2010 the Company executed an option agreement for the acquisition of tenements pursuant to which it agreed to pay a total purchase price of \$1,026,015 and to settle outstanding creditors of the Grantor, over a period of 12 months. These obligations are not provided for in the financial statements because if the option lapses the tenements revert to the Grantor.

The tenement acquisition option agreement referred to above has been extended and varied a number of times (the last variation was dated 5 September 2013). Pursuant to the latest variation the Company's obligations are as follows;

- The balance of the purchase price is now \$188,802 to be paid upon the Company listing on ASX;
- The Company is required to make a 6 monthly payment of \$62,500 until the terms of the option agreement are fully settled;
- The Company is required to spend a minimum of \$400,000 on exploration on the tenements over a two year period from 5 September 2013;
- The Company is negotiating to settle debt obligations of the Grantor of approximately \$1,700,000 via the issue of fully paid ordinary shares in the Company. If the creditors refuse to accept the shares in settlement then the Company has no further obligations to them.
- The Company to issue to the Grantor 5,000,000 ordinary shares at 10 cents each (being valued at \$500,000) upon the Company listing on ASX.

15. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities that may have arisen from the company's operations as at 30 June 2014.

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end the Company has continued to raise equity so as to fund its operations.

Other than as noted above there have been no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the company's operations in future years or the results of those operations in future years or the company's state of affairs in future years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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



Mr Bradd Granville
Director

Perth, October 2014