

Gleneagle Gold Limited

ABN 27 103 782 378

Half-Year Financial Report

31 December 2014

Contents	Page
Company Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Condensed Statement of Comprehensive Income	7
Condensed Statement of Financial Position	8
Condensed Statement of Changes in Equity	9
Condensed Statement of Cash Flows	10
Notes to the Condensed Financial Statements	11
Director's Declaration	14
Independent Auditor's Review Report	15

CORPORATE DIRECTORY

NON-EXECUTIVE DIRECTORS

Wayne Gregory Loxton

Ian David Love

Leon Davies

COMPANY SECRETARY

Neville Bassett

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AUDITORS

HLB Mann Judd

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SHARE REGISTRAR

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Code: GLN

DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Wayne Gregory Loxton	Director
Ian David Love	Director
Leon Davies	Director

Review of Operations

Cuddingwarra – Western Australia

EL20/742 (100%)
 EL20/833 (100%)
 PL20/2095 (100%)
 PL20/2096 (100%)

The four leases are located in the Cue Mineral Field near the historic Big Bell and Cuddingwarra mining centres. Three of the leases are contiguous being E20/742 and P20/2095 and 2096. This project area is referred to as Milly Bore. EL20/833 is situated to the NW of Milly Bore and is referred to as the Berring Pool project.

The Milly Bore project is situated immediately to the north of the Cuddingwarra Mining Centre. Gold mineralisation is common in the area and there are numerous historical workings. The principal deposits are Black Swan, Black Swan South, Golden Gate, Chieftain and Rheingold.

The Berring Pool project is adjacent to the Big Bell-Coodardy gold trend that is interpreted to be on the northern margin of the lease.

Milly Bore

Since acquiring the Cuddingwarra tenements work has focussed on obtaining all historical geochemical, geological, drilling and geophysical data and integration into a format suitable for GIS software.

Mineralised gold trends have been identified along four zones, (from west to east), termed the Chester Trend, Cuddingwarra Shear, Chieftain Trend, and Emily Well Trend. In addition two prospective base metal trends are identified, the Wattagee Hill trend and the Emily Well trend.

No field work was undertaken during the period. In light of current economic conditions, the company is assessing the best way to move the project forward whilst conserving cash reserves.

Berring Pool

The project covers an area of approximately 16km² and is also situated within the Archaean Meekatharra-Wydney Greenstone Belt. No work was undertaken during the period. EL20/833 was granted on 8 December 2014.

Peak Hill – Western Australia

P52/1166

No work was undertaken during the period and a decision was taken to surrender the prospecting licence.

Corporate

The Board is actively seeking new project and investment opportunities and reviewed a number of potential projects during the half-year. Subsequent to half-year end, the Company announced that it has entered into a non-binding term sheet to merge with unlisted Australian company Myostin Therapeutics Pty Ltd (Refer Note 7).

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'W. Loxton', with a stylized, cursive script.

Wayne Gregory Loxton

Director

16 March 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Gleneagle Gold Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
16 March 2015

W M CLARK
Partner, HLB Mann Judd

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 December 2014 \$	31 December 2013 \$
Continuing operations		
Revenue	6,774	11,043
Compliance and regulatory expenses	(14,309)	(12,145)
Consultants and professional fees	(35,500)	(37,400)
Administration	(11,781)	(11,597)
Directors' fees	(90,000)	(90,000)
Depreciation and amortisation expense	-	(336)
Exploration and evaluation expenditure	(115,376)	(4,180)
Foreign exchange gain (loss)	11,293	(655)
Loss before income tax	(248,899)	(145,270)
Income tax expense	-	-
Net loss for the period	(248,899)	(145,270)
Other comprehensive income	-	-
Other comprehensive income for the period, net of tax	-	-
Total comprehensive loss for the period	(248,899)	(145,270)
Basic loss per share (cents per share)	(0.05)	(0.03)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
Assets			
Current Assets			
Cash and cash equivalents		447,216	597,534
Trade and other receivables		6,832	1,644
Total Current Assets		454,048	599,178
Non-Current Assets			
Deferred exploration and evaluation expenditure	2	75,114	180,985
Total Non-Current Assets		75,114	180,985
Total Assets		529,162	780,163
Liabilities			
Current Liabilities			
Trade and other payables		27,904	30,006
Total Current Liabilities		27,904	30,006
Total Liabilities		27,904	30,006
Net Assets		501,258	750,157
Equity			
Issued capital	3	15,961,851	15,961,851
Reserves		314,100	314,100
Accumulated losses		(15,774,693)	(15,525,794)
Total Equity		501,258	750,157

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2013	15,961,851	(19,140,778)	4,219,301	1,040,374
Loss for the period	-	(145,270)	-	(145,270)
Total comprehensive loss for the period	-	(145,270)	-	(145,270)
Transfer of reserve on option expiry	-	3,905,200	(3,905,200)	-
Balance at 31 December 2013	15,961,851	(15,380,848)	314,101	895,104
Balance at 1 July 2014	15,961,851	(15,525,794)	314,100	750,157
Loss for the period	-	(248,899)	-	(248,899)
Total comprehensive loss for the period	-	(248,899)	-	(248,899)
Balance at 31 December 2014	15,961,851	(15,774,693)	314,100	501,258

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	31 December 2014	31 December 2013
	\$	\$
Notes	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(142,805)	(135,465)
Interest received	6,774	11,043
Changes in GST liabilities	(3,871)	(4,425)
Net cash outflow from operating activities	(139,902)	(128,847)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(21,709)	(34,505)
Payments for acquisition of mining tenements	-	(20,000)
Net cash outflow from investing activities	(21,709)	(54,505)
Net decrease in cash held	(161,611)	(183,352)
Cash and cash equivalents at the beginning of the period	597,534	969,305
Effects of exchange rate fluctuations on cash held	11,293	(655)
Cash and cash equivalents at the end of the period	447,216	785,298

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Gleneagle Gold Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half-year reporting period.

Basis of preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of half-year financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2014.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Company accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change necessary to Company accounting policies.

Comparatives

Comparative information has been represented so that it is also in conformity with current classifications.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Six months to 31 December 2014 \$	Year to 30 June 2014 \$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	180,985	104,871
Acquisition of tenements	-	20,000
Expenditure incurred	-	56,114
Deferred expenditure written off	(105,871)	-
Total deferred exploration and evaluation expenditure	75,114	180,985

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation or sale of the respective areas.

NOTE 3: ISSUED CAPITAL

Ordinary shares

Issued and fully paid	15,961,851	15,961,851
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	Six months to 31 December 2014 No.	Year to 30 June 2014 No.	Six months to 31 December 2014 \$	Year to 30 June 2014 \$
<i>Movements in ordinary shares on issue</i>				
At start of period	482,358,913	482,358,913	15,961,851	15,961,851
Movement	-	-	-	-
At end of period	482,358,913	482,358,913	15,961,851	15,961,851

NOTE 4: SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the phase of operation within the mining industry. For management purposes, the Company has organised its operations into two reportable segments on the basis of stage of development as follows:

- Development assets
- Exploration and evaluation assets, which includes assets that are associated with the determination and assessment of the existence of commercial economic reserves.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

During the half-year ended 31 December 2014, the Company had no development assets. The Board considers that it has only operated in one segment, being mineral exploration within Australia.

Where applicable, corporate costs, finance costs, interest revenue and foreign currency gains and losses are not allocated to segments as they are not considered part of the core operations of the segments and are managed on a group basis.

The Company is domiciled in Australia. All revenue from external customers is generated from Australia only. Segment revenues are allocated based on the country in which the customer is located.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: RELATED PARTY TRANSACTIONS

There are no related party transactions requiring disclosure since the last annual reporting date.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the reporting date that require disclosure, other than:

On 16 March 2015, the company announced it has entered into a non-binding term sheet to merge with unlisted Australian company Myostin Therapeutics Pty Ltd ("Myostin").

Myostin is developing a therapeutic for Duchenne Muscular Dystrophy ("DMD") and potentially other muscle-wasting conditions. Myostin has acquired an extensive body of intellectual property, including 3 patent families which protect its approach to treating DMD.

In consideration for Myostin undertaking the Merger, Gleneagle has agreed to pay to the Myostin shareholders the equivalent of \$2,000,000, which shall be satisfied through the issue of 666,666,666 ordinary fully paid shares (**Shares**) in the capital of Gleneagle at a deemed issue price of \$0.003 per Share.

The Merger is conditional upon satisfaction or waiver of the following conditions precedent:

- Completion by Gleneagle, to its satisfaction, of all necessary legal and technical due diligence investigations in respect of Myostin within 45 days of execution of the Term Sheet;
- Gleneagle undertaking and completing a capital raising to facilitate re-compliance with Chapters 1 and 2 of the ASX Listing Rules. The price at which the capital raising will be undertaken is yet to be determined;
- Execution of a concluded agreement by Gleneagle and each holder of securities in Myostin and any other documentation required to implement the transaction, within 7 days from expiry of the due diligence period and then complete the concluded agreement within 60 days thereof;
- Gleneagle holding a shareholders meeting to:
 - Obtain all approvals that are required to give effect to the transaction contemplated by the Term Sheet, including ASX Listing Rule 11.1; and
 - Change the name of Gleneagle to Myostin Therapeutics Limited;
- ASX granting conditional approval to reinstate the securities of Gleneagle to trading on ASX (after Gleneagle re-complies with Chapters 1 and 2 of the ASX Listing Rules) and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Myostin; and
- Gleneagle undertaking a consolidation of its issued share capital on a basis to be agreed.

Gleneagle will also issue 24,100,000 Shares (on a pre-Consolidation basis) to key consultants as consideration for those persons formulating the proposed Merger, introducing the proposal to the parties and assisting with its implementation.

DIRECTORS' DECLARATION

In the opinion of the directors of Gleneagle Gold Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Wayne Gregory Loxton
Director

16 March 2015



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gleneagle Gold Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gleneagle Gold Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gleneagle Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'W M Clark'.

W M Clark
Partner

Perth, Western Australia
16 March 2015