Redcliffe
Resources
Limited

redcliffferesources.com.au

Victorian Office:
523 Ligar Street, Ballarat
Victoria, 3355
P: (03) 5333 3200

REDCLIFFE RESOURCES LIMITED

AND CONTROLLED ENTITIES

ABN 63-010-856-014

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2014

Victorian Office:
523 Ligar Street, Ballarat
Victoria, 3355
P: (03) 5333 3200

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CORPORATE DIRECTORY

Directors
Executive Chairman / CEO - Rodney David Foster *BSc, M AusIMM*

Non-Executive Directors - Joe Gehamopa Holloway, Bruce John McFarlane and Garry Herbert Ernest Goyne.

Auditors, Registered Office and Papua New Guinea Share Registry

Sinton Spence Chartered Accountants		
Level 2, Brian Bell Plaza		
Turumu Street		
Boroko NCD 111	Tel:	(675) 325-7611
(PO Box 6861, Boroko)	Fax:	(675) 325-9389

Australian Share Registry

Link Market Services Limited		
Level 4, 152 St Georges Terrace	Tel:	(08) 9211-6670
Perth WA 6000		

Company Information

Papua New Guinea Company Number	1-13756
Australian Business Number	63 010 856 014
ASX code, Home Branch	RCF, Perth

Accountants, Registered Agent & Office in Australia

RSM Bird Cameron		
12 Anderson Street West	Tel:	(03) 5330-5800
Ballarat Vic 3350	Fax:	(03) 5333-1667

Exploration Office

523 Ligar Street	Tel:	(03) 5333-3200
Ballarat Vic 3350		
(PO Box 63, Wendouree Vic 3355)		

Solicitors
Price Sierakowski, Perth

Bankers
A.N.Z. Bank - Champion Parade, Port Moresby
BankWest - Australia

DIRECTORS' REPORT

- **Major review of Prospects and Board led to re-focus on major Australian asset, Redcliffe Gold Project, Leonora WA.**
- **The Company was successful in gaining approval for co-funding WA Department of Mines and Petroleum (DMP) Exploration Incentive Scheme with half (up to $140,000) of direct drilling costs to be contributed.**
- **Planning and permits completed, paving the way for Kelly Prospect Deep drilling programme to be conducted early 2015.**
- **Review of economic potential of existing resources underway to reflect updated pricing and currency impacts and consider development alternatives.**
- **Various project and tenement rationalisations were undertaken and proposed.**

Redcliffe Gold Project

Focus returned to the Company's 100% owned Redcliffe Gold Project ("RGP"). The Golden Terrace South Deposit and the Kelly Prospect are located 40 - 45kms north-east of Leonora in the Eastern Goldfields of Western Australia. The Project tenements cover a substantial strike length of the Mertondale Shear Zone where the Company hopes to build on previously estimated gold resources that are within granted mining leases.

Estimated resources over eight deposits delineated to date amount to 278,100 ounces of which 969,000 tonnes @ 2.70g/t (84,100 ounces) is indicated, the remainder inferred (see appended information in this report for further detail).

Golden Terrace South

The Company has been revisiting studies on the potential development of Golden Terrace South where exploitation via an open pit was envisaged. Various gold price scenarios are being considered and will be fed into the financial metrics to consider the potential change in economics. Various development alternatives are also being investigated.

Kelly Prospect

Upon gaining approval from DMP through a Programme of Works, associated site works were undertaken in the form of pad and access clearing and excavation of sumps.

DIRECTORS' REPORT

As the Kelly deep drilling programme was unlikely to be completed pre-Christmas, the Company with the acknowledgement of DMP, rescheduled drilling to begin in early 2015. The drilling, co-funded by the WA department of Minerals & Petroleum (DMP) under their Exploration Incentive Scheme, began in January and was completed in February.

The first hole had a Diamond Drill core tail after an RC pre-collar The drilling explored for high grade feeders to the Kelly mineralised system at depth. Success could enhance the economic potential and open up development alternatives for the immediate region's stranded gold deposits.

The Kelly Prospect is a large mineralised system with gold anomalous drill intercepts occurring over more than one kilometre. It lies proximal to the eastern bounding structure of the Mertondale Shear Zone. Host rocks are felsic intrusives that may have similarities to other intrusive hosted gold deposits in the region such as Granny Smith and Gold Road's emerging Gruyere Deposit in the Yamarna Greenstone Belt.

The rocks at Kelly are highly deformed and mylonitised displaying intense deformation.

The proposed drilling is to test continuations of higher grade zones and to seek mineralized feeder pathways of the mineralizing fluids in the shear system. It is considered an important step in expanding the knowledge of the large mineralised system.

Sampling of core and RC samples was carried out as drilling progressed.

Several peripheral, non-core tenements were surrendered, as were the Blue Dam tenements in the Coolgardie District.

Manus Island Copper Gold Project

During the year Newcrest notified of its withdrawal from the Manus Joint Venture. Remaining Partners in the project have been actively seeking an alternative funding partner.

Mbesa Copper Project

The Mbesa Project is located within the Tunduru District of southern Tanzania near the border with Mozambique and approximately 350km from the port of Mtwara.

DIRECTORS' REPORT

Field work during the first half of the year included a field programme, where a cluster of copper occurrences in the Mbesa area were inspected and samples were collected for analysis and petrological examination. Redcliffe considered the results indicated mafic intrusives and were the pre-cursor lithologies and were the likely source of the observed mineralisation. Exploration planning was undertaken for ground geophysical surveys prior to drilling.
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Unfortunately, having been unable to finalise the securing of key underlying tenements, Redcliffe withdrew from this project and shelving the Tanzanian exploration initiative was an appropriate course of action. The Company notified the termination of the Agreement over the Project subsequent to year end.

Corporate

Late in the year several changes occurred in the Board and Management of the Company. Mr Mark Maine resigned from the Board as did Mr Simon Griffiths and his alternate, Mr Peter Wilson.

The Board has welcomed Mr Bruce McFarlane and Mr Garry Goyne to non-executive board positions.

Rodney Foster
Executive Chairman

Appendix: Summary of Gold Resources

The breakdown of categories of resources is shown in the following table that accompanied ASX release of 20 November 2012 titled "**Gold Resource Increases by 40%**" at the time of announcing addition of the maiden gold resource at the Kelly Prospect.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Redcliffe Gold Project Resource Table (at 0.5g/t Au lower cut off)

	Indicated			Inferred			Total		
Deposit	Tonnes	g/t	ounces	Tonnes	g/t	ounces	Tonnes	g/t	ounces
GTS	707,000	2.46	56,100	684,000	1.56	34,400	1,391,000	2.02	90,500
Nambi	262,000	3.30	28,000	298,000	2.50	24,000	559,000	2.88	52,000
Redcliffe				560,000	1.70	31,000	560,000	1.70	31,000
West Lode				373,000	1.20	15,000	373,000	1.20	15,000
Mesa				95,000	1.50	5,000	95,000	1.50	5,000
GT North				64,000	1.53	3,200	64,000	1.50	3,200
Golden Spear				26,000	1.60	1,000	26,000	1.60	1,000
Kelly				2,412,000	1.04	80,400	2,412,000	1.04	80,400
TOTAL	**969,000**	**2.70**	**84,100**	**4,512,000**	**1.33**	**194,000**	**5,480,000**	**1.57**	**278,100**

Note: 1. Resource tonnes and ounces have been subjected to rounding of component elements.
2. Resource Estimations for Kelly, BMGS (2012); GTS and GTN, BMGS (2011). All other deposits – Coffey Mining (2008)

DIRECTORS' REPORT

Competent Person Statement
The information in this report, as it relates to Exploration Results, is based on information compiled and/or reviewed by Rodney Foster who is a Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is the Executive Chairman of the Company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
This information with respect to Resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Executive Chairman - Rodney David Foster BSc
Mr. Foster was appointed Managing Director of Redcliffe Resources in December 2003. Mr. Foster is a geologist with over 26 years experience in the gold exploration and mining industry in Western Australia and Victoria. His experience includes working for Pancontinental Mining at Paddington, Samantha Exploration, CSR's Gold Resources Pty Ltd and North Kalgurli Mines on the Golden Mile, Money Mining NL, Peak Resources Ltd and was founding Managing Director of Goldminco NL, a Victorian exploration company.

During the last three years, Mr Foster has not served as a director of any other listed entities.

Non-Executive Director – Bruce John McFarlane (commenced 17 November 2014)
Mr McFarlane has an extensive background in the Minerals industry with corporate involvement with ASX listed Exploration companies.

During the last three years, Mr McFarlane has not served as a director of any other listed entities.

Non-Executive Director – Garry Herbert Ernest Goyne (commenced 17 November 2014)
Mr Goyne is an Analytical Chemist who operates his own long established successful Mining Services industry business that specialises in mineral analysis, with particular experience in gold assaying.

During the last three years, Mr Goyne has not served as a director of any other listed entities.

Non-Executive Director – Joseph Gehamopa Holloway
Mr Holloway was appointed as a non-executive director in April 2013. Mr Holloway has a significant commercial interest in Papua New Guinea including hotels and construction and has held the role in the past as a director of Air Niugini.

During the last three years, Mr Holloway has not served as a director of any other listed entities.

Executive Director - Mark William Maine TM Com. B Bus (Acc) PG Dip (Com) (ceased 17 November 2014).

Non-Executive Director - Simon Owain Griffiths MSc (ceased 17 November 2014).

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 31 December 2014.

DIRECTORS
The following persons held office as directors of Redcliffe Resources Limited during the period covered by this report:
R.D. Foster, J.G. Holloway, M.W. Maine (resigned 17 November 2014), S.O. Griffiths (resigned 17 November 2014), G.H.E. Goyne (appointed 17 November 2014) and B. McFarlane (appointed 17 November 2014).

PRINCIPAL ACTIVITIES
The principal activity of the Group during the year was gold exploration.

REVIEW OF OPERATIONS
The activities during the year are set out in a separate detailed Review of Operations Report.

CONSOLIDATED RESULTS
The Group's net loss after tax for the year ended 31 December 2014 was $684,056 (2013 $1,340,068).

FINANCIAL POSITION
The net assets of the consolidated group have decreased by $251,117 from 31 December 2013 to $6,874,679.

DIVIDENDS
The Company has not declared a dividend nor do the directors recommend the payment of any dividend.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS
Significant changes in the affairs of the group that occurred during the year were as follows:

<u>Share issues</u>

18.02.2014: 17,900,000 options were issued on a 1 for 1 basis to shareholders that received ordinary shares on 10 December 2013, expiring 31 March 2015 exercisable at $0.02.

18.02.2014: 10,000,000 options were issued to a consultant for the provision of advisory and capital management services expiring 31 December 2016 in the following manner - 2,000,000 exercisable at $0.015; 2,000,000 exercisable at $0.02; 2,000,000 exercisable at $0.03; 2,000,000 exercisable at $0.04 and 2,000,000 exercisable at $0.05.

03.03.2014: 7,042,254 ordinary shares were issued in satisfaction of conversion of 10 convertible notes at a price of $0.0142.

11.03.2014: 11,333,338 ordinary shares were issued at a price of $0.015 to sophisticated investors and 11,333,338 options were issued on the basis of 1 option for every 1 share issued, expiring 31 March 2015 exercisable at $0.02.

11.03.2014: 5,000,000 options were issued to a consultant for the provision of advisory and capital management services expiring 31 December 2016 in the following manner - 1,000,000 exercisable at $0.015; 1,000,000 exercisable at $0.02; 1,000,000 exercisable at $0.03; 1,000,000 exercisable at $0.04 and 1,000,000 exercisable at $0.05.

03.04.2014: 96,676 ordinary shares were issued at a price of $0.05 being for the conversion of March 2014 options. All other options for that issue expired on 31 March 2014.

DIRECTORS' REPORT

11.11.2014: 32,000000 ordinary shares were issued at a price of $0.005 as advised on the ASX on 11 November 2014.

Changes in controlled entities:
There were no changes in the entities controlled by the Group this financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

19.02.2015: 33,668,698 ordinary shares were issued at a price of $0.005 as advised on the ASX on 19 February 2015.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The likely future developments in the operations of the economic entity and the expected results of those operations in the years subsequent to the financial year ended 31 December 2014 have been covered generally within this report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In the course of its exploration, the group carries out sampling and drilling operations that have environmental implications both by way of in situ activities and also gaining access to sites. In such cases, rehabilitation of land and the elimination of any dangerous earthworks are a normal requirement. Apart from this, the company is not subject to any particular or significant environmental regulation.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Redcliffe Resources Ltd support and have adhered to the principles of corporate governance. The company's corporate governance statement for the year ended 31st December 2014 is contained in this annual report.

SHARE OPTIONS

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

Grant Date	Date of Expiry	Exercise Price	Number under Option
18 February 2014	31 March 2015	2 cents	17,900,000
18 February 2014	31 December 2016	1.5 cents	2,000,000
18 February 2014	31 December 2016	2 cents	2,000,000
18 February 2014	31 December 2016	3 cents	2,000,000
18 February 2014	31 December 2016	4 cents	2,000,000
18 February 2014	31 December 2016	5 cents	2,000,000
11 March 2014	31 March 2015	2 cents	11,333,338
11 March 2014	31 December 2016	1.5 cents	1,000,000
11 March 2014	31 December 2016	2 cents	1,000,000
11 March 2014	31 December 2016	3 cents	1,000,000
11 March 2014	31 December 2016	4 cents	1,000,000
11 March 2014	31 December 2016	5 cents	1,000,000

DIRECTORS' REPORT

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

INDEMNIFICATION OF AUDITOR AND DIRECTORS

During the year, no insurance was effected for directors and officer's liability insurance for the company and related bodies corporate. No indemnity was implemented in respect of the auditor.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Sinton Spence Chartered Accountants for non-audit services provided during the year ended 31 December 2014: accounting services and statutory compliance $2,331

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2014 has been received and can be found on page 16 of the financial report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of 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.

DIRECTORS' REPORT

REMUNERATION REPORT

Remuneration Policy

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the Company's financial and operational performance. The expected outcome of the Company's remuneration structure is:

- Retention and motivation of Directors and Executives
- Performance rewards to allow Directors and Executives to share the rewards of the success of Redcliffe Resources Limited.

Remuneration may include share option schemes, superannuation and professional indemnity and liability policies. Any equity based remuneration will only be made with the prior approval of shareholders in general meeting. The remuneration of an executive director will be decided by the Remuneration Committee. The Remuneration Committee consisted of Mr. Maine and Mr. Holloway.

The Board is responsible for determining and reviewing compensation arrangements for the non-executive directors, without the affected director participating in that decision making process. The maximum remuneration of non-executive directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Law as applicable. The appointment of non-executive director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive director. When setting fees and other compensation for non-executive directors, the Board will seek independent advice and apply Australian benchmarks. The Board may award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The Remuneration Committee will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment. Position descriptions are in place for directors and executives and will be used as a basis for assessing performance.

Performance Based Remuneration

The Company does not currently have a performance based remuneration scheme for directors and executives.

DIRECTORS' REPORT

Employment Details of Members of Key Management Personal and Other Executives

The following table provides employment details of persons who were, during the financial year, members of the key management personnel of the consolidated group.

Group Key Management Personnel	Position Held as at 31 December 2014 and any Change that Occurred during the Year	Contract Details (Duration and Termination)
Mr R D Foster	Executive Chairman/CEO	Annual renewable contract from 4 November 2014 3 months notice required to terminate Entitled to cash payment equivalent to gross salary paid for previous 12 months
Mr M W Maine	Resigned 17 November 2014	
Mr S O Griffiths	Resigned 17 November 2014	
Mr J G Holloway	Non Executive Director Appointed Alternate 17 December 2012 Appointed Non Executive 15 April 2013	Rotation per Corporations Act 2001 No cash entitlement on termination
Mr B J McFarlane	Appointed 17 November 2014	Rotation per Corporations Act 2001 No cash entitlement on termination
Mr G H E Goyne	Appointed 17 November 2014	Rotation per Corporations Act 2001 No cash entitlement on termination

The employment terms and conditions of key management personnel and group executives are formalised in contracts of employment.

Terms of employment require that Redcliffe provide an executive contracted person with a minimum of three months' notice prior to termination of contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

DIRECTORS' REPORT

DIRECTORS AND EXECUTIVE OFFICERS' EMOLUMENTS

2013	Annual Emoluments		Total
Names	Salary & Fees	Other	
	$	$	$
Mr Rodney D Foster	153,121	23,034	176,155
Mr Mark W Maine	185,879	-	185,879
Mr Simon O Griffiths	33,068	-	33,068
Mr Joseph G Holloway	17,877	-	17,877
	389,945	23,034	412,979

2014	Annual Emoluments		Total
Names	Salary & Fees	Other	
	$	$	$
Mr Rodney D Foster	65,623	7,280	72,903
Mr Mark W Maine	73,869	-	73,869
Mr Simon O Griffiths	21,364	-	21,364
Mr Joseph G Holloway	20,833	-	20,833
Mr Bruce J McFarlane	-	-	-
Mr Garry HE Goyne	-	-	-
	181,689	7,280	188,969

(i) Salary and fees includes fees incurred to director related entities for services provided. The director related entities include Minico Pty Ltd and RM Corporate Pty Ltd.

(ii) "other" amounts include amounts incurred to Minico Pty Ltd for the rental of the company's Exploration Office in Ballarat and Exploration Base in Leonora and motor vehicle provision.

DIRECTORS' REPORT

DIRECTORS' AND EXECUTIVES DISCLOSURES

At the date of this report, directors held the following interests in the company's shares. There are no individuals that have been determined to be specified executives at the date of this report.

Changes to holdings of fully paid shares during the calendar year are as follows:

Changes to holdings of fully paid shares during the calendar year are as follows:

Directors	Opening Jan 2014	Begin Directorship	Acquisition	Disposals	Cease Directorship	Closing Dec 2014
Mr Rodney D Foster	7,719,271	-	8,688,980	-	-	16,408,251
Mr Mark W Maine	1,847,116	-	-	-	1,847,116	-
Mr Simon O Griffiths	400,000	-	1,000,000	-	1,400,000	-
Mr Gary HE Goyne	-	15,355,731	-	-		15,355,731
Mr Bruce J McFarlane	-	23,179,247	-	-		23,179,247

Changes to holdings of March 2014 Options during the calendar year are as follows:

Directors	Opening Jan 2014	Acquisition	Consolidation	Disposals	Closing Dec 2014
Mr Rodney D Foster	4,087,709	-	-	4,087,709	-
Mr Mark W Maine	1,666,666	-	-	1,666,666	-

Changes to holdings of December 2016 Options (Class A - E) during the calendar year are as follows:

Directors	Opening Jan 2014	Acquisition	Consolidation	Disposals	Closing Dec 2014
Mr Bruce J McFarlane	-	10,000,000	-	-	10,000,000

Holdings of partly paid shares did not change during the year.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

There were 7 meetings of directors during the year ended 31 December 2014. Details of attendance by directors at the meetings are as follows:

	Maximum possible	Attended
R.D. Foster	7	6
M.W. Maine	6	6
S.O. Griffiths	6	5
J.G. Holloway	7	6
B.J. McFarlane	1	1
G.H.E. Goyne	1	1

Sub-committees

Audit committee (1 meeting)

M.W. Maine	1
J.G. Holloway	1

Remuneration committee (1 meeting)

M.W. Maine	1
J.G. Holloway	1

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditor, J.S. Spence of Sinton Spence Chartered Accountants.

Auditor's Independence Declaration to the Directors of Redcliffe Resources Limited

In relation to my audit of the financial report of Redcliffe Resources Limited for the year ended 31st December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Australian Corporations Act 2001 or any applicable code of professional conduct.

J.S. Spence
(Registered under the Papa New Guinea Accountants Act, 1996)
Boroko, Papua New Guinea
30th March 2015
Sinton Spence Chartered Accountants
PO Box 6861, Boroko, National Capital District, Papua New Guinea
Ph.: 675 325 7611
Fax: 675 325 9389

Signed at Ballarat 30th March 2015 in accordance with a resolution of the directors.

Rodney David FOSTER
Chairman / CEO

REDCLIFFE RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors of the company are:

Bruce John McFarlane
Garry Herbert Ernest Goyne
Joe Gehamopa Holloway

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity with the exception of geologist fees paid for geological field work.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.
A code of conduct has been established requiring directors and employees to:
- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities is set by the finance and operations committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. The Company's full Share trading policy was released to the ASX on the 23 December 2010.

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Performance Evaluation

An annual performance evaluation of the Board and all Board members was conducted by the Board.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.
The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Redcliffe Resources Limited, to lodge questions to be responded to by the Board and/or the CEO. Shareholders are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The worsening economic environment has emphasized the importance of managing and reassessing its key business risks.

Remuneration Policy

The remuneration policy, which sets the terms and conditions for the key management personnel, was developed by the remuneration committee after seeking professional advice from independent consultants and was approved by the Board. All executives receive a base salary, superannuation, fringe benefits, performance incentives and retirement benefits. The remuneration committee reviews executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice. The policy is designed to attract the highest caliber executives and reward them for performance which results in long-term growth in shareholder value.

Executives are also entitled to participate in the employee share and option arrangements.

The amount of remuneration for all key management personnel for the company is detailed in the report of directors under the heading Key Management Personnel Compensation. All remuneration paid to executives is valued at the cost to the company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Other Information

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

REDCLIFFE RESOURCES LIMITED
CORPORATE GOVERNANCE STATEMENT

The table below identifies the ASX Best Practice Recommendations and whether or not the company has complied with the recommendations during the reporting period.

			Note
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Y	
1.2	Companies should disclose the process for evaluating the performance to senior executives.	Y	
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	Y	
2.1	A majority of the board should be independent directors.	N	1
2.2	The chair should be an independent director.	N	1
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	N	1
2.4	The board should establish a nomination committee	N	2
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Y	
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Y	
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	Y	
3.2	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 for the board to assess annually both the objectives and progress in achieving them.	N	3
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	N	3
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.	N	3
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Y	
4.1	The board should establish an audit committee.	Y	
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors • Consists of a majority of independent directors • Is chaired by an independent chair, who is not chair of the board • Has at least three members.	N	4
4.3	The audit committee should have a formal charter.	N	4
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Y	
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Y	
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Y	
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.	Y	
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Y	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Y	
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 what management has reported to it as to the effectiveness of the company's management of its material business risks.	Y	

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.	Y	
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Y	
8.1	The board should establish a remuneration committee.	Y	
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by an independent chair • Has at least three members.	N	5
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Y	
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Y	

1. The chairman and CEO position is exercised by Mr Rodney Foster. Due to the size of the board and location of board members, the company does not justify having these roles exercised by different individuals.

2. The role of the nomination committee has been assumed by the full board. The size of the company does not justify the establishment of such a committee.

3. The board currently has insufficient members to allow the flexibility to fully comply with the Best Practice Guidelines.

4. The audit committee is presently composed of one non-executive director and one executive director. The board currently has insufficient members to allow the flexibility to fully comply with the Best Practice Guidelines.

5. The remuneration committee is presently composed of one non-executive director and one executive director. The board currently has insufficient members to allow the flexibility to fully comply with the Best Practice Guidelines.

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF REDCLIFFE RESOURCES LIMITED

Report on the Financial Report

I have audited the accompanying financial report of Redcliffe Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising 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 and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Australian Corporations Act 2001 and PNG Companies Act 1997 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

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I 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 overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Corporations Act 2001. I confirm that the independence declaration required by the Australian Corporations Act 2001, provided to the directors of Redcliffe Resources Ltd on 30 March 2015, would be in the same terms if provided to the directors as at the date of this auditor's report.

Qualification

In accordance with the company's accounting policy, exploration expenditure of $7,313,489 (2013: $7,283,594) has been included in the financial statements as a non-current asset. The recoverability of the capitalised exploration expenditure and the ability of the company to meet its debts as and when they fall due are dependent upon the success of future exploration or realisation of the exploration assets. Significant exploration and development activities can only continue if the company is successful in raising additional funds, either through gold production, the establishment of joint ventures, sale of investments or the raising of additional equity from its shareholders and/or new investors.

Auditor's Opinion

In my opinion, except for the possible effects of the matters described in the Qualification paragraph, the financial report of the consolidated entity comprising Redcliffe Resources Limited and the entities it controlled during the year, has been prepared, in all material respects, in accordance with the applicable financial reporting framework and is in accordance with:

(a) the PNG *Companies Act 1997 and Australian Corporations Act 2001,* including:

- (i) giving a true and fair view of the company and consolidated entity's financial position as at 31 December 2014 and of their performance for the year ended on that date; and

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF REDCLIFFE RESOURCES LIMITED

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 and other mandatory financial reporting requirements in Australia and Papua New Guinea

Report on the Remuneration Report

I have audited the remuneration report included in pages 11 to 15 of the directors' report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the Corporations Act 2001. My responsibility is to express an opinion on the remuneration report, based on my audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In my opinion the remuneration report of Redcliffe Resources Limited for the year ended 31 December 2014 complies with s 300A of the Corporations Act 2001.

Signed at Boroko on 30th March 2015

J.S Spence
(Registered under the Papua New Guinea Accountants Act, 1996)
Boroko, Papua New Guinea
Sinton Spence Chartered Accountants
PO Box 6861, Boroko, National Capital District, Papua New Guinea
Ph.: 675 325 7611
Fax: 675 325 9389

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Redcliffe Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 24 to 54, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the company and consolidated group;

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. The directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed at Ballarat on 30th March 2015

Rodney Foster
Executive Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	CONSOLIDATED 2014 $	2013 $
Continuing Operations			
Revenue	3	51,849	265,429
Gain on disposal of shares	4	9,555	-
		61,404	265,429
Impairment of capitalised exploration costs	12	125,028	448,856
Depreciation and amortisation expense	11	17,470	48,555
Other expenses	5	585,746	986,744
		728,244	1,484,155
Loss before Income Tax		(685,950)	(1,218,726)
Income tax expense	6	-	-
Loss for the year		(685,950)	(1,218,726)
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		1,894	658
Net loss on revaluation of other financial assets		-	(122,000)
Other comprehensive income for the year, net of tax		1,894	(121,342)
Total comprehensive income for the year		(684,056)	(1,340,068)
Loss attributable to:			
Members of the parent entity		(685,950)	(1,218,726)
		(685,950)	(1,218,726)
Total comprehensive income attributable to:			
Members of the parent entity		(684,056)	(1,340,068)
		(684,056)	(1,340,068)
Earnings per share from continuing operations			
Basic earnings per share (cents)	19	(0.44)	(1.34)
Diluted earnings per share (cents)	19	(0.44)	(1.34)

The accompanying notes form part of this financial report

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		CONSOLIDATED	
		2014	2013
	Notes	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**15**	113,197	231,897
Trade and other receivables	**7**	48,617	296,669
TOTAL CURRENT ASSETS		161,814	528,566
NON-CURRENT ASSETS			
Property, plant and equipment	**11**	43,354	72,697
Other including ongoing exploration	**12**	7,313,489	7,283,594
Other financial assets	**8**	-	30,000
TOTAL NON-CURRENT ASSETS		7,356,843	7,386,291
TOTAL ASSETS		7,518,657	7,914,856
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**13**	543,978	539,060
Other Current Financial Liabilities	**14**	100,000	250,000
TOTAL CURRENT LIABILITIES		643,978	789,060
TOTAL LIABILITIES		643,978	789,060
NET ASSETS		6,874,679	7,125,796
EQUITY			
Contributed Equity	**17**	33,781,440	33,348,503
Reserves	**18**	517,604	149,497
Retained Profit/(Loss)		(27,424,365)	(26,372,204)
TOTAL EQUITY		6,874,679	7,125,796

The accompanying notes form part of this financial report

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated	Issued Capital $	Retained Earnings $	Other Reserves $	Total Equity $
At 1 January 2013	32,398,535	(25,151,478)	268,840	7,515,897
Unrealised foreign currency loss	-	(658)	658	-
Market revaluation of other financial assets	-	120,000	(120,000)	-
Total other comprehensive income for the year	-	(1,340,068)	-	(1,340,068)
Shares issued during the year	1,015,760	-	-	1,015,760
Transaction costs	(65,792)	-	-	(65,792)
At 31 December 2013/ 1 January 2014	33,348,503	(26,372,203)	149,498	7,125,797
Shares issued during the year	434,826	-	-	434,826
Transaction costs	(1,888)	-	-	(1,888)
Unrealised foreign currency loss	-	1,894	(1,894)	-
Market revaluation of other financial assets	-	(370,000)	370,000	-
Total other comprehensive income for the year	-	(684,056)	-	(684,056)
Subtotal	33,781,440	(27,424,365)	517,604	6,874,679
Dividends paid or provided for	-	-	-	-
At 31 December 2014	33,781,440	(27,424,365)	517,604	6,874,679

The accompanying notes form part of this financial report

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(352,332)	(602,054)
Interest and other items of a similar nature received	5,222	5,750
Net cash provided by / (used in) operating activities	(347,110)	(596,304)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	58,500	-
Sale of financial assets	-	-
Purchase of options	-	(2,000)
Payments for exploration activities	(154,923)	(462,039)
Net cash provided by / (used in) investing activities	(96,423)	(464,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	434,826	1,015,760
Proceeds awaiting issue of shares	40,000	-
Cost of issuing shares	(1,888)	(65,792)
Proceeds from borrowing (s)	(150,000)	250,000
Net cash provided by / (used in) financing activities	322,938	1,199,968
NET INCREASE/(DECREASE) IN CASH	(120,595)	139,625
Cash and cash equivalents at beginning of financial year	231,897	91,583
Effect of exchange rates on cash holdings in foreign currencies	1,894	689
Cash and cash equivalents at end of financial year	113,197	231,897

The accompanying notes form part of this financial report

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

These consolidated financial statements and notes represent those of Redcliffe Resources Limited and controlled entities (the 'consolidated group' or 'group').

The separate financial statements of the parent entity, Redcliffe Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

CORPORATE INFORMATION

The financial report of Redcliffe Resources Limited for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 30 March 2015.

Redcliffe Resources Limited is a company limited by shares incorporated in the Independent State of Papua New Guinea whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group relate to exploration for gold in Australia.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the Companies Act 1997 of the Independent State of Papua New Guinea.

Australian Accounting Standards set out policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Redcliffe Resources Limited at the end of the reporting period. A controlled entity is any entity over which Redcliffe Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The minority interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilized.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognized where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Note 1: Summary of Significant Accounting Policies (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carry amount is written down immediately to the estimated recoverable amount and impairment losses are recognised whether in profit and loss or as a revaluation decrease if the repayment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	11.25 - 50%
Software	50 - 66.6%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

d) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

Lease incentives under operating leases are recognised as a liability and amortised on a diminishing value basis over the life of the lease term.

f) 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 (i.e. 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

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.
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.

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*; and

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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 value with a consequential recognition of an income or expense in profit or loss.

The Group 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.

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

Financial assets are classified at 'fair value through profit or loss' when they are either 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 value being included in profit or loss.

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be 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.

v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g) Impairment of Assets

At the end of each reporting period, the Group 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 or 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 value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income

Note 1: Summary of Significant Accounting Policies (continued)

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

i) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

k) 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.

l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST)

m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognized as a current liability with the amount normally being paid within 30 days of recognition of the liability.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

p) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables are 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 recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

q) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r) Critical Accounting Estimates and Judgments

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 Group.

Key Estimates
Impairment - general
The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Impairment – carbon price
In November 2011, the Federal Parliament passed the Clean Energy Act 2011, which implements a carbon pricing mechanism from 1 July 2012. Under the mechanism, entities that produce over the threshold level of carbon emissions will be required to purchase permits to offset their carbon emissions.

The Group is not directly impacted by the carbon pricing mechanism because it does not control facilities that produce emissions greater than the threshold level. However, the Group will be indirectly impacted by the mechanism through increases in the prices it pays for energy and materials purchased from suppliers that are impacted by the introduction of the mechanism. The Group also anticipates that it will experience an increase in expenditure related to waste disposal under the carbon pricing mechanism, although any future increases in such costs are likely to be less significant than the anticipated increases in energy and material costs.

Management of the Group has considered whether the introduction of the carbon pricing mechanism is an impairment indicator and has determined that it is not expected to have significant impact on the estimated net cash flows of the Group's operations or the recoverability of its assets, principally because the Group has the capacity to pass on any increases in production costs through its contracts with customers. Nevertheless, management has adjusted the discount rate it applies when determining the recoverable amount of an asset or cash-generating unit to reflect the uncertainty around price increases, particularly beyond the fixed price phase (2012-2015) of the carbon pricing mechanism.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 1: Summary of Significant Accounting Policies (continued)

Key Judgments
Exploration and Evaluation Expenditure
The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised exploration and evaluation expenditure is carried at reporting date at $7,313,489

s) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. At the date of authorisation of the financial statements, the Standards and Interpretations listed below were the ones that have been released but not yet effective.

Standard /Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 *Financial Instruments*	1 January 2018	30 June 2019
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	30 June 2015

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2014 reporting periods. The Group has assessed that they do not expect a material impact on the financial statements when the above standards are implemented.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

2) PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	PARENT ENTITY	
	2014	2013
	$	$
ASSETS		
Current Assets	93,487	457,522
Non-current assets	7,357,271	7,386,719
TOTAL ASSETS	7,450,759	7,844,241
LIABILITIES		
Current liabilities	643,978	789,060
Non-current liabilities	-	71,472
TOTAL LIABILITIES	643,978	860,532
NET ASSETS	6,806,781	6,983,708
EQUITY		
Contributed Equity	33,781,440	33,348,503
Reserves	449,706	7,410
Retained Profit/(Loss)	(27,424,365)	(26,372,204)
TOTAL EQUITY	6,806,781	6,983,708

3) REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2014	2013
	$	$
Revenue from Continuing Operations		
Gold Sales from Production	-	259,679
Other Revenue		
Interest received	2,265	5,750
Fuel Tax Rebate	2,448	-
Profit on Sale of Non-Current Assets	46,627	-
Returns/Refunded Expenses	509	-
TOTAL REVENUE	51,849	265,429

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
4) GAIN FROM DISPOSAL OF SHARES		
Net Proceeds	39,555	-
Written Down Value (30 June 2014)	(30,000)	-
NET GAIN	9,555	-

5) OTHER EXPENSES

Profit/(loss) before income tax from continuing operations includes the following specific expenses:-

	2014	2013
Interest	17,396	13,014
Office rental	32,300	38,249
Consulting fees	307,812	390,533
Mining expenses	38,923	364,333
Accounting, audit and bookkeeping	94,731	97,629
Other administrative expenses	94,584	82,986
Total Other Expenses	585,746	986,744

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
6) INCOME TAX EXPENSE		
The components of tax expense comprise		
Current tax	-	-
Deferred tax	-	-
	-	-
Reconciliation of income tax expense to statutory income tax		
Accounting loss before income tax	(684,056)	(1,340,068)
Prima facie tax benefit at 30%	(205,217)	(402,020)
Add:		
Non-assessable exempt income	(9,555)	-
Write-downs to recoverable amounts	-	36,600
Foreign currency exchange gain not subject to income tax	568	(207)
Less:		
Exploration and evaluation expenditure deductible for income tax purposes not recognised	-	-
Income tax expense	(214,204)	(365,627)
Components of deferred taxes:		
Deferred tax assets		
Carry forward PNG revenue losses	9,716,543	9,518,076
Capital raising costs	-	-
Provisons and accruals	600	111,600
Other evaluation expenditure deductible for income tax	2,194,046	2,185,078
Unrecognised deferred tax asset	11,911,189	11,814,754

7) TRADE AND OTHER RECEIVABLES

GST receivable	8,478	29,366
Gold receivable	-	259,679
Rental bond	-	7,624
Proceeds from disposal of shares	39,555	-
Sundry debtors	584	-
	48,617	296,669

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
8) OTHER FINANCIAL ASSETS		
Shares at cost	400,000	400,000
- Disposal	400,000	-
	-	400,000
Less provision		
- Opening balance	(370,000)	(250,000)
- Market value adjustment	-	(120,000)
- Disposal	370,000	-
- Closing balance	-	(370,000)
Written down value	-	30,000
Shares at market value	-	30,000
Options at cost	-	2,000
Less provision	-	(2,000)
Written down value	-	-
Options at market value	-	-
9) AUDITOR'S REMUNERATION		
Remuneration of the auditor of the parent entity for:		
- Auditing or reviewing the financial statements	24,483	30,939
- Accounting services	2,331	2,140
	26,814	33,079

10) INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 31 December 2014.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
11) PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
At cost	274,651	385,537
Accumulated depreciation	(231,298)	(312,840)
	43,354	72,697

Reconciliations of the carrying amount of property, plant and equipment at the beginning and end of the year are as follows:

Balance at 1 January 2014	72,697	121,252
Additions/(Disposals)	(11,873)	-
Depreciation expense	(17,470)	(48,555)
Balance at 31 December 2014	43,354	72,697

12) OTHER INCLUDING ONGOING EXPLORATION		
Exploration expenditure brought forward	7,283,594	7,270,446
Exploration expenditure capitalised		
- Exploration and evaluation phases	154,923	462,004
Exploration expenditure recouped on sale of tenements	-	-
Exploration written off in the financial statements	(125,028)	(448,856)
Exploration expenditure carried forward	7,313,489	7,283,594

Recoverability of the carrying amount of exploration assets is dependent on successful mining and sale of gold or sale of exploration tenements or joint ventures of tenements.

13) TRADE AND OTHER PAYABLES		
Sundry payables and accrued expenses	78,889	261,589
Trade payables	465,088	277,471
	543,977	539,060

14) OTHER CURRENT FINANCIAL LIABILITIES		
Convertible Notes	100,000	250,000
	100,000	250,000

On 3 December 2014, ten convertible notes of $10,000 each were held at a coupon rate of 12.5% for 5 months.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
15) CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	9,537	25,847
Short-term bank deposits	103,660	206,050
	113,197	231,897

The effective interest rate on short-term bank deposits was 2.40% (2013 2.50%);
These deposits have an average maturity of 30 days

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2014	2013
Cash and cash equivalents	113,197	231,897

16) DIVIDENDS

The company resolved not to declare any dividends in the year ended 31 December, 2014.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	**2013**
17) CONTRIBUTED EQUITY		
Shares on issue:	**No of shares**	**No of shares**
Ordinary fully paid	174,372,100	123,899,832
Ordinary partly paid	400,000	400,000
	174,772,100	124,299,832
Share Capital:	**$**	**$**
Ordinary fully paid	34,735,391	34,300,565
Ordinary partly paid	1,006,426	1,006,426
Less: uncalled capital	(1,000,000)	(1,000,000)
Share issue costs	(960,377)	(958,488)
	33,781,440	33,348,503

Movements in the share capital of the company in the past year are as follows:

	Fully paid	**Partly Paid**	**$**
Balance paid at 1 January 2014	123,899,832	400,000	33,348,503
05/03/2014	7,042,254	-	124,990
11/02/2014	11,333,338	-	145,000
03/04/2014	96,676	-	4,836
11/11/2014	32,000,000	-	160,000
Share Issue Costs	-	-	(1,888)
	174,372,100	400,000	33,781,440

Movements in the option capital of the company in the past year are as follows:

	Mar 14 Options	**Mar 15 Options**	**Dec 16 Options**
Balance at 1 January 2014	21,508,769	-	-
12/02/2014	-	17,900,000	10,000,000
11/03/2014	-	11,333,338	5,000,000
31/03/2014	21,508,769	-	-
	-	29,233,338	15,000,000

March 15 Options are exerciseable on or before 31 March 2015 at $0.02.
Class A December 16 Options are exerciseable on or before 31 December 2016 at $0.015.
Class B December 16 Options are exerciseable on or before 31 December 2016 at $0.02.
Class C December 16 Options are exerciseable on or before 31 December 2016 at $0.03.
Class D December 16 Options are exerciseable on or before 31 December 2016 at $0.04.
Class E December 16 Options are exerciseable on or before 31 December 2016 at $0.05.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	$	$
18) RESERVES		
Revaluation Reserve	-	(370,000)
Options Reserve	361,000	361,000
Foreign Currency Translation Reserve	156,604	158,497
	517,604	149,497

19) EARNINGS PER SHARE

a) Earnings/(loss) used in the calculation of basic and diluted earnings/(loss) per share reconciles to net loss in the Income Statement as follows:

	2014 $	2013 $
Net Loss	(684,056)	(1,340,068)
Earnings/(loss) used in calculation of basic and diluted EPS	(684,056)	(1,340,068)
b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted EPS.	154,949,226	99,762,764

There are no options which are considered to be potential dilutive ordinary shares and therefore diluted loss per share is the same as basic loss per share in both years.

20) SEGMENT REPORTING

The economic entity operates as a single operating segment being that of mineral exploration with management reporting on that basis.

The economic entity operates in geographical segments of Australia, Papua New Guinea and Tanzania.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

	CONSOLIDATED	
	2014	**2013**
	$	**$**
21) COMMITMENTS AND CONTINGENCIES		
a) Capital Expenditure Commitments		
Exploration Costs		
Not longer than one year	608,217	684,897
Longer than 1 year and not longer than 5 years	2,432,868	2,739,588
	3,041,085	3,424,485

b) Contingencies

There are no known contingent liabilities in respect of the exploration areas in which the company has an interest.

There are no contingent liabilities of the company or its subsidiaries for termination benefits with any directors or persons who take part in the management of the company.

22) CONTROLLED ENTITIES

		OWNERSHIP INTEREST	
		2014	**2013**
Name of entity	Country of Incorporation	**%**	**%**
Parent Entity			
Redcliffe Resources Limited	Papua New Guinea		
Controlled Entities			
Pacrim (PNG) Limited	Papua New Guinea	100%	100%

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

23) RELATED PARTY DISCLOSURES

a) Transactions with related parties in the wholly owned group

Pacrim (PNG) Limited, provided interest free funds to the parent entity which financed activities for the current and previous years. The loan balance was eliminated on consolidation.

b) Controlling Entities

The ultimate parent entity in the wholly-owned group is Redcliffe Resources Limited.

c) Transactions with other related parties

Fees paid to director related entities for services provided have been included in the table of directors' emoluments included in the remuneration report above. Director related entities include Minico Pty Ltd and RM Corporate Pty Ltd.

Minico Pty Ltd, a related entity of Mr Rodney Foster, received payments for the rental of the company's office, exploration base and provision of a motor vehicle, which have been included in the disclosure of directors' emoluments in the remuneration report.

24) NOTES TO THE STATEMENT OF CASHFLOWS

a) For the purposes of the statement of cash flows, cash includes cash on hand, in bank accounts and in short-term interest-bearing deposits. Cash on hand at the end of the year is reconciled to the related items in the statement of financial position as follows:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
b) Reconciliation of profit/(loss)		
Profit/(loss) from ordinary activities after related income tax	(684,056)	(1,340,068)
Depreciation of non-current assets	17,470	48,555
Exploration expenditure written off	125,028	448,856
Revaluation of Non Financial Assets	-	122,000
Net gain on disposal of shares	(9,555)	-
Exploration expenses unpaid at year end	-	-
Net foreign currency losses	(1,894)	(658)
Net gain on sale of plant and equipment	(46,627)	-
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Current Receivables	247,605	(270,169)
Increase/(decrease) in liabilities:		
Current Payables	4,918	395,180
Net cash from operating activities	(347,110)	(596,304)

25) FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables and trade and other payables. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		CONSOLIDATED	
		2014	2013
	Note	$	$
Financial Assets			
Cash and cash equivalents	**15**	113,197	231,897
Trade and other receivables	**7**	48,617	296,669
Total Financial Assets		161,814	528,566
Financial Liabilities			
Trade and other payables	**13**	543,978	539,060
		543,978	539,060

Financial Risk Management Policies

The Group's principal financial instruments are cash and short term deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The financial instruments expose the Group to certain risks. The nature and extent of such risks, and management's risk management strategy are noted below.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Foreign Currency Risk

The Group's exposure to price risk is minimal at this stage of the operations. The Group will transfer cash and cash equivalents into foreign currency to meet short term expenditure obligations.

Credit Risk

The Group's credit risks arise from potential default of trade and other receivables. The maximum credit exposure is limited to the carrying amount of trade and other receivables as stated in note 7. The receivables balance consists primarily of GST credits and interest receivable on term deposits.

The management does not consider the GST refunds receivable as a credit risk considering that the amount is receivable from the Australian Commonwealth. Likewise, management do not consider the interest receivable on term deposits to be of risk as they are invested in a bank rated AA based on Standard & Poors credit ratings.

There are no significant concentrations of credit risks within the Group.

Liquidity Risk

Liquidity risk is the risk the Group will not be able to meet its financial liabilities as and when they fall due. The Group is exposed to liquidity risk on account of trade and other payables.

Liquidity risk is constantly monitored to ensure that cleared funds are always available to meet financial liabilities.

The Group's trading terms with suppliers generally grant 30 days' credit from the invoice date.

Maturity Analysis:	CONSOLIDATED	
	2014 < 3 months	2013 < 3 months
Trade and other payables	$543,978	$539 060

Interest Rate Risk

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are impacted by interest rate risks. Other receivables and payables have short maturities and are non-interest bearing. Management believes that the risk of interest rate movement would not have a material impact of the Group's operations.

Management does not closely monitor the interest rates offered on cash and cash equivalents as the Group's primary objective is exploration of resources rather than earning interest income. The cash balances are invested at the prevailing short term market interest rates with credit worthy financial institutions.

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Note 25 Continued:

Sensitivity of the Group's financial instruments to changes in market interest rates:

A 1% movement in the market interest rates would have the following impact on the Group's financial performance and equity positions.

	2014		2013	
	+1%	-1%	+1%	-1%
	$	$	$	$
Cash and cash equivalents	$1,132	($1,132)	$2,060	($2,060)

The Group anticipates that it may need to raise additional capital in the next 12 months to meet forecasted operational activities. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

As is common with other exploration entities, the Group relies entirely on funds raised through the issue of equity to sustain the operating and exploration cash requirements.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 31 December 2014 is as follows:

	Within one year		**Over 1 Year**		**Total**	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
CONSOLIDATED GROUP						
Financial Liabilities Due for Payment						
Trade and other payables	543,977	539,060	-	-	543,977	539,060
Total expected outflows	543,977	539,060	-	-	543,977	539,060
Financial Assets - Cash Flows Realisable						
Cash and cash equivalents	113,197	231,897	-	-	113,197	231,897
Trade, term and loan receivables	48,617	296,669	-	-	48,617	296,669
Total anticipated inflows	161,814	528,566	-	-	161,814	528,566
Net (outflow)/inflow on Financial Instruments	(382,164)	(10,494)	-	-	(382,164)	(10,494)

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposure to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	CONSOLIDATED	
	Profit	Equity
	$	$
Year Ended 31 December 2014		
+/- 2% in interest rates	+/- 2,264	+/- 2,264
+/- 5% in $AUD/$US	+/- 0	+/- 0
+/- 5% in $AUD/$PNG	+/- 113	+/- 113
Year Ended 31 December 2013		
+/- 2% in interest rates	+/- 4,121	+/- 4,121
+/- 5% in $AUD/$US	+/- 0	+/- 0
+/- 5% in $AUD/$PNG	+/- 150	+/- 150

Net fair Values

Fair Value Estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.
Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets and loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

	Footnote	2014 Net Carrying Value $	2014 Net Fair Value $	2013 Net Carrying Value $	2013 Net Fair Value $
CONSOLIDATED GROUP					
Financial Assets					
Cash and Cash Equivalents	i	113,197	113,197	231,897	231,897
Trade and Other Receivables	i	48,617	48,617	296,669	296,669
Total Financial Assets		161,814	161,814	528,566	528,566
Financial Liabilities					
Trade and Other Payables	i	543,978	543,978	539,060	539,060
Total Financial Liabilities		543,978	543,978	539,060	539,060

i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for relating to annual leave which is not considered a financial instrument.

26) RESERVES

a Capital Profits Reserve
The capital profits reserve records non-taxable profits on sale of investments.

b Asset Revaluation Reserve
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

c Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a loan from a foreign controlled subsidiary.

d Options Reserve
The option reserve records items recognised as expenses on valuation of employee share options.

27) INTERESTS IN TENEMENTS

Currently Redcliffe Resources Limited's interests in mining tenements are as follows:

Project Area	Location	Redcliffe % Interest
Redcliffe West	Leonora, Western Australia	100%
Nambi	Leonora, Western Australia	100%
Nambi North	Leonora, Western Australia	100%
Golden Terrace	Leonora, Western Australia	100%
727	Leonora, Western Australia	100%
Clover Downs	Leonora, Western Australia	100%
Fosterville Regional Joint Venture	Fosterville East, Victoria	22.9%
Manus Island	Manus Island, Papua New Guinea	10.00%

NOTES TO THE FINANCIAL ACCOUNTS
For the Financial Year Ended 31 December 2014

28) ADDITIONAL INFORMATION FOR REGISTRAR OF COMPANIES IN PAPUA NEW GUINEA

Conversion of key financial indicators to Papua New Guinea Kina

	CONSOLIDATED	
	2014 AUD	**2014 PNGK**
a) 2014		
Closing Exchange Rate AUD to PNGK		2.1139
Average Exchange Rate AUD to PNGK for year		2.3337
Turnover (Total revenue)	51,849	121,000
Net profit/(loss)	(684,055)	(1,596,387)
Total assets	7,518,657	15,893,689
Total liabilities	643,978	1,361,305
Net assets	6,874,679	14,532,385

	CONSOLIDATED	
	2013 AUD	**2013 PNGK**
b) 2013		
Closing Exchange Rate AUD to PNGK		2.2450
Average Exchange Rate AUD to PNGK for year		2.1675
Turnover (Total revenue)	265,429	575,318
Net profit/(loss)	(1,340,068)	(2,904,597)
Total assets	7,914,856	17,768,852
Total liabilities	789,060	1,771,440
Net assets	7,125,796	15,997,412

ADDITIONAL STOCK EXCHANGE INFORMATION

The following information is current as at 17 February 2015.

Twenty Largest Shareholders

Fully paid shares	No. of Shares Held	% of class
Calatos Pty Ltd	20,330,000	11.66%
Minico Pty Ltd	10,405,677	5.97%
On Site Laboratory Services Pty Ltd	8,619,334	4.94%
Busang No 3 Pty Ltd	6,736,397	3.86%
Bill Brooks Pty Ltd	6,246,667	3.58%
Balrun Investments Pty Ltd	4,100,000	2.35%
Armadale Capital PLC	4,000,000	2.29%
Island Metals Ltd	3,400,000	1.95%
Leow Thang Fong	3,000,000	1.72%
Mr Rodney & Mrs Debra Foster	2,700,000	1.55%
Mr Yuen Suen Sheram Lam	2,500,000	1.43%
Melbourne Child Care Services Ltd	2,181,948	1.25%
Mr Shane & Mrs Elizabeth Turner	2,106,666	1.21%
UBS Wealth Management Australia	2,046,666	1.17%
Zetek Resources Ltd	2,000,000	1.15%
TRR Investments Pty Ltd	2,000,000	1.15%
Mr Lyle Waxton Thorne	2,000,000	1.15%
Philip & Janet Turner Pty Ltd	1,922,850	1.10%
PDR Pty Ltd	1,700,000	0.97%
Mr Mark Maine	1,697,116	0.97%
Top twenty total:	87,646,655	50.26%
Total issued	174,372,100	

Partly paid shares	No. of Shares Held	% of class
RE Keevers	80,000	20.0%
Ray Gannon	40,000	10.0%
Mr KW Doble	40,000	10.0%
Mr EF Stoyle	40,000	10.0%
EF Durkee & Associates Inc	40,000	10.0%
Mr CH Adsett	40,000	10.0%
Baker Pacific Pty Ltd	40,000	10.0%
Eastern Porphry Pty Ltd	20,000	5.0%
Mr MJ Gerrard	20,000	5.0%
Estate of BB Holloway	20,000	5.0%
Ms JE Nicholas	20,000	5.0%
Top twenty total:	400,000	100.0%
Total issued	400,000	

Substantial shareholders

Substantial shareholders and their associates are set out below:

SHAREHOLDER	SHARES
Onsite Laboratory Services P/L	8,619,677
Rodney Foster	13,105,677
Calatos P/L	20,330,000

Distribution of shares

Number of shares held	Holders
1 - 1,000	490
1,001 – 5,000	1,056
5,001 – 10,000	395
10,001 – 100,000	672
100,001 and over	147
Total	2,760
Less than marketable parcel	2,524

ADDITIONAL STOCK EXCHANGE INFORMATION

Listing Rules – Additional Disclosure

1. The following information is provided as required under section 4.10 of the Australian Stock Exchange Listing Rules.

(a) The ordinary fully paid shares of the company are listed solely on the Australian Stock Exchange (code "PRE").
(b) There are 142,275,424 ordinary fully paid shares and 400,000 ordinary partly paid shares on issue as at the date of this report.
(c) The company's constitution provides that every member present, either in person, by proxy, by corporate representative or by attorney, shall on a show of hands have one vote. On a poll, each member present, either in person, by proxy, by corporate representative or by attorney, shall have one vote for each share the member holds, provided that, if there are partly paid shares on issue, the number of votes for those partly paid shares is determined pro-rata to the amount paid up (not credited), if shares are paid up to different amounts.
(d) There is no on-market share buy-back scheme currently in place.

2. The company is also required to set out in its annual report the terms and conditions of the partly paid shares on issue.

The partly paid shares on issue have the following rights:

1. On a poll, a shareholder has a proportionate vote in respect of the partly paid shares to the extent to which they are paid up (excluding amounts credited on those shares).
2. Dividends will be paid to shareholders in proportion to the number of shares held by them and the amount paid up on those shares (excluding amounts credited on those shares).
3. On a winding-up, all assets that are to be distributed among shareholders will be distributed in proportion to the number of shares held by them and the amounts paid up or credited as paid up on those shares

Schedule 1 of the constitution of the company provides, among other things, that:

1. The company has no contractual right to require payment of calls in respect of the shares.
2. The holders of the shares are not liable to be sued for any calls or contributions.
3. Where a call is unpaid, the shareholder has no right to vote at shareholder meetings or to dividends.
4. Where a call is made, and remains unpaid at the end of the time specified for payment, the share is forfeited.

The full terms of Schedule 1 of the company's constitution are set out below.

In this schedule, unless the context otherwise requires:

1. "Act" means the Corporations Act of Australia
   "Partly paid share" means a share issued on the terms set out in this Schedule 1.
2. The holding of a partly paid share does not constitute a contract on the part of the shareholder to pay calls in respect of the share or any contribution to the debts and liabilities of the company (including unpaid capital and unpaid premium).
3. The holder of a partly paid share is not liable to be sued for any calls or contributions.
4. Clauses 5.7, 5.10, 5.11, 5.12, 6.1 to 6.13 inclusive and 7.6 of the constitution do not apply to a partly paid share.
5. A partly paid share is immediately forfeited ("forfeited share") if:
   (a) a call is made on the partly paid share; and
   (b) the call is unpaid at the end of the time specified for payment in clause 5.4 of the constitution.
6. The forfeited share must then be offered for sale by public auction within 6 weeks after the call became payable.
7. The sale by auction must be advertised and conducted (including postponed) in accordance with the provisions of Part 2H.3 of the Law and the Listing Rules.

ADDITIONAL STOCK EXCHANGE INFORMATION

8. At any sale by auction, a forfeited share may, if the directors so determine, be sold as credited as paid up to the sum of:
   (a) the amount paid up on the forfeited share at the time of forfeiture
   (b) the amount of the call; and
   (c) the amount of any other calls becoming payable on or before the date of the sale.
9. The directors may fix a reserve price for the forfeited share that does not exceed the sum of:
   (a) the amount of the call due and unpaid on the forfeited share at the time of forfeiture; and
   (b) the amount of any other calls that become payable on or before the date of the sale.
10. If:
   (a) no bid for the forfeited share is received at the sale; or
   (b) the forfeited share is withdrawn from sale;
   the forfeited share must be held by the directors in trust for the company. It must then be disposed of by first being offered to shareholders for a period of fourteen (14) days before being disposed of in any other manner determined by the directors.
11. A forfeited share must not be disposed of to a director or to any person who for the purposes of the Act would be regarded as a person associated with any director except where an offer on the same terms and conditions has been made to shareholders. A director may only take up a forfeited share not taken up by shareholders and only on the same terms and conditions as given to shareholders and within one month of the closing of that offer.
12. The proceeds of the sale under clause 7 of this Schedule must be applied in payment of:
   (a) first, the expenses of the sale
   (b) then, any expenses necessarily in respect of the forfeiture
   (c) then, the calls on the forfeited share that are due and unpaid
13. The balance (if any) must be paid to the holder of the forfeited share that has been sold. If there is a share certificate that relates to the forfeited share, the balance does not have to be paid until the holder of the forfeited share delivers the certificate to the company.
14. The company has at any time a first and paramount lien on each partly paid share for all money payable by the shareholder under clause 7.3 of the constitution to the extent that the company has made a payment in respect of a liability or a requirement referred to in that clause.
15. Where:
   (a) the company has a lien on a partly paid share
   (b) the sum in respect of the lien exists is presently payable;
   (c) the company has given notice to the shareholder registered in respect of the partly paid share:
      (i) requiring payment of the amount which is presently payable in respect of which the lien exists; and
      (ii) specifying the date (which is at least 10 business days after the date of the notice) by which and a place at which payment of the amount may be made; and
   (d) the requirements of the notice given under paragraph (c) are not fulfilled,
   the company may sell the partly paid share as if it had been forfeited under clause 5 of this schedule, and the provisions of clauses 6 to 12 of this schedule apply as if the partly paid share were a forfeited share.