

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Golden Cross Resources Ltd ("GCR") and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS AND COMPANY SECRETARIES

The qualifications, experience, and special responsibilities of the Company's directors and the qualifications and experience of each company secretary in office during the financial year and until the date of this report, unless noted otherwise, are as follows.

Director	Qualifications and Experience	Special Responsibilities
Steve Gemell	Non-executive Director and Chairman since 7 June 2012. BE (Mining) (Hons), FAusIMM (CP), MAIME, MMICA. Mining engineer with more than thirty-five years' experience in the Australasian and global mining industry including feasibility studies, resource development, mining operations and project assessments. Managed operations in a range of commodities including base and precious metals, and industrial minerals. Involved in underground and open pit mining, and supervised CIP/CIL, flotation, and alluvial plants. Principal of Gemell Mining Engineers, an independent multi-discipline consultancy formed in Kalgoorlie in 1984. Currently an AusIMM appointee to the VALMIN Committee. Non-executive chairman of Argent Minerals Limited and of Eastern Iron Limited. Ceased to be a non-executive director of Indochine Mining Limited on 7 June 2013. Ceased to be a director of UCL Resources Limited on 5 July 2013. Resigned from the board of Dateline Resources Limited on 19 August 2014.	Member of the Audit Committee from 17 July 2012 to 13 March 2014. Member of the Remuneration and Nomination Committee from 15 November 2012 until 31 January 2013 and since 19 June 2013 and Chairman since 13 March 2014.
Kim Stanton-Cook	Managing Director since 1 March 2006. BA (Geology and Geophysics), MAIG, ASEG, SEG. Experienced geologist with over 40 years' experience in mineral exploration. Held senior management roles with several major companies including Getty Oil, Otter Gold and Delta Gold, where he was Chief Geologist, involved in the discovery and proving up of the Kanowna Belle Gold Mine. Involved in mineral exploration and development for gold, base metals and uranium throughout Australia and North America and explored for or reviewed a range of mineral deposits in New Zealand, Papua New Guinea, Southeast Asia, Mongolia and Zimbabwe.	
Ian Buchhorn	Non-executive Director since 3 March 2014. Mineral Economist and Geologist with 40 years mineral industry experience since graduating with Honours from Adelaide University in 1974. Prior to listing Heron Resources in 1996 as founding Managing Director, worked with Anglo American Corporation in southern Africa, and Comalco, Shell/Billiton and Elders Resources in Australia, as well as setting up and managing Australia's first specialist mining grade control consultancy. Worked on feasibility studies, bauxite and industrial mineral mining and exploration, gold and base metal project generation, and in corporate evaluations. For the last 20 years, has acquired and developed mining projects throughout the Eastern Goldfields of Western Australia and operated as a Registered Mine Manager.	Member of the Remuneration and Nomination Committee and Audit Committee since 13 March 2014.-
Xiaoming Li	Non-executive Director since 13 January 2009. Over 20 years of experience in mining investment and operation. Successfully invested in several significant iron, copper, zinc, and lead mines in Mongolia, Kazakhstan, Chile, Philippines, Cambodia, and China. Chairman of China United Mining Investment Co., Ltd (CUMIC), Qinglong (International) Group, and Hong Kong Lungming Investment Ltd.	
Jingmin Qian	Non-executive Director since 29 November 2010. BEc, MBA, CFA, FAICD. 20 years' experience in strategy, finance and management. Director of Jing Meridian and CFA Society of Sydney, an advisory committee member of Loscam Australia and Macquarie University's Department of Marketing and Management, as well as an executive committee member of the Australia China Business Council NSW. Previously held senior management roles in Leighton Holdings, Boral Limited and L.E.K. Consulting in Australia, and MOFTEC (Currently Ministry of Commerce) in China. CFA Charterholder.	Chairwoman of the Audit Committee. Chairwoman of the Remuneration and Nomination Committee from 15 November 2012 until 13 March 2014.
Xun (Suzanne) Qiu	Non-executive Director since 13 January 2009. JP. Director of HQ Mining Resources Holdings Pty Ltd. Marketing and tour management professional with seven years' experience in the tourism industry, with particular emphasis on Chinese Government delegations. Introduced over 100 groups of Chinese delegates to various industries and councils across Australia.	Member of the Remuneration and Nomination Committee and Audit Committee.
Yan Li	Alternate Director to his uncle Xiaoming Li since 5 July 2010. Executive MBA from the People's University of China. Director of Beijing Shiji Qinqong Hi-Tech Co. Ltd.	
Simon Lennon	Company Secretary, Legal Counsel, and Chief Financial Officer since 13 October 2008 (jointly until 31 October 2008). BSc, LLB, MCom, MBA, FGA. Legal counsel and company secretary for the shipping division of a multinational transport company, 1988 to 1994. Legal counsel and company secretary for a multinational shipping company, 1994 to 1999. Legal general manager for an Australasian gold mining company and company secretary of its stock exchange listed subsidiary, 2000 to 2001. Legal counsel and company secretary for a major manufacturing company, 2003 to 2006. Interim insurance manager for a multinational funds management company, 2007 to 2008.	

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the year consisted of mineral exploration and development, with a focus on exploration for gold and base metals, principally copper.

OBJECTIVES

The Company's long-term objective is to participate in the discovery of one or more world-class mineral deposits. The short-term objective is to add value through exploration and development of mineral properties. Value may be added through identifying and acquiring mineral properties in prospective locations, generating drill targets through sampling and geological modelling, delineating resources, entering into beneficial farm-in arrangements with other companies, or developing projects through to production to provide cash flow.

The Company is assessing and further exploring its Copper Hill Project, while carrying out exploration directly or through farm-out agreements and joint ventures elsewhere in Australia. It holds a tenement application in Panama.

DIVIDENDS

The Directors' report that during the year ended 30 June 2014, no dividends were declared or paid. The Directors of the Company do not recommend the payment of a dividend in respect of the financial year.

OPERATING AND FINANCIAL REVIEW

The most significant developments in the Company's operations and financing activities were:

1. Copper Hill – in-house economic reviews were carried out and a major (5000m) core drilling commenced in May 2014.
2. Burra – a core drilling program of three holes was completed.
3. South Australia – core samples from the drilling program assayed, petrography completed, and geophysical interpretation continued.
4. Eight active farm-ins and other joint ventures on GCR properties were in place at year-end, as follows:
 - Broken Hill silver, lead, zinc, and gold, with Silver City Minerals Limited;
 - Broken Hill platinum group elements and nickel, with Impact Minerals Limited (as buyer from Endeavour Minerals Limited);
 - Mulga Tank, with Impact Minerals Limited (as buyer from Endeavour Minerals Limited);
 - Cullarín with TriAusMin Limited (which became wholly owned by Heron Resources Limited after the year-end);
 - Mt Isa phosphates (Highland Plains; Lily & Sherrin Creek, Quita Creek) with Paradise Phosphate Limited (a subsidiary of Legend International Holdings);
 - Sunny Corner with Argent Minerals Limited;
 - Wagga Tank with Minerals and Metals Group Australia (a wholly owned subsidiary of MMG Limited); and
 - West Wyalong with Argent Minerals.

The parties have agreed to relinquish the Yellow Mountain joint venture with Triako Resources Limited (a wholly owned subsidiary of CBH Resources Limited) and Paradigm Metals Limited.

Further details are set out in the Review of Operations in the Annual Report.

Falls in the value of the Company's holdings in other ASX listed entities amounted to a \$4,000 unrealised loss on investments in the 2014 year (2013: unrealised gain of \$141,000).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

At the date of this report there are no matters that have arisen since 30 June 2014 that have significantly affected or may significantly affect the operations of the consolidated entity in future financial years, the results of operations in future financial years, or the state of affairs in future financial years of the consolidated entity, except as follows.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

GCR is active on its major properties, and its farm-in and joint venture partners are exploring under the various farm-in and joint venture arrangements.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity is subject to significant environmental regulation in respect to its exploration activities. The Company meets the standards set by the Australian Minerals Industry Code for Environmental Management.

The Company has developed criteria to determine areas of 'particular' or 'significant' importance, with regard to environmental performance. These are graded 1 to 4 in terms of priority.

Level 1 incident	major non-compliance with regulatory requirement resulting in potential public outcry and significant environmental damage both long and short-term nature.
Level 2 incident	significant non-compliance resulting in regulatory action, however environmental damage is only of a short-term nature.
Level 3 incident	minor non-compliance – no fine is imposed, however regulatory authority is notified.
Level 4 incident	non-compliance with internal policies and procedures. The incident is contained on-site.

No reportable incidents occurred during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into deeds of indemnity, insurance and access with the directors, indemnifying them against claims, liabilities and defence costs, to the extent permitted by the Corporations Act.

During the financial year, the Company paid a premium to insure the Directors and other officers of the Company and its wholly owned subsidiaries. Under the terms of the policy, the policy premium and policy liability cannot be disclosed.

INDEMNIFICATION OF AUDITORS

Under the terms of engagement of the auditors, the Company has agreed to indemnify the auditors for any losses in certain circumstances.

REMUNERATION REPORT – AUDITED

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group. For the purposes of this report Key Management Personnel (KMP) of the group are those persons responsible for the strategic direction and operational management of the Company.

Remuneration Philosophy

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. The Company maintains an Employee Option Plan.

Non-executive Directors' Fees

The current base fees, last reviewed in March 2004, are \$30,000 for a Non-executive Director. The base fee for the Chairman was raised from \$40,000 to \$50,000 on 7 June 2012. These are within the aggregate Directors Fee Pool Limit of \$150,000 set at the 2002 Annual General Meeting ("AGM"). Mr Li Xiaoming does not receive compensation or fees. All fees are exclusive of superannuation.

Executive Remuneration

Executive management is remunerated at a level appropriate to an exploration company the size of GCR. Remuneration is set having regard to performance and relevant comparative information. In addition to a base salary, remuneration packages include superannuation, termination entitlements, fringe benefits and Employee Options pursuant to the Employee Option Plan. Employee Options are issued, following a recommendation to the Board by the Remuneration and Nomination Committee, in consideration of an employee's efforts undertaken on behalf of the Company, and assist with the motivation and retention of employees. The issue of options to Directors requires shareholder approval.

Service Agreements

Kim Stanton-Cook, Managing Director, is employed under a contract with an initial twelve month term that commenced on 1 March 2006. Termination by either party requires at least three months' notice.

Simon Lennon, Company Secretary, Legal Counsel, and Chief Financial Officer, is employed under a contract with an initial twelve month term that commenced on 13 October 2008. It requires him to perform services three days each week and termination by either party requires at least three months' notice.

There are no service agreements in place for the Non-executive Directors.

Details of Key Management Personnel

DIRECTORS AND COMPANY SECRETARY

Steve Gemell	Chairman
Kim Stanton-Cook	Managing Director
Ian Buchhorn	Director (non-executive), appointed 3 March 2014
Xiaoming Li	Director (non-executive) Yan Li (Alternate)
Jingmin Qian	Director (non-executive)
Xun (Suzanne) Qiu	Director (non-executive)
Simon Lennon	Company Secretary, Legal Counsel, and Chief Financial Officer

EXECUTIVES

Bret Ferris	Exploration Manager
-------------	---------------------

REMUNERATION REPORT – AUDITED (continued)

Remuneration of Key Management Personnel for year ended 30 June 2014

Name	Short Term Benefits			Post Employment Benefits		Share-based payment		Total
	Short Term: Salary/Fee \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Long Service Leave \$	Options \$	% of remuneration in options	
Steve Gemell*	54,860	-	-	4,625	-	-	-	59,485
Kim Stanton-Cook	206,708	-	11,975	19,121	4,838	-	-	242,642
Ian Buchhorn	10,000	-	-	925	-	-	-	10,925
Xiaoming Li **	-	-	-	-	-	-	-	-
Jingmin Qian	30,000	-	-	2,775	-	-	-	32,775
Xun (Suzanne) Qiu	30,000	-	-	2,775	-	-	-	32,775
Simon Lennon	125,840	-	-	11,640	2,673	-	-	140,153
Bret Ferris ***	168,420	-	-	-	-	-	-	168,420
Total	625,828	-	11,975	41,861	7,511	-	-	687,175

None of the Key Management Personnel's remuneration is performance related.

* Steve Gemell is the principal of Gemell Mining Engineers, through which he has been remunerated for consulting services.

** Xiaoming Li is a majority shareholder of HQ Mining Resources Holdings Pty Ltd, one of the shareholders of Golden Cross, and does not receive remuneration from Golden Cross.

*** Bret Ferris the only owner of Ferris Metals Pty Limited, through which he has been remunerated.

Shareholdings of Key Management Personnel

Name	Balance	Received as remuneration (number)	Options exercised (number)	Acquisition/(Disposal)	Balance
	01.07.13			of shares	30.06.14
	(number)			(number)	(number)
Kim Stanton-Cook	1,550,000	-	-	2,050,000	3,600,000
Xiaoming Li	458,740,637	-	-	-	458,740,637
Xun Qiu	200,000	-	-	200,000	400,000
Total	460,490,637	-	-	2,250,000	462,740,637

Option Holdings of Key Management Personnel

There were no key management personnel options outstanding as at 30 June 2014.

Remuneration of Key Management Personnel for year ended 30 June 2013

Name	Short Term Benefits			Post Employment Benefits		Share-based payment		Total
	Short Term: Salary/Fee \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Long Service Leave \$	Options \$	% of remuneration in options	
Steve Gemell*	57,920	-	-	4,500	-	-	-	62,420
Kim Stanton-Cook	205,000	-	11,975	18,450	3,405	-	-	238,830
Xiaoming Li **	-	-	-	-	-	-	-	-
Jingmin Qian	30,000	-	2,305	2,700	-	-	-	35,005
Xun (Suzanne) Qiu	30,000	-	-	2,700	-	-	-	32,700
David Timms	12,500	-	-	1,125	-	-	-	13,625
Simon Lennon	124,800	-	-	11,232	2,073	-	-	138,105
Bret Ferris ***	173,460	-	-	-	-	-	-	173,460
Total	633,680	-	14,280	40,707	5,478	-	-	694,145

None of the Key Management Personnel's remuneration is performance related.

* Steve Gemell is the principal of Gemell Mining Engineers, through which he has been remunerated for consulting services.

** Xiaoming Li is a majority shareholder of HQ Mining Resources Holdings Pty Ltd, one of the shareholders of Golden Cross, and does not receive remuneration.

*** Bret Ferris is the sole shareholder of Ferris Metals Pty Limited, and has been remunerated through this company.

Key Management Personnel Options outstanding as at 30 June 2014

There were no key management personnel options outstanding as at 30 June 2014.

Key Management Personnel Options outstanding as at 30 June 2013

There were no key management personnel options outstanding as at 30 June 2013.

ANNUAL GENERAL MEETING

The Company's 2014 Annual General Meeting is scheduled to be held at History House, 133 Macquarie Street, Sydney, NSW, at 2 pm on Friday 21 November 2014.

ROUNDING

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar, in accordance with that Class Order.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Directors (including meetings of committees of Directors) held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Name	Full Board Meetings Held While a Director	Full Board Meetings Attended	Audit Committee Meetings Held While a Member	Audit Committee Meetings Attended	Remuneration and Nomination Committee Meetings Held While a Member	Remuneration and Nomination Committee Meetings Attended
Steve Gemell	12	12	3	3	1	1
Xiaoming Li	12	-	-	-	-	-
Kim Stanton-Cook	12	12	-	-	-	-
Jingmin Qian	12	12	3	3	-	-
Xun (Suzanne) Qiu	12	12	3	3	1	1
Ian Buchhorn	4	4	-	-	1	1
Yan Li (Alternate)	12	8	-	-	-	-

This report is made in accordance with a resolution of the Directors.



Kim Stanton-Cook, Managing Director
Sydney, 25 September 2014

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Other Income	5	116	235
Exploration expense	6(a)	(443)	(11,485)
General and administrative expenses	6(b)	(1,133)	(1,554)
Unrealised gain/(loss) on impaired AFS investments		-	141
Realised loss on sales of AFS investments		(16)	-
Loss before income tax		(1,476)	(12,663)
Income tax benefit	7	-	-
Loss after income tax		(1,476)	(12,663)
Net loss after tax attributable to members of Golden Cross Resources Limited		(1,476)	(12,663)
Other comprehensive income (unrealised gain/(loss) on investments)		(4)	(1,413)
Total comprehensive loss attributable to the members of Golden Cross Resources Limited		(1,480)	(14,076)
Basic loss per share (cents)	8	(1.87)	(18.6)
Diluted loss per share (cents)	8	(1.87)	(18.6)

Consolidated Statement of Financial Position

As at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	2,442	1,359
Other Receivables	10(a)	273	276
Prepayments	11	35	39
AFS Investments held for sale	12	27	486
Total Current Assets		2,777	2,160
Non-Current Assets			
Property, plant and equipment	13(b)	449	480
Exploration and evaluation expenditure	13(a)	14,801	14,315
Other receivable	10(b)	445	445
Total Non-Current Assets		15,695	15,240
Total Assets		18,472	17,400
LIABILITIES			
Current Liabilities			
Payables	14	246	320
Provisions	15	166	127
Total Current Liabilities		412	447
Non-Current Liabilities			
Provisions	16	10	20
Total Non-Current Liabilities		10	20
Total Liabilities		422	467
Net Assets		18,050	16,933
EQUITY			
Issued capital	17	57,812	55,215
Reserves	18	911	915
Accumulated losses		(40,673)	(39,197)
TOTAL EQUITY		18,050	16,933

Consolidated Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,119)	(1,104)
Interest received		56	131
Receipts from farm-in partners		-	104
Other		60	-
Net cash outflow used in operating activities	19	<u>(1,003)</u>	<u>(869)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(13)	(14)
Payments for exploration and evaluation		(1,257)	(1,538)
Proceeds from sale of investments		436	-
Refund of security deposit		7	4
Other loans		(13)	-
Repayment of other loan		2	-
Research and development tax refund		327	103
Net cash in (outflow) used investing activities		<u>(511)</u>	<u>(1,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares		2,637	-
Cost of share issue		(40)	-
Net cash inflow from financing activities		<u>2,597</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH HELD		1,083	(2,314)
Cash at beginning of the reporting period		<u>1,359</u>	<u>3,673</u>
CASH AT END OF THE REPORTING PERIOD	9	<u>2,442</u>	<u>1,359</u>

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Issued Capital	Share-based Compensation Reserve	AFS Revaluation Reverse	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2012	55,215	909	1,419	(26,534)	31,009
Loss for the period	-	-	-	(12,663)	(12,663)
Revaluation of AFS investments	-	-	(1,413)	-	(1,413)
Total comprehensive income/(loss) for period	-	-	(1,413)	(12,663)	(14,076)
As at 30 June 2013	<u>55,215</u>	<u>909</u>	<u>6</u>	<u>(39,197)</u>	<u>16,933</u>
As at 1 July 2013	55,215	909	6	(39,197)	16,933
Loss for the period	-	-	-	(1,476)	(1,476)
Revaluation of AFS investments	-	-	(4)	-	(4)
Total comprehensive income/(loss) for period	-	-	(4)	(1,476)	(1,480)
Share issues	2,637	-	-	-	2,637
Share issue costs	(40)	-	-	-	(40)
As at 30 June 2014	<u>57,812</u>	<u>909</u>	<u>2</u>	<u>(40,673)</u>	<u>18,050</u>

1. CORPORATE INFORMATION

The financial report of Golden Cross Resources Limited (the "Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 25 September 2014.

Golden Cross Resources Limited (the "parent") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. It has been prepared on an historical cost basis except for investments in listed shares, which are measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis. The Directors believe the Company will be able to meet its debts if and when they fall due for the 12 months following the date of this report. The current cash on hand will be able to support minimum exploration commitments and the current level of administrative expenditure. Should the Company wish to increase its exploration expenditure beyond its minimum commitments the Company may require additional financing.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(c) New accounting standards and interpretations

Changes in accounting policy and disclosures

The company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2013.

The adoption of the following amendments resulted in changes to the accounting policies but did not have any impact on the Financial Statements.

- AASB 10 Consolidated Financial Statement
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities
- AASB 13 Fair Value Measurement
- AASB 119 Employee Benefits
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosure for Non-Financial Assets (Early adopted)

The adoption of the standards or interpretations has not resulted on any material impact on the company's financial reports. Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. It is not expected that these new accounting standards will have a material impact on the amounts reported in the group financial statements. Certain disclosures and presentation may change due to new and amended standards.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively, the "Group") as at 30 June each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(e) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination income statement. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell) all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. This discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and short-term deposits with an original maturity of less than three months.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

(g) Trade and other receivables

Trade and other receivables, which generally have 5-30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(h) Exploration, evaluation, development and restoration costs

Exploration & Evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Exploration & Evaluation – Impairment

The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

Accumulated costs in respect of areas of interest are written off or a provision made in the Income Statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Exploration, evaluation, development and restoration costs (continued)

Development

Development expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured. No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration

Provisions for restoration costs of drilling sites and other areas disturbed by exploration activities are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining Mine Life

In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

(i) Investments

All investments are initially recognised at fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date, being the date that the Group commits to purchase the asset. Investments in subsidiaries are held at cost less accumulated provisions for impairment.

(j) Interest in jointly controlled operation

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the joint operation by recognising its interest in the assets and the liabilities of the joint operation. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint operation.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- plant and equipment - 4 years; and
- motor vehicles - 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant and equipment is derecognised upon disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(l) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(m) Pensions and other post-employment benefits

The Group contributes to defined contribution superannuation funds for employees. The cost of these contributions is expensed as incurred.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition..

(o) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Government Grants Accounting Policy

The Company receives government grants through Research and Development (R&D) Tax Incentives on certain exploration activities. Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to expenditure that has been expensed or written off it is recognised as income in the period received. When the grant relates to expenditure incurred that has been deferred it is recognised against the asset balance.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised.

Interest

Revenue is recognised as the interest accrues.

Royalties

Royalties are recognised in accordance with substance of the relevant agreement.

Contract exploration

Contract exploration revenue earned from third parties is recognised when rights to receive the revenue are assured.

(r) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Currency

The functional and presentation currency for the Group is Australian dollars (\$) except for the Panama subsidiary where the functional currency is the American Dollar (US\$). Gains and losses due to movements in foreign exchange rates are recorded in the income statement.

(t) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, from the proceeds.

(x) Segment reporting

- Identification of reportable segments. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the Board of Directors (the Chief Operating Decision Makers) in assessing performance and determining the allocation of resources. The operating segments identified by management are each exploration tenement. The Group operates entirely in the industry of mineral exploration, evaluation and development for different metals and minerals, including copper, gold, silver, coal, and others.
- Discrete pre-tax financial information, being expenditure incurred year to date and from the start date, about each of these segments is reported to the Chief Operating Decision Makers on a monthly basis.

Accounting policies, segment revenue, and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

All expenses incurred for exploration and evaluation which qualify for capitalisation as described in note 2h are capitalised.

There are no intersegment transactions within the Group's segment.

The segment results include the capitalised allocation of overhead that can be directly attributed to an individual business segment.

The following items and associated assets and liabilities are not allocated to segments as they are not considered part of the core operations of any segment:

- gain and loss on investments held for trading or available for sale;
- gains and losses on the sale of investments;
- finance costs;
- certain general and administration expenses;
- impairment write offs for full value of tenements; and

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's Risk Management Policy sets out the Company's overall risk management framework and policies, including monthly review by the Board of the Company's financial position and financial forecasts, and maintaining adequate insurances.

The Company's cash reserves are held at call with Westpac Banking Corporation and BankWest, in accounts selected to maximise the return of interest.

AASB 7 ("Financial Instruments – Disclosures") requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to AASB 101 ("Presentation of Financial Statements") introduces disclosures about the level of an entity's capital and how it manages capital.

(a) Capital management

The Group considers its capital to comprise its ordinary share capital net of accumulated retained losses, \$17,139,000 (2013: \$26,933,000).

In managing its capital, the Group's primary objective as an explorer is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has no debt, hence has a nil gearing ratio.

In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or consideration of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

(b) Principal financial instruments

The principal financial instruments are as follows:

- Cash
- Trade and other receivables
- Investments
- Trade and other payables

The Group does not use derivative financial instruments, and has no off-balance sheet financial assets or liabilities at year-end.

(c) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. These main risks, arising from the group's financial instruments are interest rate risk, liquidity risk, currency risk, share market risk and credit risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

(ii) Interest rate risk

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out in the following tables:

At balance date, the Group is exposed to floating weighted average interest rates for financial assets of 2.45% on \$225,000 in deposits at call (2013: 2.70%), Between 3.40% and 3.50% on short term deposits of \$2,000,000 (2013: 3.80%) and between 2.50% and 3.75% on \$247,000 in security deposits (2013: 2.82% - 5.00%). All other financial assets and liabilities are non-interest bearing.

Year ended 30 June 2014

	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non- interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
Financial assets							
Cash	9	226	2,000	-	-	216	2,442
Receivables - Current		-	247	-	-	26	273
Receivables Non current	10 (b)	-	-	-	-	445	445
		226	2,247	-	-	687	3,160
Weighted average interest rate		2.45%	3.42%				
Financial liabilities							
Payables	14	-	-	-	-	246	246
Net financial assets		226	2,247	-	-	441	2,914

Year ended 30 June 2013

	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non- interest bearing \$'000	Total \$'000
			1 year or less \$'000	over 1 to 5 years \$'000	more than 5 years \$'000		
Financial assets							
Cash	9	325	1,000	-	-	34	1,359
Receivables - Current		-	252	-	-	24	276
Receivables Non current	10 (b)	-	-	-	-	445	445
		325	1,252	-	-	503	2,080
Weighted average interest rate		2.70%	3.75%				
Financial liabilities							
Payables		-	-	-	-	320	320
Net financial assets		325	1,252	-	-	183	1,760

Risk Exposures and Responses

Judgments of reasonably possible movements:

	Post Tax Loss Lower/(Higher)		Equity Lower/(Higher)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
+ 1% (100 basis points)	15	3	-	-
- 1% (100 basis points)	(15)	(3)	-	-

(iii) Foreign exchange currency risk

All financial assets and liabilities are denominated in Australian dollars. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere.

The Group is presently expending minimal funds in Panama to obtain an exploration tenement, in which exploration costs are largely denominated in US dollars.

(iv) Share market risk

The Company relies greatly on equity markets to raise capital for its exploration activities, and is thus exposed to equity market volatility. When markets conditions require for prudent capital management, generally in consultation with professional advisers, the Group looks to alternative sources of funding, including the sale of assets and royalties.

The capacity of the company to raise capital from time to time may be influenced by either or both market conditions and the price of the Company's quoted shares at that time.

(v) Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

The Group trade only with recognized, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Other receivables

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

(vi) Equity price risk

Price risk arises from investments in equity securities. All available for sale equity investments held by the Company are publicly traded on the ASX.

Judgments of reasonably possible movements:

	Post Tax Loss		Equity	
	Lower/(Higher)		Lower/(Higher)	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
+ 20%	5	-	-	97
- 20%	(5)	(96)	-	(1)

(e) Accounting policies

Accounting policies in relation to financial assets and liabilities and share capital are contained in note 2.

(f) Fair value of financial assets and liabilities.

The fair value of all monetary financial assets and financial liabilities of the Company approximate their carrying value.

The Group classifies fair value measurement using the hierarchy that reflects the significance of the inputs used in making the measurements. Investments held by the Group are fair valued using Level 1 measurements within the hierarchy. The fair value of the investments held by the Group is estimated by using quoted prices in active markets for identical assets or liabilities. The basis for determining fair values is disclosed in note 2(i).

There are no off-balance sheet financial assets or liabilities at year-end.

All financial assets and liabilities are denominated in Australian dollars.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Impairment of non-financial assets other than goodwill

The group assesses impairment of all assets (including capitalised exploration costs) at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment.

Carrying values of exploration assets

The Group applies judgments in determining the carrying value of exploration assets in particular in determining which exploration costs should be capitalised or expensed. The Group assesses impairment of such assets at each reporting date by evaluating conditions specific to the Group.

5. OTHER INCOME

	2014 \$'000	2013 \$'000
Other Income from non-operating activities		
Interest received	56	131
Other	60	104
Total other income	<u>116</u>	<u>235</u>

6. GAINS & EXPENSES

	2014 \$'000	2013 \$'000
(a) Exploration expense		
Capitalised expenditure written off	443	11,485
	<u>443</u>	<u>11,485</u>
(b) General & administrative expenses		
Employee entitlements	685	688
Employee entitlements capitalised to Exploration and Evaluation	(300)	(362)
Superannuation contributions	64	64
Superannuation contributions capitalised to Exploration and Evaluation	(27)	(33)
Audit fees	39	47
Depreciation of plant and equipment	44	63
Insurance	40	29
Legal	26	1
Operating lease - rental expense	114	112
Overseas admin expense	13	11
Business development	-	17
Share Registry Fees	25	20
Stock exchange fees	22	25
Web site and computer maintenance	20	32
Adjustment to non-current receivables	-	468
Other	368	372
	<u>1,133</u>	<u>1,554</u>

7. INCOME TAX

	2014 \$'000	2013 \$'000
(a) - The components of income tax expense are:		
Current tax	-	-
Deferred tax benefit	-	-
Total tax benefit	-	-

- (i) The Golden Cross Resources Limited group of companies tax consolidated in Australia on 1 July 2007. There are presently no tax sharing or funding agreements in place.
- (ii) The parent entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward in Australia and Panama.
- (iii) The Directors are of the view that there is insufficient probability that the parent entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets.

	2014 \$'000	2013 \$'000
(b) - Numerical reconciliation of income tax expense to prima facie tax payable is as follows:		
Loss from operations before income tax expense	(1,476)	(12,663)
Tax at statutory tax rate of 30% (2013: 30%)	(443)	(3,799)
Tax effect of non-temporary differences	4	-
Tax effect of equity raising costs debited to equity	(12)	(9)
Tax effect of tax losses and temporary differences not recognised	451	3,808
Income tax expense	-	-

(c) – There is no amount of tax benefit recognised in equity, as the tax effect of temporary differences has not been booked.

	2014 \$'000	2013 \$'000
Unclaimed value of share issue costs debited to equity	40	30
Tax benefit of unclaimed residuals at 30%	12	9

	2014 \$'000	2013 \$'000
(d) – Tax Losses – Revenue		
Unused tax losses for which no tax loss has been booked as a deferred tax asset	39,919	38,710
Potential deferred tax benefit at 30%	11,976	11,613
Net deferred tax liability	(1,041)	(1,694)
Net deferred tax asset - not booked	10,935	9,919

The benefit of income tax losses will only be obtained if:

- (i) the respective companies derive future assessable income of a nature and of an amount to enable the benefit from the deductions for the losses to be realised;
- (ii) the respective companies continue to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the respective companies in realising benefit from the deductions from the losses.

	2014 \$'000	2013 \$'000
(e) –Temporary tax differences		
Accelerated deductions for tax compared to book	(2,694)	(4,918)
Other temporary tax differences	(778)	(728)
Total at 100%	(3,472)	(5,646)
Potential deferred tax liability @ 30%	(1,041)	(1,694)

8. LOSS PER SHARE

	2014	2013
Basic loss per share (cents per share)	(1.87)	18.6
Weighted average number of ordinary shares during the year used in the calculation of basic loss per share	78,797,476	68,095,043
Diluted loss per share (cents per share)	(1.87)	(18.6)
	2014	2013
	No of Shares	No of Shares
Weighted average number of ordinary shares during the year used in the calculation of diluted loss per share	78,797,476	68,095,043
	2014	2013
	\$'000	\$'000
Loss used in calculating basic and diluted loss per share	(1,476)	(12,663)

Options

In addition to salaries, the Group has provided benefits to certain employees (including directors) of the Group in the form of the Golden Cross Resources Employee Option Plan re-approved by shareholders at the general meeting of shareholders held in March 2006. The number of employee options on issue at any time must not exceed 5% of the issued capital of the Company at that time. All employees (including directors and consultants) of Golden Cross and its controlled entity are eligible to participate in the plan.

The last options issued under the Employee Option Plan expired on 4 July 2013. None of the options issued under the Employee Option Plan were exercised.

Options granted to employees, including Key Management Personnel, described in the Remuneration Report, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been considered in the determination of basic earnings per share.

In 2014 the weighted average number of options that were not included in the calculation of loss per share as they are anti-dilutive is 1,479: (2013: 182,281)

9. CASH AND CASH EQUIVALENTS

	2014	2013
	\$'000	\$'000
Cash at bank and on hand	217	34
Deposits	2,225	1,325
	<u>2,442</u>	<u>1,359</u>

Note: The deposits are held in short term deposits of 62-90 days for which the interest rates at year-end were 3.43% (2013: 3.63%) and an 11am call account at 2.45% (2013: 2.70%).

10. OTHER RECEIVABLES

(a) Current other receivables

	2014	2013
	\$'000	\$'000
Security deposits	254	274
Other debtors	19	2
	<u>273</u>	<u>276</u>

10. OTHER RECEIVABLES (continued)

Security deposits are required by government legislation as a prerequisite to exploration. The cash held in security deposits is not available until leases are relinquished or sold. The deposits are bearing floating interest rates between 2.50% and 3.75% (2013: between 2.82% and 5.00%).

Balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received in full.

(b) Non-Current Other receivables

	2014 \$'000	2013 \$'000
Other Receivable (i)	445	445
	<u>445</u>	<u>445</u>

(i) Kempfield Sale Agreement:

On the 2 May 2011, Golden Cross signed an agreement with Argent Minerals Limited to sell its 30% interest in the Kempfield Joint Venture for a consideration of

- (a) \$1,000,000 payable in cash received in 2011.
- (b) \$1,000,000 payable in shares of Argent Minerals Limited upon receipt of the necessary consents and approvals by the Minister under the Mining Act (both received in Sept 2011), and received in 2012.
- (c) a deferred portion of \$1,000,000 payable in shares of Argent Minerals Limited upon a decision to mine, estimated at \$500,000 based on the Board's estimate that Argent has a 50% chance of deciding to mine within 2 years from the year end date (2013: \$445,000). Using the discount rate at sale date of 6% present value of non-current receivable is \$445,000. The consideration will be \$1,000,000 in Argent shares using the Argent share price at the date of decision to mine.

The fair value of the non-current receivable is calculated using the method described above however utilising a current discount rate. The difference between the fair value and the carrying value is not significant. The fair value of the non-current receivable is deemed to approximate the carrying value.

11. PREPAYMENTS

	2014 \$'000	2013 \$'000
Prepaid expenses	35	39
	<u>35</u>	<u>39</u>

12. INVESTMENTS

	2014 \$'000	2013 \$'000
Investments in listed companies		
Shares in Alkane Resources Limited	27	29
Shares in Argent Minerals Limited	-	143
Shares in Kalgoorlie Mining Company Limited	-	2
Shares in Rift Valley Limited (formerly Brightstar)	-	306
Shares in Metal Bank Limited	-	6
At fair value	<u>27</u>	<u>486</u>

The Company has available to it various methods in estimating the fair value of listed investments. The methods comprise:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quotes prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the listed investments was calculated using the level 1 method. The carrying values of trade receivables and trade payables are recorded in the financial statements approximates their respective net fair values, in accordance with the accounting policies outlined in note 2. The non-current other receivable was impaired at 30 June 2013 to an amount that approximates fair value, at 30 June 2014 there has been no significant change in the inputs that would indicate that the carrying value of the asset would not approximate the fair value.

13. EXPLORATION AND EVALUATION EXPENDITURE, MINE PROPERTY, PLANT AND EQUIPMENT

	2014 \$'000	2013 \$'000
(a) Exploration and Evaluation Expenditure		
<i>Exploration Assets</i>		
Costs brought forward	14,315	24,132
Expenditure incurred during the year	929	1,668
Expenditure written off during the year (i)	(443)	(11,485)
Costs carried forward	14,801	14,315
Costs incurred on current areas of interest		
- Copper Hill	611	193
- Burra	284	10
- Cargo	(83)	439
- Codna Hill	43	59
- Delaney's Tank	11	49
- Oolgelima Hill	(146)	567
- Pine Ridge	4	19
- Rast	39	16
- Mulga Tank and Mulga East	-	33
- Queensland Coal	-	39
- Other properties	166	244
	929	1,668

(i) Relates to impairment of capitalised exploration expenditure to tenements which are no longer viewed as being economically recoverable.

Details of the economic entity's exploration tenements are disclosed at the back of the Annual Report.

During the period, a 2012-13 R & D refund of \$327,008 was received from the Australian Taxation Office. These monies were written back against the relevant projects (Copper Hill \$24,981, Cargo \$101,909 and Oolgelima Hill \$200,118)

During the period Warriner Creek (\$102k), Baykool North (64k), Yellow Mountain (\$78k) and Koolymika (\$33k) were impaired as the licenses were relinquished. In addition to this expenditure during the period on a collection of other tenements (\$165k) was expensed as the tenements had all previously been written down to nil in the prior period.

	2014 \$'000	2013 \$'000
(b) Property, Plant and Equipment		
Cost	934	933
Provision for depreciation	(485)	(453)
Net book value	449	480
Net book value at beginning of year	480	529
Additions	13	14
Depreciation expense	(44)	(63)
Net book value at 30 June	449	480

14. CURRENT LIABILITIES - Payables

	2014 \$'000	2013 \$'000
Trade payables and other creditors	246	320
	246	320

Trade payables and other creditors are non-interest bearing and are normally settled on 30-day terms.

15. CURRENT LIABILITIES – Provisions

	2014 \$'000	2013 \$'000
Provision for Annual Leave	88	72
Provision for Long Service Leave	78	55
Total Current Provisions	<u>166</u>	<u>127</u>

16. NON-CURRENT LIABILITIES – Provisions

	2014 \$'000	2013 \$'000
Provision for Long Service Leave	-	10
Provision for Lease Rehabilitation	10	10
Total non-current liabilities – Provisions	<u>10</u>	<u>20</u>

17. CONTRIBUTED EQUITY

	2014 Shares '000	2013 Shares '000	2014 \$'000	2013 \$'000
Issued and paid up:				
Ordinary shares	1,889,299	1,361,901	57,812	55,215

Movements in the securities of the Company during the past two years were as follows:

DATE	DETAILS	NO. OF SHARES	ISSUE PRICE CENTS	\$'000
01.07.13	Opening	1,361,900,851		55,215
25.11.13	Rights issue	151,427,961	0.5	757
	Less transaction costs of share issue			(33)
03.03.14	Heron Resources Limited share placement	375,970,579	0.5	1,880
	Less transaction costs of share issue			(7)
30.06.14	Closing Balance	<u>1,889,299,391</u>		<u>57,812</u>

Voting Rights

At a general meeting of the Company, every shareholder present in person or by an attorney, representative or proxy has one vote on a show of hands and one vote per ordinary share on a poll.

Options do not carry voting rights.

18. RESERVES

	2014 \$'000	2013 \$'000
Opening AFS revaluation reserve	6	1,419
Net loss on AFS investments	(4)	(1,413)
Closing AFS revaluation reserve	<u>2</u>	<u>6</u>
Opening share-based compensation reserve	909	909
Share based expense	-	-
Closing share-based compensation reserve	<u>909</u>	<u>909</u>
	<u>911</u>	<u>915</u>

AFS Revaluation reserve

The AFS revaluation reserve is used to record increments and decrements in the fair value of investments held as available for sale.

Share-based compensation reserve

The share-based compensation reserve is used to record the value of share based payments provided to employees as part of their remuneration.

19. STATEMENT OF CASH FLOWS RECONCILIATION

	2014	2013
	\$'000	\$'000
Operating loss	(1,463)	(12,663)
Depreciation	44	63
Exploration and evaluation expenditure written off	443	11,485
Increase/(Decrease) in receivables and other assets	70	92
Increase/ (Decrease) in creditors	(87)	162
Increase/ (Decrease) in other provisions	(10)	(8)
Net cash outflow from operating activities	<u>(1,003)</u>	<u>(869)</u>

20. RELATED PARTY DISCLOSURES

Directors

Disclosures relating to Directors are set out in the Remuneration Report, included in the Directors' Report.

Wholly Owned Group

The wholly owned group consists of Golden Cross Resources Limited and its wholly-owned controlled entities, Golden Cross Operations Pty Ltd, King Eagle Resources Pty Ltd and GCR Panama, Inc. Ownership interests in these controlled entities are set out in note 23. Golden Cross Resources Limited is the ultimate parent entity.

Compensation of Key Management Personnel

	2014	2013
	\$'000	\$'000
Short-term employee benefits (Salary/fee)	626	634
Post-employment benefits (Superannuation)	42	41
	<u>668</u>	<u>675</u>

Loans to Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year.

Other transactions and balances with Key Management Personnel and their related parties

Stephen Gemell is a non-executive director and chairman as well as a shareholder of Argent Minerals Limited, with which Golden Cross has farm-in arrangements in respect of its Sunny Corner and West Wyalong tenements.

There was \$475 outstanding to related parties at 30 June 2014. (2013: \$2,880.)

Amounts recognised as expenses

	2014	2013
	\$	\$
Geological consulting fees	4,860	2,880
	<u>4,860</u>	<u>2,880</u>

Aggregate amounts payable to Directors of the Company at 30 June 2013 relating to the above types of other transactions

	2014	2013
	\$	\$
Current/Non-current liabilities	<u>475</u>	<u>2,880</u>

21. COMMITMENTS AND CONTINGENCIES

Commitments in relation to non-cancellable operating leases contracted for are payable as follows:

	2014 \$'000	2013 \$'000
Operating Leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than 1 year	88	86
Later than 1 year but not later than 2 years	44	85
Later than 2 years	-	44
Commitments not recognised in the financial statements	132	215
\$129,000 of the commitments relate to the Hornsby Office lease which expires 31 st December 2015.		

Exploration Commitments

In order to maintain current rights of tenure to exploration tenements, the economic entity has the following discretionary exploration expenditure requirements up until expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable.

	522	1,120
Not later than one year		
Later than one year but not later than 2 years	234	97
Later than 2 years	-	480
	756	1,697

If the economic entity decides to relinquish certain leases and/or does not meet these joint venture or annual exploration expenditure obligations, assets recognised in the balance sheet may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

22. REMUNERATION OF AUDITORS

	2014 \$'000	2013 \$'000
Remuneration for audit or review of the accounts and consolidated accounts of Golden Cross Resources Limited and its controlled entities		
	39	47
	39	47

23. PARENT ENTITY INFORMATION

Information relating to Golden Cross Resources Limited:

	2014 \$'000	2013 \$'000
Current assets	2,462	1,352
Total assets	16,466	14,009
Current liabilities	49	21
Total liabilities	49	21
Issued capital	57,812	55,215
Accumulated losses	(42,306)	(42,142)
Share-based compensation reserve	909	909
AFS Investment reserve	2	6
Total shareholders' equity	16,417	13,988
Loss of the parent entity	(164)	(14,885)
Total comprehensive profit (loss) of the parent entity	(164)	(14,885)

Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

- -

Details of any contingent liabilities of the parent entity.

- -

Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment.

- -

24. SEGMENT REPORTING

The operating segments are reviewed and managed by Chief Operating Decision Makers based on the costs incurred for each exploration tenement throughout the reporting period, which are capitalised to operating segment assets. The operating segments identified by management are based on areas of interest. Expenditure incurred and capitalised for these tenements is disclosed in note 13.

Expenses included in the statement of comprehensive income which have not been capitalised to operating segment assets are unallocated as they are not considered part of the core operations of any segment.

2014: OPERATING SEGMENTS	Copper Hill	Rest of Australia	Panama	Total
Reconciliation of segment net loss after tax to net loss before tax:				
Gain on Sale of Tenements	-	-	-	-
Exploration and Evaluation Impairment	-	(443)	-	(443)
Total segment net gain/(loss) after tax				(443)
Interest Revenue				56
Other Revenue				60
Share Based Payments				-
Depreciation				(44)
Other Costs				(1,105)
Realised loss on investments				-
Net loss before tax per statement of Comprehensive Income				(1,476)
2013: OPERATING SEGMENTS	Copper Hill	Rest of Australia	Panama	Total
Reconciliation of segment net loss after tax to net loss before tax:				
Gain on Sale of Tenements	-	-	-	-
Exploration and Evaluation Impairment	(7,000)	(4,435)	(50)	(11,485)
Total segment net gain/(loss) after tax				(11,485)
Interest Revenue				131
Other Revenue				104
Share Based Payments				-
Depreciation				(62)
Other Costs				(1,492)
Unrealised gain on investments				141
Net loss before tax per statement of Comprehensive Income				(12,663)
30 June 2014				
Capitalised Expenditure	10,208	5,042	-	15,250
Current and non-current receivables		445	-	445
Total	10,208	5,487		15,695
30 June 2013				
Capitalised Expenditure	9,597	5,148	-	14,795
Other current assets	-	445	-	445
Total	9,597	5,595	-	15,240
Reconciliation to total assets:				
	2014	2013		
	\$,000	\$,000		
Total assets by reportable assets	15,695	15,240		
Cash and cash equivalents	2,442	1,359		
Other receivables	273	276		
Prepayments	35	39		
Investments	27	486		
Total assets per Statement of Financial Position	18,472	17,400		

GEOGRAPHICAL SEGMENTS

	2014	2013
	\$'000	\$'000
Non-current assets by geographical location:		
Australia	15,695	15,240
Panama	-	-
Total non-current assets as per Statement of Financial Position	15,695	15,240

25. SUBSEQUENT EVENTS

At an extraordinary general meeting on 27 August 2014, the members of the Company passed as an ordinary resolution:

“For the purpose of Section 254H(1) of the Corporations Act and for all other purposes, the share capital of the Company will be consolidated through the conversion of every twenty (20) ordinary shares in the Company into one (1) ordinary share in the Company, and that any resulting fractions of a share be rounded up to the next whole number of shares, to take effect in accordance with the timetable set out in the Explanatory Notes accompanying this Notice of Meeting.”

As a result of that resolution, the number of shares on issued by the Company reduced from 1,889,299,391 to 94,490,287.

DIRECTORS' DECLARATION

The Directors declare that:

In accordance with a resolution of the directors of Golden Cross Resources Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

On behalf of the Board



Kim Stanton-Cook, Managing Director,
Sydney, 25 September 2014



680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Golden Cross Resources Limited

In relation to our audit of the financial report of Golden Cross Resources Limited for the financial year 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ryan Fisk
Partner
25 September 2014

Independent auditor's report to the members of Golden Cross Resources Limited

Report on the financial report

We have audited the accompanying financial report of Golden Cross Resources Limited which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

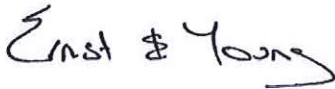
- a. the financial report of Golden Cross Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b).

Report on the remuneration report

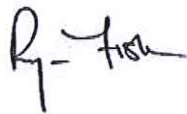
We have audited the Remuneration Report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Golden Cross Resources Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Ryan Fisk
Partner
Sydney
25 September 2014