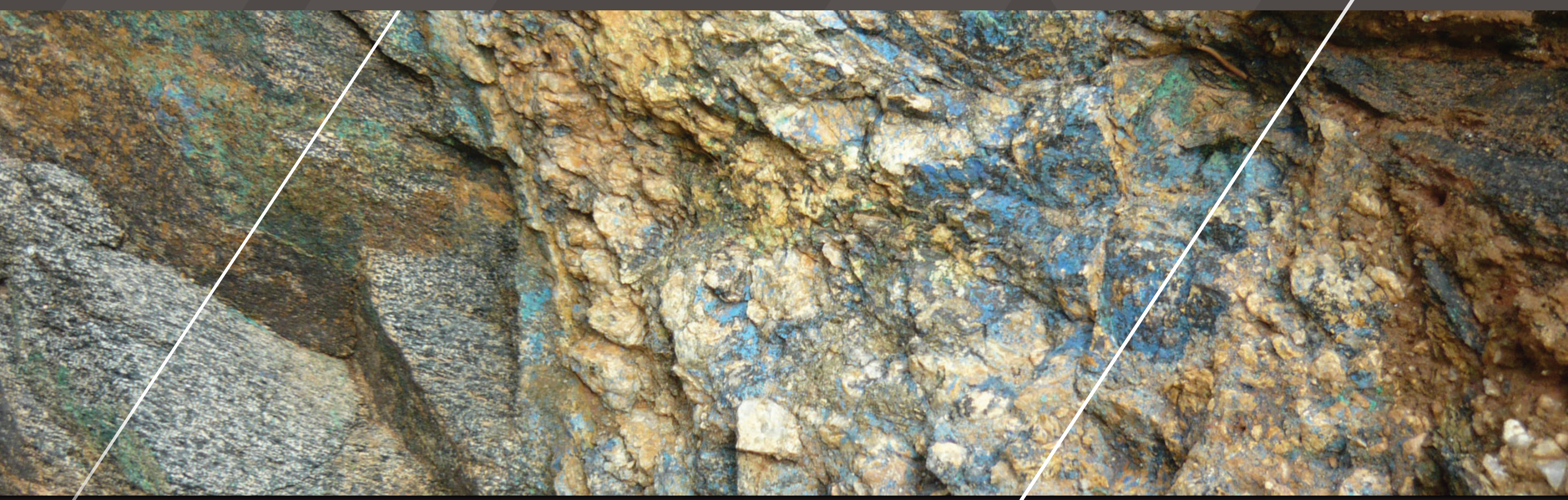
Redcliffe
Resources
Limited

ABN 63 010 856 014

Annual Report

For Year Ended 31 December 2013



Redcliffe Resources Limited
and Controlled Entities

ABN 63 010 856 014

Annual Report
For The Year Ended
31 December 2013

Redcliffe
Resources
Limited

Corporate Directory

Directors

Executive Chairman / CEO
Rodney David Foster BSc, M AusIMM

Executive Director
Mark William Maine M Com. B Bus (Acc) PG Dip(Com)

Non-Executive Directors
Simon Owain Griffiths MSc
Joe Gehamopa Holloway

Auditors, Registered Office and Papua New Guinea Share Registry

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

Australian Share Registry

Link Market Services Limited
Ground Floor, 178 St Georges Terrace
Perth WA 6000
Tel: +61 1300 554 474 (toll free within Australia)
Tel: (08) 9211 6632
Fax: (08) 9211 6660

Company Information

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

Accountants, Registered Agent & Office in Australia

RSM Bird Cameron
Level 1, 1-3 Bath Lane
Ballarat VIC 3350
Tel: (03) 5330 5800
Fax: (03) 5333 1667

Exploration Office

523 Ligar Street
Ballarat VIC 3350
(PO Box 63, Wendouree VIC 3355)
Tel: (03) 5333 3200
Fax: (03) 5333 3650

Solicitors

Price Sierakowski, Perth

Bankers

ANZ - Champion Parade, Port Moresby
BankWest - Australia

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Review of Operations

for the Year Ending 31 December 2013

Two distinct strategies were put into action during the 2013 year having taken into consideration issues facing the Company, including difficulty in attracting funds sufficient to significantly advance exploration of the Redcliffe Gold Project.

1. **Small Scale Development Strategy** – Australia

   In seeking to ramp up to development of the Golden Terrace South deposit, the Directors reviewed available options in pursuing Redcliffe's mine development and exploration advancement.

   Smaller, higher grade gold occurrences were to be targeted for definition and exploitation with the aim of testing an approach of small scale development of higher grade mineralisation, while at the same time generating cash flow to be directed toward increasing developments.

   The Mertondale Shear Zone remains highly prospective for gold deposits. The Kelly prospect in particular is a large mineralised system that remains open in all directions with depth extensions and potential high grade feeder zones yet to be tested. However, limited availability of funds restricted the advance of exploration. Planning for deeper drilling to include RC and diamond drill core holes to target potential high-grade feeders for gold mineralisation and increase confidence in resource modelling remains to be completed.

2. **Diversification Strategy** – East Africa

   As a means of diversification and to capitalise on experience within the Company and emerging opportunities; a move was made to develop an East African mineral portfolio, with the Mbesa (Tunduru) Copper Project being selected in Tanzania as the first step.

   The project is in an area that has not undergone intensive mineral exploration in the past, yet recent discoveries of high grade copper mineralisation have led to artisanal miners exporting shipments.

Location of Redcliffe Reseurces Ltd Projects

Tanzania

Mbesa Copper Project

(Redcliffe earning up to 90% in stages)

- Mbesa Copper Project progressing rapidly with an additional PL application over large (107 sq. km) area surrounding copper mineralisation on artisanal licences and securing exploration access to many of the key PMLs.
- Rock chip samples provide results of up to 14% copper and 70g/t silver.
- Additional Tanzanian copper/gold projects being reviewed as the Company looks to expand its portfolio and build its presence in East Africa.

The Company's activities were focused on advancing the Tanzanian asset portfolio in the Tunduru District, associated with the Mbesa Copper Project joint venture licence area. In addition to Mbesa, the Company reviewed a number of copper /gold projects in the Mpanda region. Site visits were undertaken in March and mid-December 2013 as well as desk top reviews of gold projects within the Lake Victoria Gold Fields.

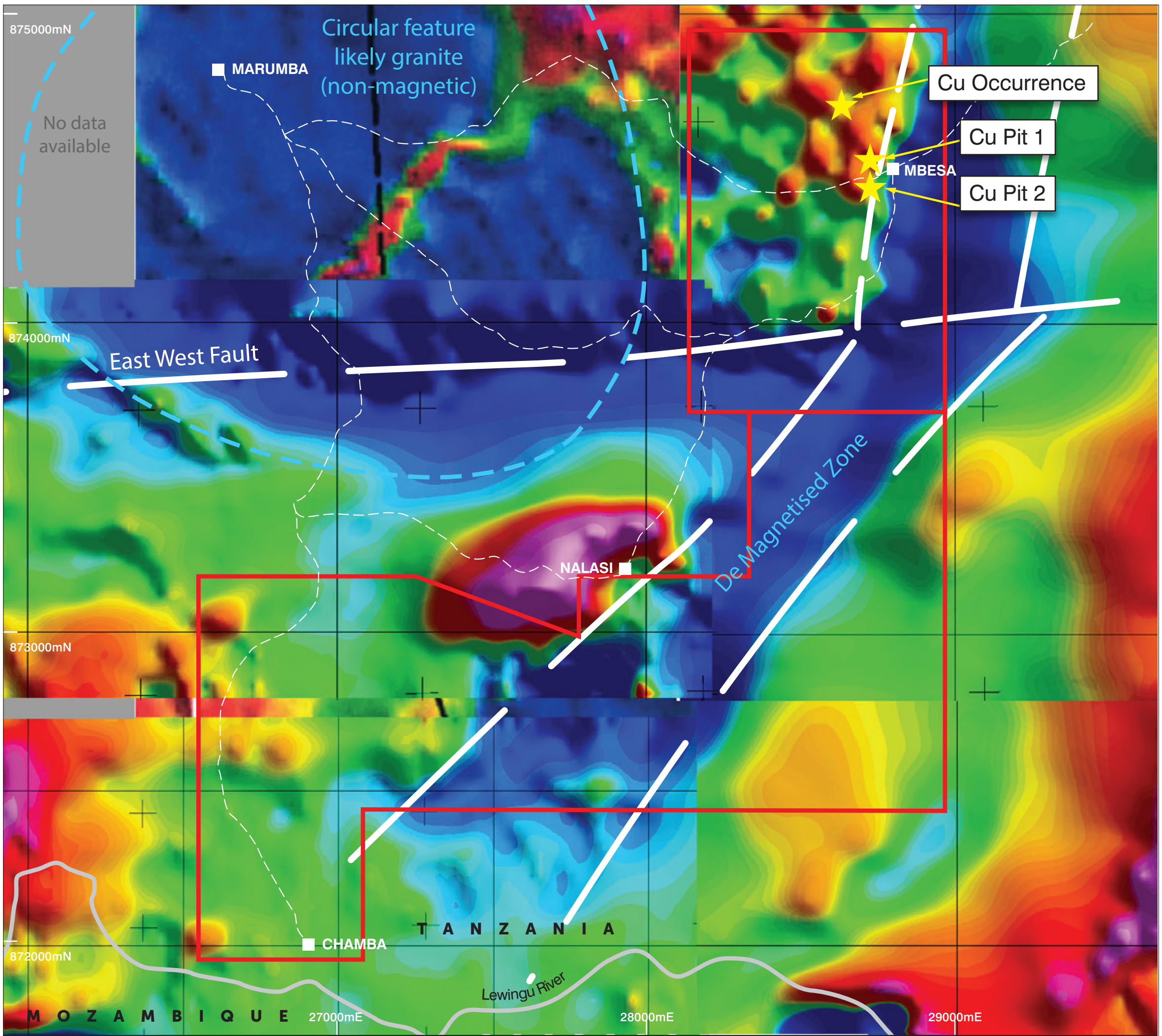
Mbesa Copper Project (Tunduru)

An option agreement was entered into during the March 2013 quarter with the vendors of a Prospecting License ("PL") in the Tunduru District, where high grade copper is being mined by artisanal miners at Mbesa. Due diligence on the project has been extended as the Company awaited the Vendor's resolution of license boundary matters prior to making a final decision to proceed. An application was made over land immediately adjacent and to the north of the granted licence seeking to secure tenure around numerous small Private Mining Licences ("PMLs").

Subsequent to year's end, the Company advised of the exercise of the option and the expansion of the ground position within the emerging Tunduru Copper region in Tanzania. Importantly, the new interests include an agreement covering areas of current mining activity and adjoining or within close proximity to that activity.

L-R: Malachite and azurite stains. Shallow diamond drilling on pit 2, Mbesa. Brittle to semi ductile shear with copper mineralization.

The Company is well positioned as it prepares to embark upon an initial exploration program. Further, considerable progress has been made in securing exploration access to key PMLs containing copper occurrences and with considerable prospectivity.



REDCLIFFE RESOURCES – MBESA COPPER PROJECT

Tenements over Aerial Magnetic Image

January 2014 Grid ARC60

Redcliffe Gold Project

100% Redcliffe Resources

- The focus of activity on the Redcliffe Gold Project shifted from development of larger targets with higher capital costs to higher grade near surface mineralisation, with the potential for short lead time and low cost development to generate cash flow.
- The Company initiated a strategy of development and gold production, initially as bulk sampling, hoping to move onto a pipeline of small mining proposals and increasing as funding allows.
- Principal areas of work for the year were RC drilling of the Nambi South pit and Bulk Sample excavation of a small pit at the 727 Prospect.

Project Description

The Company's 100% owned Redcliffe Gold Project is located 40-70km north-east of Leonora and around 230km north of Kalgoorlie in Western Australia. The Project tenements cover a substantial strike length of the Mertondale Shear Zone, where previously estimated gold resources of 278,000 ounces have been discovered in a number of deposits.

Gold Resource Category Classification

The estimated gold resource of 278,000 ounces is the most up to date gold resource estimate on the 100% owned Redcliffe Gold Project near Leonora in Western Australia. A 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 the addition of the maiden gold resource at the Kelly Deposit.

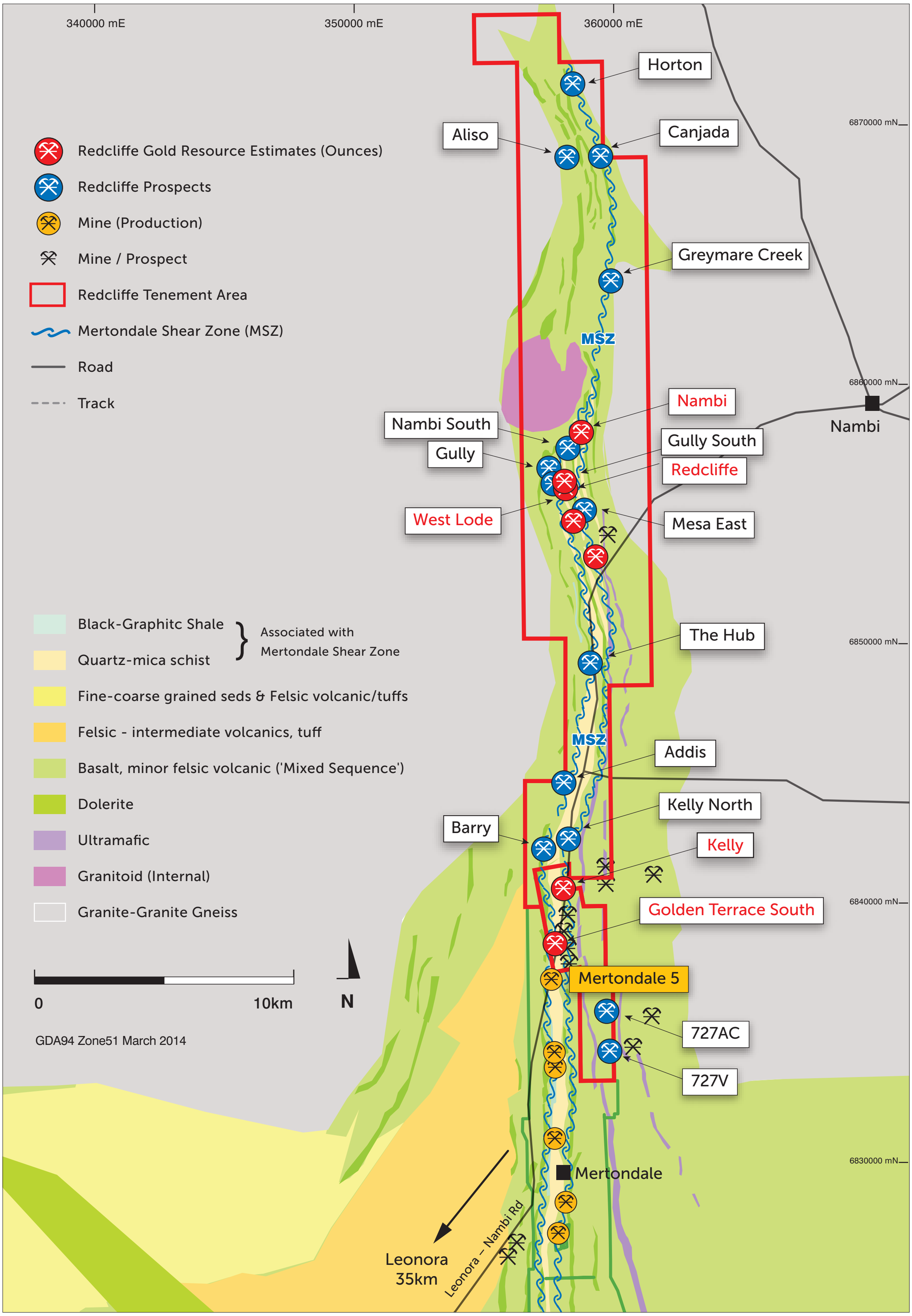
This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

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	560,000	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)

Redcliffe Gold Project Location of Resources and Prospects along the Mertondale Shear Zone



Nambi South Prospect

- **Completed assay results for the first phase of RC drilling at Nambi South Prospect showed single metre split sample assays returning intercepts of 25m @ 3.57g/t and 6m @ 4.65g/t gold.**

The Nambi South Prospect is located in the northern portion of the Redcliffe Project tenure within a granted mining lease. In the early 1990's several small open pits were mined in the vicinity to produce approximately 90,000 ounces of gold. During the final stages of this operation, a shallow test pit was excavated at Nambi South to investigate an historic RC drill intercept of 30m @ 4.86g/t gold. Redcliffe undertook rock chip sampling around the base of the pit that averaged 5.03g/t over the 22 samples. Follow up detailed cut channel sampling showed approximated true width intervals including 9m @ 4.74g/t, 7m @ 5.32g/t, and 5.5m @ 4.96g/t gold.

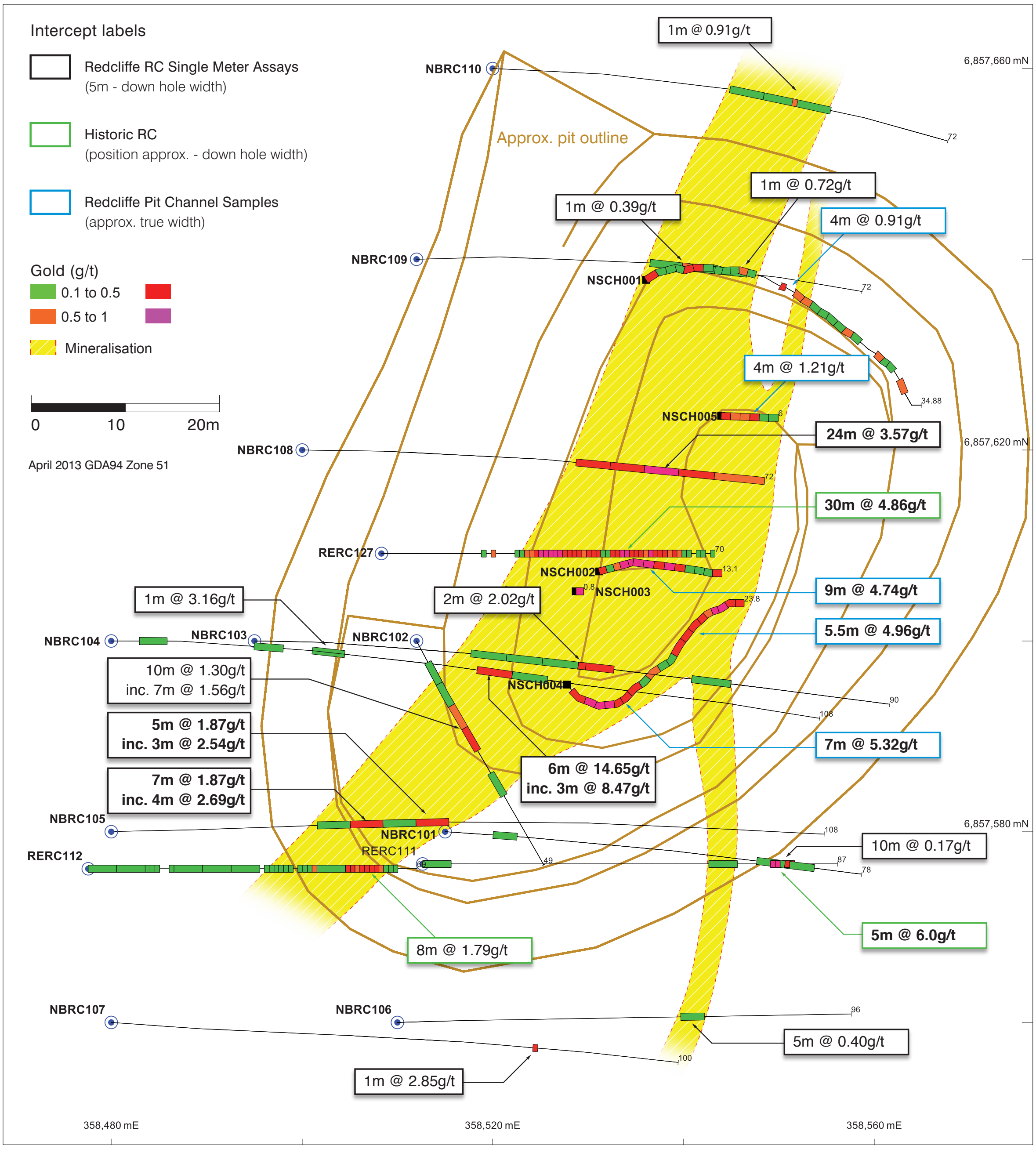
The Company's first phase of RC drilling conducted in the March Quarter targeted near surface continuations of the mineralisation that may be suitable for near term development by extending the existing pit. Complete single metre sample assays were received during the quarter (ASX release 13 May 2013) including 25m @ 3.57g/t, where composite sampling had returned 27m @ 3.55g/t, 6m @ 4.65g/t and 10m @ 1.59g/t. The mineralisation is open at depth and a full listing of results is shown on an accompanying table with updated coordinates subsequent to DGPS surveying completed during the quarter.

Nambi South Pit RC Drilling - Single Metre Split Assay Results

Hole ID	North (m)	East (m)	RL (m)	Dip	Azimuth	Depth (m)	From (m)	To (m)	Interval	g/t Au
NBRC101	6857580	358515	510	-60	090	78	63	64	1m @	5.74
NBRC102	6857600	358512	513	-60	150	49	14	24	10m @	1.30
							17	24	**inc 7m @**	**1.56**
							31	32	1m @	1.19
NBRC103	6857600	358493	521	-55	090	90	49	51	2m @	2.02
NBRC104	6857600	358480	521	-55	090	108	36	37	**1 m @**	**3.16**
							60	66	**6m @**	**4.65**
							61	64	**inc 3m @**	**8.47**
NBRC105	6857580	358480	521	-55	090	108	39	46	7m @	1.87
							41	45	**inc 4m @**	**2.69**
							49	54	5m @	1.87
							49	52	**inc 3m @**	**2.54**
NBRC106	6857560	358510	521	-60	090	96	further assays awaited			
NBRC107	6857560	358480	521	-60	090	102	74	75	**1 m @**	**2.85**
NBRC108	6857620	358500	521	-55	090	72	46	70	**25m @**	**3.57**
NBRC109	6857640	358512	521	-55	090	72	53	54	1m @	0.72
NBRC110	6857660	358520	521	-55	090	72	40	55	1m @	0.91

Grid GDA94 Zone 51 Coordinates & RLs approx. * Down-hole surveys complete, collar surveys awaited.
Samples split through 75:25 riffle every metre. * Down-hole widths quoted. * Assays by Kalassay Leonora by 40g Fire Assay
Lower cut of intervals is 0.5g/t Au * Bold = +1g/tAu lower cut

Nambi South Prospect Collar Plan



Kelly Deposit

The Kelly mineralised shear system remains open in all directions with depth extensions and potential high grade feeder zones yet to be tested. The gold mineralisation comprises a large number of stacked lodes striking north-south and dipping moderately to the east.

The mineralised zone is approximately 150 metres wide in plan-view and extends over at least one kilometre. As the primary lodes do not appear to be controlled or constrained by the lithological units, nor the weathering profile, they are thought to be structurally emplaced via brittle deformation events.

Groundwork has been carried out for deeper drilling to target potential high-grade feeders for this substantial gold mineralised system and column leach tests are underway to determine leach parameters of the mineralised material obtained from previous RC drill samples.

Golden Terrace South

The strategy of developing the Golden Terrace South resource remains a consideration for the development pipeline through mining, trucking and toll treating.

727 Prospect

- **727 Bulk Sample Pit completed to approximately 15m depth with 2,411 tonnes processed at Goldfields Agnew plant.**
- **On determinations and agreement of average grade of 2.76g/t, it was calculated that 186 ounces of gold were attributable to Redcliffe bulk sample material.**

The 727 prospect was identified as a small, high-grade, near surface gold mineralised zone lying 2km east of the main shear zone. A bulk sampling program was carried out on to test its capacity to host small economic mineralisation capable of sustaining further development. While extensively drilled, a JORC compliant resource estimate had not been undertaken, as desktop studies had indicated that the potential resource would only be of modest size. Should the outcome of the bulk test work have provided encouragement the Company would look to further small scale developments with a view of generating an ongoing cash flow from higher grade mineral occurrences in the area.

A total of 2,411 tonnes were processed on a toll treatment basis. After re-assaying and reference to Umpire samples, the average grade was determined as 2.76g/t for attributed gold production of 186 ounces of gold bullion.

High grade zones intersected in drilling within the mineralised shoot were found to be more discrete than interpreted and although course gold was panned during the excavation, fire assaying did not reflect its presence. The average grade was to be determined by this method as the material was blended through the processing plant.

The result did not achieve the outcome that was anticipated with a poor actual to forecast grade reconciliation. Information from the program is being assessed prior to any further consideration of future development at 727.

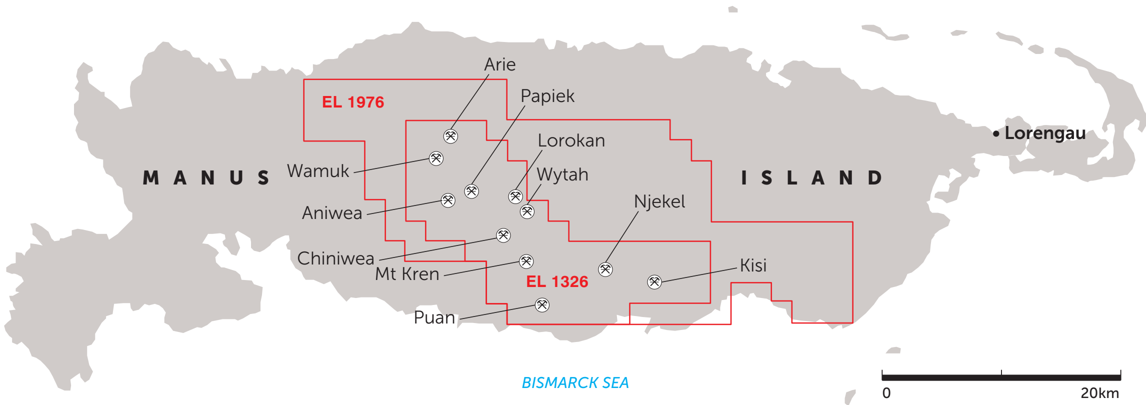
L-R: Base of Bulk Sample Pit - Excavating mineralised material for processing. Coarse gold panned from high-grade gold zone in 727 Bulk Sample Pit. Redcliffe Ore after crushing awaiting further processing.

Papua New Guinea

Manus Island Copper Gold Project

(PNG – Newcrest 64.8% Redcliffe 10%)

- Newcrest advised of expenditure in excess of $12 million on the project. The considerable knowledge base has led to identification of several addition prospects positioned higher in the porphyry systems with greater mineralisation potential.
- The project remains prospective for discovery of gold-copper deposits and a return to field programs is expected to be undertaken as a staged return planned in the second half of FY14.



Manus Project Tenement Map.

Newcrest PNG Exploration Limited (Newcrest), a subsidiary of Newcrest Mining Limited, is manager of the Manus Island Project Joint Venture. Newcrest has earned a participating interest by funding A$6 million of project expenditure. Redcliffe has a 10% free carried interest to decision to mine.

Newcrest have advised that project expenditure is now in excess of A$12 million. Work in the second half of the year consisted of completion of data collection and project review.

Kisi Gold Prospect

Assay results from diamond drilling at Kisi have shown a number of low-grade Au intersections although limited potential for higher grade systems was identified. Drill targeting was based on +500 ppb Au in soil anomalies that were shown to be transported with no bedrock source below them.

Arie Copper Gold Prospect

Diamond drilling at Arie was designed to test the depth extents of previously identified porphyry copper mineralisation. It confirmed the presence of a relatively weak body of porphyry mineralisation with no evidence of significant gold grades to support the modest copper grades and little evidence for improvement of grades with depth. Alteration zonation evidence suggests the exposed level is deep in the system with the better part of the system eroded off. Results of the drilling at the Arie gold copper porphyry target, returned anomalous mineralisation, including:

- AD0002 111m @ 0.10g/t Au, 0.26% Cu from 116m
- AD0003 40m @ 0.12g/t Au, 0.48% Cu from 309m

(full results were released in RCF Quarterly Activities Report to 31 March 2013)

The presence of bornite in the Arie porphyry system has positive implications for other surrounding porphyry systems within the tenement. Its presence infers that a less eroded porphyry system is likely to have a gold rich zone associated with bornite.

Manus Project Tenement Map.

Several prospects have been identified and are interpreted to be higher in the porphyry systems and hence have greater mineralisation potential. Newcrest has indicated that to achieve better spend efficiencies in exploration programs, a more thorough targeting and reconnaissance program is required to enable a dedicated drilling campaign in future years. A budget of over A$0.8 million has been proposed for the next 12 months.

Mt Dremsel

Exploration continues at Mt Dremsel, where potential for both high-sulphidation and porphyry mineralisation has been identified.

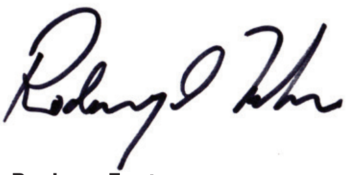
Newcrest have advised, "the project remains prospective for discovery of gold-copper deposits, and a return to field programs is expected to be undertaken in the next budget period. A staged return will be planned in the second half of FY14, incorporating re-engagement of personnel, business continuation, community engagement and logistics/project management."

Redcliffe directors look forward to a newly invigorated phase of exploration, building on the extensive knowledge gained thus far.

General

Sadly, In January 2013, long standing Chairman of the Company, Sir Barry Holloway, passed away.

Joe Holloway, being a resident of PNG, was appointed as a Non-Executive Director in April 2013. Joe has significant commercial interests and is a former director of Air Niugini.



Rodney Foster
Executive Chairman

The information in this report, as it relates to Exploration Results and Resource Estimates, 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 2004 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 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.

Directors' Qualifications, Experience and Responsibilities

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 30 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 company.

Executive Director - Mark William Maine TM Com. B Bus (Acc) PG Dip(Com)¬

Mr. Maine is former Executive Director of Peak Resources Limited, an ASX listed mining company and also manages his consultancy business, specialising in corporate strategy and corporate administration. He has previously been the managing director of the corporate arm of an Australian stockbroking house and a director in the corporate advisory arm of a big four chartered accounting firm. He has been a director and a company secretary for a number of Australian listed companies and has worked internationally for a number of years, predominately in the United Kingdom.

During the last three years, Mr Maine has also served as a director of the following listed entities:
Peak Resources Limited (resigned 30 June 2011).

Non-Executive Director - Simon Owain Griffiths MSc

Mr Griffiths, 39, is a mine planning engineer with operational and study management experience in feasibility studies, mineral asset valuation and mine development in various commodities including gold on several continents.

Mr Griffiths has 12 years' experience in the resource sector, is a graduate of the Camborne School of Mines (UK), (MSc Mining Engineering) and Curtin School of Business (MSc Mineral Economics). Mr Griffiths is currently a senior executive with a major gold producer having formerly worked as an independent consultant and was formerly a principal mining engineer with Newcrest Mining Limited. Simon's knowledge and experience will be of significant assistance to the Board as it seeks to transition from an explorer and broaden its operational base.

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

Non-Executive Director – Sir Barry Blythe Holloway KBE CBE (ceased 16 January 2013)

Sir Barry was a former District Officer in Papua New Guinea. Elected to the first Papua New Guinea Parliament in 1963, he was a founding member of the LNA and a member of various parliamentary committees including the Public Accounts Committee. He was Speaker of Parliament 1972-1977, Finance Minster 1977-80, Minister of Education & National Planning 1982-1985 and Chairman of the Constituent Assembly responsible for formulating the Constitution of the Independent State of Papua New Guinea during 1974-75. Sir Barry Holloway sadly passed away on 16 January 2013.

During the last three years, Sir Holloway did not serve as a director of any other listed entity.

Non Executive Director – Joeseph Gehamopa Holloway (commenced 15 April 2013)

Mr Holloway, 44, was appointed as an alternate director for Sir Barry Holloway on 17 December 2012. On 15 April 2013, Mr Holloway was appointed as a non-executive director. Mr Holloway has a significant commercial interest in Papua New Guinea including hotels and construction and has recently stepped down as a director of Air Niugini.

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

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 2013.

Directors

The following persons held office as directors of Redcliffe Resources Limited during the period covered by this report:

Sir Barry Holloway (deceased 16/01/2013), R.D. Foster, M.W. Maine, S.O. Griffiths and J.G. Holloway (Director appointed 15/04/2013).

Principal Activities

TThe principal activities of the Group during the year were copper and gold exploration in Australia, Tanzania and Papua New Guinea.

Review Of Operations

The activities during the period 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 2013 was $1,340,068
(2012 $2,768,205).

Financial Position

The net assets of the consolidated group have decreased by $390,101 from 31 December 2012 to $7,125,796 in 2013. The decrease is due to the write off of capitalised exploration expenditure.

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:

Share issues

19.02.2013: 21,508,769 ordinary shares were issued at a price of $0.03 pursuant to a Rights Issue as advised to the ASX on the 18 December 2012. 21,508,769 options were issued on the basis of 1 option for every 1 share issued, expiring 31 March 2014 exercisable at $0.05.

11.04.2013: 1,000,000 ordinary shares were issued for nil consideration in relation to the appointment of a corporate advisor to the Company.

12.08.2013: 6,800,000 ordinary shares were issued at a price of $0.015 to sophisticated investors as advised to the ASX on the 29 July 2013.

10.12.2013: 17,900,000 ordinary shares were issued at a price of $0.015 to sophisticated investors as advised to the ASX on the 9 December 2013.

Convertible note issue

06.08.2013: $250,000 was raised by issuing 25 convertible notes at $10,000 each as advised to the ASX on the 29 July 2013.

Changes in controlled entities:

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

Significant Events After Balance Date

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; 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; 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.

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 2013 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 2013 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
1 Feb 2013	31 March 2014	5 cents	21,508,769
12 Feb 2014	31 March 2015	2.0 Cents	17,900,000
10 Mar 2014	31 March 2015	2.0 Cents	11,333,338
12 Feb 2014	31 December 2016	1.5 Cents	2,000,000
12 Feb 2014	31 December 2016	2.0 Cents	2,000,000
12 Feb 2014	31 December 2016	3.0 Cents	2,000,000
12 Feb 2014	31 December 2016	4.0 Cents	2,000,000

12 Feb 2014	31 December 2016	5.0 Cents	2,000,000
10 Mar 2014	31 December 2016	1.5 Cents	1,000,000
10 Mar 2014	31 December 2016	2.0 Cents	1,000,000
10 Mar 2014	31 December 2016	3.0 Cents	1,000,000
10 Mar 2014	31 December 2016	4.0 Cents	1,000,000
10 Mar 2014	31 December 2016	5.0 Cents	1,000,000

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 officers 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 2013: Accounting Services $2,140

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2013 has been received and can be found on page 19 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.

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 an ownership based remuneration scheme for directors and executives.

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 Managament Personnel	Position Held as at 31 December 2013 and any Change that Occurred during the Year	Contract Details (Duration and Termination)
Mr R D Foster	Executive Chairman/CEO	1 year contract from 4 November 2013
		3 months notice required to terminate
		Entitled to cash payment equivalent to gross salary paid for previous 12 months
Mr M W Maine	Executive Director Appointed 23 February 2012	2 year contract from 23 February 2012
		3 months notice required to terminate
Mr S O Griffiths	Non Executive Director Appointed 3 December 2012	Rotation per *Corporations Act 2001*
		No cash entitlement on termination
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

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 And Executive Officers' Emoluments

2013	Annual Emoluments		Other
Names	Salary & Fees $	Other $	Salary & Fees $
Mr Rodney D Foster	153,121	28,240	181,361
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	**28,240**	**418,185**

2012	Annual Emoluments		Other
Names	Salary & Fees $	Other $	Salary & Fees $
Mr Rodney D Foster	174,996	41,673	216,669
Sir Barry B Holloway	28,537	-	28,537
Mr Mark W Maine	151,825	-	151,825
Mr Simon O Griffiths	-	-	-
Mr Joe G Holloway	-	-	-
	355,358	**41,673**	**397,031**

(i) Salary and fees includes fees director related entities for services provided. The director related entities include Minico Pty Ltd and RM Corporate Pty Ltd.
(ii) "other" amounts include amounts paid to Minico Pty Ltd for the rental of the company's Exploration Office in Ballarat and Exploration Base in Leonora and motor vehicle provision.
(iii) Unpaid and accrued amounts included above included Mr RD Foster $47,169 (2012 $14,583), Mr MW Maine $65,000 (2012 $14,583), Mr SO Griffiths $15,000 (2012 $0) and Mr JG Holloway $17,877 (2012 $0).

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.

Shareholdings

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

Directors	Opening January 2012	Consolidation	Acquisition	Disposals	Closing December 2012
Mr Rodney D Foster	65,789,063	(63,077,501)	920,000	-	3,631,562
Mr Mark W Maine	2,261,250	(2,170,800)	90,000	-	180,450

Directors	Opening January 2013		Acquisition	Disposals	Closing December 2013
Mr Rodney D Foster	3,631,562		4,087,709	-	7,719,271
Mr Mark W Maine	180,450		1,666,666	-	1,847,116
Mr Simon O Griffiths	-		400,000	-	400,000

Changes to holdings of November 2013 Options during the calendar year are as follows:

Directors	Opening January 2013	Acquisition	Consolidation	Disposals	Closing December 2012
Mr Rodney D Foster	-	13,773,425	(13,222,488)	-	550,937
Mr Mark W Maine	-	323,750	(310,800)	-	12,950

Directors	Opening January 2013	Acquisition	Expired	Disposals	Closing December 2013
Mr Rodney D Foster	550,937	-	(550,937)	-	-
Mr Mark W Maine	12,950	-	(12,950)	-	-

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

Directors	Opening January 2013	Acquisition		Disposals	Closing December 2013
Mr Rodney D Foster	-	4,087,709		-	4,087,709
Mr Mark W Maine	-	1,666,666		-	1,666,666

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

Meetings of Directors

There were 7 meetings of directors during the year ended 31 December 2013. Details of attendance by directors at the meetings are as follows:

	Maximum possible	Attended
R.D. Foster	7	7
M.W. Maine	7	7
S.O. Griffiths	7	7
J.G. Holloway	2	4

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

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 2013, 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
27th March 2014

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 28th March 2014 in accordance with a resolution of the directors.

Rodney David Foster
Chairman / CEO

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:
Simon Owain Griffiths
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 calibre 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.redcliffereresources.com.au>.

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	

			Note
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

Report on the Financial Report

I have audited the accompanying financial report of Redcliffe Resources Ltd, which comprises the consolidated statements of financial position as at 31 December 2013, 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 27 March 2014, 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 $7,283,594 (2012: $7,270,446) 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 2013 and of their performance for the year ended on that date; and
- (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 15 to 17 of the directors' report for the year ended 31 December 2013. 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 2013 complies with s 300A of the *Corporations Act 2001*.

Signed at Boroko on 28th March 2014

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 27 to 57, 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 2013 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 Perth on 28th March 2014.

Mark Maine
Executive Director

Statement of Comprehensive Income

For the Financial Year Ended 31 December 2013

	Notes	CONSOLIDATED 2013 $	2012 $
Continuing Operations			
Revenue	**3**	265,429	27,274
Impairment of capitalised exploration costs	**11**	448,856	2,061,079
Depreciation and amortisation expense	**10**	48,555	28,083
Other expenses	**4**	986,744	536,542
Loss before Income Tax		(1,218,726)	(2,598,431)
Income tax expense	**5**	-	-
Loss for the year		(1,218,726)	(2,598,431)
Other comprehensive income:			
Exchange differences on translating foreign controlled entities		658	226
Net loss on revaluation of other financial assets		(122,000)	(170,000)
Other comprehensive income for the year, net of tax		(121,342)	(169,774)
Total comprehensive income for the year		(1,340,068)	(2,768,205)
Loss attributable to:			
Members of the parent entity		(1,218,726)	(2,598,431)
		(1,218,726)	(2,598,431)
Total comprehensive income attributable to:			
Members of the parent entity		(1,340,068)	(2,768,205)
		(1,340,068)	(2,768,205)
Earnings per share from continuing operations			
Basic earnings per share (cents)	**18**	(1.34)	(3.59)
Diluted earnings per share (cents)	**18**	(1.34)	(3.59)

The accompanying notes form part of this financial report

Statement of Financial Position

For the Financial Year Ended 31 December 2013

		CONSOLIDATED	
		2013	2012
	Notes	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14	231,897	91,583
Trade and other receivables	6	296,669	26,500
TOTAL CURRENT ASSETS		528,566	118,083
NON-CURRENT ASSETS			
Property, plant and equipment	10	72,697	121,252
Other including ongoing exploration	11	7,283,594	7,270,446
Other financial assets	7	30,000	150,000
TOTAL NON-CURRENT ASSETS		7,386,291	7,541,698
TOTAL ASSETS		7,914,856	7,659,781
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	539,060	143,884
Other Current Financial Liabilities	13	250,000	-
TOTAL CURRENT LIABILITIES		789,060	143,884
TOTAL LIABILITIES		789,060	143,884
NET ASSETS		7,125,796	7,515,897
EQUITY			
Contributed Equity	16	33,348,503	32,398,535
Reserves	17	149,497	268,840
Retained Profit/(Loss)		(26,372,204)	(25,151,478)
TOTAL EQUITY		7,125,796	7,515,897

The accompanying notes form part of this financial report

Statement of Changes in Equity

For the Financial Year Ended 31 December 2013

Consolidated	**Issued Capital** **$**	**Retained Earnings** **$**	**Other Reserves** **$**	**Total Equity** **$**
At 1 January 2012	31,980,387	(22,553,047)	438,614	9,865,954
Unrealised foreign currency loss	-	(226)	226	-
Market revaluation of other financial assets	-	170,000	(170,000)	-
Total other comprehensive income for the year	-	(2,768,205)	-	(2,768,205)
Write back of reserves to retained earnings	-	-	-	-
Shares issued during the year	485,512	-	-	485,512
Transaction costs	(67,364)	-	-	(67,364)
At 31 December 2012/ 1 January 2013	32,398,535	(25,151,478)	268,840	7,515,897
Shares issued during the year	1,015,760	-	-	1,015,760
Transaction costs	(65,792)	-	-	(65,792)
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)
Subtotal	33,348,503	(26,372,204)	149,498	7,125,796
Dividends paid or provided for	-	-	-	-
At 31 December 2013	33,348,503	(26,372,204)	149,498	7,125,796

The accompanying notes form part of this financial report

Statement of Cashflows

For the Financial Year Ended 31 December 2013

	CONSOLIDATED	
	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(602,054)	(481,206)
Interest and other items of a similar nature received	5,750	27,274
Net cash provided by / (used in) operating activities	(596,304)	(453,932)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(16,028)
Purchase of Options	(2,000)	-
Payments for exploration activities	(462,039)	(724,601)
Net cash provided by / (used in) investing activities	(464,039)	(740,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1,015,760	485,512
Cost of issuing shares	(65,792)	(67,364)
Proceeds from borrowing	250,000	-
Net cash provided by / (used in) financing activities	1,199,968	418,148
NET INCREASE/(DECREASE) IN CASH HELD	139,625	(776,413)
Cash and cash equivalents at beginning of financial year	91,583	870,376
Effect of exchange rates on cash holdings in foreign currencies	689	(2,380)
Cash and cash equivalents at end of financial year	231,897	91,583

The accompanying notes form part of this financial report

Notes to the Financial Accounts

For the Financial Year Ended 31 December 2013

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 2013 were authorised for issue in accordance with a resolution of the directors on 28 March 2014.

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 principal activities of the Group during the year were copper and gold exploration in Australia, Tanzania and Papua New Guinea.

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, 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 21 to the financial statements.

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.

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.

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 (ie trade date accounting is adopted).

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

Classification and Subsequent Measurement

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.

Derecognition

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-acquistion 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.

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 postion.

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.

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. Receivable 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.

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 $7,283,594.

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', AASB 200911 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'	1 January 2013	30 June 2014

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	**Effective for annual reporting periods beginning on or after**	**Expected to be initially applied in the financial year ending**
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016

Notes to the Financial Accounts

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	
	2013	**2012**
	$	**$**
ASSETS		
Current Assets	457,522	118,083
Non-current assets	7,386,719	7,542,126
TOTAL ASSETS	7,844,241	7,660,209
LIABILITIES		
Current liabilities	789,060	143,884
Non-current liabilities	71,472	73,475
TOTAL LIABILITIES	860,532	217,359
NET ASSETS	6,983,708	7,442,850
EQUITY		
Contributed Equity	33,348,503	32,398,535
Reserves	7,410	496,925
Retained Profit/(Loss)	(26,372,204)	(25,452,610)
TOTAL EQUITY	6,983,708	7,442,850

3) REVENUE AND OTHER INCOME

	CONSOLIDATED	
	2013	**2012**
	$	**$**
Revenue from Continuing Operations		
Gold Sales from Production	259,679	-
Other Revenue		
Interest received	5,750	27,274
TOTAL REVENUE	265,429	27,274

	CONSOLIDATED 2013 $	2012 $
4) PROFIT FOR THE YEAR		
Profit/(loss) before income tax from continuing operations includes the following specific expenses:-		
Interest	13,082	-
Office rental	31,099	32,340
Directors' fees	378,676	355,358
Mining expenses	364,333	-
Accounting, audit and bookkeeping	97,629	91,308
Other administrative expenses	101,925	57,536
Total Other Expenses	986,744	536,542
5) INCOME TAX EXPENSE		
Reconciliation of income tax expense to statutory income tax		
Accounting loss before income tax	(1,340,068)	(2,768,205)
Prima facie tax benefit at 30%	(402,020)	(830,461)
Add:		
Other non-allowable items	-	1,609
Non-assessable exempt income		
Write-downs to recoverable amounts	36,600	51,000
Foreign currency exchange loss not subject to income tax	(207)	(68)
Less:		
Exploration and evaluation expenditure deductible for income tax purposes not recognised	(3,944)	400,344
Income tax expense	(369,571)	(377,576)
Components of deferred taxes:		
Carry forward PNG revenue losses	9,518,076	8,407,004
Provisions	111,600	75,000
Other evaluation expenditure deductible for income tax	2,185,078	2,181,734
Unrecognised deferred tax asset	11,814,754	10,663,738

Notes to the Financial Accounts

		CONSOLIDATED	
		2013	2012
		$	$
6)	**TRADE AND OTHER RECEIVABLES**		
	GST Receivable	29,366	18,876
	Gold Receivable	259,679	-
	Rental Bond	7,624	7,624
		296,669	26,500
7)	**OTHER FINANCIAL ASSETS**		
	Shares at cost	400,000	400,000
	Less provision		
	- Opening balance	(250,000)	(80,000)
	- Movement for year	(120,000)	(170,000)
	- Closing balance	(370,000)	(250,000)
	Written down value	30,000	150,000
	Shares at market value	30,000	150,000
	Options at cost	2,000	-
	Less provision	(2,000)	-
	Written down value	-	-
	Options at market value	-	-
8)	**AUDITOR'S REMUNERATION**		
	Remuneration of the auditor of the parent entity for:		
	- Auditing or reviewing the financial statements	30,939	26,712
	- Accounting services	2,140	3,248
		33,079	29,960

9) 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 2013.

		CONSOLIDATED	
		2013	2012
		$	$
10)	**PROPERTY, PLANT AND EQUIPMENT**		
	Plant and equipment		
	At cost	385,537	385,537
	Accumulated depreciation	(312,840)	(264,285)
		72,697	121,252
	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 2013	121,252	133,307
	Additions	-	16,028
	Depreciation expense	(48,555)	(28,083)
	Balance at 31 December 2013	72,697	121,252
11)	**OTHER INCLUDING ONGOING EXPLORATION**		
	Exploration expenditure brought forward	7,270,446	8,606,925
	Exploration expenditure capitalised		
	- Exploration and evaluation phases	462,004	724,600
	Exploration expenditure recouped on sale of tenements	-	-
	Exploration written off in the financial statements	(448,856)	(2,061,079)
	Exploration expenditure carried forward	7,283,594	7,270,446

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.

12)	**TRADE AND OTHER PAYABLES**		
	Sundry payables and accrued expenses	261,589	34,004
	Trade payables	277,471	109,880
		539,060	143,884

	CONSOLIDATED	
	2013	2012
	$	$
13) OTHER CURRENT LIABILITIES		
Convertible Notes	250,000	-
	250,000	-

On 2 August 2013, 25 Convertible Notes of $10,000 each were issued at a coupon rate of 12.5% for 9 months. Minico Pty Ltd, a company associated with Mr RD Foster, provided $100,000 of the $250,000.

	2013 $	2012 $
14) CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	25,847	31,583
Short-term bank deposits	206,050	60,000
	231,897	91,583

The effective interest rate on short-term bank deposits was 2.50% (2012 3.81%)
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:

	2013 $	2012 $
Cash and cash equivalents	231,897	91,583

15) DIVIDENDS

The company resolved not to declare any dividends for the year ended 31 December, 2013.

16) CONTRIBUTED EQUITY

	CONSOLIDATED 2013	CONSOLIDATED 2012
Shares on issue:	**No of shares**	**No of shares**
Ordinary fully paid	123,899,832	76,691,063
Ordinary partly paid	400,000	400,000
	124,299,832	77,091,063
Share Capital:	**$**	**$**
Ordinary fully paid	34,300,565	33,284,805
Ordinary partly paid	1,006,426	1,006,426
Less: uncalled capital	(1,000,000)	(1,000,000)
Share issue costs	(958,488)	(892,696)
	33,348,503	32,398,535

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

	Fully paid	Partly Paid	$
Balance paid at 1 January 2013	76,691,063	400,000	32,398,535
19/02/2013	21,508,769	-	645,260
11/04/2013	1,000,000	-	-
12/08/2013	6,800,000	-	102,000
10/12/2013	17,900,000	-	268,500
Share Issue Costs	-	-	(65,792)
	123,899,832	400,000	33,348,503

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

	Nov 13 Options	Mar 14 Options
Balance at 1 January 2013	3,883,975	-
19/02/2013 Issued	-	21,508,769
30/11/2013 Expired	(3,883,975)	-
	-	21,508,769

March 14 options are exerciseable on or before 31 March 2014 at $0.05.

	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $
17) RESERVES		
Revaluation Reserve	(370,000)	(250,000)
Options Reserve	361,000	361,000
Foreign Currency Translation Reserve	158,497	157,840
	149,497	268,840

18) 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:

	2013 $	2012 $
Net Loss	(1,340,068)	(2,768,205)
Earnings/(loss) used in calculation of basic and diluted EPS	(1,340,068)	(2,768,205)

b) Weighted average number of ordinary shares

	2013	2012
outstanding during the year used in the calculation of basic and diluted EPS.	99,762,764	76,691,063

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.

19) 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.

	CONSOLIDATED	
	2013	2012
	$	$
20) COMMITMENTS AND CONTINGENCIES		
a) Capital Expenditure Commitments		
Exploration Costs		
Not longer than one year	684,897	969,454
Longer than 1 year and not longer than 5 years	2,739,588	2,500,000
	3,424,485	3,469,454

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.

21) CONTROLLED ENTITIES

		OWNERSHIP INTEREST	
		2013	2012
Name of entity	Country of Incorporation	%	%
Parent Entity			
Redcliffe Resources Limited	Papua New Guinea		
Controlled Entities			
Pacrim (PNG) Limited	Papua New Guinea	100%	100%

21) 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 and Exploration Base, including a motor vehicle provision.

Minico Pty Ltd provided $100,000 in Convertible Notes to the Company.

22) 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	
	2013	**2012**
	$	**$**
b) Reconciliation of profit/(loss)		
Profit/(loss) from ordinary activities after related income tax	(1,340,068)	(2,768,205)
Depreciation of non-current assets	48,555	28,083
Exploration expenditure written off	448,856	2,061,079
Revaluation of Non Financial Assets	122,000	170,000
Exploration expenses unpaid at year end	-	2,155
Net foreign currency losses	(658)	226
Market value movemenets		
Net gain on sale of tenement	-	-
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
Current Receivables	270,169	(7,673)
Increase/(decrease) in liabilities:		
Current Payables	395,180	60,402
Net cash from operating activities	(596,304)	(453,932)

23) 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	
		2013	2012
	Note	$	$
Financial Assets			
Cash and cash equivalents	**14**	231,897	91,583
Loans and Receivables	**6**	296,669	26,500
Total Financial Assets		528,566	118,083
Financial Liabilities			
Trade and Other Payables	**12**	539,060	143,884
		539,060	143,884

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.

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 6. 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	
	2013 < 3 months	2012 < 3 months
Trade and other payables	$539,060	$143,805

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.

Note 23 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.

	2013		2012	
	+1%	-1%	+1%	-1%
	$	$	$	$
Cash and cash equivalents	$2,060	($2,060)	$273	($273)

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 2013 is as follows:

	Within one year		**Over 1 Year**		**Total**	
	2013	2012	2013	2012	2013	2012
	$	$	$	$	$	$
CONSOLIDATED GROUP						
Financial Liabilities Due for Payment						
Trade and other payables	539,060	143,884	-	-	539,060	143,884
Total Expected Outflows	539,060	143,884	-	-	539,060	143,884
Financial Assets - Cash Flows Realisable						
Cash and Cash Equivalents	231,897	91,583	-	-	231,897	91,583
Trade, Term and Loan Receivables	296,669	26,500	-	-	296,669	26,500
Total Anticipated Inflows	528,566	118,083	-	-	528,566	118,083
Net (outflow)/inflow on Financial Instruments	(10,494)	(25,801)	-	-	(10,494)	(25,801)

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 2013		
+/- 2% in interest rates	+/- 4,121	+/- 4,121
+/- 5% in $AUD/$US	+/- 0	+/- 0
+/- 5% in $AUD/$PNG	+/- 150	+/- 150
Year Ended 31 December 2012		
+/- 2% in interest rates	+/- 546	+/- 546
+/- 5% in $AUD/$US	+/- 0	+/- 0
+/- 5% in $AUD/$PNG	+/- 11	+/- 11

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 balance sheet. 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 (ie 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	2013 Net Carrying Value $	2013 Net Fair Value $	2012 Net Carrying Value $	2012 Net Fair Value $
CONSOLIDATED GROUP					
Financial Assets					
Cash and Cash Equivalents	i	231,897	231,897	91,583	91,583
Trade and Other Receivables	i	296,669	296,669	26,500	26,500
Total Financial Assets		528,566	528,566	118,083	118,083
Financial Liabilities					
Trade and Other Payables	i	539,060	539,060	143,884	143,884
Total Financial Liabilities		539,060	539,060	143,884	143,884

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.

24) 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.

25) 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%
Blue Dam	Near Kalgoorlie, Western Australia	100%
Mbesa	Tunduru, Tanzania	Option Agreements

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

		2013 AUD	2013 PNGK
a)	**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

		CONSOLIDATED	
		2012 AUD	2012 PNGK
b)	**2012**		
	Closing Exchange Rate AUD to PNGK		2.1838
	Average Exchange Rate AUD to PNGK for year		2.3535
	Turnover (Total revenue)	27,274	64,189
	Net profit/(loss)	(2,768,205)	(6,514,969)
	Total assets	7,659,781	16,727,430
	Total liabilities	143,884	314,215
	Net assets	7,515,897	16,413,215

Notes to the Financial Accounts

Twenty Largest Shareholders

Fully paid shares	No. of Shares Held	% of class
On Site Laboratory Services Pty Ltd	6,619,334	5.34%
Calatos Pty Ltd	5,330,000	4.30%
Balrun Investments Pty Ltd	4,100,000	3.31%
Island Metals Limited	3,400,000	2.74%
Mr Yuen Suen Sheram Lam	3,128,660	2.53%
Leow Thang Fong	3,000,000	2.42%
Busang No 3 Pty Ltd	2,949,837	2.38%
Mr Rodney & Mrs Debra Foster	2,700,000	2.18%
TRR Investments Pty Ltd	2,000,000	1.61%
On Site Laboratory Services Pty Ltd	1,786,560	1.44%
Minico Pty Ltd	1,716,667	1.39%
PDR Pty Ltd	1,700,000	1.37%
Mr Mark Maine	1,697,116	1.37%
Bill Brooks Pty Ltd	1,666,667	1.35%
I E Properties Pty Ltd	1,586,753	1.28%
Malanti Pty Ltd	1,585,937	1.28%
Mr Harvinder Singh Grewal	1,400,000	1.13%
Hepburn Investments Pty Ltd	1,366,667	1.10%
Mark Bolton	1,333,334	1.08%
Gordon Family Super Pty Ltd	1,280,000	1.03%
Top twenty total:	50,347,532	40.64%
Total issued	123,899,832	

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	8,405,894
Rodney Foster	7,719,271
Calatos P/L	6,430,000

Distribution of shares

Number of shares held	Holders
1 - 1,000	500
1,001 – 5,000	1,082
5,001 – 10,000	429
10,001 – 100,000	718
100,001 and over	150
Total	2,869
Less than marketable parcel	2,455

<u>Listing Rules – Additional Disclosure</u>

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.

ADDITIONAL STOCK EXCHANGE INFORMATION

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.
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.

Redcliffe
Resources
Limited