

GENERAL MINING CORPORATION LIMITED
ACN 125 721 075

Annual Financial Report to Shareholders
2014

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of General Mining Corporation Limited (ACN 125 721 075) (ASX code GMM) ("GMM" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The following persons were Directors of General Mining Corporation Limited during the whole year and up to the date of this report, unless otherwise noted:

Michael Wright - Chairman

Craig Readhead - Non-executive Director

Robert Wanless - Non-executive Director

Michael Fotios - Non-executive Director

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the course of the financial year were the exploration and assessment of mineral exploration projects in Australia and Mongolia. There has been no significant change in the nature of these activities during the financial year.

RESULTS

The consolidated loss of the economic entity attributable to the shareholders of the holding company for the financial year after abnormal items and income tax was \$717,688 (2013 \$1,844,589).

DIVIDENDS

No dividends have been paid by the Company during the financial year ended 30 June 2014, nor have the Directors recommended that any dividends be paid.

REVIEW OF OPERATIONS

The Company's portfolio of exploration properties in Western Australia is focussed mainly on gold projects in the Murchison (Mt Success and Chesterfield) and Pilbara (Mercury Hill) Goldfields in Western Australia. However interest in Mongolia has been downgraded during the year and the licence holdings surrendered.

Highlights of the Company's operations are:

Western Australia

Chesterfield, Murchison Region (Gold, GMM 100%)

- Peer review of identified targets was conducted and proposed field activities, including an internal audit of QAQC methods used for exploration data collection and management for compliance with ongoing JORC 2012 reporting requirements was completed during this period.
- The internal review confirmed that drilling completed by GMM during 2013 along with historic drilling has confirmed that Chesterfield, which is 50km north-west of Meekatharra and 100 per cent-owned by General Mining, has strong potential for high-grade vein-hosted gold mineralisation.
- Planning for follow up reverse circulation ("RC") and diamond drilling was finalised along with a review of geochemical/mapping data along the two kilometre long Marguaritta – Dorothy trend.
- Numerous targets remain to be tested and will form part of the drilling plan currently being finalised
- High-grade mineralisation intersected by previous RC drilling about 60m east of the Dorothy mineralisation and hosted by veining within mafic volcanics is yet to be tested down dip with diamond drilling.

Mt Success, Murchison Region (Gold, GMM options to acquire 100%)

- Following the promising results from the first stage of drilling at M58/72 the Company is planning to widen the exploration activities in 2014-2015 incorporating nearby optioned prospecting tenements into the Project.
- Detailed geological mapping will be carried out together with geochemical sampling on a 50x200m grid covering both the Mt Success and Mt Success Extended options tenements.
- An initial program of systematic rock chip sampling along the reef is planned to identify the distribution of gold along the structure.
- The optioned tenements include the strike extensions of the Mt Success Reef structure which has returned some anomalous gold values in last year's drilling assay results completed by General Mining Corporation. There is additional information that is yet to be verified, which also shows a number of old workings and costeans to the east and west of the Mt Success reef structure that may also contain anomalous gold grades.

DIRECTORS' REPORT (Continued)

REVIEW OF OPERATIONS (Continued)

Mercury Hill, Pilbara Region (Gold, GMM 100%)

- A peer review of identified targets and proposed field activities was completed.
- Activities focused on completion of annual technical reporting.

Shoemaker (Iron & Gold, GMM 80%)

- No field activity as activities focused on commencement of annual technical reporting.

Mongolia (Base Metals, Coal & Potash GMM 100%)

Uvs Basin and Khangai

- During the year the Company continued with the shutdown of its Mongolian operations. The last remaining licence expired in June.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of the Company was not affected by any significant changes during the year other than as disclosed elsewhere in this report and as noted in the Statement of Financial Position and Statement of Comprehensive Income.

EVENTS SUBSEQUENT TO BALANCE DATE

On 3 September 2014, 3,833 options were exercised at 10 cents each and the remaining 5,797,796 options in that class expired unexercised.

On 31 August 2014, 550,000 options exercisable at 20 cents each expired unexercised.

On 13 July 2014, 3,333,334 options exercisable at 10 cents each expired unexercised.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the financial year ended 30 June 2014.

LIKELY DEVELOPMENTS

The Company intends to continue development of its current businesses, to develop new businesses, and to seek other areas of investment in resources and other industries. Further information on likely developments in the operations of the Company and expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

PARTICULARS OF DIRECTORS

Michael Wright, Chairman

Mr Wright (56) has had over 28 years experience in the resources industry, particularly in the management of listed resource companies in the gold, minerals and oil and gas sectors. During that time he has held positions with Herald Resources, Laurel Bay Petroleum, Occidental Oil, the Griffin Coal Group, Arthur Andersen and others. An executive director of Herald Resources from 1993 until September 2008, Mr Wright had overseen the development of 6 mines since joining that company. As part of that process, he was also instrumental in some of the early resource loans and innovative hedging arrangements in their infancy in Australia. Mr Wright was also a non-executive director of Jaguar Minerals Ltd (now named Pacifico Minerals Ltd) until October 2010.

Craig Readhead, B Juris Llb, Director

Mr Readhead (60) holds the degrees of Bachelor of Law and Bachelor of Jurisprudence from the University of Western Australia. He has spent more than 30 years practicing in the resources law area and was a partner of a major Perth Law firm before forming his own practice 19 years ago. He is now a partner of the law firm Allion Legal. Mr Readhead has had a significant role in the development of a number of mining projects within Australia, Africa and South East Asia. Mr Readhead is a director of a number of listed and unlisted companies. He has been a director of the following listed companies in the past 3 year period: Heron Resources Limited (appointed director November 2001, chairman since March 2002), Mount Gibson Iron Limited (appointed December 2001, chairman since November 2010, resigned December 2011), Frankland River Olive Company Limited (appointed as director September 1999, chairman since March 2010, resigned June 2012), Galaxy Resources Limited (appointed director and chairman April 1999, resigned November 2013), India Resources Limited (appointed February 2007, resigned August 2012), Beadell Resources (appointed director and chairman April 2011), Redbank Copper Limited (appointed April 2013), Swan Gold Mining Limited (appointed March 2013) and Western Areas Ltd (appointed June 2014).

DIRECTORS' REPORT (Continued)

PARTICULARS OF DIRECTORS (Continued)

Robert Wanless, Director

Mr Wanless (67) is a prospector and mining investor with 37 years mining experience. He was employed by Placer Exploration Limited as a professional prospector and exploration supervisor covering South East Asia and Australia including exploration at Laloki, Watut and Pleysumi (PNG) and throughout Western Australia. Since then he has embarked on all aspects of mineral exploration, assessment, acquisition, fieldwork, development and mining, mainly in Western Australia. He has negotiated numerous mining related sale and joint venture agreements with International and Australian mining companies involving gold, base metals and industrial mineral properties. Recently he managed the Alicia Gold Mine in Western Australia. He is a past founding director of ASX listed Greenstone Resources NL and a current founding director of ASX listed Galaxy Resources Ltd (appointed January 1996, resigned November 2013).

Michael Fotios, Director

Mr Fotios (52) is a Geologist specialising in Economic Geology with 28 years extensive experience in exploration throughout Australia, taking projects from exploration to feasibility. He has held positions with Homestake Australian Limited and Sons of Gwalia Limited and was a Managing Director of Tantalum Australia NL (now ABM resources Ltd) and of Galaxy Resources Limited. He was a non-executive director of Northern Star Resources Ltd (from September 2009 to October 2013), a director of Stirling Resources Limited (September to November 2012) and founder and Executive Chairman of Investmet. He is also currently a director of Horseshoe Metals Limited (from May 2012), Pegasus Metals Ltd (from December 2009), Swan Gold Mining Limited (from September 2012) and Redbank Copper Limited (from September 2012)..

Lindsay Colless, CA, FAICD Joint Company Secretary

Mr Colless (69) is a member of the Institute of Chartered Accountants in Australia with 15 years experience in the profession and a further 36 years experience in commerce, most of which has been in the mineral and petroleum exploration industries in the capacities of financial controller, company secretary and director. He is joint company secretary of Alkane Resources Ltd.

Karen Brown, BEc(Hons) Joint Company Secretary

Miss Brown, (54) is an Honours Degree graduate in economics from the University of Western Australia. Miss Brown has considerable experience in corporate administration of public listed companies over a period spanning 27 years, primarily in the resources sector and is currently a joint company secretary for Alkane Resources Ltd.

At the date of this report, the interests of the directors in the shares and options of General Mining Corporation Ltd (directly and indirectly) were:

	Number of ordinary shares	Number of options over ordinary shares
Michael Wright	3,774,625	167,760
Michael Fotios	46,258,847	14,141,961
Robert Wanless	2,570,000	-
Craig Readhead	2,179,034	49,999

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2014, and the number of meetings attended by each director.

There were eight (8) Board Meetings and one (1) Audit Committee meeting. There were no Nomination or Remuneration Committee meetings held during the financial year. The number of meetings attended by each director during the year is as follows:

Director	Board meetings		Audit Committee		Nomination Committee		Remuneration Committee		Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
M Wright	8	8	1	1	0	0	0	0	0	0
C Readhead	8	6	1	1	0	0	0	0	0	0
M Fotios	8	8	1	0	0	0	0	0	0	0
R Wanless	8	8	1	1	0	0	0	0	0	0

DIRECTORS' REPORT (Continued)

DIRECTORS' MEETINGS (Continued)

Committee Membership

Directors acting on the committees of the board during the year were:

Audit	Nomination	Remuneration	Risk Management
M Wright	M Wright	M Wright	M Wright
C Readhead	C Readhead	C Readhead	C Readhead
R Wanless		R Wanless	R Wanless
			M Fotios

2014 REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information (unaudited)

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 1024 Related Party Disclosures. These disclosures have been transferred from the financial statements and have been audited. The disclosures in Section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

A Principles used to determine the nature and amount of remuneration (audited)

Remuneration Policy

The remuneration policy of General Mining Corporation Limited ("GMM") has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results. The board of GMM believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Consolidated Entity.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the Consolidated Entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the board. Some Directors are entitled to receive a base salary. The board will review executive packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors and other companies in similar industries.
- The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
- Executives are also entitled to participate in the employee share and option arrangements.
- The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.25% (9.5% from 1 July 2014), and do not receive any other retirement benefits.
- All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology
- The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. In accordance with the Constitution, the maximum total remuneration for non-executive Directors is to be \$250,000 per annum.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Continued)

A Principles used to determine the nature and amount of remuneration (Continued)

Remuneration Policy (Continued)

Performance based remuneration

The Company currently has no other performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executive's performance. Currently, this is facilitated through the issue of options to the directors to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. For details of directors and executives interests in options at year end, refer to note 15(e) of the financial statements.

B Details of remuneration (audited)

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of GMM and the Consolidated Entity are set out in the following tables.

The key management personnel of GMM and the Consolidated Entity include the directors as noted in the Particulars of Directors and the following executive officers who have authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity:

- Lindsay Colless and Karen Brown – Joint Company Secretaries

Given the size and nature of operations of GMM and the Consolidated Entity, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

Key management personnel and other executives of GMM and the Consolidated Entity

Details of remunerations to directors are as follows:

	Consolidated	
	2014	2013
	\$	\$
Directors' income (see also Note 15)		
Total income received, or due and receivable, by directors of General Mining Corporation Limited from the company and any related body corporate in connection with the management of the company and any related body corporate.	180,008	248,679
Total income received, or due and receivable, by directors of subsidiaries only, from the company and any related body corporate in connection with the management of the company and any related body corporate.	-	-

The details of remuneration of the directors and key management personnel of General Mining Corporation Limited ("GMM") are set out in the following tables. The key management personnel of "GMM" are the following: Michael Wright, Craig Readhead, Robert Wanless, Michael Fotios, Lindsay Colless and Karen Brown.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Continued)

The details of directors' remunerations paid or payable are as follows:

Directors

	Short-term benefits	Share-based payment				Proportion of remuneration	
Name	Salary and fees \$	Post- employment benefits \$	Accrued Shares \$	Options \$	Total \$	Fixed % of remuneration	Value of options as a % of remuneration
2014							
Michael Wright Chairman	60,000	-	-	-	60,000	100%	-
Robert Wanless Director	40,000	-	-	-	40,000	100%	-
Craig Readhead Director	40,008	-	-	-	40,008	100%	-
Michael Fotios Director	40,000	-	-	-	40,000	100%	-
	180,008	-	-	-	180,008		
2013							
Michael Wright Chairman	60,000	-	-	-	60,000	100%	-
Robert Wanless Director	48,170	-	-	-	48,170	100%	-
Craig Readhead Director	40,008	-	-	-	40,008	100%	-
Michael Fotios Director	40,000	-	-	60,501	100,501	40%	60%
	188,178	-	-	60,501	248,679		

Details of remuneration of other key management personnel are as follows:

Other key management personnel

Other key management personnel							
Name	<u>Short-term benefits</u>		<u>Share-based payment</u>			Proportion of remuneration	
	Salary and Fees \$	Post-employment benefits \$	Accrued Shares \$	Options \$	Total \$	Fixed % of remuneration	Value of options as a % of remuneration
2014							
L Colless & K Brown Company Secretarial and administration fees	84,000	-	-	-	84,000	100%	-
	84,000	-	-	-	84,000		
2013							
L Colless & K Brown Company Secretarial and administration fees	84,000	-	-	-	84,000	100%	-
	84,000	-	-	-	84,000		

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Continued)

Summary	Short-Term		Post Employment	Share-based Payments		Total
	Salary & Fees	Non Monetary		Accrued Shares	Options	
	\$	\$	\$	\$	\$	\$
Directors						
M Wright						
2014	60,000	-	-	-	-	60,000
2013	60,000	-	-	-	-	60,000
R Wanless						
2014	40,000	-	-	-	-	40,000
2013	48,170	-	-	-	-	48,170
C Readhead						
2014	40,008	-	-	-	-	40,008
2013	40,008	-	-	-	-	40,008
M Fotios						
2014	40,000	-	-	-	-	40,000
2013	40,000	-	-	-	60,501	100,501
Other key management personnel						
L Colless & K Brown – Joint Company Secretarial and administration fees						
2014	84,000	-	-	-	-	84,000
2013	84,000	-	-	-	-	84,000
Total						
2014	264,008	-	-	-	-	264,008
2013	272,178	-	-	-	60,501	332,679

The total amount of insurance contract premiums paid is \$11,600 (2013:\$10,938). This is not included in the Key Management Personnel compensation above. The insurance is split evenly over all the directors.

Directors' shareholdings

The interests of Directors and their Director related entities in shares and share options at the end of the financial period are as follows:

Name of Director	Shares held directly	Shares held indirectly	Options held directly	Options held indirectly
M Wright	1,500,000	2,274,625	133,333	202,188
C Readhead	-	2,179,034	-	99,998
R Wanless	1,810,000	760,000	-	-
M Fotios	-	46,258,847	-	21,950,589
Total	3,310,000	51,472,506	133,333	22,252,775

Note:

2014	Balance at the start of the financial year	Changes during the year	Issued during the year on exercise of options	Balance at the end of the financial year
(1) Shares				
Directors of General Mining Corporation Limited				
M Wright	3,019,700	754,925	-	3,774,625
C Readhead	1,743,227	435,807	-	2,179,034
R Wanless	4,070,000	(1,500,000)	-	2,570,000
M Fotios	33,425,885	12,832,962	-	46,258,847
Key Management Personnel				
K Brown & L Colless	403,300	98,325	-	501,625
Total shares	42,662,112	12,622,019	-	55,284,131

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Continued)

2014	Name	Balance at the start of the financial year	Changes during the year	Issued during the year on exercise of options	Balance at the end of the financial year
	(2) Options				
	Directors of General Mining Corporation Limited				
	M Wright	503,283	(167,762)	-	335,521
	C Readhead	150,000	(50,002)	-	99,998
	R Wanless	-	-	-	-
	M Fotios	33,092,551	(11,141,962)	-	21,950,589
	Key Management Personnel				
	K Brown & L Colless	65,550	(21,850)	-	43,700
	Total Options	33,811,384	(11,381,576)	-	22,429,808
2013	Name	Balance at the start of the financial year	Changes during the year	Issued during the year on exercise of options	Balance at the end of the financial year
	(1) Shares				
	Directors of General Mining Corporation Limited				
	M Wright	2,516,417	503,283	-	3,019,700
	C Readhead	1,593,227	150,000	-	1,743,227
	R Wanless	4,570,000	(500,000)	-	4,070,000
	M Fotios	10,000,000	23,425,885	-	33,425,885
	Key Management Personnel				
	K Brown & L Colless	337,750	65,550	-	403,300
	Total shares	19,017,394	23,644,718	-	42,662,112
	(2) Options				
	Directors of General Mining Corporation Limited				
	M Wright	2,000,000	(1,496,717)	-	503,283
	C Readhead	2,000,000	(1,850,000)	-	150,000
	R Wanless	1,000,000	(1,000,000)	-	-
	M Fotios	10,000,000	23,092,551	-	33,092,551
	Key Management Personnel				
	K Brown & L Colless	-	65,550	-	65,550
	Total Options	15,000,000	18,811,384	-	33,811,384

C Service agreements (audited)

Michael Wright

Michael Wright was appointed as a non-executive director on 25 February 2008, and as chairman on 1 October 2009. The agreement was renewed on 1 October 2009. As per the revised agreement, the term of appointment will expire on the 3rd annual general meeting or earlier by rotation. Mr Wright was re-elected by rotation in 2010 and again in 2012. Director's fees are payable at \$60,000 per annum (inclusive of any applicable statutory superannuation). The agreement will be terminated on occurrence of any of the events mentioned in the agreement.

Craig Readhead

Craig Readhead was appointed as a Director of the Company and Chairman of the Board on the 10 September 2007. The agreement was renewed on 1 October 2009. As per the revised agreement, the term of appointment will expire on the 3rd annual general meeting or earlier by rotation. Mr Readhead was re-elected by rotation in 2010 and again in 2013. Director's fees are payable at \$40,000 per annum (inclusive of any applicable statutory superannuation) thereafter. The agreement will be terminated on occurrence of any of the events mentioned in the agreement.

DIRECTORS' REPORT (Continued)

REMUNERATION REPORT (Continued)

Robert Wanless

Robert Wanless was appointed as Director of GMM at the first meeting of Directors held on 31 May 2007. The agreement was renewed on 1 October 2009. As per the revised agreement, the term of appointment will expire on the 3rd annual general meeting or earlier by rotation. Mr Wanless was re-elected by rotation in 2011. Directors fees are payable at \$40,000 per annum (inclusive of any applicable statutory superannuation). The agreement will be terminated on occurrence of any of the events mentioned in the agreement.

Michael Fotios

Michael Fotios was appointed as Director of GMM at the general meeting held on 15 June 2012. The term of appointment will expire on the 3rd annual general meeting after appointment, or earlier by rotation. Directors fees are payable at \$40,000 per annum (inclusive of any applicable statutory superannuation). The agreement will be terminated on occurrence of any of the events mentioned in the agreement.

Lindsay Colless and Karen Brown

Lindsay Colless and Karen Brown were appointed as Joint Company Secretaries on 11 February 2008 (the agreement was renewed on October 2009 and is ongoing). Fees for the provision of services are \$7,000 per month.

D Share-based compensation (audited)

Options were granted to a director during the year – refer also to the directors report.

Details of options over ordinary shares in the Company that were granted as compensation to each key management person during the past two years and details of options that were vested during the past two years are as follows:

2014	Number of options granted during the year	Grant Date	Fair value of option at grant date	Exercise price per option	Expiry date	Number of options vested during the year
Directors			\$	\$		
M Wright	-	-	-	-	-	-
C Readhead	-	-	-	-	-	-
R Wanless	-	-	-	-	-	-
M Fotios	-	-	-	-	-	-
Executives						
L Colless	-	-	-	-	-	-
K Brown	-	-	-	-	-	-
2013	Number of options granted during the year	Grant Date	Fair value of option at grant date	Exercise price per option	Expiry date	Number of options vested during the year
Directors			\$	\$		
M Wright	-	-	-	-	-	-
C Readhead	-	-	-	-	-	-
R Wanless	-	-	-	-	-	-
M Fotios	3,000,000	13/07/12	60,501	0.089	31/03/15	3,000,000
Executives						
L Colless	-	-	-	-	-	-
K Brown	-	-	-	-	-	-

DIRECTORS' REPORT (Continued)

D Share-based compensation (Continued)

Value of options issued to Directors and Executives (audited)

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors and executives:

Directors	Options exercised	Options lapsed	Total value of options granted or exercised	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
	Value at exercise date \$	Value at lapse date \$			
M Wright					
2014	-	-	-	-	-
2013	-	980	-	-	-
C Readhead					
2014	-	-	-	-	-
2013	-	831	-	-	-
R Wanless					
2014	-	-	-	-	-
2013	-	396	-	-	-
M Fotios					
2014	-	-	-	-	-
2013	-	-	60,501	60,501	60%
Executives					
	Options exercised	Options lapsed	Total value of options granted, exercised, lapsed	Value of options included in remuneration for the year	Percentage of total remuneration for the year that consists of options
	Value at exercise date \$	Value at lapse date \$			
L Colless					
2014	-	-	-	-	-
2013	-	-	-	-	-
K Brown					
2014	-	-	-	-	-
2013	-	-	-	-	-

The value of options granted during the period is recognised in compensation over the vesting period of the option, in accordance with Australian Accounting standards.

DIRECTORS' REPORT (Continued)**E Additional information – (unaudited)****Performance income as a proportion of total compensation**

No performance based bonuses have been paid to key management personnel during the financial year

Share Options

Options to take up ordinary shares in the capital of GMM have been granted as follows:

Outstanding as at the date of this report:	Number
Listed and unlisted options exercisable	
Outstanding as at date of this report	26,018,248
Outstanding at end of the financial period	35,703,211
Outstanding at the beginning of the financial period	48,173,567
Expired during the financial period	12,463,521
Granted during the financial period	Nil
Exercised during the financial period	6,835

Unissued shares under option:

a) At the date of this report unissued ordinary shares of the Company under option to directors in their capacity as directors of the Company are:

Expiry Date	Exercise Price	Number of options
31/03/2015	0.089	3,000,000
Total		3,000,000

b) At the date of this report other unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of options
28/06/2015	0.125	3,333,333
13/07/2015	0.125	3,333,333
21/12/2014	0.20	550,000
03/09/2015	0.125	5,801,582
31/03/2015	0.125	10,000,000
Total		23,018,248

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were 6,835 ordinary shares issued during the year ended 30 June 2014 on the exercise of options granted under the Employee Share Option Plan. No options were issued outside of the Employee Share Option Plan to a director of the Consolidated Entity during the year. Since year-end to the date of this report 3,833 options have been exercised.

Options exercised during the year:

Expiry Date	Exercise Price	Number of options
03/09/2014	0.075	5,502
03/09/2014	0.10	667
03/09/2015	0.125	666
Total		6,835

No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of General Mining Corporation Limited support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the additional Supplementary Information section of the annual report.

ENVIRONMENTAL REGULATION

The Consolidated Entity is regulated by environmental authorities in Australia and Mongolia in respect of its exploration and mining activities. The Consolidated Entity is subject to environmental controls and licence conditions on all its mineral exploration tenements relating to any exploration activity on those tenements. No breaches of any licence were recorded during the year.

In July 2009 the Law on Prohibition of Mineral Prospecting Exploration in Water Basin Areas and Forest Areas was enacted in Mongolia. While the effect of this law is uncertain, it appears to prohibit mining and exploration activities in water basins and forest areas of the country and the Mongolian government has been reviewing existing licences for revocation (and compensation payment) under the law. Some of the Company's licences are affected by this law but it is still uncertain whether any licences will be revoked in whole or in part, as the Mongolian Government is yet to adopt a resolution containing a definitive list of exploration licenses to be revoked and, to date, the Company is not aware of any such resolutions proposed. The Company has relinquished its Mongolian tenements during the year and is no longer until any environmental regulations in Mongolia.

DIRECTORS AND OFFICERS INSURANCE

During the financial year, the Company paid an insurance premium to insure the directors and secretaries of the Company and its controlled entities. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or information obtained. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The directors have not included details of the nature of liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

DIRECTORS' INDEMNITIES

The Company has entered into deeds of indemnity, access and insurance with each of the Directors. These deeds remain in effect as at the date of this report. Under the Deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors in connection with being a Director of the Company, or breach by the Group of its obligations under the Deed.

No liability has arisen under this indemnity as at the date of this report.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability incurred as such by an officer.

DIRECTORS' REPORT (Continued)**AUDIT INDEPENDENCE AND NON-AUDIT SERVICES**

The Auditors have not been involved in any other services for the Company during the year ended 30 June 2014.

The following amounts were paid to the auditors	Consolidated	
	2014	2013
	\$	\$
Auditor's remuneration		
• auditing the accounts	21,603	30,607
• Auditors of the subsidiary company	-	-
Non-audit services		
• Other services	-	-
	<u>21,603</u>	<u>30,607</u>

The independence letter from the Auditors is set out on the following page.

Signed in accordance with a resolution of the directors.

Dated at Perth this 30th day of September 2014.



MICHAEL G FOTIOS
Director

30 September 2014

Board of Directors
General Mining Corporation Limited
89 Burswood Road
Burswood WA 6100

Dear Sirs

RE: GENERAL MINING CORPORATION LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of General Mining Corporation Limited.

As Audit Director for the audit of the financial statements of General Mining Corporation Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014	2013
	Note	\$	\$
Revenue from continuing operations			
Revenue from continuing operations	2	22,530	41,563
Expenses			
Secretarial and administration fees		(113,937)	(115,018)
Legal fees		(3,465)	(15,448)
Directors' salary & entitlements		(180,008)	(180,008)
Share based remuneration		-	(60,501)
Travel, accommodation and entertainment		(2,067)	(8,532)
Consulting		(51,036)	(2,000)
Audit fees		(21,603)	(30,607)
Rent expense		(54,371)	(22,771)
Insurance		(19,674)	(22,124)
Depreciation	7	(14,819)	(16,421)
Loss on disposal of assets		(12,878)	-
Staff costs		(70,296)	(156,058)
Provision for employee entitlements		(21)	(16,104)
Provision for exploration costs	8	(99,875)	(1,152,423)
Write down of exploration costs	8	(91,970)	(67,725)
Other expenses from ordinary activities		(4,198)	(20,412)
(Loss) profit before income tax		(717,688)	(1,844,589)
Income tax expense	3	-	-
(Loss) profit for the year		(717,688)	(1,844,589)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	14a	93,076	252,362
Items that will not be reclassified to profit or loss		-	-
Total comprehensive income/(loss)		(624,612)	(1,592,227)
(Loss) / profit attributable to:			
Owners of the Company		(717,688)	(1,844,589)
Non-controlling interest		-	-
(Loss) / profit for the year		(717,688)	(1,844,589)
Total comprehensive income / (loss) attributable to:			
Owners of the Company		(624,612)	(1,592,227)
Non-controlling interest		-	-
Total comprehensive income / (loss) for the year		(624,612)	(1,592,227)
Basic earnings per share (cents per share)	21	(0.57)	(1.79)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

		Consolidated	
	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	77,705	96,831
Trade and other receivables	5	78,599	26,158
Other financial assets	6	63,000	63,000
Total Current Assets		219,304	185,989
Non-Current Assets			
Property, plant & equipment	7	11,365	40,340
Mineral exploration & evaluation expenditure	8	833,514	410,210
Total Non-Current Assets		844,879	450,550
Total Assets		1,064,183	636,539
LIABILITIES			
Current Liabilities			
Trade and other payables	10	633,545	277,532
Provisions – annual leave	11a	9,665	13,165
Short-term borrowings – related parties	12	244	244
Total Current Liabilities		643,454	290,941
Non-current Liabilities			
Provisions – long service leave	11b	14,625	11,104
Total Current Liabilities		14,625	11,104
Total Liabilities		658,079	302,045
Net Assets		406,104	334,494
Equity			
Contributed equity (Issued Capital)	13	11,827,692	10,953,168
Reserves	14a	679,448	764,674
Accumulated profits (losses)	14b	(12,101,036)	(11,383,348)
Total Equity		406,104	334,494

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

Consolidated Entity

	Note	Contributed equity \$	Accumulated losses \$	Option Reserve \$	Foreign Exchange Translation Reserve \$	Total equity \$
Balance at 1 July 2012		9,316,786	(9,538,759)	293,644	80,284	151,955
Total loss for the year	14b	-	(1,844,589)	-	-	(1,844,589)
Other comprehensive income / (loss) for the year	14a	-	-	-	252,362	252,362
Total comprehensive income / (loss) for the year		-	(1,844,589)	-	252,362	(1,592,227)
Contributions of equity, net of transaction costs	13	1,611,137	-	-	-	1,611,137
Options issued during the year		-	-	163,629	-	163,629
Transfer from option reserve	14a	25,245	-	(25,245)	-	-
Balance at 30 June 2013		10,953,168	(11,383,348)	432,028	332,646	334,494
Balance at 1 July 2013		10,953,168	(11,383,348)	432,028	332,646	334,494
Total loss for the year	14b	-	(717,688)	-	-	(717,688)
Other comprehensive income / (loss) for the year	14a	-	-	-	93,076	93,076
Total comprehensive income / (loss) for the year		-	(717,688)	-	93,076	(624,612)
Contributions of equity, net of transaction costs	13	696,222	-	-	-	696,222
Options issued during the year	14a	-	-	-	-	-
Transfer from option reserve	14a	178,302	-	(178,302)	-	-
Balance at 30 June 2014		11,827,692	(12,101,036)	253,726	425,722	406,104

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
	Note	2014	2013
		\$	\$
Cash Flows from Operating Activities			
Interest received		5,490	19,012
Other income		17,040	22,551
Payments to suppliers and contractors (inclusive of goods and services tax)		(308,174)	(253,085)
Net cash (outflow) inflow from operating activities	17	(285,644)	(211,522)
Cash Flows from Investing Activities			
Property, plant & equipment		1,205	-
Exploration expenditure		(144,271)	(1,187,194)
Security deposits		-	(52,380)
Net cash (outflow) inflow from investing activities		(143,066)	(1,239,574)
Cash Flows from Financing Activities			
Net proceeds from issue of shares		409,584	1,311,137
Repayment of loans		-	-
Net cash (outflow) inflow from financing activities		409,584	1,311,137
Net increase (decrease) in cash and cash equivalents		(19,126)	(139,959)
Cash and cash equivalents at the beginning of the financial year		96,831	236,790
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial year	4	77,705	96,831
Non -Cash investing and financing activities			
Placement fees paid by issue of shares/options		-	-
Brokerage fees paid by issue of shares/options		-	-

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of General Mining Corporation Limited ("the Company") for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 30 September 2014.

Statement of Compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (AASBs), adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. International Financial Reporting Standards (IFRSs) form the basis of AASBs adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS (AIFRS) to distinguish from previous Australian GAAP. The financial statements comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for General Mining Corporation Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for General Mining Corporation Limited as an individual entity is included in Note 20.

Basis of preparation

These financial statements have been prepared on the basis of historical costs and except where stated do not take into account changing money values or current valuation of non-current assets. The accounting policies adopted are consistent with those of the previous year. The following specific accounting policies have been consistently applied, unless otherwise stated.

a) Going Concern

The consolidated financial statements have been prepared on a going concern basis. However, the ability of the company and the consolidated entity to actively explore and continue as a going concern, and to meet their debts and commitments as they fall due, is dependent upon further capital raisings.

The Directors are confident that the Company will be successful in raising further capital and, accordingly, have prepared the financial statements on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2014. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

b) Taxes

Income tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those rates which are enacted or subsequently enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Taxes (Continued)

Goods and Services Tax (GST)

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

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

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

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

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

c) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 9.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

d) Investments and other financial assets

The Consolidated Entity classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investments and other financial assets (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Statement of Financial Position date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the Statement of Comprehensive Income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Statement of Comprehensive Income as part of income from continuing operations when the Company's right to receive payment is established.

Fair value

The fair values of quoted investments are based on last trade prices. If the market for financial assets is not active (and for unlisted securities), the Consolidated Entity establishes fair value by using valuation techniques.

e) Plant and Equipment

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

Plant and equipment - 5 years

Computer software - 3 years.

f) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Non-current assets are not revalued to an amount above their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) **Foreign currencies***Functional and presentation currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is General Mining Corporation Limited's functional and presentation currency. The functional currencies of the Company's parent and its subsidiaries are as follows:

Parent Company:	Australian Dollars (AUD)
Subsidiary:	Mongolian Tugrik (MNT)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

h) **Earnings per share**

Basic earnings per share is determined by dividing the profit (loss) after income tax attributable to equity holders of the Consolidated Entity by the weighted average number of ordinary shares outstanding during the year.

i) **Trade and other Payables**

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

j) **Provisions**

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

k) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

l) **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the Statement of Comprehensive Income.

m) **Segment Reporting**

The Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Segment Reporting (continued)

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Intersegment loans payable and receivable are initially recognised at the consideration received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value on market interest rates.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are mandatory for 30 June 2014 reporting periods and are set out below.

Affected Standard	Nature of Change to Accounting Policy	Application *
AASB 10: Consolidated Financial Statements	<p>AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:</p> <ul style="list-style-type: none"> a) it has power over an investee; b) it is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns. <p>All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.</p> <p>There have been no changes to the treatment of investees compared to prior year.</p>	1 Jan 2013
AASB 11: Joint Arrangements	<p>The standard requires a party to a joint arrangement to determine the type of joint arrangement based on its rights and obligations and account for the arrangement accordingly. The amendments are not expected to have a significant impact on any of the amounts recognised in the financial statements.</p>	1 Jan 2013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) New accounting standards and interpretations (continued)

AASB 12: Disclosure of interests in other entities	<i>AASB 12: Disclosure of interests in other entities</i> requires the extensive disclosure of information that enables users of the financial statements to evaluate the nature of interests in other entities. The amendments are not expected to have a significant impact on any of the amounts recognised in the financial statements.	1 Jan 2013
AASB 13: Fair value measurement	<i>AASB 13: Fair value measurement</i> replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The amendments are not expected to have a significant impact on any of the amounts recognised in the financial statements.	1 Jan 2013
AASB 119 Employee Benefits	<p>AASB 119 changes the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' and accelerate the recognition of past service costs.</p> <p>All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.</p>	1 Jan 2013

* Applicable to reporting periods commencing on or after the given date

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) **New accounting standards for application in future periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

AASB 9: Financial Instruments (effective from 1 Jan 2017)

AASB 9: Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard is not expected to impact on the Group's accounting for financial assets as it does not have any available for sale assets other than equity investments. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The Group has decided not to early adopt AASB 9

Other new accounting standards for application in future periods:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

These Australian Accounting Standards are not expected to have any significant impact on the financial statements.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

p) **Critical accounting estimates & judgements**

In preparing these financial statements, the Group has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

i) **Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant exploration and evaluation expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Critical accounting estimates & judgements (continued)

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

As at 30 June 2014, the carrying value of exploration expenditure is \$833,514.

Impairment of available for sale investments

The available for sale investments have been subjected to impairment criteria in accordance with accounting standards and current market conditions, particularly those investments that are not listed on recognised stock exchanges. The majority of the impaired investments are expected to mature within the next twelve months and, where applicable, the impairment losses will be written back.

q) Exploration, Evaluation and Development Expenditure

Expenditure incurred during exploration and the early stages of evaluation of new areas of interest and costs of acquisition is capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

r) Interests in Joint Ventures

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014	2013
		\$	\$
2.	REVENUE FROM CONTINUING OPERATIONS		
	Included in revenue from continuing operations are the following:		
	Interest received	5,490	19,012
	Other revenue	17,040	22,551
		<u>22,530</u>	<u>41,563</u>
3.	TAXATION		
	The prima facie tax on profit / (loss) before income tax is reconciled to the income tax expense as follows:		
	Operating profit (loss) for year before income tax	(717,688)	(1,844,589)
	Prima facie income tax expense / (benefit) calculated at 30% (2013: 30%) on the profit (loss) before tax	(215,306)	(553,377)
	Add/(less) tax effect of:		
	Non-deductible expenses	-	18,150
	Provision for employee entitlements	6	4,831
	Other provisions	-	-
	Section 40-880 deduction	(14,046)	(10,708)
	Capitalised exploration expenditure	(126,991)	(123,063)
	Unused tax losses not recognised as deferred tax assets	356,337	664,167
	Income tax expense	<u>-</u>	<u>-</u>
	Unrecognised temporary differences		
	Deferred Tax Asset (at 30 %)		
	Revenue tax losses	2,890,518	2,534,181
	Provisions	7,287	7,281
	Capital raising costs	46,104	27,092
		<u>2,943,909</u>	<u>2,568,554</u>
	Deferred tax liabilities (at 30 %)		
	Capitalised exploration expenditure	<u>250,054</u>	<u>123,063</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

		Consolidated	
		2014	2013
		\$	\$
4.	CASH AND CASH EQUIVALENTS		
	Cash at bank and on hand	77,705	96,831
5.	TRADE AND OTHER RECEIVABLES		
	Current		
	Trade debtors and receivables	-	-
	Other receivables	78,599	26,158
		<u>78,599</u>	<u>26,158</u>
As at 30 June 2014, current trade and other receivables do not contain impaired assets and are not passed due. It is expected that these amounts will be received during the coming year.			
6.	OTHER FINANCIAL ASSETS		
	Security Deposit	63,000	63,000
		<u>63,000</u>	<u>63,000</u>
7.	PROPERTY, PLANT & EQUIPMENT		
	Land:		
	At cost	-	-
	Plant & Equipment :		
	At cost	62,224	89,192
	Less: accumulated depreciation	(50,859)	(48,852)
	Net book value	<u>11,365</u>	<u>40,340</u>
	Reconciliation / movement for year		
	Plant & equipment		
	Carrying amount at beginning of year	40,340	56,010
	Additions	-	-
	Disposals	(14,156)	(1,425)
	Foreign exchange movements	-	2,176
	Depreciation charge	(14,819)	(16,421)
	Carrying amount at end of year	<u>11,365</u>	<u>40,340</u>
	Total property, plant & equipment	<u>11,365</u>	<u>40,340</u>
8.	MINERAL EXPLORATION & EVALUATION EXPENDITURE		
	Exploration & evaluation expenditure – at cost	833,514	410,210
	Movements during the year		
	Balance 1 July	410,210	-
	Expenditure during year comprising		
	Acquisitions	-	-
	Exploration expenditure	615,149	1,630,358
	Less exploration expenses written off	(91,970)	(67,725)
	Less provided to profit or loss	(99,875)	(1,152,423)
	Balance 30 June	<u>833,514</u>	<u>410,210</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the discovery of commercially viable resources. In assessing each project for impairment, the Board of Directors have taken to consideration the data on hand, the planned programs and expenditures and the potential recoverability of expenditures by commercial development or divestment.

9. CONTROLLED ENTITIES

Country of Incorporation

Subsidiary entity:
Golden Cross Company Limited Mongolia

Consolidated	
2014	2013
\$	\$

Current

633,545	277,532
<u>633,545</u>	<u>277,532</u>

(a) Annual leave provision

13,165 8,165

(3,500)	5,000
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9,665	13,165
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11,104 -

3,521	11,104
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14,625	11,104
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Debtor loans – unsecured

244 244

244

244

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated		Consolidated	
	2014	2014	2013	2013
	No. of shares	\$	No. of shares	\$
13. CONTRIBUTED EQUITY				
Issued and paid up share capital				
Ordinary shares – fully paid	134,310,160	11,827,692	107,441,529	10,953,168
Movements in ordinary share capital				
Opening Balance at 1 July	107,441,529	10,953,168	73,034,628	9,316,786
Transfer from option reserve	-	178,302	-	25,245
Exercise of options	6,835	563	-	-
Vendor shares	-	-	7,000,000	350,000
Placements	-	-	10,000,000	500,000
Rights Issue	26,861,796	805,854	17,406,901	870,345
	134,310,160	11,937,887	107,441,529	11,062,376
Less: share issue costs	-	(110,195)	-	(109,208)
Closing Balance at 30 June	134,310,160	11,827,692	107,441,529	10,953,168

Terms and conditions of contributed equity

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder's meetings.

In the event of winding up of the parent entity, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Issued Shares

During the financial year, the parent entity issued 26,868,631 shares (2013: 34,406,901).

	Consolidated		Consolidated	
	2014	2014	2013	2013
	No. of options	\$	No. of options	\$
OPTIONS	35,703,211	253,726	48,173,567	432,028
Options – Unlisted				
At 1 July	48,173,567	432,028	20,150,000	293,644
Placements	-	-	10,000,000	-
Employee options issued during year	-	-	3,000,000	60,501
Rights issue	-	-	17,406,901	-
Other options issued during year	-	-	10,000,000	103,128
Exercised during year	(6,835)	-	-	-
Expired during year	(12,463,521)	(178,302)	(12,383,334)	(25,245)
At 30 June	35,703,211	253,726	48,173,567	432,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

13. CONTRIBUTED EQUITY (continued)**Share Options**

During the financial period, no options were issued by the parent entity towards issue costs (2013: Nil options).

At the end of the year, there were 35,703,211 options over unissued shares currently on issue with the following terms:

- (i) each option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the Company;
- (ii) the options are exercisable at 20 cents unless otherwise stated;
- (iii) the options will expire as follows:
 - 550,000 options expire on the 21/12/2014
 - 550,000 options expire on the 31/08/2014
 - 3,333,333 options exercisable at 12.5 cents each expire on 28/06/2015
 - 5,801,629 options exercisable at 10 cents each expire on 03/09/2014
 - 5,801,582 options exercisable at 12.5 cents each expire on 03/09/2015
 - 3,333,334 options exercisable at 10 cents each expire on 13/07/2014
 - 3,333,333 options exercisable at 12.5 cents each expire on 13/07/2015
 - 3,000,000 options exercisable at 8.9 cents each expire on 31/03/2015
 - 10,000,000 options exercisable at 12.5 cents each expire on 31/03/2015

Each option entitles the holder to be issued with one ordinary share in the capital of the parent entity subject to payment of the relevant issue price and satisfaction of applicable conditions (if any).

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

SHARE BASED PAYMENTS

An employee share option plan was adopted on 26 October 2010. No options were issued under this plan during the year (2013:nil).

No options were issued for payment of brokerage fees during the year.

Director option expense:

No options were issued to directors under the employee share option plan.

14. RESERVES AND ACCUMULATED LOSSES**(a) RESERVES**

Foreign currency translation / reserves

Option reserve

Consolidated	
2014	2013
\$	\$

425,722	332,646
253,726	432,028
679,448	764,674

Movement in reserves for year

Foreign currency translation / reserves / options

At 1 July

Currency translation differences gain (loss) arising during the year

Options reserve – options expired

Options reserve – options issued

At 30 June

764,674	373,928
93,076	252,362
(178,302)	(25,245)
-	163,629
679,448	764,674

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$	\$
14. RESERVES AND ACCUMULATED LOSSES (Continued)		
(b) ACCUMULATED PROFITS (LOSSES)		
Movement for year		
At 1 July	(11,383,348)	(9,538,759)
Net Profit (Loss) for the year after tax	(717,688)	(1,844,589)
At 30 June	(12,101,036)	(11,383,348)

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Option Reserve

The option reserve relates to the recording of options which have been issued by the Group. Further information on options is included in Note 13.

15. KEY MANAGEMENT PERSONNEL DISCLOSURE

(a) Directors

The directors of the economic entity during the year were:

Mr M Wright
Mr C Readhead
Mr R Wanless
Mr M Fotios

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

K Brown – Joint Company Secretary
L Colless – Joint Company Secretary

(c) Transactions with key management personnel

Fees were paid for administration, company secretarial and financial services provided by Mineral Administration Services Pty Ltd, a company in which Mr Colless and Miss Brown are directors and shareholders.

(d) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Fees and disbursements accrued

(a) L Colless and K Brown	\$91,642*
(b) C Readhead	\$43,342**
(c) M Fotios	\$26,667***
(d) M Wright	\$60,000****
(e) R Wanless	\$40,000*****

The above balances are net of GST

* Amount due (\$91,642 in total, including disbursements) to Mineral Administration Services Pty Ltd (MAS), a company in which Mr Colless and Ms Brown are both directors and shareholders.

** Director's fees of \$43,342 owed (payable to Magisterium Pty Ltd, a company in which Mr Readhead is a director and shareholder).

*** Director's fees of \$26,667 owed, and professional fees, rent and disbursements of \$92,412 owing to Delta Resource Management Pty Ltd (Delta) and \$56,998 to Whitestone Minerals Pty Ltd, companies in which Mr Fotios is a director and shareholder. Underwriting fees of \$50,000 and \$48,351 are owed to Investmet Limited and Delta, companies in which Mr Fotios is a director and shareholder.

**** Director's fees of \$60,000 owed

***** Director's fees of \$40,000 owed

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

15. KEY MANAGEMENT PERSONNEL DISCLOSURE – (continued)

e) Equity instrument disclosures relating to key management personnel

The interests of Directors and their Director related entities in shares and share options at the end of the financial period are disclosed as part of the Remuneration Report

f) Key management personnel compensation

The Company has taken advantage of the relief provided by Corporation Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the Directors' Report. The relevant information can be found in sections A – C of the remuneration report within the Directors' Report.

g) Related party transactions

Other than these transactions and the transactions disclosed below, there are no other transactions between related parties that require disclosure.

16. RELATED PARTY TRANSACTIONS

Transactions with directors and director related entities

Type of transaction	Related party	Terms and conditions	Consolidated	
			2014 \$	2013 \$
	- directors			
Director's remuneration	M Wright	Normal commercial	60,000	60,000
Director's remuneration	C Readhead	Normal commercial	40,008	40,008
Director's remuneration	R Wanless	Normal commercial	40,000	40,000
Consulting	R Wanless	Normal commercial	-	8,170
Director's remuneration	M Fotios	Normal commercial	40,000	100,501
Legal Fees and disbursements	C Readhead	Normal commercial	55,888	105,690
Geological Consulting, Rent and disbursements				
Amounts invoiced	M Fotios	Normal commercial	212,412	30,031

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

17. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2014	2013
	\$	\$
Operating profit (loss) for the year	(717,688)	(1,844,589)
Add (less) non-cash items:		
Provision for exploration costs	99,875	1,152,423
Write down of exploration costs	91,970	67,725
Share based payments	-	60,501
Depreciation / Amortisation	14,819	16,421
Loss on disposal of asset	12,878	484
Foreign exchange gains (losses)	93,148	251,128
<i>Changes in current assets and liabilities</i>		
Receivables / Other	(77,808)	13,808
Creditors	197,141	54,473
Provisions	21	16,104
Net cash inflow (outflow) from operating activities	(285,644)	(211,522)
<i>Non-cash investing and financing activities</i>		
Acquisition of exploration assets by issue of shares	384,989	350,000
Acquisition of exploration assets by issue of share options	-	103,128

18. EVENTS SUBSEQUENT TO BALANCE DATE

On 3 September 2014, 3,833 options were exercised at 10 cents each and the remaining 5,797,796 options in that class expired unexercised.

On 31 August 2014, 550,000 options exercisable at 20 cents each expired unexercised.

On 13 July 2014, 3,333,334 options exercisable at 10 cents each expired unexercised.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the financial year ended 30 June 2014.

19. SEGMENT INFORMATION

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's primary segment is one business, being the exploration and evaluation of mineral resources.

During the year ended 30 June 2014, the consolidated entity operated in the following Geographical Segments: Australia (2013: Australia and Mongolia)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

19. SEGMENT INFORMATION (Continued)

30 June 2014

	Australia \$	Consolidated \$
REVENUE		
Segment revenue from operating activities	22,525	22,530
RESULT		
Profit/(loss) after income tax	(598,433)	(717,688)
ASSETS		
Segment assets	1,064,152	1,064,183
LIABILITIES		
Segment liabilities	658,079	658,079
OTHER		
Segment assets acquired	-	-
Segment depreciation	12,333	14,819

30 June 2013

	Australia \$	Mongolia \$	Consolidated \$
REVENUE			
Segment revenue from operating activities	41,430	133	41,563
RESULT			
Profit/(loss) after income tax	(1,262,440)	(582,149)	(1,844,589)
ASSETS			
Segment assets	608,882	27,657	636,539
LIABILITIES			
Segment liabilities	300,598	1,447	302,045
OTHER			
Segment assets acquired	-	-	-
Segment depreciation and amortisation	12,751	3,670	16,421

20. PARENT ENTITY DISCLOSURES

	Parent Entity	
FINANCIAL POSITION	2014 \$	2013 \$
Assets		
Current assets	219,274	174,974
Non-current assets	844,878	433,908
Total assets	1,064,152	608,882
Liabilities		
Current liabilities	658,079	300,598
Non-current liabilities	-	-
Total liabilities	658,079	300,598
Equity and Reserves		
Issued capital	11,827,692	10,953,168
Accumulated profits / (losses)	(11,675,345)	(11,076,912)
Option reserve	253,726	432,028
Total equity	406,073	308,284

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

20. PARENT ENTITY DISCLOSURES (Continued)

FINANCIAL PERFORMANCE

	Parent Entity	
	2014	2013
	\$	\$
Profit / (loss) for the year	(598,433)	(1,576,002)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(598,433)	(1,576,002)

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

- -

CONTINGENT LIABILITIES OF THE PARENT ENTITY (refer to note 23)

- -

COMMITMENTS FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT BY THE PARENT ENTITY

- -

21. EARNINGS PER SHARE

	Consolidated	
	2014	2013
	\$	\$
(a) Basic earnings per share		
Profit (loss) attributable to the ordinary equity holders of the Company	(0.0057)	(0.0179)
(b) Earnings used in calculating earnings per share		
Profit/(Loss) attributable to the ordinary equity holders of the Company	(717,688)	(1,844,589)
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares on issue used in calculation of basic earnings per share	124,830,522	103,158,448

(d) Diluted earnings per share

Diluted earnings per share is not materially different from basic earnings per share and has therefore not been disclosed.

22. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditors:

	Consolidated	
	2014	2013
	\$	\$
Audit Services		
- Audit and review of financial statements and other audit work under the Corporations Act 2001	21,603	30,607
Total fees for audit services	21,603	30,607
Non – Audit Services		
- Others	-	-
Total fees for non-audit services	-	-
Total remuneration of auditors	21,603	30,607

The Group has received notification from the Group's auditor that he satisfies the independence criterion and that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit. The Company is satisfied that the non-audit services provided is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

23. CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or assets at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

24. FINANCIAL RISK MANAGEMENT

Overview:

The group has exposure to the following risks from their use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Investments:

The Group limits its exposure to credit risk by only investing with counterparties that have an acceptable credit rating.

(ii) Trade and other receivables:

The Company and Group have established an allowance for impairment that represents their estimate of incurred losses in respect of receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures. The management does not expect any counterparty to fail to meet its obligations.

Presently, the Group undertakes exploration and evaluation activities in Australia. At the Statement of Financial Position date there were no significant concentrations of credit risk.

Exposure to credit risk:

The carrying amount of the Group's financial assets represents the maximum credit exposure.

The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Carrying amount	
	2014	2013
	\$	\$
Cash and cash equivalents	77,705	96,831
Trade and other receivables	78,599	26,158
Other financial assets	63,000	63,000
Total exposure	219,304	185,989

No impairment loss in respect of inter-group loans was recognised during the current year, however these loans have been provided for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

24. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The Group manages liquidity risk by maintaining adequate reserves through continuously monitoring forecast and actual cash flows.

The Consolidated Entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate	
	2014 \$	2013 \$	2014 \$	2013 \$	2014 \$	2013 \$	2014 %	2013 %
Consolidated								
<i>(i) Financial assets</i>								
Cash	75,346	91,773	2,359	5,058	77,705	96,831	2.35%	1.96%
Trade and other receivables	-	-	78,599	26,158	78,599	26,158	-	-
Other financial assets	63,000	63,000	-	-	63,000	63,000	3.4%	4.2%
Total financial assets	<u>138,346</u>	<u>154,773</u>	<u>80,958</u>	<u>31,216</u>	<u>219,304</u>	<u>185,989</u>		
<i>(ii) Financial liabilities</i>								
Trade and other creditors	-	-	633,545	277,532	633,545	277,532	-	-
Other creditors	-	-	244	244	244	244	-	-
Total financial liabilities	<u>-</u>	<u>-</u>	<u>633,789</u>	<u>277,776</u>	<u>633,789</u>	<u>277,776</u>		

(c) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk:

The Group is exposed to currency risk only on investments in subsidiaries in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD).

The Group has not entered into any derivative financial instruments to hedge such investments and anticipated future receipts or payments that are denominated in a foreign currency.

The Group's investments in its subsidiaries are not hedged as those currency positions are considered to be long term in nature.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

24. FINANCIAL RISK MANAGEMENT (continued)

Exposure to currency risk:

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Consolidated Carrying amount	
	2014 \$	2013 \$
Revenue	22,530	41,563
Expenses	(740,218)	(1,886,152)
Net exposure	(717,688)	(1,844,589)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD	0.9179	0.9744	0.9419	0.9133

Sensitivity analysis:

A 10 percent strengthening of the Australian dollar against the following currencies at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Consolidated	
	Equity	Profit or loss
30 June 2014		
USD	-*	-
30 June 2013		
USD	2,621	2,621

*The Group no longer holds significant assets or liabilities outside of Australia and therefore is not subject to foreign currency risk.

(ii) Interest rate risk:

At balance date the Group had minimal exposure to interest rate risk, through its cash and other financial assets held within a financial institution.

	Consolidated Carrying Amount	
	30 June 2014 \$	30 June 2013 \$
Fixed rate instruments		
Financial assets	-	-
Variable rate instruments		
Financial assets	138,346	154,773

Fair value sensitivity analysis for fixed rate instruments:

There was no exposure to fixed rate instruments at balance date or at the previous reporting period.

Fair value sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

Consolidated	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 June 2014				
Cash and other financial assets	1,383	(1,383)	1,383	(1,383)
30 June 2013				
Cash and other financial assets	1,548	(1,548)	1,548	(1,548)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

24. FINANCIAL RISK MANAGEMENT (continued)

Net Fair value

For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying assets of the investment. For other assets and other liabilities the net fair value approximates their carrying value as disclosed in the Statement of Financial Position. There was no exposure to interest risk rate in regards to investments at balance date or at the previous reporting period.

25. SHARE BASED PAYMENTS

Set out below is a summary of the number of options outstanding at the end of the financial year:

CONSOLIDATED AND PARENT ENTITY 2014

Grant Date	Expiry Date	Exercise Price	Balance at start of the year (number)	Granted during the financial period (number)	Exercised during the financial period	Expired during the financial period	Balance at the end of the financial period (number)	Vested and exercisable at end of financial period (number)
Director options								
29 Jun 2012	28 Jun 2014	\$0.10	3,333,333	-	-	(3,333,333)	-	-
29 Jun 2012	28 Jun 2015	\$0.125	3,333,333	-	-	-	3,333,333	3,333,333
13 Jul 2012	31 Mar 2015	\$0.089	3,000,000	-	-	-	3,000,000	3,000,000
Vendor options								
14 Sept 2012	31 Mar 2015	\$0.125	10,000,000	-	-	-	10,000,000	10,000,000
Other options								
15 Dec 2009	31 Aug 2014	\$0.20	100,000	-	-	-	100,000	100,000
15 Dec 2009	21 Dec 2014	\$0.20	550,000	-	-	-	550,000	550,000
28 Jan 2011	31 Aug 2014	\$0.20	250,000	-	-	-	250,000	250,000
28 Jan 2011	31 Aug 2014	\$0.20	200,000	-	-	-	200,000	200,000
13 Jul 2012	13 July 2013	\$0.075	3,333,333	-	-	(3,333,333)	-	-
13 Jul 2012	13 July 2014	\$0.10	3,333,334	-	-	-	3,333,334	3,333,334
13 Jul 2012	13 July 2015	\$0.125	3,333,333	-	-	-	3,333,333	3,333,333
03 Sep 2012	03 Sep 2013	\$0.075	5,802,357	-	(5,502)	(5,796,855)	-	-
03 Sep 2012	03 Sep 2014	\$0.10	5,802,296	-	(667)	-	5,801,629	5,801,629
03 Sep 2012	03 Sep 2015	\$0.125	5,802,248	-	(666)	-	5,801,582	5,801,582
Total options			48,173,567	-	(6,835)	(12,463,521)	35,703,211	35,703,211
Weighted average exercise price		\$0.12						

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

26. SHARE BASED PAYMENTS (continued)

CONSOLIDATED AND PARENT ENTITY 2013

Grant Date	Expiry Date	Exercise Price	Balance at start of the year (number)	Granted during the financial period (number)	Exercised during the financial period	Expired during the financial period	Balance at the end of the financial period (number)	Vested and exercisable at end of financial period (number)
Director options								
1 Oct 2007	30 Sep 2012	\$0.20	4,000,000	-	-	(4,000,000)	-	-
11 Mar 2008	28 Feb 2013	\$0.20	2,000,000	-	-	(2,000,000)	-	-
29 Jun 2012	28 Jun 2013	\$0.075	3,333,334	-	-	(3,333,334)	-	-
29 Jun 2012	28 Jun 2014	\$0.10	3,333,333	-	-	-	3,333,333	3,333,333
29 Jun 2012	28 Jun 2015	\$0.125	3,333,333	-	-	-	3,333,333	3,333,333
13 Jul 2012	31 Mar 2015	\$0.089	-	3,000,000	-	-	3,000,000	3,000,000
Vendor options								
14 Dec 2009	14 Dec 2012	\$0.20	2,500,000	--	-	(2,500,000)	-	-
14 Sept 2012	31 Mar 2015	\$0.125	-	10,000,000	-	-	10,000,000	10,000,000
Other options								
19 Oct 2009	26 Jun 2013	\$0.20	550,000	-	-	(550,000)	-	-
15 Dec 2009	31 Aug 2014	\$0.20	100,000	-	-	-	100,000	100,000
15 Dec 2009	21 Dec 2014	\$0.20	550,000	-	-	-	550,000	550,000
28 Jan 2011	31 Aug 2014	\$0.20	250,000	-	-	-	250,000	250,000
28 Jan 2011	31 Aug 2014	\$0.20	200,000	-	-	-	200,000	200,000
13 Jul 2012	13 July 2013	\$0.075	-	3,333,333	-	-	3,333,333	3,333,333
13 Jul 2012	13 July 2014	\$0.10	-	3,333,334	-	-	3,333,334	3,333,334
13 Jul 2012	13 July 2015	\$0.125	-	3,333,333	-	-	3,333,333	3,333,333
03 Sep 2012	03 Sep 2013	\$0.075	-	5,802,357	-	-	5,802,357	5,802,357
03 Sep 2012	03 Sep 2014	\$0.10	-	5,802,296	-	-	5,802,296	5,802,296
03 Sep 2012	03 Sep 2015	\$0.125	-	5,802,248	-	-	5,802,248	5,802,248
Total options			20,150,000	40,406,901	-	(12,383,334)	48,173,567	48,173,567
Weighted average exercise price		\$0.11						

An Employee Share Option Plan was adopted on 26 October 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

26. SHARE BASED PAYMENTS (continued)

Expenses arising from share - based payment transactions

Total expenses arising from share-based payments recognised during the financial period as employee benefits expense was:

	Consolidated	
	2014	2013
	\$	\$
Share Options		
Tenement acquisition (share options issued)	-	103,128
Options issued to employees	-	60,501
Shares issued		
Tenement acquisition (vendor share issued)	-	350,000
	-	513,629

Option pricing model

The fair value of options granted is estimated as at the date of grant using the Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs used for the years ended 30 June 2014 and 30 June 2013:

	Consolidated	
	2014	2013
Employee options		
Expected volatility (%)	-	74.00%
Risk-free interest rate (%)	-	2.32%
Expected life of option (years)	-	3
Option exercise price (\$)	-	0.089
Share price (\$)	-	0.06
Other options		
Expected volatility (%)	-	71.00%
Risk-free interest rate (%)	-	2.71%
Expected life of option (years)	-	3
Option exercise price (\$)	-	0.125
Share price (\$)	-	0.05

27. COMMITMENTS

There are no commitments at 30 June 2014 (2013: nil). Prior year financials included mining tenement rentals and minimum expenditure requirements of \$114,779 for 30 June 2014, but these are no longer included as the Group is not obligated to make these payments and therefore considers that it has not made a commitment.

28. COMPANY DETAILS

The registered office and principal place of business of the parent entity is:
Ground Floor 89 Burswood Road
Burswood WA 6100
Australia

DIRECTORS' DECLARATION

In the opinion of the Directors of General Mining Corporation Limited:

- (a) The financial statements and notes set out on the preceding pages are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the financial position of the Consolidated entity as at 30 June 2014 and of their performance for the financial year ended on that date; and
 - ii complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) The financial report also complies with International Financial Reporting Standards, as disclosed in note 1.
- (d) The audited remuneration disclosures set out in the Directors' Report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

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

Signed at Perth this 30th day of September 2014



MICHAEL G FOTIOS
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GENERAL MINING CORPORATION LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of General Mining Corporation Limited ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of General Mining Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 1.

Material Uncertainty Regarding Going Concern and Capitalised Exploration Costs

Without qualification to the audit opinion expressed above, attention is drawn to the following matters.

As referred to in note 1(a) to the financial report, the financial report has been prepared on a going concern basis. At 30 June 2014 the Group had net assets of \$406,104, cash and cash equivalents of \$77,705 and net working capital deficiency of \$424,150. The Group had incurred a loss for the year ended 30 June 2014 of \$717,688. The ability of the Group to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the Group raising further working capital, and/or commencing profitable operations.

As described in Note 8, the recoupment of costs carried forward in relation to the area of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or the sale of the respective areas.

In the event that the Group cannot raise further equity or is not successful in commercially developing the area of interest or sale the assets at current book values or in excess thereof, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's non-current assets may be significantly less than current book values.

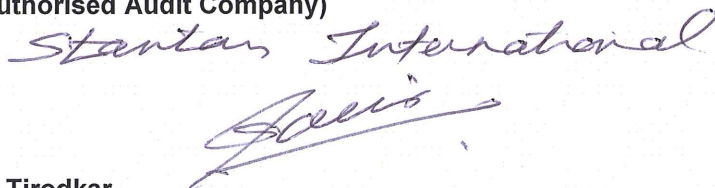
Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 11 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion

In our opinion the remuneration report of General Mining Corporation Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

West Perth, Western Australia
30 September 2014