Goldminex Resources Limited and Controlled Entities

Directors' and Financial Reports

for the year ended 30 June 2013

Contents

Goldminex Resources Limited (GMX or the Company) is a public company limited by shares which are listed on the Australian Securities Exchange (ASX: GMX), registered (ABN 62 119 383 578) and domiciled in Australia.

The Company's registered office and principal place of business is:

Suite 401
25 Lime Street
Sydney NSW 2000

Directors' report

The directors of Goldminex Resources Limited submit herewith the annual financial report of the Company and its controlled entities (the Group) for the year ended 30 June 2013. The directors report as follows:

1. Directors

The following persons were directors of the Company during the whole of the year and up to and including the date of this report, unless otherwise indicated:

Niall Cairns (Chairman)
Phillip Carter
Adrian Fleming
Simon O'Loughlin
David Sode
Colin Paterson (resigned 12 July 2012)

2. Principal activities

The company's principal activities during the period continued to be the exploration of minerals.

3. Review of operations

Total income from operating activities for the year was $384,025 (2012: $880,447). Income included management fees of $309,651 (2012: $645,734).

Expenses for the year totalled $2,151,578 (2012: $17,461,754). Expenses included corporate expenses, $697,019 (2012: $411,895), administration expenses, $201,584 (2012: $363,011), employee expenses, $837,369 (2012: $1,103,397), and exploration expenditure written off $319,511 (2012: $14,499,354).

Operating loss after income tax for the year was $1,767,553 (2012: operating loss $16,581,307).

In July 2011, GMX entered into a four year Farm-In arrangement with a subsidiary of the Brazilian-based global mining group, Vale S.A ("Vale"). The arrangement provides that Vale may earn a 51% interest certain of GMX's Exploration Licences within the Owen Stanley region, through funding eligible exploration expenditure of US$20 million over the period of the arrangement. At 30 June 2013, aggregate Farm-In contributions received by GMX since inception of the Vale arrangement totalled US $15.1 million, with USD $1.9 million to 30 June 2013, with a further US $1.5 million received subsequent to that date.

Net assets of the Group at the year end stood at $17,645,176 (2012: $19,442,692). The change in net assets was consistent with the net loss for the period.

During the current year, GMX has advanced exploration significantly at several of the Vale Farm-In copper-gold projects and the GMX 100% owned copper-gold and nickel sulphide projects through data assessment and conducting of field programs. Target generation also continued throughout the period. The Vale Farm-in copper-gold exploration activities encompassed field activities conducted at the Kiki, Bubuafu and Biafa prospects of the Liamu project, and at the Wavera, Mt Obree-Goari, Jog and the Gewoia projects. The GMX100% projects advanced include the E'Au River, Suzie Creek, Goada River copper-gold and the Keveri Region Nickel project.

The on-ground work culminated in the second half of the year with an IP geophysical survey being undertaken at the Kiki Prospect of the Company's flagship Liamu project. The survey revealed a strong chargeability anomaly which, combined with the previous aeromagnetic and geological data outlined a drill target with porphyry copper and gold potential. A drilling campaign involving two holes was conducted. Assay results from the drill core revealed elevated gold mineralisation and associated alteration styles indicative of porphyry and epithermal mineralisation, indicating further investigation of the area is warranted.

4. Dividends

No dividends were paid or declared during the year and directors do not recommend payment of a dividend in respect of the year.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2013.

Directors' report (continued)

6. Events subsequent to balance date

Subsequent to the end of the period the Company was notified by Vale of its intentions to withdraw from the Farm-in arrangement, having funded at that time US $16.6 million of its initial commitment of US $20.0 million, on exploration activities. Other than as noted elsewhere in this report, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material nature likely, in the opinion of the directors of the Company to affect the operations of the consolidated Group, the results of these operations or the state of affairs of the consolidated Group in subsequent periods.

7. Likely developments and prospects

In response to prevailing conditions in the equity market, the Company has scaled back its field resources and intends to focus in the medium term on what it considers its core tenement areas. At the end of the period the Company held cash reserves of $1.835 million with which it intends to service its commitments on core tenements while also assessing strategic regional opportunities.

8. Environmental regulations

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There has been no known breach of the tenement environmental regulation conditions, and the Group has not been notified of any breaches by any government agencies during the year ended 30 June 2013.

9. Proceedings on behalf of the Company

As at the date of this report and during the period ended 30 June 2013, there were no leave applications or proceedings brought on behalf of the Company under section 237 of the Corporations Act 2001.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

10. Information on directors

The names and details of the Company’s Directors in office during the financial year and until the date of this report are provided below.

Name	**Mr Niall Cairns**
Position	Non-Executive Chairman
Qualifications	B.Ec, ACA, FAICD
First appointed	23 Apr 2012
Age	49
Experience	Niall is a joint managing director and co-founder of Kestrel Capital Pty Ltd, a private equity manager focused on growth companies with global opportunities in the Resources, IT, niche manufacturing and services sectors. As an experienced growth company investor and developer, Niall has over 25 years of direct seed, private equity and listed company experience. In 1993 Niall co-founded Kestrel Capital, since which he has raised six funds and led the investments and been a director of companies such as Australian Helicopters, Gale Pacific (AVCAL award winner), Intrapower and Tru-Test.
Special responsibilities	Member of Audit and Risk Management Committee
Directorships in listed entities (or their manager where a listed trust)	Nil
Former directorships in listed entities (in the last 3 years)	Intrapower Limited (Jan. 2011 to Aug. 2011)
Relevant interests in shares, options and performance rights	11,303,651 fully paid ordinary shares

Directors' report (continued)

10. Information on directors (continued)

Name	**Dr Phillip Carter**
Position	Independent Non-Executive Director
Qualifications	PhD (Eng.), BEng, MAppFin, IMC (UK), Ffin
First appointed	22 Jun 2012
Age	43
Experience	Phillip is a joint managing director of Kestrel Capital Pty Ltd, a Sydney-based private equity manager focused on growth companies with global opportunities in the resources, IT, niche manufacturing and services sectors. Previously, Phillip headed up a leading UK-based management consulting and investment advisory practice, focused predominately on the Chemical, Materials and Energy sectors, involving project feasibility and optimisation, minerals and materials processing technology evaluation, operational improvement, M&A and strategy development. Phillip began his career as an engineer with ANI, Alcan and Rolls-Royce Research Centre - University of Cambridge. He is currently a non-executive director of Sigtec Holdings Pty Ltd (Australia).
Special responsibilities	Member of Remuneration and Nomination Committee
Directorships in listed entities (or their manager where a listed trust)	Nil
Former directorships in listed entities (in the last 3 years)	Nil
Relevant interests in shares, options and performance rights	Nil

Name	**Mr Adrian Fleming**
Position	Independent Non-Executive Director
Qualifications	B.Sc. (Hons), M.AusIMM, RPGeo
First appointed	31 Aug 2007
Age	65
Experience	Adrian is a geologist with more than 30 years’ experience in minerals exploration, mine development and mining operations including gold, base metals and diamonds. Adrian has held positions as General Manager of Exploration for Placer Pacific, CEO for Giant Yellowknife Mines in Toronto, Vice President of Exploration for Golden Star Resources in Denver and was founder of Underworld Resources listed on the TSX in 2007. He is currently CEO for Prosperity Goldfields.
Special responsibilities	Chairman of Audit and Risk Management Committee Chairman of Remuneration and Nomination Committee
Directorships in listed entities (or their manager where a listed trust)	Prosperity Goldfields (TSX.V), Glass Earth Gold (TSX.V), Tarsis Resources (TSX.V), Entourage Metals (TSX.V), Valhalla Resources (TSX.V), Full Metal Zinc (TSX.V), Precipitate Resources (TSX.V), Gonzaga Resources (TSX.V)
Former directorships in listed entities (in the last 3 years)	Underworld Resources Inc. (TSX), Smash Minerals Corp (TSX.V), Queensland Minerals(TSX.V)
Relevant interests in shares, options and performance rights	227,000 fully paid ordinary shares

Directors' report (continued)

10. Information on directors (continued)

Name	**Mr Simon O'Loughlin**
Position	Independent Non-Executive Director
Qualifications	BA (Acc), Law Society Certificate in Law
First appointed	22 Jun 2012
Age	56
Experience	Simon O'Loughlin is the founding member of O'Loughlin Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practising in Sydney and Adelaide. More recently, he has been focusing on the resources sector. Simon also holds accounting qualifications. He is currently chairman of Kibaran Nickel Limited and a director of Petratherm Limited, Chesser Resources Limited, WCP Resources Limited, AOMinerals Limited and Lawson Gold Limited. He has comprehensive experience with companies in the small industrial and resources sectors. Simon is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).
Special responsibilities	Member of Audit and Risk Management Committee
Directorships in listed entities (or their manager where a listed trust)	Kibaran Nickel Limited, Lawson Gold Limited, Petratherm Limited, Chesser Resources Limited, WCP Resources Limited and AO Energy Limited.
Former directorships in listed entities (in the last 3 years)	Avenue Resources Limited (Sep. 2010 to Mar. 2012), Living Cell Technologies Ltd (May 2004 to Nov. 2010), Wolf Petroleum Limited (Sep. 2010 to Apr. 2012), Oncosil Ltd (Mar. 2012 to Jun 2013), Bioxyne Ltd (Jul. 2008 to Apr 2012), World Titanuium Resources Ltd (Dec. 2006 to Dec. 2011).
Relevant interests in shares, options and performance rights	300,000 fully paid ordinary shares

Name	**Mr David Sode**
Position	Independent Non-Executive Director
Qualifications	LLB
First appointed	31 Aug 2007
Age	53
Experience	David is the CEO of PNG Sustainable Development Program Ltd (a majority shareholder of Ok Tedi Copper and Gold mine in PNG). His previous role as Commissioner General of the PNG Internal Revenue Commission also provides strong experience in Customs and Excise, Taxation and Internal Revenue in PNG.
Special responsibilities	Member of Remuneration and Nomination Committee
Directorships in listed entities (or their manager where a listed trust)	Nil
Former directorships in listed entities (in the last 3 years)	Nil
Relevant interests in shares, options and performance rights	100,000 fully paid ordinary shares

Directors' report (continued)

10. Information on directors (continued)

Name	**Mr Colin Patterson**
Position	Independent Non-Executive Director
Qualifications	B.Sc. (Eng.) Mining, B.Com (Hons), FAICD; F.AusIMM
First appointed	31 August 2007 (resigned 10 July 2012)
Age	59
Experience	Colin has in excess of 40 years' experience in the mining industry in Australia, Asia, North America, South America and South Africa. Colin is CEO of a private mining and exploration company, Momentum Resources and was formerly CEO of ASVI based in Malaysia Olympus Pacific Minerals Inc. (a TSX listed company), Pan Palladium and Emperor Mines. He is also Chairman of Apex Mining Inc. (Philippines) and a non-executive director of Odin Mining (Canada) and the Phoenix Gold fund (Malaysia).
Special responsibilities	Nil
Directorships in listed entities (or their manager where a listed trust)	Apex Mining Inc. (PSE), Odin Mining and Exploration Ltd (TSX)
Former directorships in listed entities (in the last 3 years)	Nil
Relevant interests in shares, options and performance rights	Nil

11. Company secretaries

Name	**Mr Wayne Longbottom**
Position	Chief Financial Officer and Company Secretary
Qualifications	B.Comm, MAppFin, MBA, CPA
First appointed	31 October 2012
Age	58
Experience	Wayne is a partner in Kestrel Capital Pty Ltd. He was previously the CFO and Secretary of Colonial First State Private Capital Limited, the former ASX-listed infrastructure and private equity investment vehicle of Colonial First State Global Asset Management. Wayne is a CPA with a degree in Commerce and Master's degrees in Applied Finance and Business Administration from Macquarie University. Wayne was formerly Group Chief Accountant for the Australian National Industries Group.

Name	**Mr Paul Thaw**
Position	Chief Financial Officer and Company Secretary
Qualifications	B.Econ & Comm. (Hons), MBA, CPA
First appointed	2 June 2009 (resigned 31 October 2012)
Age	45
Experience	20 years' experience in senior financial roles at major listed companies, including Golden Shamrock Mines, NEC, Village Roadshow and Adecco. As a senior finance executive, Paul has substantial experience in a broad range of industries including mining and exploration, both in Australia and abroad, across a variety of functions including corporate administration, governance, capital raising, ASX compliance and regulatory requirements.

Directors' report (continued)

12. Meetings of directors

The following table sets out the number of Director and Committee meetings held during the financial year and the number of meetings attended by each Director.

	Board of directors		Audit & Risk Management Committee		Remuneration & nominations committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Niall Cairns	9	9	1	1	-	-
Phillip Carter	9	9	-	-	1	1
Adrian Fleming	9	9	1	1	1	1
Simon O'Loughlin	9	7	1	1	-	-
David Sode	9	9	-	-	1	1
Colin Paterson	-	-	-	-	-	-

13. Indemnification of Directors and officers

During the financial year, the Company paid for an insurance premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all officers of the Company and its controlled entities against a liability incurred as such as Director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company will indemnify each Director to the extent permitted by the Corporations Act 2001 against liabilities arising as a result of the person acting as a Director of the Company. The Company will be required to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of seven years after retirement or resignation.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a Director or officer of the Company or its controlled entities against a liability incurred.

14. Remuneration report (audited)

The Remuneration Report, which forms part of the Directors Report, sets out information about the remuneration of Goldminex Resources Limited's Directors and its senior management for the financial year ended 30 June 2013.

The term 'senior management' is used in this Remuneration Report to refer to the following persons:

Name	Position	Date appointed
Alexander Moyle	Chief Executive Officer	2 February 2010
Wayne Longbottom	Chief Financial Officer and Company Secretary	31 October 2012
Paul Thaw	Chief Financial Officer and Company Secretary	2 June 2009 (resigned 31 October 2012)

Remuneration policy

It is the Company's goal to promote excellence at Board level, in staff members and with associated organisations. To this end, it seeks to engage the services of individuals and organisations with the requisite experience and competencies to assist the company to achieve its strategic objectives.

The Board policy for determining the nature and amount of remuneration of Directors and senior management is agreed by the Board of Directors as a whole after review and recommendation by the Remuneration and Nomination Committee. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated Directors and employees who can enhance Company performance through their contributions and leadership.

In order to assist in the attraction, retention and motivation of employees and contract staff, the Company has implemented a Loan-funded Share Plan, Performance Rights Plan and Employee Option Scheme. All plans have previously been approved by shareholders and have been tailored to account for the changes to the Income Tax Assessment Act (1997) effective from 1 July 2011.

Directors' report (continued)

14. Remuneration report (continued)

Non-executive director remuneration

Non-Executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees is set at a maximum of $250,000. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Directors fees being paid by comparable companies with similar responsibilities and the experience of the Directors when undertaking the annual review process.

Senior management remuneration

In determining the level and composition of senior management remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable senior management roles. Remuneration consists of a mix of fixed and variable remuneration and performance incentive rewards as appropriate. To this end, the Company's remuneration framework seeks to align with shareholders interests and in particular the discovery of an economic resource.

Details regarding components of Director and senior management remuneration are provided below.

Year ended 30 June 2013.

	Short-term Employment Benefits				Post-employment	Equity-based Compensation		
	Salary, Fees and Commissions	Non-Monetary Benefits	Cash Incentive	Consultancy	Superannuation	Options	Total	Options
	$	$	$	$	$	$	$	%
Niall Cairns	45,000	-	-	-	-	-	45,000	-
Phillip Carter	35,000	-	-	6,000	-	-	41,000	-
Adrian Fleming	35,000	-	-	-	-	-	35,000	-
Simon O'Loughlin	32,092	-	-	-	2,908	-	35,000	-
David Sode	35,000	-	-	-	-	-	35,000	-
Colin Paterson	941	-	-	-	-	-	941	-
Alexander Moyle	315,000	-	-	-	28,350	-	343,350	-
Wayne Longbottom	-	-	-	-	-	-	-	-
Paul Thaw	139,741	-	-	-	6,535	-	146,276	-
	637,774	-	-	6,000	37,793	-	681,567	-

Year ended 30 June 2012.

Niall Cairns	7,484	-	-	-	-	-	7,484	-
Phillip Carter	953	-	-	-	-	-	953	-
Adrian Fleming	38,150	-	-	21,713	-	-	59,863	-
Simon O'Loughlin	875	-	-	-	78	-	953	-
David Sode	38,150	-	-	-	-	-	38,150	-
Colin Paterson	38,150	-	-	-	-	-	38,150	-
John Downie	44,852	-	-	-	4,037	-	48,889	-
Andrew Matheson	34,222	-	-	-	3,080	-	37,302	-
Alexander Moyle	320,000	-	30,000	-	28,800	-	378,800	-
Paul Thaw	260,000	-	30,000	-	23,400	-	313,400	-
	782,836	-	60,000	21,713	59,395	-	923,944	-

Directors' report (continued)

14. Remuneration report (continued)

Equity-based compensation

No shares or options were issued as remuneration during the current or prior years.

Options on issue or exercised

No options were exercised during the year ended 30 June 2013 (2012: Nil) and no options on issue at that date (2012: 1,500,000). On 1 July 2012 1,500,000 options with an exercise price of $0.50 lapsed.

Further details on options is contained in the Key Management Personnel disclosures in note 25.

Key terms of employment contracts

The Chief Executive Officer, Mr Alexander Moyle, is employed under a contract. The employment contract commenced on 2 February 2010 and is ongoing. Under the terms of the contract Mr Moyle:

- has a fixed remuneration package of $320,000 plus $28,800 superannuation, subject to annual increases at the discretion of the Board of Directors,
- is entitled to be reimbursed for reasonable work related travel, accommodation and incidental expenses up to an amount agreed by the Board reviewed at least annually,
- may resign from his position and terminate his employment contract by providing the Company with six months written notice,
- may be terminated by the Company providing six months written notice and by the pay of an amount equal to the lesser of the full amount of remuneration for the balance of the term, or six months remuneration at the rate set out in the agreement,
- may be terminated by the Company at any time without notice if serious misconduct has occurred. Where termination with cause occurs, Mr A Moyle is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.
- shall be entitled to participate in Employee Incentive Plans of the Company,
- shall be entitled to a performance bonus at the discretion of the Board of Directors subject to meeting specified key performance indicators.

The terms of Mr Moyle's contract were varied by mutual agreement on 17 June 2013. From that date Mr Moyle's fixed remuneration was reduced to $260,000 per annum, plus superannuation. All other terms remained unchanged. Also on 17 June 2013 Mr Moyle was advised by the Board of its intention to terminate his employment contract, subject to the requisite period of notice under the agreement. Unless otherewise agreed by the Company and Mr Moyle, termination of the agreement will be effective on 17 December 2013.

The Company Secretary/Chief Financial Officer, Mr Wayne Longbottom is not contracted directly by the Company. Mr Longbottom's services are provided under an Administrative and Management Services Agreement between the Company and Kestrel Capital Pty Ltd.

The former Company Secretary/Chief Financial Officer, Mr Paul Thaw, was employed under a contract of employment which commenced on 4 May 2009 and terminated on 31 October 2012. Under the terms of that contract Mr Thaw:

- had a fixed remuneration package of $240,000 plus $21,600 superannuation, subject to annual increases at the discretion of the Board of Directors,
- could resign from his position and terminate his contract by providing the Company with 30 days written notice,
- could be terminated by the Company providing 30 days written notice and payment of an amount equal to the lesser of the full amount of remuneration for the balance of the term, or 30 days remuneration at the rate set out in the agreement,
- could be terminated by the Company at any time without notice for serious misconduct which would entitle Mr Thaw to that portion of remuneration which is fixed, and only up to the date of termination,
- was entitled to participate in Employee Incentive Plans of the Company,
- was entitled to a performance bonus at the discretion of the Board of Directors subject to meeting specified key performance indicators.

Use of remuneration consultants

The Company's Nomination and Remuneration Committee employs the services of remuneration consultants from time to time to review and provide recommendations in respect of the amount and elements of executive remuneration, including short-term and long-term incentive plans. The Company however did not utilise the services of a remuneration consultant during the year ended 30 June 2013.

Directors' report (continued)

14. Remuneration report (continued)

Performance based remuneration

Executive pay and reward framework has three components:

(i) Fixed remuneration and benefits

A total employment cost package may include a combination of cash and prescribed non-financial benefits at the executives' discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. The base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market.

(ii) Short term incentives (STI)

Incentives are payable to executives and senior staff based upon the alignment to agreed corporate and individual milestones and are reviewed and approved by the Board of Directors.

(iii) Long term incentives (LTI)

Executives and key personnel are issued with equity instruments in a manner that aligns this element of remuneration with the creation of shareholder value. LTI grants are made to executives who are able to influence the generation of shareholder value.

Relationship between remuneration policy and company performance

The Company's remuneration policy seeks to reward staff members for their contribution to achieving significant operational and strategic milestones. These milestones build sustainable and long term share holder value.

Equity instruments are issued to executives and key personnel, and entitlements are based upon performance relative to individual and the Company both in absolute terms and relative to competitors in the resource sector. Equity instruments that are issued for performance are subject to key performance indicators (KPI's) set and approved by the Nominations and Remuneration Committee.

The KPI's are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The KPI's target areas the Board believes hold greater potential for the group, covering financial and non-financial and well as short and long-term goals.

Financial performance measures include adherence to budgeted expenditure and cash flow management, while non-financial measures are variously related to the individual's contribution toward achievement of the Company's strategic goals.

The following table sets out the movement in the Company's share price for the current and immediately preceding four financial years and the aggregate remuneration of KMP's over that period.

	30 June 09	30 June 10	30 June 11	30 June 12	30 June 13
Closing share price $	0.76	0.16	0.11	0.06	0.014
Price increase (decrease) $	(0.660)	(0.600)	(0.050)	(0.050)	(0.046)
Price increase (decrease) %	(46)	(79)	(31)	(45)	(77)
Total KMP remuneration $	1,419,687	2,364,251	845,180	923,944	681,567

Voting and comments made at the Company's 2012 Annual General Meeting

At the Company's 2012 Annual General Meeting approximately 88% of votes cast were in favour of the Remuneration Report for the financial year ended 30 June 2012. No specific feedback in regard to the report was received from shareholders in attendance or otherwise.

15. Auditor and non-audit services

The auditor of the parent and consolidated entities at 30 June 2013 was Grant Thornton Audit Pty Ltd, who continues in office in accordance with section 327 of the Corporations Act 2001. The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company and/or the consolidated entity are considered important.

The board of directors has considered the position of the auditor in relation to non-audit services provided to the Company and controlled entities, and, in accordance with advice received from the Audit and Risk Management Committee is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements for the Corporations Act 2001 for the following reasons:

Directors' report (continued)

15. Auditor and non-audit services (continued)

- all non-audit services have been reviewed by the audit and risk management committee which considers that they did not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity, acting as advocate for the company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is appended to and forms part of this report.

Details of amounts paid or payable to the auditor in relation to the audit of the Company and its controlled entities are contained in note 6.

This report has been made in accordance with a resolution of directors.

On behalf of the directors.

Niall Cairns
Chairman
Sydney
27 September 2013

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Auditor's Independence Declaration
To the Directors of Goldminex Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Goldminex Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 27 September 2013

Corporate governance statement

The Board of Directors of Goldminex Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company is committed to implementing the highest standards of corporate governance.

In setting its standards, the Company has considered the ASX Corporate Governance Principles and Recommendations 2nd Edition. Whilst the Company continues to develop and improve its corporate governance processes and standards, it is pleased to advise that the Company's practices are largely consistent with these guidelines.

The Board undertakes regular reviews of the Company's corporate governance policies in order to adopt a strengthened model that recognises and reflects the ongoing development of the Company in order to ensure that the model is relevant, efficient and cost effective to the Company and its shareholders.

The Corporate Governance Statement that follows discloses the extent to which the Company has followed the guidelines during the 2013 year. A complete set of the Company's corporate governance policies can be found on the Company's website at www.goldminex.com.au.

Principle 1: Lay Solid Foundations for Management and Oversight

The functions reserved by the Board and those delegated to senior management are disclosed in the Company's Board Charter and the Company's Delegated Authorities Policy. These documents are available on the Company's website at www.goldminex.com.au.

The Board's role is to govern the Company rather than to manage its operations. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The responsibilities of the Board include:

- Setting the strategic goals, objectives and plans in conjunction with management;
- Approving financial plans and annual budgets;
- Monitoring financial results and other performance indicators;
- Approving significant acquisitions and divestments;
- Identifying and monitoring business risks as well as reviewing and ratifying systems of risk management, internal compliance and control;
- Determining the governance policies of the Company and ensuring compliance with those policies including:
    - Encouraging ethical behaviour and good corporate citizenship;
    - Ensuring a healthy and safe work environment;
    - Ensuring that Goldminex complies with all relevant legislation;
    - Ensuring adherence to environmental standards;
- Establishing and reviewing the charters of all committees of the Board;
- Selecting, appointing and approving the terms and conditions for the Chief Executive Officer as well as reviewing their performance;
- Ratifying the appointment of senior management and appointing the Company Secretary;
- Monitoring the appointment, performance, and terms and conditions of senior management;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs.

The Board has delegated the responsibility for management of the Company to the Chief Executive Officer and senior management who implement the Board's strategies and compliance activities. The process for evaluating the performance of the Chief Executive Officer and senior management in their undertaking of these duties is described in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website at www.goldminex.com.au. In accordance with the Company's policy, the Remuneration and Nominations Committee met during the course of the year to review the performance and remuneration of senior management. External reports on executive remuneration have been used to provide independent advice on market levels of remuneration for comparable senior management roles.

Corporate governance statement (continued)

Principle 2: Structure the Board to Add Value

Details regarding the structure of the Board and the names, qualifications and independence of each Director are provided in the Directors' Report. The Board Charter details the Board's composition and responsibilities. The Company's policy on Director independence and access to independent advice at the expense of the Company is provided in the Company's Director Independence Policy which can be found on the Company's website at www.goldminex.com.au.

Independent Directors

Directors of Goldminex are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. In the context of Director independence, 'materiality' is considered both from the Company and individual Director perspective.

In reviewing Director's independence, the Board has previously reviewed the independence of Mr Colin Patterson, as Colin is Chief Executive Officer of ASVI which is a related entity to a shareholder of Goldminex, Mango Bay Enterprises Inc. In accordance with ASX Corporate Governance Guidelines, a Director's independence will be qualified if they are a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company. As Mango Bay Enterprises Inc did not hold a majority interest in ASVI and given Colin's continued and demonstrated performance and ability to make objective judgments on matters before the Board, the Board considers that Colin continues to perform his duties as an independent Director.

The Board has also reviewed the independence of Dr Phillip Carter, as Phillip is joint Managing Director of Kestrel Capital Pty Ltd which is a related entity to a shareholder of Goldminex, Carnethy Evergreen Pty Ltd. In accordance with ASX Corporate Governance Guidelines, a Director's independence will be qualified if they are a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company. As Carnethy Evergreen Pty Ltd does not hold a majority interest in Kestrel Capital Pty Ltd, the Board considers that Phillip performs his duties as an independent Director.

All Directors are entitled to seek independent professional advice in carrying out their duties. Further, in accordance with the Corporations Act 2001 and the Company's policies, each member of the Board is required to keep the Board advised of any potential conflict of interest with the Company and must absent themselves from any Board discussion and not vote if a conflict does exist.

Board Composition

The roles of Chief Executive Officer and Chairman of the Board are undertaken by separate people. The Board has a majority of independent Directors with four of the Directors being independent.

The Chairman of the Board is a non-independent Director and whilst this represents a divergence from ASX Corporate Governance Principles and Recommendations regarding the appointment of an independent Chairperson, the Directors believe that this appointment is appropriate given the current stage of the Company's development.

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Remuneration and Nomination Committee and the Audit and Risk Management Committee. Each committee has its own written charter setting out its role and responsibilities, structure and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

The Remuneration and Nomination Committee consists of a majority of independent Directors, is chaired by an independent Director and has at least three members. Over the year, the Committee consisted of the following Directors: A. Fleming (Chair), D. Sode, P. Carter.

The Remuneration and Nominations Committee Charter describes the role of the Committee and process for evaluating the performance of the Board, its committees and individual Directors. These corporate governance documents are available for review on the Company's website at www.goldminex.com.au.

In accordance with the Charter, the Remuneration and Nomination Committee is responsible for ensuring that the Company:

- Has coherent recruitment, retention, succession and remuneration policies and practices which enable it to attract and retain Directors and senior management who have the skills to achieve the Company's goals and add value for shareholders;
- Rewards Directors and senior management in a fair and responsible manner, whilst having due regard for the performance of the Company, the individual Director or senior management's performance and the reward environment;
- Complies with all relevant employment legislation, as well as legislation and listing rules regarding Director and senior management remuneration and the disclosure of such remuneration; and

Corporate governance statement (continued)

- Evaluate the performance of the Board, its committees and Directors to ensure that the Board composition meets the present and future needs of the Company and to make recommendations on Board composition and appointments.

Specifically in the case of appointment of new Directors, the Remuneration and Nomination Committee will:

- Identify the skills and characteristics the Board needs to enhance its operation;
- Establish a process, including obtaining third party advice, for identifying, selecting and recommending to the whole Board, individuals who meet the criteria established;
- Select and interview specific individuals for nomination and make recommendations to the Board on an individual's appointment;
- Ensure the individual understands their duties and responsibilities and the time and energy commitment needed to fulfil their role as a Director;
- Ensure the appointment letter covers all items required to reflect best practice;
- Develop and implement an effective induction process for new Directors; and
- Inform shareholders and stakeholders of the processes in selection and appointment of Directors.

When a new Director is to be appointed, the Remuneration and Nominations Committee reviews the range of skills, experience and expertise on the Board, identifies its needs and makes recommendations to the full Board. Where necessary, advice is sought from independent search consultants. The full Board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the Company. The Committee's nomination of existing Directors for reappointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and Company.

Each year the Board conducts an evaluation of its performance, the performance of its committees and its Directors under the guidance of the Remuneration and Nominations Committee. The assessment is both qualitative and quantitative and is conducted by the Board itself or an independent expert. The Chairperson is responsible for taking any actions that arise from the evaluation. The evaluation should lead to improved Board procedures, as well as goals for operation of the Board during the next year.

Principle 3: Promote Ethical and Responsible Decision-Making

Code of Conduct
The Company has developed a Company Code of Conduct that has been fully endorsed by the Board and applies to all Directors and employees. The Code of Conduct is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

The Company has a Securities Trading Policy that regulates the dealings by its Directors, employees and contractors, in shares, options and other securities issued by the Company. Under the Company's Securities Trading Policy, a Director, employee or contractor must not trade in any securities of the Company at any time when they are in possession of unpublished price sensitive information in relation to those securities or the Company's operations. Before commencing to trade, a Director, employee or contractor must first obtain appropriate approval to purchase (including the exercise of any options) or sell any securities of the Company. The policy has been formulated to ensure that Directors, employees and contractors who work on a regular basis for the Company are aware of the legal restrictions on trading in company securities while in possession of unpublished price-sensitive information.

Training

Induction Training
All officers of the Company are trained in the Company's Security Trading Code of Conduct as part of their induction training.

Ongoing Training
All officers are provided with training in the Company's Security Trading Code of Conduct together with other pertinent matters.

Dealing in the securities of other companies
The Company's Security Trading Code of Conduct is also expressly applied to other companies with which the Company may have dealings where an officer may have, or be perceived to have, price sensitive information.

Corporate governance statement (continued)

Diversity policy

The Company's workforce including employees, contractors, management and the Board is made up of individuals with diverse skills, values, backgrounds and experiences that bring to the Company the skills and expertise that is required for the Company to enhance its performance.

Under recommendations 3.3 and 3.4 of the Corporate Governance Principles and Recommendations the Company should disclose the measurable objective for achieving gender diversity and the progress that has been made towards achieving those objectives, as well as disclose the proportion of women employees in the whole organisation, in senior executive position and on the Board.

The Company values diversity and recognises the benefit it can bring in achieving its goals. To this end, the Company has established a diversity policy which reflects its commitments and objectives. A copy of the Diversity Policy is available on the Company's website www.goldminex.com.au.

Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measureable objectives in relation to gender. The Company is committed to ensuring that the appropriate mix of skills, experience, expertise and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members is appropriate considering its size and environment.

The proportion of women employees in administration & logistics, exploration & field activities, senior executive positions and the Board as is outlined in the table below:

	2013			2012		
	Total employees	Female employees		Total employees	Female employees	
	No.	No.	% of total	No.	No.	% of total
Administration & logistics	8	4	50	9	4	44
Exploration & field activities	22	-	-	49	-	-
Senior management	1	-	-	2	-	-
Board of directors	6	-	-	6	-	-
Total	37	4	11	66	4	6

Principle 4: Safeguard Integrity in Financial Reporting

The Audit and Risk Management Committee Charter describes the role and responsibilities of the Audit and Risk Management Committee established by the Board to review and monitor financial, audit and risk management processes and reporting. A Copy of that Charter is available on the Company's website at www.goldminex.com.au.The Committee consists only of Non-Executive Directors. There must be a minimum of three Directors, the majority of which are independent. The Chairman of the Committee must be an independent Director who is not Chairman of the Board. Over the year, this Committee consisted of the following Directors: A. Fleming (Chairman), N. Cairns and S. O'Loughlin.

The composition and structure of the Audit and Risk Management Committee complies with the requirements of the ASX Principles and Recommendations.

Separate discussions are held with the external auditor in the absence of management.

Each year, the Audit and Risk Management Committee reviews the performance and compensation of external auditors. Grant Thornton Audit Pty Ltd continues as the external auditor for the year ended 30 June 2013. It is Grant Thornton's policy to rotate audit engagement partners on listed companies at least every five years.

Principle 5: Make Timely and Balanced Disclosures

The Board has established a policy governing continuous disclosure and has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The identification and monitoring of matters which may require disclosure in accordance with the Company's continuous disclosure obligations occurs on a regular basis at management meetings attended by senior management. To ensure that all information of this nature is brought to the attention of the Board, the Company has developed a training program for all staff.

If a matter is identified as potentially requiring disclosure it is provided to the Chairman by the CEO or CFO/Company Secretary. All ASX announcements of a non procedural nature are approved by the Chairman before release. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

(a) Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and

Corporate governance statement (continued)

(b) That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon Confirmation of receipt from the ASX, the Company posts all information disclosed in accordance with this policy on the Company's website at www.goldminex.com.au.

Principle 6: Respect the Rights of Shareholders

The Company has adopted a communications policy, which is available on the Company's website at www.goldminex.com.au. The Company is committed to:

- Communicating effectively with shareholders through releases to the market via the ASX, the Company's website, information mailed and emailed to shareholders and the general meetings of the Company;
- Giving shareholders ready access to balanced and understandable information about the Group and corporate proposals; and
- Making it easy for shareholders to participate in general meetings of the Company.

The Company also requests the external auditor to attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7: Recognise and Manage Risk

The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the Company's approach to creating long-term shareholder value. Management, through to the CEO, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee on the Company's key risks and the extent to which it believes these risks are being monitored at each Committee meeting. The Audit and Risk Committee review and monitor management's risk management and internal compliance and control systems.

On a continuous basis, the Board has charged the Committee with responsibility that:

- clearly describe the respective roles of the Board , the Committee, Management and the internal audit function; and
- prescribe the necessary elements of an effective risk management system, namely; oversight, risk profile, risk management, compliance and control, and assessment of system effectiveness.

There are inherent risks associated with exploration and the development of resource projects and, in particular, operating in overseas countries such as PNG. The Company has not established formal policies for the oversight and management of these material business risks other than those delegated to the Audit and Risk Management Committee. Due to the size of the Company and the size of the Board, the Board monitors all key areas of the Company's risk management on an ongoing basis and, where possible, will implement policies and procedures to address such risks.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

Principle 8: Remunerate Fairly and Responsibly

As described under Principle 2 above, the Board is responsible for determining and reviewing compensation arrangements for the Directors, the Non Executive Chairman and the senior management team. The Board has established a Remuneration and Nominations Committee to help ensure that the Company remunerates Directors and senior management in a fair and responsible manner.

The performance of the Board, Committees, individual Directors and key management is reviewed regularly against both measurable and qualitative indicators. Performance appraisals are undertaken annually. The performance criteria against the Board, key management and Committees will be assessed and aligned with key corporate governance needs as well as financial and non-financial objectives. Senior management are given limited salary packaging options for their base salary including superannuation. It is intended that the manner of payment is optimal for the recipient without increasing the cost to the Company.

Senior management performance and remuneration includes an "at-risk" component, the payment of which is dependent upon individual and team performance relative to specific targets. Long term incentive arrangements have been provided by participation in employee incentive plans designed to ensure key employees maintain a long term interest in the growth and value of the Company.

Corporate governance statement (continued)

In relation to the payment of bonuses, options and other incentive payments to senior management and other staff, discretion is exercised by the Board having regard to individual, team and Company performance relative to specific targets during the period. The expected outcomes of remuneration structure are to retain and motivate Directors and key management, attract quality management and provide performance incentives which align performance and Company success in a manner that is market competitive, consistent with best practice and in the interests of shareholders. Details of the nature and amount of each element of remuneration, including both monetary and non-monetary components, for each Director and senior management paid during the year can be found in the Directors' Report.

Financial report

for the year ended 30 June 2013

Contents

Statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Revenue from continuing operations	3	**361,367**	731,487
Other income	3	**22,658**	148,960
		384,025	880,447
Less expenses			
Corporate		**697,019**	411,895
Administration		**201,584**	363,011
Occupancy		**85,322**	69,272
Employees		**837,369**	1,103,397
Finance costs		**277**	3,571
Depreciation		**10,496**	11,254
Exploration expenditure written off		**319,511**	14,499,354
Royalty extinguishment		**-**	1,000,000
Total expenses		**2,151,578**	17,461,754
Net loss from ordinary activities before income tax	4	**(1,767,553)**	(16,581,307)
Income tax expense	5	**-**	-
Net loss for the year attributable to members of the parent entity		**(1,767,553)**	(16,581,307)
Other comprehensive income (expense)			
Increase (decrease) in foreign currency translation reserve		**(29,963)**	4,252,116
Other comprehensive income (expense) for the year, net of tax		**(29,963)**	4,252,116
Total comprehensive income (expense) attributable to members of the parent entity		**(1,797,516)**	(12,329,191)
Loss per share attributable to holders of ordinary shares	23		
Basic (cents per ordinary share)		**1.57**	20.58
Diluted (cents per ordinary share)		**1.57**	20.58

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents	18(a)	**1,835,805**	5,411,157
Receivables	7	**844,205**	205,053
Inventories	8	**-**	110,898
Other assets	9	**343,751**	533,343
Total current assets		**3,023,761**	6,260,451
Non current Assets			
Property, plant and equipment	10	**50,273**	65,386
Exploration and evaluation expenditure	11	**15,173,168**	14,088,156
Total non current assets		**15,223,441**	14,153,542
Total assets		**18,247,202**	20,413,993
Current liabilities			
Trade and other payables	12	**542,429**	836,902
Borrowings	13	**-**	1,654
Provision for employee benefits	14	**58,161**	98,409
Total current liabilities		**600,590**	936,965
Non current liabilities			
Provision for employee benefits	14	**1,436**	34,336
Total non current liabilities		**1,436**	34,336
Total liabilities		**602,026**	971,301
Net assets		**17,645,176**	19,442,692
Shareholder's equity			
Share capital	15	**44,298,778**	44,298,778
Foreign currency reserve	16	**3,122,839**	3,152,802
Options reserve		**-**	750,000
Accumulated losses	16	**(29,776,441)**	(28,758,888)
Total shareholders equity		**17,645,176**	19,442,692

The statement of financial position in equity should be read in conjunction with the accompanying notes.

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2013

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	**$**	**$**	**$**
Balance at 30 June 2011	41,001,087	(12,851,711)	416,165	28,565,541
Operating loss after tax	-	(16,581,307)	-	(16,581,307)
Other comprehensive income (expense)	-	-	4,252,116	4,252,116
Total comprehensive income for the year ended 30 June 2012	-	(16,581,307)	4,252,116	(12,329,191)
Forfeiture of options	-	674,130	(674,130)	-
Exercise of performance rights	91,349	-	(91,349)	-
Placement of shares	782,942	-	-	782,942
Rights issue of shares	2,423,400	-	-	2,423,400
Transactions with owners in their capacity as owners:	3,297,691	674,130	(765,479)	3,206,342
Balance at 30 June 2012	44,298,778	(28,758,888)	3,902,802	19,442,692
Operating loss after tax	-	(1,767,553)	-	(1,767,553)
Other comprehensive income (expense)	-	-	(29,963)	(29,963)
Total comprehensive income for the year ended 30 June 2013	-	(1,767,553)	(29,963)	(1,797,516)
Forfeiture of options	-	750,000	(750,000)	-
Transactions with owners in their capacity as owners:	-	750,000	(750,000)	-
Balance at 30 June 2013	**44,298,778**	**(29,776,441)**	**3,122,839**	**17,645,176**

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Receipts from customers		**309,651**	645,734
Interest received		**51,716**	85,870
Payments to suppliers and employees		**(1,771,932)**	(1,777,931)
Net cash outflow from operating activities	18(b)	**(1,410,565)**	(1,046,327)
Cash flows from investing activities			
Payments for plant and equipment		**(25,374)**	(45,326)
Farm-in contributions received		**3,953,141**	11,058,783
Exploration expenditure		**(6,112,045)**	(9,329,838)
Extinguishment of Royalty Deed		**-**	(1,000,000)
Net cash inflow (outflow) from investing activities		**(2,184,278)**	683,619
Cash flows from financing activities			
Proceeds from issue of shares		**-**	3,206,342
Net cash inflow from financing activities		**-**	3,206,342
Net increase (decrease) in cash and cash equivalents		**(3,594,843)**	2,843,634
Foreign currency translation		**21,145**	(280,916)
Cash and cash equivalents at beginning of period		**5,409,503**	2,846,785
Cash and cash equivalents at end of period	18(a)	**1,835,805**	5,409,503

The statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

1. Statement of compliance and basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Goldminex Resources Limited is a for-profit entity for the purposes of preparing financial statements.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Compliance with IFRS

The consolidated financial statements of Goldminex Resources Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended accounting standards adopted by the Group

The following new and or amended standards were mandatory for the first time for the financial year beginning 1 July 2012:

- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Other Comprehensive Income. This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.

The adoption of the above did not materially impact the financial position or performance of the Group. There have been no other changes to accounting policies by the Group.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical cost, modified, where applicable, by the measurement at fair value of selected non-current assets and financial instruments.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described below, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

Judgments made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant accounting policies and notes to the financial statements. In particular these include:

- note 10. Plant and equipment
- note 11. Exploration expenditure
- note 14. Provisions
- note 21. Contingent liabilities
- note 22. Commitments
- note 24. Share-based payments

Principles of consolidation

The consolidated financial statements comprise the financial statements of Goldminex Resources Limited and controlled entities (the Group) as at 30 June each year. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Group has control.

All balances and transactions between Group entities are eliminated in full.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

Notes to the financial statements (continued)

1. Statement of compliance and basis of preparation (continued)

The consolidated entity has incurred a net loss of $1,767,553 for the year ended 30 June 2013 (2012: $16,581,307), has negative operating cash flows of $1,410,565 (2012 $1,046,327) and had an overall decrease in the cash position from $5,411,157 in 2012 to $1,835,805 at the end of the 2013 financial year. Furthermore, subsequent to year end Vale International Holdings GmbH gave notice of withdrawal from the Owen Stanley Farm-in Agreement.

The Directors have performed a review of the cash flow forecasts and have considered the cash flow needs of the Company and consolidated entity. The Directors believe it is appropriate to prepare these accounts on a going concern basis because they have a number of strategies in progress to maintain the Company in a positive cash flow position, including continued cost control management and ongoing assessment of new opportunities and potential partnerships.

As a result, the accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business.

Approval of financial statements
Issuance of the financial statements was authorised by Directors on 27 September 2013

2. Summary of significant accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks and other short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at date of acquisition.

(b) Financial instruments issued by the company

Issued Capital
Ordinary shares are classified as equity. For further information see note 15.

Transaction costs on the issue of equity instruments
Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Impairment of non-financial assets

At each reporting date or more frequently if events or changes in circumstances indicate a possible impairment, the entity reviews the carrying amounts of its tangible and intangible 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). Where the asset does not generate cash flows that are largely independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(d) Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset, excluding goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or taxable loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

(f) Inventories

Raw materials and stores are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost, of completion and the estimated costs necessary to make the sale.

(g) Exploration expenditure

Exploration expenditures in relation to each separate area of interest are recognised as an exploration asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and,

(ii) at least one of the following conditions is also met:

(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration activities. General and administrative costs are only included in the measurement of exploration costs where they are related directly to operational activities in a particular area of interest.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(g) Exploration expenditure (continued)

Exploration assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. This assessment requires assumptions to be made about the status of works and prospectivity of exploration projects. The recoverable amount of the exploration asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration asset is tested for impairment and the balance is then reclassified to development.

(h) Financial instruments

Financial assets

Financial assets can be classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group holds no financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale financial assets.

Investments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements as the fair value cannot be reliably determined.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate method for debt instruments other than those financial assets at ‘fair value through profit and loss.

Impairment of financial assets

Financial assets, other than those at ‘fair value through profit or loss’, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of ‘available-for-sale’ equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Financial liabilities

The Group's financial liabilities variously include only trade and other payables and bank overdraft. Payables are measured at invoiced or quoted amount. Bank overdraft is measured and recorded according to the statement amount.

(i) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value.

The gain or loss arising on disposal or retirement of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimation of useful lives of plant and equipment has been based on historical experience and judgement with respect to technical obsolescence, physical deterioration and usage capacity of the asset in additional to any legal restrictions on usage. The condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

The following useful lives are used in the calculation of depreciation:

Plant, vehicles and equipment (2-15 years)

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of plant and equipment exceeds the recoverable amount, the asset is immediately written down to its recoverable amount.

(j) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

(k) Business combinations

The acquisition method of accounting is used to account for all business combinations, excluding business combinations involving entities or businesses under common control which are transferred using the underlying carrying values of the entity being acquired, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the fair value of consideration transferred, over the fair value of the Group's share of net identifiable assets of the subsidiary acquired is recorded as goodwill. If those amounts are less than the fair value of net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(l) Foreign currency translation

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(l) Foreign currency translation (continued)

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD (the Group's presentation currency) are translated into AUD upon consolidation. The functional currency of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into AUD at the closing rate.

(m) Leased assets

Operating lease payments are recognised as an expense on a basis reflecting the pattern in which economic benefits from the leased asset are consumed.

(n) Trade and other payables

Trade and other payables are measured at invoiced amount or fair value and represent liabilities for goods and services provided to the Company prior to the balance date and remain unpaid at that time. Payables are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services.

(o) Provisions, contingent liabilities and contingent assets

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

The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable is capable of reliable measurement.

(p) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and other employee benefits expected to be paid within 12 months of the reporting date are measured at the amounts expected to be paid, including expected on-costs, when the liabilities are settled. These short-term obligations are recognised as provisions for employee benefits, except accrued wages and salaries, which is recognised as other payables due to the increased certainty around the timing of the attached cash outflows. Non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable. Post employment benefits comprise solely of legislatively mandated employee superannuation contributions and are calculated accordingly.

Other long-term employee benefit obligations

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

Executive incentives

Senior management may be eligible for Short Term Incentive payments ("STI") subject to achievement of Key Performance Indicators, as recommended by the Remuneration and Nomination Committee and approved by the Board of Directors. The Group recognises a liability and an expense for STI’s in the reporting period during which it is probable that these benefits will arise.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(p) Employee benefits (continued)

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before normal retirement date.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(r) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Parent entity financial information

The financial information for the parent entity, Goldminex Resources Limited, disclosed in note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of Goldminex Resources Limited.

(t) New Accounting Standards not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below:

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015 based on the proposed AASB 9 amendments)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will impact accounting for available- for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. These changes are not expected to have an impact on the amount recognised in the Group's financial statements. 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.

(ii) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010, the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Goldminex Resources Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the Group.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(t) New Accounting Standards not yet effective (continued)

(iii) AASB 10 Consolidated Financial statements (effective from 1 January 2013)

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and Interpretation 112 Consolidation-Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. A detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules has been performed. The Group does not expect the new standard to have a significant impact on the entities required to be consolidated or the financial statements.

(iv) AASB 11 Joint Arrangements (effective from 1 January 2013)

AASB 11 replaces AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities - Non-monetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.
The Group's investment in any joint venture partnerships will be classified as joint ventures under the new rules. These changes are not expected to have an impact on the amount recognised in the Group's financial statements.

(v) AASB 12 Disclosure of Interests in Other Entities (effective from 1 July 2013)

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

(vi) AASB 13 Fair Value Measurement and AASB 2011- 8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 July 2013)

AASB 13 was released in September 2011. AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value but provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. It explains how to measure fair value and aims to enhance fair value disclosures. The Group does not expect its current measurement techniques to materially change as a result of the new standard. However, application of the new standard will impact the type of information disclosed in the notes to the consolidated financial statements.

The following further accounting standards, issued but not yet effective, which when effective, will have no impact on the financial statements of the Group:

- AASB 2011-4 Amendments to Australian Accounting Standards to remove individual key management personnel disclosure requirements (effective 1 July 2013)
- AASB Interpretation 20 Stripping costs in the Production Phase of a Surface Mine (effective 1 July 2013)
- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (effective 1 July 2015)
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-20 11 Cycle (effective 1 July 2015)
- AASB 127 Separate Financial Statements (effective 1 July 2013)
- AASB 128 Investments in Associates and Joint Ventures (effective 1 July 2013)

Notes to the financial statements (continued)

	2013 $	2012 $

3. Revenue and income from continuing operations

	2013 $	2012 $
Revenue		
Interest income	**51,716**	85,753
Management fees	**309,651**	645,734
	361,367	731,487
Other income		
Foreign exchange gain	**22,658**	148,960
	22,658	148,960

4. Loss from continuing operations before income tax

Loss before income tax has been arrived at after charging (crediting) the following:

	2013 $	2012 $
Interest expense	**277**	3,571
Depreciation of non-current assets	**10,496**	11,254
Operating lease rentals	**84,182**	66,650
Superannuation	**60,711**	60,801
Extinguishment of mining royalty deed	**-**	1,000,000
Exploration expenditure written off	**319,511**	14,499,354

5. Income tax

(a) Income tax recognised in profit or loss:

The prima facie income tax expense on pre-tax accounting profit or loss from operations reconciles to income tax expense in the financial statements as follows:

	2013 $	2012 $
Profit (loss) before income tax expense	**(1,767,553)**	(16,581,307)
Prima facie income tax at 30% (2012: 30%)	**(530,266)**	(4,974,392)
Expenses not deductible in calculating taxable profit	**3,422**	6,192
	(526,844)	(4,968,200)
Effect of origination and reversal of temporary differences relating to:		
Provisions and accruals	**(9,337)**	(36,682)
Exploration expenditure	**(389,276)**	4,938,996
S40-880 expenditure	**(28,340)**	(83,476)
Carried forward income tax losses not recognised	**953,797**	149,362
Income tax expense	**-**	**-**

(b) Tax expense comprises:

	2013 $	2012 $
Current tax	**-**	-
Deferred tax	**-**	-
	-	-

Notes to the financial statements (continued)

	2013	2012
	$	$

5. Income tax (continued)

(c) Unrecognised deferred tax balances

The following temporary difference balances have not been recognised in the accounts:		
Provisions and accruals	**68,878**	-
Exploration expenditure	**(4,615,723)**	(2,813,927)
S40-880 expenditure	**41,318**	4,634
Income tax losses	**11,283,958**	10,332,737
	6,778,431	7,523,444

The taxation benefits of losses and temporary differences not brought to account will only be obtained if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by law; and

(iii) No changes in tax legislation adversely affect the Group's ability to realise the benefit of deductions.

6. Remuneration of auditors

Parent and consolidated entity auditor *		
Audit and audit review of financial reports	**47,000**	38,604
Taxation services	**6,600**	6,600
	53,600	45,204
Subsidiary entities auditor **		
Audit of financial reports	**15,241**	15,241
Other accounting and taxation services	**6,000**	5,817
	21,241	21,058
	74,841	66,262

* Grant Thornton Audit Pty Ltd

** Sinton Spence (PNG)

7. Receivables

Current		
Trade receivables	**747,895**	165,479
Goods and services tax recoverable	**89,363**	38,107
Interest receivable	**-**	1,467
Other amounts receivable	**6,947**	-
	844,205	205,053

Trade receivables are non-interest bearing and on 30 to 60 day terms. Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held.

None of the receivables are impaired or past due.

The Group has financial risk management policies in place to ensure that all receivables are received within the credit time frame.

Notes to the financial statements (continued)

	2013 $	2012 $
8. Inventories		
Current		
Materials and stores	-	110,898
	-	110,898

(a) Inventory expense

Inventories comprise of materials and stores consumed in the exploration process and recognised in the statement of financial position as Exploration Expenditure upon consumption. No current inventories were recognised directly as an expense during the current or prior periods.

9. Other assets

	2013 $	2012 $
Current		
Prepayments	**283,225**	475,148
Security deposits	**47,368**	44,847
Rental bonds	**13,158**	13,348
	343,751	533,343

10. Plant and equipment

	2013 $	2012 $
Plant and equipment at cost		
Balance at beginning of period	**539,293**	438,678
Additions	**25,524**	45,325
Foreign exchange variation	**(5,126)**	55,290
Balance at end of period	**559,691**	539,293
Accumulated amortisation		
Balance at beginning of period	**473,907**	351,253
Depreciation expense	**10,496**	11,254
Depreciation capitalised to exploration expenditure	**29,299**	68,286
Foreign exchange variation	**(4,284)**	43,114
Balance at end of period	**509,418**	473,907
Net plant and equipment	**50,273**	65,386

No plant and equipment is or has been pledged as collateral or security.

Notes to the financial statements (continued)

	2013 $	2012 $

11. Exploration expenditure

Balance at beginning of period	**14,088,156**	25,843,074
Additions	**6,117,093**	9,112,004
Reimbursements	**(4,499,996)**	(11,058,783)
Amounts written off	**(319,511)**	(14,499,354)
Foreign exchange variation	**(212,574)**	4,691,215
Balance at end of period	**15,173,168**	14,088,156

(a) Write off of exploration expenditure

In accordance with AASB 6 - Exploration and Evaluation Expenditure of Mineral Resources, the Group writes off expenditure on tenements where the expenditure no longer warrants capitalisation or where it does not currently hold rights over tenure. The writedown of $319,511 in the current period predominantly related to expenditure previously incurred within EL 1607, in addition to relatively minor amounts attributable to EL's 1768, 1900 and 2166. The write off of $14,499,354 in 2012, related to expenditure incurred on gold/copper targets within EL 1420, 1355, 1550 1551, 1576 and 1894.

(b) Carrying value

Recoverability of the carrying amount of exploration assets is dependent upon successful exploration and development and or sale of mineral resources of respective areas of interest.

(c) Exploration license renewals

The Group has applied to the Mineral Resources Authority in Papua New Guinea for the renewal of EL 1547 which had expired prior to 30 June 2013. As at the date of this report, the Company does not expect there to be an issue in renewing this exploration license as all reporting and expenditure commitments have been satisfied. At the end of the previous corresponding period the Group had applied for the renewal of EL 1606 which was subsequently granted.

12. Payables

Current		
Trade payables	**306,213**	558,114
Related party trade payables	**-**	76,128
Deferred income	**9,267**	-
Other payables	**56,954**	74,691
Accruals	**169,995**	127,969
	542,429	836,902

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within terms.

13. Borrowings

Current		
Bank overdraft	**-**	1,654
	-	1,654

The overdraft facility was not used in the current year. The effective interest rate paid in the prior period was 16.2%.

Notes to the financial statements (continued)

	2013 $	2012 $

14. Provisions

	2013 $	2012 $
Current		
Employee benefits - annual leave	**58,161**	98,409
	58,161	98,409
Non current		
Employee benefits - long service leave	**1,436**	34,336
	1,436	34,336

Amounts expected to be settled within the next 12 months

The entire annual leave provision is treated as current since the Group does not have an unconditional right to defer settlement. However, based upon past experience, the Company does not expect all employees to take the full amount of accrued annual leave or require payment within the next 12 months. The following amounts reflect leave currently classified as current that is not expected to be taken or paid within the next 12 months.

	2013 $	2012 $
Annual leave obligation expected to be settled after 12 months	**-**	14,665

15. Contributed equity

(a) Share capital

	2013 $	2012 $
Fully paid ordinary shares	**44,298,778**	44,298,778

(b) Movement in ordinary shares

Date	Details		Number of shares	Issue price	$
30/06/2011	Balance at end of period		69,957,056		41,001,087
22/12/2011	Exercise of performance rights	(i)	160,000	$0.5709	91,349
24/02/2012	Private placement of shares	(ii)	10,450,000	$0.0800	836,000
24/02/2012	Cost of issue		-	-	(53,057)
13/04/2012	Non-renounceable rights issue	(iii)	32,226,822	$0.0800	2,578,145
13/04/2012	Cost of issue		-		(154,746)
30/06/2012	Balance at end of period		112,793,878		44,298,778
30/06/2013	Balance at end of period		112,973,878		44,298,778

(i) Performance rights exercised in accordance with the Company's Performance Rights Plan as approved at the Annual General Meeting held on 31 August 2007.

(ii) Placement of shares to sophisticated investors.

(iii) Issue under fully underwritten non-renounceable rights offer to existing shareholders.

(c) Terms and conditions of issued capital

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and on a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the financial statements (continued)

	2013 $	2012 $

16. Reserves and accumulated losses

(a) Reserves

	2013 $	2012 $
Options reserve	**-**	750,000
Foreign currency translation reserve	**3,122,839**	3,152,802
	3,122,839	3,902,802

Movements in reserves

Option reserve		
Balance at beginning of period	**750,000**	1,424,130
Transfer to accumulated losses on lapse of options	**(750,000)**	(674,130)
Balance at end of period	**-**	750,000

The option reserve records items recognised as expenses on valuation of share options.

Foreign currency translation reserve		
Balance at beginning of period	**3,152,802**	(1,099,314)
Currency translation differences arising during the year	**(29,963)**	4,252,116
Balance at end of period	**3,122,839**	3,152,802

Foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Performance rights reserve		
Balance at beginning of period	**-**	91,349
Transfer to share capital	**-**	(91,349)
Balance at end of period	**-**	-

The performance rights reserve records items recognised as expenses on valuation of performance rights.

(b) Accumulated losses

Balance at beginning of period	**(28,758,888)**	(12,851,711)
Loss for the year	**(1,767,553)**	(16,581,307)
Transfers from reserves	**750,000**	674,130
Balance at end of period	**(29,776,441)**	(28,758,888)

17. Dividends

No dividends have been paid or proposed in respect of either the current or prior financial years.

Notes to the financial statements (continued)

	2013 $	2012 $

18. Cash flow statement

(a) Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	**1,835,805**	5,411,157
Bank overdraft	**-**	(1,654)
	1,835,805	5,409,503

Cash and cash equivalents comprise solely of cash held on account with the Westpac and ANZ banks.

(b) Reconciliation of (loss)/profit for the year to net cash used in operating activities

	2013 $	2012 $
Operating loss after tax	**(1,767,553)**	(16,581,307)
Depreciation of fixed assets	**10,496**	11,254
Foreign exchange (gain) loss	**(22,658)**	(148,960)
Exploration expenditure written off	**319,511**	14,499,354
Extinguishment of mining royalty arrangement	**-**	1,000,000
(Increase) decrease in assets:		
Receivables	**(56,736)**	82,654
Other assets	**212,544**	-
Increase (decrease) in liabilities:		
Payables	**(106,169)**	90,678
Net cash inflow (outflow) from operating activities	**(1,410,565)**	(1,046,327)

19. Segment information

The Company has adopted AASB 8 Operating Segments. The new standard requires a ‘management approach’ under which segment information is prepared on the same basis as that used for internal reporting purposes. This has resulted in the segments being reported in a manner that is materially consistent with the internal reporting provided to the Board and Chief Executive Officer. The adoption of AASB 8 has not affected the identified operating segments for the Group compared to the recent annual financial statements.

Description of segments

The consolidated entity has two reportable operating segments: Australian Head Office and PNG Exploration.

Australian Head Office:

The home country of the parent entity which conducts corporate and administrative activities.

PNG Exploration:

The Group conducts mineral exploration and evaluation activities within Papua New Guinea.

Segment reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, capitalised exploration and evaluation expenditure, plant and equipment, net of allowances and accumulated depreciation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits and accrued expenses. Segment assets and liabilities do not include deferred income taxes.

Notes to the financial statements (continued)

19. Segment information (continued)

The following presentation represents both the Group's functional and geographical bases of reporting its segmented operations.

	Australian Head Office $	PNG Exploration $	Total $
Year ending 30 June 2013			
Segment revenue and other income			
Interest revenue	**51,613**	**103**	**51,716**
Management fees	**-**	**309,651**	**309,651**
Foreign exchange gains	**21,847**	**811**	**22,658**
Total segment revenue and other income	**73,460**	**310,565**	**384,025**
Intersegment revenue	**-**	**-**	**-**
Revenue and income from external customers	**73,460**	**310,565**	**384,025**
Segment EBITDA			
Net operating loss before tax for the period	**(1,651,838)**	**(115,715)**	**(1,767,553)**
Interest expense	**277**	**-**	**277**
Segment EBIT	**(1,651,561)**	**(115,715)**	**(1,767,276)**
Depreciation of assets	**10,496**	**-**	**10,496**
EBITDA	**(1,641,065)**	**(115,715)**	**(1,756,780)**
Total segment assets	**1,791,848**	**16,455,354**	**18,247,202**
Total assets includes:			
Additions to non-current assets	**5,581**	**18,670**	**24,251**
Exploration expenditure	**-**	**6,117,093**	**6,117,093**
Exploration expenditure reimbursed	**-**	**(4,499,996)**	**(4,499,996)**
Total segment liabilities	**371,438**	**230,588**	**602,026**
Year ending 30 June 2012			
Segment revenue and other income			
Interest revenue	84,477	1,276	85,753
Management fees	-	645,734	645,734
Foreign exchange gains	102,295	46,665	148,960
Total segment revenue and other income	186,772	693,675	880,447
Intersegment revenue	-	-	-
Revenue from external customers	186,772	693,675	880,447
Segment EBITDA			
Net operating loss before tax for the period	(845,724)	(15,735,583)	(16,581,307)
Interest expense	3,571	-	3,571
Segment EBIT	(842,153)	(15,735,583)	(16,577,736)
Depreciation of assets	11,254	-	11,254
Segment EBITDA	(830,899)	(15,735,583)	(16,566,482)
Total segment assets	5,432,594	14,981,399	20,413,993
Total assets includes:			
Additions to non-current assets	7,623	37,702	45,325
Exploration expenditure	-	9,112,004	9,112,004
Exploration expenditure reimbursed	-	(11,058,783)	(11,058,783)
Total segment liabilities	348,432	622,869	971,301

Notes to the financial statements (continued)

20. Financial instruments and risk management

The total of each category of financial instrument, measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement, as detailed in the accounting policies to these financial statements, are as follows:

	Notes	Floating interest rate	Fixed interest rate maturing in 1 year or less	Non-interest bearing	Total carrying amount
Year ending 30 June 2013					
Financial assets					
Cash	18(a)	**737,326**	**40,956**	**1,057,523**	**1,835,805**
Trade and other receivables	7	**-**	**-**	**844,205**	**844,205**
Total financial assets		**737,326**	**40,956**	**1,901,728**	**2,680,010**
Weighted average interest rate		**2.40%**	**3.79%**		
Financial liabilities					
Trade and other payables	12	**-**	**-**	**542,429**	**542,429**
Borrowings	13	**-**	**-**	**-**	**-**
Total financial liabilities		**-**	**-**	**542,429**	**542,429**
Weighted average interest rate		**-**	**-**		
Net financial assets		**737,326**	**40,956**	**1,359,299**	**2,137,581**
Year ending 30 June 2012					
Financial assets					
Cash	18(a)	4,163,610	39,228	1,208,319	5,411,157
Trade and other receivables	7	-	-	205,053	205,053
Total financial assets		4,163,610	39,228	1,413,372	5,616,210
Weighted average interest rate		2.62%	5.33%		
Financial liabilities					
Trade and other payables	12	-	-	836,902	836,902
Borrowings	13	1,654	-	-	1,654
Total financial liabilities		1,654	-	836,902	838,556
Weighted average interest rate		16.20%	-		
Net financial assets		4,161,956	39,228	576,470	4,777,654

(a) Financial risk management policies and objectives

The Board of Directors has overall responsibility for the establishment and oversight of the financial risk management framework. The Board approves policies for overall financial risk management, covering foreign exchange and liquidity risks. The objective of these policies is to support the delivery of the Group's financial targets while protecting future financial security. The Board also has established policies regarding the use of derivatives and does not permit their use for speculative purposes.

The Group's Audit and Risk Management Committee reviews the adequacy of the financial risk management framework established by the Board. In doing so, the Committee considers the financial risks faced by the Group and changes in market conditions. The Committee also oversees how management monitors compliance with the Group's financial risk management policies and procedures.

The Audit and Risk Management Committee reports regularly to the Board on its activities and:
• undertakes reviews of the financial risk management controls and procedures; and
• monitors the exposure to fluctuations in commodity prices, interest rates, foreign exchange rates and the market assessments in respect of these.

The Group’s principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the Group’s policy that no trading in financial instruments shall be undertaken.

Notes to the financial statements (continued)

20. Financial instruments and risk management (continued)

(a) Financial risk management policies and objectives (continued)

The main risks arising from the Group's financial instruments are cash flow interest rate risk. Other minor risks are summarised below.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, bases of measurement and recognition of revenues and expenses, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 and 2 to the financial statements. The financial assets and financial liabilities included in the statement of financial position are carried at amounts that approximate net fair value.

(c) Credit risk

Credit risk arises from cash and cash equivalents and outstanding receivables. The cash balances are held in financial institutions with high ratings, primarily Australian Big 4 banks and the receivables comprise accrued interest income receivable, GST input tax credits and withholding tax refundable by the Australian Taxation Office, prepayments and rental bonds. The entity has assessed that there is minimal risk that the cash and receivables balances are impaired.

(d) Liquidity risk

The Group is exposed to liquidity risk by having to maintain sufficient cash reserves to close out trade and other payable obligations in a timely manner and manages this risk by maintaining sufficient cash reserves and through regular rolling forecasts of cash flows. The entity aims at maintaining flexibility in funding by having plans in place to source additional capital as required.

	2013 **$**	2012 $
Contracted maturities of payables at reporting date:		
less than 6 months	**542,429**	836,902
	542,429	**836,902**

(e) Capital management

When managing capital (shareholder equity), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.
In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.
The entity does not have a defined share buy-back plan. No dividends were paid in respect of 2013 or 2012.
There is no current intention to incur debt funding on behalf of the Company as ongoing exploration expenditure will be funded via equity or joint ventures with other companies.
The Group is not subject to any externally imposed capital requirements.
Management review financial reports and actual expenditure against budget on a monthly basis.

(f) Commodity risk

The Group has no direct exposure to commodity risk.

(g) Foreign currency risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not an entity's functional currency. The Group manages foreign currency risk by minimising the amounts of foreign currency required and buying foreign currency only at the time it is required. From time to time cash, receivables and trade payables may be held in United States Dollars (USD). At the reporting date these included:

	2013 **$**	2012 $
Financial assets		
Cash	**1,051,137**	1,201,698
Trade receivables	**747,895**	165,479
	1,799,032	1,367,177
Financial liabilities		
Trade payables	**-**	271,495
	-	271,495
Net financial assets	**1,799,032**	1,095,682

Notes to the financial statements (continued)

20. Financial instruments and risk management (continued)

(g) Foreign currency risk (continued)

At the reporting date a 10% variation up or down in USD exchange rates (with all other variables held constant) would have varied the after tax result and equity for the year by $179,903 (2012: $109,568).

(h) Interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with floating interest rates. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The company's exposure to interest rate risk is limited to the interest earned on cash held in the bank account and on term deposit. During the current financial year cash at bank earned a time weighted average variable interest rate of 2.4% (2012: 2.44%). Future movements in interest rates will not directly have a material impact on the Company's profitability.

At the reporting date a 10% variation up or down in short term interest rates (with all other variables held constant) would have varied the after tax result and equity for the year by $5,172 (2012: $8,575).

21. Contingent liabilities

The Parent Entity and the consolidated Group had contingent liabilities at balance date in respect of:

Indemnities

Indemnities have been provided to directors and certain executive officers of the consolidated Group in respect of potential liabilities to third parties arising from their positions. No monetary limit applies to these agreements and there are no known liabilities still outstanding as at 30 June 2013.

Termination Benefits

In circumstances where the employment of the Chief Executive Officer is terminated without cause, up to six month's salary may be payable in lieu of notice.

22. Commitments

Exploration expenditure

In order to maintain current rights of tenure to exploration tenements the Company is required to perform exploration work to meet minimum expenditure requirements as specified by the Papua New Guinea Mineral Resources Authority (MRA). Outstanding obligations are not provided for in the accounts and are payable.

	2013 $	2012 $
Expenditure commitments		
Within 1 year	**532,402**	1,268,375
Later than 1 year but not later than 5 years	**227,572**	332,888
	759,974	1,601,263

Non-cancellable operating lease rentals

The Group leases various property, plant and equipment under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are negotiated. There are no restrictions placed upon the lessee by entering into these leases.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2013 $	2012 $
Within 1 year	**200,927**	219,816
Later than 1 year but not later than 5 years	**118,421**	187,787
Later than 5 years	**-**	120,128
	319,348	527,731

Notes to the financial statements (continued)

	2013	2012
	$	$

23. Loss per share

	2013 $	2012 $
Loss per share:		
Basic	**1.57**	20.58
Diluted	**1.57**	20.58
The loss attributable to shareholders of Company and used in the calculation of earnings per share:		
Basic	**(1,767,553)**	(16,581,307)
Diluted	**(1,767,553)**	(16,581,307)
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share:		
Basic	**112,793,878**	80,563,637
Diluted	**112,793,878**	80,563,637
Options and performance rights on issue not used in the calculation of diluted loss per share	**-**	-

24. Share-based payments

Share-based payments have been made through the issue of options and performance rights.

(a) Options

	2013		2012	
	No.	**Weighted Average Exercise Price**	No.	Weighted Average Exercise Price
Balance at beginning of period	**1,500,000**	**$0.50**	1,700,000	$0.53
Expired during the period	**(1,500,000)**	**$0.50**	(200,000)	$0.74
Balance at end of period	**-**	**$0.00**	1,500,000	$0.50

(b) Directors' options

Options granted to Directors or their nominees as part of remuneration are disclosed in the Remuneration Report, and as part of Key Management Personnel disclosures in note 25.

(c) Share-based payments - options

No options were granted during the current or prior years.

(d) Employment Incentive Options (EIOS)

The refined employee incentive option scheme ("EIOS") was approved by shareholders at the 2011 Annual General Meeting. The EIOS is designed to provide long-term incentives for employees and consultants to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Directors discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of options that will vest depends upon participants satisfying the terms and conditions of the EIOS. Once vested, the options remain exercisable for a period of two years. Options are granted under the plan for no consideration.

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one (1) ordinary share.

Notes to the financial statements (continued)

24. Share-based payments (continued)

(d) Employment Incentive Options (EIOS) (continued)

The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during a five (5) day period immediately prior to the grant date.

Set out below are summaries of options granted under the plan:

No options were issued under the EIOS (2012: Nil) during the year ended 30 June 2013 or on issue at that date. During the period ended 30 June 2013 no options expired (2012: 200,000) or exercised (2012: Nil).

The fair value at grant date is independently determined using a binomial model that takes into account the exercise price, term of the option, share price at grant date and expected price volatility of the underlying share, expected dividend yield and risk-free interest rate for the term of the option.

EIOS summary at 30 June 2013

Grant date	Expiry date	Exercise price $	Balance at beginning of year No.	Granted during year No.	Exercised during year No.	Forfeited during year No.	Balance at end of year No.	Vested and exercisable at end of year No.
			-	-	-	-	-	-
			-	-	-	-	-	-

EIOS summary at 30 June 2012

Grant date	Expiry date	Exercise price $	Balance at beginning of year No.	Granted during year No.	Exercised during year No.	Forfeited during year No.	Balance at end of year No.	Vested and exercisable at end of year No.
4 May 09	4 May 12	0.77203	50,000	-	-	(50,000)	-	-
4 May 09	4 May 12	0.77203	50,000	-	-	(50,000)	-	-
11 May 09	11 May 12	0.72404	100,000	-	-	(100,000)	-	-
			200,000	-	-	(200,000)	-	-
Weighted average exercise price			$0.7448					

The fair value of options at grant date is determined using a binomial model that takes into account the exercise price, term of the option, share price at grant date and expected price volatility of the underlying share, expected dividend yield and risk-free interest rate for the term of the option.

(e) Performance rights plan

	2013		2012	
	No.	**Weighted Average Exercise Price**	No.	Weighted Average Exercise Price
Balance at beginning of year	-	-	160,000	-
Performance rights satisfying share price performance hurdles during the year	-	-	-	-
Exercised during the year	-	-	(160,000)	-
Expired during the year	-	-	-	-
Balance at end of year	-		-	

(f) Expense arising from share-based payment transactions

No share-based payment expense has been recognised within the statement of comprehensive income during the current year (2012: Nil).

Notes to the financial statements (continued)

25. Key management personnel disclosure

(a) Directors

The following persons were directors of the Company during the whole of the year and up to and including the date of this report, unless otherwise indicated:

Director	Date appointed
Niall Cairns (Chairman)	23 Apr 12
Phillip Carter	22 Jun 12
Adrian Fleming	31 Aug 07
Simon O'Loughlin	22 Jun 12
David Sode	31 Aug 07
Colin Patterson (resigned 10 July 2012)	31 Aug 07

(b) Other key management personnel

The following key management personnel formed part of the leadership team and also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the year, unless otherwise indicated:

Name	Date appointed	Position
Alexander (Sandy) Moyle	2 Feb 2010	Chief Executive Officer
Paul Thaw (resigned 31 October 2012)	9 Jun 2009	Chief Financial Officer/Company Secretary
Wayne Longbottom	31 Oct 2012	Chief Financial Officer/Company Secretary

	2013	2012
	$	$
(c) Key management personnel compensation		
The aggregate compensation of Directors and senior management is set out below:		
Short-term employment benefits	**643,774**	864,549
Post-employment benefits	**37,793**	59,395
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**-**	-
	681,567	923,944

Refer to the Remuneration Report contained in the Directors' Report for individual remuneration details.

(d) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director and other key management personnel of the Group, including related parties, are set out below:

	Balance at beginning of year No.	Granted during year No.	Exercised during year No.	Forfeited or lapsed during year No.	Balance at end of year No.	Vested and exercisable at end of year No.	Unvested at end of year No.
30 June 2013							
Niall Cairns	-	-	-	-	-	-	-
Phillip Carter	-	-	-	-	-	-	-
Adrian Fleming	-	-	-	-	-	-	-
Simon O'Loughlin	-	-	-	-	-	-	-
David Sode	-	-	-	-	-	-	-
Colin Paterson	-	-	-	-	-	-	-
Alexander Moyle	-	-	-	-	-	-	-
Paul Thaw	-	-	-	-	-	-	-
Wayne Longbottom	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Notes to the financial statements (continued)

25. Key management personnel disclosure (continued)

(d) Option holdings (continued)

	Balance at beginning of year No.	Granted during year No.	Exercised during year No.	Forfeited or lapsed during year No.	Balance at end of year No.	Vested and exercisable at end of year No.	Unvested at end of year No.
30 June 2012							
Niall Cairns	-	-	-	-	-	-	-
Phillip Carter	-	-	-	-	-	-	-
Adrian Fleming	-	-	-	-	-	-	-
Simon O'Loughlin	-	-	-	-	-	-	-
David Sode	-	-	-	-	-	-	-
Colin Paterson	-	-	-	-	-	-	-
Alexander Moyle	100,000	-	-	(100,000)	-	-	-
Paul Thaw	100,000	-	-	(100,000)	-	-	-
Wayne Longbottom	-	-	-	-	-	-	-
	200,000	-	-	(200,000)	-	-	-

(e) Shareholdings

The numbers of ordinary shares in the Company held during the financial year by each Director and other key management personnel of the Group, including related parties, are set out below:

	Balance at beginning of year No.	Share-based compensation No.	Exercise of options No.	Other transactions with Company No.	On-market transactions* No.	Balance at end of year No.
30 June 2013						
Niall Cairns	8,230,646	-	-	-	3,073,005	11,303,651
Phillip Carter	-	-	-	-	-	-
Adrian Fleming	227,000	-	-	-	-	227,000
Simon O'Loughlin	-	-	-	-	300,000	300,000
David Sode	100,000	-	-	-	-	100,000
Colin Paterson	80,000	-	-	-	(80,000)	-
Alexander Moyle	-	-	-	-	-	-
Paul Thaw	-	-	-	-	-	-
Wayne Longbottom	-	-	-	-	-	-
	8,637,646	-	-	-	3,293,005	11,930,651
30 June 2012						
Niall Cairns	-	-	-	-	8,230,646	8,230,646
Phillip Carter	-	-	-	-	-	-
Adrian Fleming	227,000	-	-	-	-	227,000
Simon O'Loughlin	-	-	-	-	-	-
David Sode	20,000	-	80,000	-	-	100,000
Colin Paterson	-	-	80,000	-	-	80,000
Alexander Moyle	-	-	-	-	-	-
Paul Thaw	-	-	-	-	-	-
Wayne Longbottom	-	-	-	-	-	-
	247,000	-	160,000	-	8,230,646	8,637,646

*Including holdings on becoming or ceasing to be a Director or KMP.

Notes to the financial statements (continued)

	2013 $	2012 $

26. Related party transactions and disclosures

(a) Parent entity

The parent entity within the Group is Goldminex Resources Limited. The parent entity's interests in subsidiary companies are set out in note 27.

(b) Key management personnel remuneration

Disclosures relating to key management remuneration are set out in note 25.

(c) Transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(d) Outstanding balances arising from sales/purchases of goods and services

	2013 $	2012 $
Current receivables (sale of services):		
Related party trade receivable	-	19,973
Current payables (purchases of services):		
Related party trade payable	-	76,128

(e) Options issued

During the year no options were issued to related parties (2012: Nil).

(f) Transactions with related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:

	2013 $	2012 $
Sale of goods and services		
Expense re-imbursement - Helicopter usage (PNG Sustainable Development Ltd) (1)	**-**	51,893
Purchase of goods and services		
Consultancy fees – geological services (ASVI Technical Services Group Ltd) (2)	**83,267**	143,772
Kestrel Capital Pty Ltd - Administrative services agreement (3)	**265,000**	-

(1) Mr Sode is CEO of PNG Sustainable Development Ltd.
(2) Mr Patterson was CEO of ASVI Technical Sources Group Ltd.
(3) Messrs Cairns and Carter are directors of Kestrel Capital Pty Ltd.

(g) Terms and conditions of transactions with related parties other than key management personnel or their related entities

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances are unsecured and are repayable in cash.

Contracts entered into with related parties include:

Under an Administrative Services Agreement dated 1 November 2012 Kestrel Capital Pty Ltd is responsible for administering the day to day affairs of the Company including the services of Mr Longbottom as CFO and Company Secretary. Under the arrangement Kestrel is paid a monthly fee of $25,000 (excluding GST). The agreement expires on 31 December 2013 but may be extended by mutual consent. The arrangement may be terminated by the Company giving notice of its intention to do so. In these circumstances Kestrel is entitled to be paid an amount being the greater of three months net fees or fees payable from the date of notice until the expiry date.

On 15 January 2011, the Company entered into a contract with ASVI Technical Service Group Ltd for the provision of geological services to support exploration activities within PNG. This contract was made at arm's length both at normal market prices and on normal commercial terms.

Notes to the financial statements (continued)

27. Subsidiaries

		Ownership interest	
		2013	2012
	Country of incorporation	**%**	%
Parent entity			
Goldminex Resources Limited	Australia		
Subsidiaries			
Goldminex Resources (PNG) Limited	Papua New Guinea	**100**	100
Goldminex Limited	Papua New Guinea	**100**	100

28. Parent entity information

(a) Summary of financial information

	2013	2012
	$	$
Statement of financial position		
Current assets	**1,778,767**	5,415,869
Non-current assets	**13,082**	16,725
Total assets	**1,791,849**	5,432,594
Current liabilities	**370,002**	314,096
Non-current liabilities	**1,436**	34,336
Total liabilities	**371,438**	348,432
Net assets	**1,420,411**	5,084,162
Share capital	**44,298,778**	44,298,778
Option reserve	**-**	750,000
Accumulated losses	**(42,878,367)**	(39,964,616)
Shareholders' equity	**1,420,411**	5,084,162
Statement of comprehensive income		
Operating loss for the year	**3,663,751**	845,724
Total comprehensive expense	**2,913,751**	845,724

(b) Guarantees entered into by the parent entity

The parent entity has not provided financial guarantees to external parties.

(c) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2013 or 30 June 2012.

(e) Receivables from subsidiaries

Receivables from entities within the wholly owned group arise from Goldminex Resources Limited funding the exploration expenditure for its subsidiaries. The non-interest bearing intercompany loan receivable is repayable when the subsidiary is in a financial position to repay. Due to the nature of the receivable balances, no collateral or security is held.

During the year, the Parent has not taken a provision against intercompany receivables $2,011,919 (2012: write back $1,755,781) to provide for the inherent risk of these loans.

Notes to the financial statements (continued)

29. Events subsequent to balance date

Subsequent to the end of the period the Company was notified by Vale of its intentions to withdraw from the Farm-in arrangement, having funded at that time US $16.6 million of its initial commitment of US $20.0 million, on exploration activities. Other than as noted elsewhere in this report, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material nature likely, in the opinion of the directors of the Company to affect the operations of the consolidated Group, the results of these operations or the state of affairs of the consolidated Group in subsequent periods.

Directors' declaration

The directors' declare that, in their opinion:

(a) the financial statements and notes set out on pages 19 to 48 are in accordance with the Corporations Act 2001, including:

(i) complying with International Financial Reporting Standards, Australian Accounting Standards (including Australian Accounting interpretations and other mandatory professional reporting requirements) and the Corporations Regulations 2001; and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2013 and its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and

(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.

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

Signed in accordance with a resolution of the directors.

On behalf of the directors.

Niall Cairns

Niall Cairns
Chairman

Sydney
27 September 2013

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Independent Auditor's Report
To the Members of Goldminex Resources Limited

Report on the financial report

We have audited the accompanying financial report of Goldminex Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply 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. Those standards require us to 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

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 Goldminex Resources Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in section 14 on pages 6 to 9 of the directors' report for the year ended 30 June 2013. 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 on the remuneration report

In our opinion, the remuneration report of Goldminex Resources Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 27 September 2013

Additional securities exchange information*

1. Distribution of shareholders

(a) Analysis of shareholders by size of holding

Category of holding	Number of holders	Number of shares	% of issued capital
1 - 1,000	39	18,934	0.02
1,001 - 5,000	104	333,097	0.30
5,001 - 10,000	96	779,316	0.69
10,001 - 100,000	234	9,427,240	8.36
100,001 and over	115	102,235,291	90.63
	588	112,793,878	100.00

(b) There were 321 shareholders with less than a marketable parcel of ordinary shares.

2. Largest shareholders

The names and holdings of the twenty largest holders of ordinary shares are listed below:

	Shareholder	Holding	%
1.	Mango Bay Enterprises Inc	13,403,118	11.88
2.	Talbot Group Investments Pty Ltd	12,456,816	11.04
3.	Carnethy Evergreen Pty Ltd	11,303,651	10.02
4.	Chris Wallin Superfund	5,489,465	4.87
5.	National Nominees Limited	3,881,088	3.44
6.	J P Morgan Nominees Australia Limited	3,500,000	3.10
7.	Corporate Property Services Pty Ltd	2,527,884	2.24
8.	VBS Investments Pty Ltd	2,454,443	2.18
9.	Mr Stuart Turner	2,334,951	2.07
10.	HSBC Custody Nominees (Australia) Limited	2,154,514	1.91
11.	Mambat Pty Ltd	1,615,162	1.43
12.	Symington Pty Ltd	1,612,459	1.43
13.	Robert Nairn Pty Ltd	1,500,000	1.33
14.	Mr Peter Tambanis	1,496,889	1.33
15.	Citicorp Nominees Pty Limited	1,412,134	1.25
16.	Mr Denis Leslie Wood + Mrs Anne Wood	1,138,900	1.01
17.	J P Morgan Nominees Australia Limited <Cash Income A/C>	1,114,010	0.99
18.	Chan Consolidated Limited	1,112,459	0.99
19.	Foresight Pty Ltd	1,112,459	0.99
20.	J N Darroch Private Super Fund	1,112,459	0.99
		72,732,861	64.49

3. Option holders

No listed or unlisted options were on issue.

*The information above was current as at 17 September 2013.