

Resources Base Limited

ABN 57 113 385 425

Half-Year Report - 31 December 2013

Resources Base Limited

Contents

31 December 2013

Corporate directory	2
Directors' report	3
Auditor's independence declaration	5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	16
Independent auditor's review report to the members of Resources Base Limited	17

For personal use

**Resources Base Limited
Corporate directory
31 December 2013**

Directors

Alan Fraser (Managing Director and Chairman)
Peter Kelliher (Executive Director)
Kevin Lynn (Non-Executive Director)
Angelo Siciliano (Non-Executive Director)

Company secretary

Adrien Wing

Registered office

Level 17
500 Collins Street
Melbourne VIC 3000

Principal place of business

Level 17
500 Collins Street
Melbourne VIC 3000

Share register

Link Market Services
178 St George's Terrace
Perth WA 6000
Ph : (08) 9211 6670

Auditor

Loren Datt Audit Pty Ltd
Suite 304, 22 St Kilda Road
St Kilda VIC 3182

Stock exchange listing

Resources Base Limited shares are listed on the Australian Securities Exchange
(ASX code: RBX)

Resources Base Limited
Directors' report
31 December 2013

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Resources Base Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2013.

Directors

The following persons were directors of Resources Base Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Alan Fraser
Kevin Lynn
Peter Kelliher
Angelo Siciliano

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- development of gold production and mineral exploration

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$298,698 (31 December 2012: \$1,559,932).

The Broula King project is situated about 230 km due west of Sydney near Bumbaldry, lying mid-way between the towns of Grenfell and Cowra in the Central West slopes region of NSW, located approximately 500 meters from the main road. The company completed the treatment plant and became operational in September 2012.

Sales for the half year to 31 December 2013 amounted to \$4.8million. As at the end of the half year, the Project has now treated a total of 128,562 dry tonnes.

The open cut is well advanced and the full internal road network is in place. Minor rehabilitation of the site has commenced.

The tailings dam is substantially complete requiring approximately 1m of lift to attain final height and maximum storage.

Following metallurgical testing a set of four double start spirals was incorporated into the circuit in the September quarter to better classify the ore upstream from the CIP circuit and to increase the residence period and improve recovery. Recovery has improved confirming this action.

The gold price has continued to wane however the fall in the Australian dollar has worked to mitigate the fall in the gold price during the half year.

The company is actively seeking out further gold opportunities or outright purchase. The absence of liquidity in the market provides the Company with a window of opportunity in terms of further projects.

The Company has in-house, extensive and relevant experience in regard to project acquisition, environmental impact statements, plant procurement and construction and looks to leverage its position from the Broula King gold project. The Company has actively working through a number of future possible opportunities that have been either forwarded or researched by the consolidated entity. The Company will continue to monitor this position.

Significant changes in the state of affairs

During the period 12,000,000 fully paid ordinary shares were issued upon conversion of convertible notes, with a face value of \$300,000.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Resources Base Limited
Directors' report
31 December 2013

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Alan Fraser
Director

14 March 2014
Melbourne

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Resource Base Limited:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2013, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review



LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 14 March 2014

Resources Base Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated	
		31 December 2013	31 December 2012
		\$	\$
Revenue	4	4,859,059	405,837
Expenses			
Mine and production expenses		(4,666,039)	(1,506,709)
Administration expenses		(117,125)	(87,113)
Corporate expenses		(231,569)	(259,183)
Occupancy		(80,067)	(70,893)
Other expenses		(1,071)	(2,279)
Finance costs		(61,886)	(39,592)
Loss before income tax expense		(298,698)	(1,559,932)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Resources Base Limited		(298,698)	(1,559,932)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Resources Base Limited		<u>(298,698)</u>	<u>(1,559,932)</u>
		Cents	Cents
Basic earnings per share		(0.14)	(0.79)
Diluted earnings per share		(0.14)	(0.79)

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

Resources Base Limited
Statement of financial position
As at 31 December 2013

		Consolidated	
	Note	31 December	30 June 2013
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		967,076	300,572
Trade and other receivables		532,747	237,459
Inventories		406,090	377,106
Other	5	523,434	-
Total current assets		<u>2,429,347</u>	<u>915,137</u>
Non-current assets			
Property, plant and equipment		10,238	11,016
Mine properties	6	1,814,476	2,660,027
Other		-	526,820
Total non-current assets		<u>1,824,714</u>	<u>3,197,863</u>
Total assets		<u>4,254,061</u>	<u>4,113,000</u>
Liabilities			
Current liabilities			
Trade and other payables		2,046,993	1,557,792
Borrowings		726,079	1,017,273
Employee benefits		99,384	76,571
Provisions	7	500,000	-
Total current liabilities		<u>3,372,456</u>	<u>2,651,636</u>
Non-current liabilities			
Borrowings		90,012	164,015
Employee benefits		16,917	59,409
Provisions		-	500,000
Total non-current liabilities		<u>106,929</u>	<u>723,424</u>
Total liabilities		<u>3,479,385</u>	<u>3,375,060</u>
Net assets		<u>774,676</u>	<u>737,940</u>
Equity			
Issued capital	8	13,876,319	13,533,276
Reserves	9	286,893	294,502
Accumulated losses		<u>(13,388,536)</u>	<u>(13,089,838)</u>
Total equity		<u>774,676</u>	<u>737,940</u>

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

Resources Base Limited
Statement of changes in equity
For the half-year ended 31 December 2013

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2012	13,268,274	(5,857,565)	524,824	7,935,533
Loss after income tax expense for the half-year	-	(1,559,932)	-	(1,559,932)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(1,559,932)	-	(1,559,932)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	265,000	-	-	265,000
Share-based payments	-	-	18,478	18,478
Balance at 31 December 2012	<u>13,533,274</u>	<u>(7,417,497)</u>	<u>543,302</u>	<u>6,659,079</u>

Consolidated	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2013	13,533,276	(13,089,838)	294,502	737,940
Loss after income tax expense for the half-year	-	(298,698)	-	(298,698)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(298,698)	-	(298,698)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	300,000	-	-	300,000
Conversion of convertible notes	43,043	-	(13,136)	29,907
Extension of convertible notes	-	-	5,527	5,527
Balance at 31 December 2013	<u>13,876,319</u>	<u>(13,388,536)</u>	<u>286,893</u>	<u>774,676</u>

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

Resources Base Limited
Statement of cash flows
For the half-year ended 31 December 2013

	Consolidated	
	31 December	31 December
	2013	2012
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	5,121,046	429,904
Payments to suppliers (inclusive of GST)	(4,386,181)	(380,382)
Interest received	10,788	-
	<u>745,653</u>	<u>49,522</u>
Net cash from operating activities		
Cash flows from investing activities		
Payments for property, plant and equipment	-	(1,356,353)
	<u>-</u>	<u>(1,356,353)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from issue of shares (net of costs)	-	265,000
Proceeds from borrowings	-	717,330
Repayment of borrowings	(79,149)	-
	<u>(79,149)</u>	<u>982,330</u>
Net cash from/(used in) financing activities		
	<u>(79,149)</u>	<u>982,330</u>
Net increase/(decrease) in cash and cash equivalents	666,504	(324,501)
Cash and cash equivalents at the beginning of the financial half-year	300,572	353,080
	<u>967,076</u>	<u>28,579</u>
Cash and cash equivalents at the end of the financial half-year		

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

Resources Base Limited
Notes to the financial statements
31 December 2013

Note 1. General information

The financial report covers Resources Base Limited as a consolidated entity consisting of Resources Base Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Resources Base Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Resources Base Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 17
500 Collins Street
MELBOURNE VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 14 March 2014. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

The Consolidated Group has incurred a net loss after tax of \$298,698 for the period ended 31 December 2013 (31 December 2012: \$1,559,932) and had negative working capital, being current assets less current liabilities, of \$943,109 (30 June 2013: \$1,736,499).

These conditions indicate a significant or material uncertainty about the consolidated entity's ability to continue as a going concern.

The financial report has been prepared on a going concern basis which assumes the realisation of assets and extinguishment of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- During the period the consolidated entity had net cash inflows from operating activities of \$745,653 (2012: \$49,522). The consolidated group has continued to generate positive cash flows from operations subsequent to the half year end. The Board expects the consolidated entity will continue to generate positive operating cash flows during the remaining mine operating period. It is expected that current mining operations will be completed during the Third and Fourth quarter of 2014.
- Payables in relation to directors' fees of \$525,043 will not be called by the directors until the consolidated entity is in a position to repay the amounts without limiting the cash available for operating activities.
- The Board is of the opinion that, the company will be able to access equity capital markets for any additional working capital requirements.

Note 2. Significant accounting policies (continued)

For the above reasons the Board considers that the Consolidated Group remains a going concern and the financial report has been prepared on this basis. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be incurred should the Consolidated Group not continue as a going concern

Comparatives

During the current half-year the Statement of profit or loss and other comprehensive income has been re-ordered to provide information on expenses according to the function to which the expense relates. Comparative information has been reclassified and repositioned to be consistent with current half-year disclosures.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013. AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one segment : exploration for base and precious metals in Australia. The operating segment is based on the internal reports that are reviewed by the Directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Note 4. Revenue

	Consolidated	
	31 December 2013	31 December 2012
	\$	\$
<i>Sales revenue</i>		
Sale of gold	4,816,080	335,967
<i>Other revenue</i>		
Interest	10,374	12,234
Rent	32,605	57,636
	<u>42,979</u>	<u>69,870</u>
Revenue	<u>4,859,059</u>	<u>405,837</u>

Resources Base Limited
Notes to the financial statements
31 December 2013

Note 5. Current assets - other

	Consolidated	
	31 December	
	2013	30 June 2013
	\$	\$
Security deposits	523,434	-

Bank guarantees provided as security over tenement licences have been reclassified as current on the basis that they are expected to be released upon the completion of the project and subsequent rehabilitation work.

Note 6. Non-current assets - mine properties

	Consolidated	
	31 December	
	2013	30 June 2013
	\$	\$
Developed mine - at cost	8,638,263	8,638,263
Less: Accumulated amortisation	(3,993,970)	(3,329,557)
Less: Impairment	(3,858,725)	(3,858,725)
	<u>785,568</u>	<u>1,449,981</u>
Mine equipment - at cost	2,030,602	2,030,602
Less: Accumulated amortisation	(1,001,694)	(820,556)
	<u>1,028,908</u>	<u>1,210,046</u>
	<u>1,814,476</u>	<u>2,660,027</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Developed mine \$	Mine equipment \$	Total \$
Balance at 1 July 2013	1,449,981	1,210,046	2,660,027
Amortisation expense	(664,413)	(181,138)	(845,551)
Balance at 31 December 2013	<u>785,568</u>	<u>1,028,908</u>	<u>1,814,476</u>

Note 7. Current liabilities - provisions

	Consolidated	
	31 December	
	2013	30 June 2013
	\$	\$
Environmental	500,000	-

Environmental

The provision represents the present value of estimated costs of the remediation work that will be required to comply with environmental and legal obligations. The provision is expected to arise on completion of the project and has therefore been reclassified as current as at 31 December 2013.

Note 8. Equity - issued capital

	31 December	Consolidated		31 December	30 June 2013
	2013	30 June 2013	2013	2013	30 June 2013
	Shares	Shares	\$	\$	
Ordinary shares - fully paid	<u>219,929,370</u>	<u>207,929,370</u>	<u>13,876,319</u>	<u>13,533,276</u>	

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2013	207,929,370		13,533,276
Conversion of convertible note	21 August 2013	12,000,000	\$0.03	300,000
Equity portion of convertible note		-		43,043
Balance	31 December 2013	<u>219,929,370</u>		<u>13,876,319</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Equity - reserves

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Share-based payments reserve	276,024	276,024
Convertible notes reserve	10,869	18,478
	<u>286,893</u>	<u>294,502</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible notes reserve

The reserve for convertible notes comprises the amount allocated to the equity component of the convertible notes issued by the Group in August 2012 and extended in August 2013.

Resources Base Limited
Notes to the financial statements
31 December 2013

Note 9. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Convertible note \$	Share based payments \$	Total \$
Balance at 1 July 2013	18,478	276,024	294,502
Conversion to equity	(13,136)	-	(13,136)
Extension of convertible notes	5,527	-	5,527
Balance at 31 December 2013	<u>10,869</u>	<u>276,024</u>	<u>286,893</u>

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Contingent liabilities

There were no contingent liabilities in existence at 31 December 2013 or 30 June 2013.

Note 12. Related party transactions

Parent entity

Resources Base Limited is the parent entity.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 31 December 2013 \$	31 December 2012 \$
Payment for other expenses:		
Interest paid on loan from Asipac Group Pty Ltd	30,000	-

Receivable from and payable to related parties

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

	Consolidated 31 December 2013 \$	30 June 2013 \$
Current payables:		
Directors fees payable to Alan Fraser	274,870	224,870
Directors fees payable to Kevin Lynn	76,068	67,068
Directors fees payable to Angelo Siciliano	45,000	36,000
Directors fees payable to Peter Kelliher	9,105	9,105
Fees payable to Northern Star Nominees Pty Ltd, an entity related to Adrien Wing	107,405	83,205
Payable to Nailbridge Pty Ltd (an entity related to Alan Fraser)	-	68,750
Fees payable to Gippsland Resource Development Pty Ltd, an entity related to Peter Kelliher	174,210	40,105

Note 12. Related party transactions (continued)

Loans to/from related parties

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

	Consolidated	
	31 December 2013	30 June 2013
	\$	\$
Current borrowings:		
Loan payable to Asipac Group Pty Ltd	448,390	418,390
Convertible note held by Asipac Group Pty Ltd	-	300,000

Asipac Group Pty Ltd provided a finance facility of a maximum \$800,000 repayable within 12 months of signing of the loan agreement. \$400,000 has been advanced and interest accrued at 15%, payable on repayment of the loan.

The convertible note held by Asipac Group Pty Ltd was redeemed at \$0.025 (2.5 cents) per share in August 2013, and was initially issued with a coupon rate of 10%.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 13. Events after the reporting period

Convertible notes of \$125,000 expired on 20 February 2014, whereby the Company settled by payment of cash.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Resources Base Limited
Directors' declaration
31 December 2013

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Alan Fraser
Director

14 March 2014
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESOURCE BASE LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Base Limited, which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, cash flows statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company and the entities it controlled at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Base Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Base Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resource Base Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the financial report, which indicates that the consolidated entity incurred a net loss of \$298,698 during the period ended 31 December 2013; at that date, the consolidated entity's current liabilities exceeded its current assets by \$943,109. The ability of the consolidated entity to continue as a going concern is dependent upon positive cash flows from the Broula King Gold Project, based on its expected production rates. These conditions, along with other matters set forth in Note 2, indicate the existence of an inherent uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise their assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 14 March 2014

For personal use only