24 September 2012

Company Announcements Office
Australian Securities Exchange Limited
Level 5, Riverside Centre
BRISBANE QLD 4000

Annual Financial Report – Year Ending 30 June 2012

Global Resources Corporation Limited announces the completion of the audit and approvals process for the year ending 30 June 2012. The Annual Financial Report follows, including signed audit report from KPMG.

Yours faithfully

Barry Cason
Company Secretary / Director
Global Resources Corporation Limited

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GLOBAL RESOURCES CORPORATION LIMITED
ANNUAL FINANCIAL REPORT
30 JUNE 2012

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Directors' Report

The directors present their report together with the financial statements of the Group comprising Global Resources Corporation Limited (the 'Company') and its subsidiaries, for the financial year ended 30 June 2012 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience, special responsibilities and other directorships
Stephen Everett B.E. (Chem Eng), MAICD Chairperson Independent Non-Executive Director *Appointed 6 April 2009*	60	Mr Everett has more than 35 years of management and board experience in the international resources industry, including production and project management, marketing, corporate restructuring, debt/equity financing and government relations. Mr Everett's senior executive positions have included managing director and chief executive officer of private and publicly listed companies. He is currently chairman of IronRidge Resources Limited and MetroCoal Limited (ASX: MTE).
Barry Casson CA MAICD Director *Appointed 12 October 2006*	61	Mr Casson is a director and the company secretary. Mr Casson is a Chartered Accountant with approximately 40 years accounting and primarily commercial experience and approximately 27 years experience in the mining industry as Finance Director or Chief Financial Officer. He has had extensive international experience in project financing and corporate transactions. He is a Member of the Institute of Company Directors in Australia. He is currently a non-executive director of Metallica Minerals Ltd (ASX: MLM) and Archipelago Metals Limited, an unlisted public company.
Simon Finnis Masters of Business and Technology Director *Appointed 6 April 2009*	46	Mr Finnis has more than 25 years experience in a diverse range of mining operations including open cut, underground and dredge mining operations in gold, copper, and mineral sands. For the past decade, he has been involved in various roles in the development of four projects, the most recent being the Gold Ridge Mine on the island of Guadalcanal, Solomon Islands and previously the Pooncarie Mineral Sands Project in western New South Wales. Mr Finnis was Chief Executive Officer of Global Resources Corporation Limited until 1 April 2009 and was re-appointed as Managing Director in March 2010. In between these roles, Mr Finnis was the Chief Operating Officer for Australian Solomons Gold Limited.
Former directors		
Michael Arnett LLB B.Comm. Independent Non-Executive Director *Appointed 22 June 2007* *Resigned 9 December 2011*	50	Mr Arnett has more than 25 years experience in the areas of capital raising, corporate, commercial, banking and finance, mergers and acquisitions and securities predominantly in the mining, oil and gas sector. He currently holds directorships of listed companies NRW Holdings Limited and Nexus Energy Limited and is Chairman of New Guinea Energy Limited. Mr Arnett is a consultant, and former partner and member of the Board of Natural Resources Business Unit of the international law firm Norton Rose (formerly Deacons).

Directors' Report

2. Company secretary

Barry Casson CA MAICD

Mr Casson is a qualified chartered accountant and has held a number of company secretary positions over many years.

3. Directors' meetings

An audit committee and a remuneration committee were originally established in July 2007. However, due to the current composition of the board of directors, these committees were not utilised during the year ended 30 June 2012. All matters that would normally have been reviewed by these committees were reviewed by the full board of directors.

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings	
Director	A	B
Michael Arnett (1)	4	4
Barry Casson	8	8
Stephen Everett	8	8
Simon Finnis	8	8

(1) Mr Arnett resigned as a director as from 9 December 2011

A – Number of meetings attended; includes resolutions passed by circular resolution (4).

B – Number of meetings held during the time the director held office during the year.

4. Corporate governance statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

4.1. Board of directors

Role of the board

The board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal control, legal compliance and management information systems.

It is also responsible for approving and monitoring financial and other reporting. Details of the board's charter are located on the Company's website (www.grcl.com.au).

On his appointment to the full time role of managing director on 1 March 2010, Mr Finnis assumed responsibility and accountability for matters of administration and for the operational and strategic direction of the Company and the Group.

Board processes

The board has established a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full board currently holds at least four scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared by the company secretary in consultation with the managing director. Papers are circulated a week prior to each meeting and standing items include an operational and activities report, financial reports, strategic matters, governance and compliance. The directors are regularly involved in discussions with each other on all Group matters, not only at board meetings.

Director education

Given the quality and experience of the board, the Group has no formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors maintain regular contact with each other and have the opportunity to meet with management to gain a better understanding of business operations. Directors have access to continuing education opportunities to update and enhance their skills and knowledge as, and if, sought by individual directors.

The Company maintains a register of the ASX Listing Rules including ASX updates and circulates updates to the board as appropriate.

Directors' Report

4.1. Board of directors (continued)

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the chairperson, may seek independent professional advice from a suitably qualified advisor at the Group's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is also to be made available to all other members of the board.

Composition of the board

The names of the directors of the Company in office at the date of this report, specifying which are independent, are set out in the Directors' Report on page 1 of this report. The board endeavours to compose the board using the following principles:

- a minimum of four directors, with a broad range of expertise covering technical, legal, commercial and corporate, both nationally and internationally. Currently this objective is not being met.
- a majority of independent non-executive directors. Currently this objective is not being met:
  - the directorship of Simon Finnis is not independent as he was the managing director of the Company until 14 September 2012.
  - technically not independent is the directorship of Barry Casson, who also acts as company secretary and provides the Company with part time support in relation to accounting and corporate finance matters.

  The board will continue to monitor the mix of the board as additional opportunities and activities evolve going forward. However, given the current state of Group activities, there is no justification to change the present composition of the Board.
- a majority of directors having extensive knowledge of the Group's industries.
- a non-executive independent director as chairperson. Mr Everett is a non-executive independent chairperson.
- a maximum period of three years service, subject to re-election every three years.

The board considers the mix of skills and the diversity of board members when assessing the composition of the board. The board assesses existing and potential directors' skills to ensure they have the appropriate industry expertise in the Group's operating segments.

An independent director is a director who is not a member of management (a non-executive director) and who:

- holds less than five per cent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five per cent of the voting shares of the Company,
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment,
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member,
- is not a material supplier or customer of the Company or another Group member, or an officer of, or otherwise associated, directly or indirectly, with a material supplier or customer,
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The reason for departure from this general policy of the Company, and the specifics of ASX Corporate Governance Recommendation 2.1, is one of practicality. The board has focussed on the overarching principle of having directors who add value to the business and are not conflicted with the objectives of the Company. Each director remains committed to adding value for all shareholders.

4.2. Nomination committee

The Company does not have a nomination committee as it considers that, given the current size and scope of activities, the full board should oversee the appointment and induction process for directors and committee members, and the selection, appointment and succession planning process of the Group's executives. The board develops guidelines on the appropriate skill mix, personal qualities, expertise and diversity of each position. Where a vacancy occurs or there is a need for particular skills, the board will determine the selection criteria based on the skills deemed necessary. The board may delegate specific directors to identify potential candidates with advice from an external consultant. The board will then consider the applicants and appoint the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

Pending the establishment of a nomination committee, the chairperson is authorised to use an external facilitator to annually review the effectiveness of the board, its committees, individual directors, and senior executives. The other directors have an opportunity to contribute to the review process. The performance criteria take into account each director's contribution to setting the direction, strategy and financial objectives of the Group, and monitoring compliance with regulatory requirements and ethical standards. To date there has not been any performance review undertaken as the board continues to develop and refine the refocusing of company activities. Following any performance review, the review will generate recommendations to the board, which will vote on them. The nomination of existing directors for reappointment is not automatic and is contingent on their past performance, contribution to the Group and the current and future needs of the board and the Group. Directors displaying unsatisfactory performance are required to retire.

Directors' Report

4.2. Nomination committee (continued)

The terms and conditions of the appointment and retirement of non-executive directors are set out in a letter of appointment and include expectations of conduct, disclosure requirements regarding interests in the Company's securities and appointments to other boards, and the availability of independent professional advice.

An annual review of the performance of the managing director and the staff members reporting directly to him is conducted and the results are discussed at a board meeting.

4.3. Remuneration committee

The Company does not have a remuneration committee as it considers that, given the current size and scope of activities, the full board should oversee the review of remuneration packages and policies applicable to the executive officers and directors themselves of the Company and of other Group executives for the Group. The full board is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

4.4. Remuneration report – audited

4.4.1. Principles of compensation – audited

Remuneration is referred to as compensation throughout this report.

Key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the directors of the Company and senior executives for the Group. During the year under review, the Company had four directors and the Group had one other key senior executive. The following principles of compensation have been agreed to by the board and will form the basis of the principles of compensation going forward.

Compensation levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board obtains independent advice on the appropriateness of compensation packages of the Group given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the Group's performance including:
  - the successful implementation of exploration programmes designed to confirm and establish resources for development into operations,
  - the Group's earnings, when and if appropriate,
  - the growth in share price and delivering enhancement of shareholder value; and
  - the amount of incentives within each key management person's compensation.

Compensation packages include a mix of fixed and variable compensation and short and long-term performance-based incentives.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits) as well as employer contributions to superannuation funds, as required by law.

Compensation levels are reviewed annually by the board through a process that considers individual performance and overall performance of the Group.

Performance linked compensation

Performance linked compensation includes short-term and long-term incentives and is designed both to reward key management personnel for meeting or exceeding their financial and personal objectives and to keep the Group competitive in the marketplace. The short-term incentive ('STI') is an at-risk bonus provided in the form of cash and based on agreed key performance indicators ('KPIs') for each position.

The long-term incentive ('LTI') is provided as options over ordinary shares of the Company under the rules of the Employee Share Option Plan ('ESOP'). In accordance with the terms of the ESOP, share options are granted under a service condition whereby the grantee must be employed by the Group at the time the options vest. If share options are unvested at termination of the grantee's engagement by the Group, the options expire on termination of the grantee's engagement. If share options are vested but unexercised at termination of the grantee's engagement, the options expire 30 days after the termination of the grantee's engagement. Otherwise, share options expire on their expiry date.

Short-term incentive bonus

Each year the board of directors sets the KPIs for the key management personnel. The KPIs will generally include measures relating to the Group, and to the individual, and include financial, people, strategy, and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance. The full board reviews and confirms the cash incentive to be paid to each individual. This method of assessment was chosen as it provides the board with an objective assessment of the individual's performance.

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.1. Principles of compensation – audited (continued)

Long-term incentive

Options are issued under the ESOP (made in accordance with thresholds set in plans that have been initially approved by the board) and it provides for key management personnel to receive varying numbers of options over ordinary shares for no consideration. The actual number of options issued depends on the seniority and responsibility of the executive concerned. The exercise prices and vesting periods of the options are set so as to provide a realistic incentive to each executive and to reflect the executive's contribution to the Group and enhancement of value for all shareholders.

In addition to the options provided to executives, the Company has issued options to certain directors. These entitlements have not been granted as part of a broad scheme to remunerate the board but rather as a specific and largely pre-agreed recognition of the contribution of these directors to the establishment of the Company and its portfolio of projects, and its listing on the Australian Securities Exchange ('ASX') in October 2007. These remaining option entitlements are noted in the table in Section 4.4.4.4.

The Company's policy relating to exercise and vesting dates for options provided to executives and to certain directors is summarised as follows:

- The exercise prices and vesting terms for options issued to the managing director recognise the highly competitive labour market in Australia within the mining industry. Commercial salary arrangements are currently seen as being only part of the attraction to executives and increasingly executives desire a meaningful incentive in the form of options or shares offered. The Company has recognised this aspect and negotiated with the managing director the terms of issue, which include a five year term and varying exercise prices generally expressed in three tranches and vesting on grant date. Generally the Company endeavours to establish a modest premium to current prices when setting exercise prices of such incentive options.
- The exercise prices for options issued to other directors and an executive have been set at significantly higher levels than those applicable to the managing director. These terms were agreed prior to the Company listing in October 2007. As noted above, this acknowledges that the issue of options does not form part of the remuneration base of the relevant directors and executive but instead rewards them in the longer term for the significant efforts already made and yet to be made. Accordingly the premiums were set at a more realistic hurdle rate relative to price expectations based on successful exploitation of the Group's projects. The five year term is consistent with the options terms for the managing director.

The Group does not have a formal policy in place regarding hedging of options or rights by key management personnel. Entering into such arrangements has been prohibited by law since 1 July 2011.

Consequences of performance on shareholder wealth

The board considers that the most effective way to increase shareholder wealth is through the successful exploration and development of the Group's mineral exploration permits. The board considers that the Group's LTI schemes incentivise key management personnel to successfully explore the Group's mineral permits by providing rewards that are directly correlated to delivering value to shareholders through share price appreciation.

Service contracts

The Company has entered into a service contract with the managing director. There are no service contracts with any other director or executive.

The service contract outlines the components of compensation paid to the managing director but does not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account individual performance, any change in the scope of the role performed by the managing director, cost-of-living changes and any changes required to meet the principles of the compensation policy.

Individual performance is measured against agreed key performance indicators, including successful completion of operational tasks, timely execution of work programmes, adherence to governance standards and procedures and feedback from stakeholders and other interested parties.

Mr Simon Finnis was appointed as managing director on 1 March 2010 following service as chief executive officer of the Company from 1 September 2007 to 1 April 2009. Mr Finnis tendered his resignation from the position of managing director with effect from 14 September 2012. Mr Finnis has been a member of the board of directors since 6 April 2009 and will continue as a non-executive member of the board.

Mr Finnis was retained as managing director pursuant to a consultancy contract between Finnis 1 Pty Ltd, Simon Finnis and the Company which provides for the services of Mr Finnis on a full time basis. The major terms of the contract included:

- an initial term of three years commencing 1 March 2010,
- an annual fee of $305,000 payable monthly in arrears,
- termination upon three months notice, except in the event of a change of control where an additional six months notice is required,
- rights to a short term incentive of up to 20% of the annual fee, subject to agreed KPIs which are reviewed annually; and
- a long term incentive of 75,000 options, each vesting immediately and having a five year expiry date from the date of issue, and exercisable as follows:
  - 25,000 options exercisable at $1.976 per share
  - 25,000 options exercisable at $2.476 per share
  - 25,000 options exercisable at $2.976 per share

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.1. Principles of compensation – audited (continued)

Non-executive directors

Total compensation for all non-executive directors was set by the board on 22 June 2007 at $147,000. The levels of fees set were based on a review involving reference to fees paid to other non-executive directors of comparable companies at the time. There has been no change to these levels since 2007. Directors' base fees are presently set at $35,000 per annum for the chairperson and $28,000 per annum for each non-executive director. These fees are paid quarterly in arrears.

Other than the managing director, no member of the board of directors is entitled to performance related compensation. Directors' fees cover all main board activities. Additional services provided outside of board duties attract a separate daily rate agreed by the full board.

There is no board retirement scheme and there is currently no intention to establish such a scheme.

4.4.2. Directors' and executive officers' remuneration – audited

Details of the nature and amount of each major element of remuneration of each key management person of the Group for the year ended 30 June 2012 are:

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.2. Directors' and executive officers' remuneration – audited (continued)

		Short-term				Post-employment	Other long term	Termination benefits	Share-based payments		S300A(1)(e)(i) proportion of remuneration performance related %	S300A(1)(e)(i) value of options as proportion of remuneration %
		Salary & fees	STI cash bonus $	Non-monetary benefits	Total	Superannuation benefits			Options	Total $		
Directors												
Non-executive directors												
Mr S Everett	2012	35,000	-	-	35,000	-	-	-	-	35,000	-	-
Mr M Arnett (*resigned 9 Dec 11*)	2012	14,000	-	-	14,000	-	-	-	-	14,000	-	-
Executive directors												
Mr S Finnis	2012	305,000	-	1,740	306,740	-	-	-	-	306,740	-	-
Mr B Casson	2012	28,000	-	-	28,000	-	-	-	-	28,000	-	-
Executives												
Mr F Bunting [(i)]	2012	-	-	-	-	-	-	-	-	-	-	-

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.2. Directors' and executive officers' remuneration – audited (continued)

		Short-term				Post-employment	Other long term	Termination benefits	Share-based payments		S300A(1)(e)(i) proportion of remuneration performance related %	S300A(1)(e)(i) value of options as proportion of remuneration %
		Salary & fees	STI cash bonus $	Non-monetary benefits	Total	Superannuation benefits			Options	Total $		
Directors												
Non-executive directors												
Mr S Everett	2011	35,000	-	-	35,000	-	-	-	-	35,000	-	-
Mr M Arnett	2011	28,000	-	-	28,000	-	-	-	-	28,000	-	-
Executive directors												
Mr S Finnis	2011	305,000	25,000	250	330,250	-	-	-	-	330,250	8%	-
Mr B Casson	2011	28,000	-	-	28,000	-	-	-	759	28,759	-	3%
Executives												
Mr F Bunting	2011	-	-	-	-	-	-	-	2,530	2,530	-	100%

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.2. Directors' and executive officers' remuneration – audited (continued)

Notes in relation to the table of directors' and executive officers' remuneration - audited

(i) Mr Bunting resigned as a director of the Company on 6 April 2009. However, he has continued to provide valuable ongoing input. Mr Bunting was also a shareholder and director of GRC Mexico Pty Ltd ('GRC Mexico') which was acquired by the Company in March 2010. Mr Bunting was, and remains, a director of the Mexican subsidiary of GRC Mexico and has continued to contribute to the exploration reviews for the El Rodeo Project. Given this continued involvement in the management of the Group Mr Bunting retains the incentive options issued to him in July 2007 (refer to section 4.4.4.4 for further details).

Details of performance related remuneration - audited

The Group's policy in relation to the proportion of remuneration that is performance related is discussed on page 4.

4.4.3. Analysis of bonuses included in remuneration – audited

No short-term incentive cash bonuses were awarded as remuneration in the year ended 30 June 2012.

4.4.4. Equity instruments – audited

All options refer to options over ordinary shares of Global Resources Corporation Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan.

4.4.4.1. Options and rights over equity instruments granted as compensation – audited

Options are granted under a service condition whereby the grantee must be employed by the Group at the time the options vest. If share options are unvested at termination of the grantee's engagement by the Group, the options expire on termination of the grantee's engagement. If share options are vested but unexercised at termination of the grantee's engagement, the options expire 30 days after the termination of the grantee's engagement. Otherwise, share options expire on their expiry date. The options are exercisable from their vesting date to their expiry date, subject to continuing service. Options issued under the Company's ESOP have been provided at no cost to the recipient.

No options over ordinary shares in the Company were granted as compensation to key management personnel during the reporting period. No options granted to key management personnel vested during the reporting period.

Further details regarding options issued to key management personnel in previous financial years under the Company's ESOP are in note 19 to the financial statements.

4.4.4.2. Modification of terms of equity-settled share-based payment transactions – audited

No terms of equity-settled share-based payment transactions have been altered or modified by the issuing entity during the reporting period or the prior period (refer to note 19 to the financial statements for the details of a 1 for 2 consolidation of share capital carried out during the period).

4.4.4.3. Exercise of options granted as compensation - audited

No shares were issued on the exercise of options during the reporting period, or since the end of the reporting period.

4.4.4.4. Analysis of options and rights over equity instruments granted as compensation - audited

Details of vesting profiles of the options granted as remuneration to each key management person of the Group are detailed below. The number of options granted is stated after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012.

	Number of options granted	Option grant date	% vested at year end	% forfeited / cancelled in year	Financial years in which grant vests
Directors					
Mr S Finnis	75,000	19 Mar 2010	100%	-	1 July 2009
Mr B Casson	6,000	30 Jul 2007	100%	-	1 July 2008
	4,500	30 Jul 2007	100%	-	1 July 2009
	4,500	30 Jul 2007	100%	-	1 July 2010
Executives					
Mr W F Bunting	20,000	30 Jul 2007	100%	-	1 July 2008
	15,000	30 Jul 2007	100%	-	1 July 2009
	15,000	30 Jul 2007	100%	-	1 July 2010

Directors' Report

4.4. Remuneration report – audited (continued)

4.4.4. Equity instruments – audited (continued)

4.4.4.5. Analysis of movements in options – audited

During the reporting period, key management persons and the named Company executives and Group executives participated in a $1.6 million capital raising announced by the Company on 14 July 2011 (refer to section 10 of the Directors' Report). Participation entitled key management persons and the named Company executives and Group executives to options over ordinary shares in the Company on the same terms as other shareholders of the Company who participated in the capital raising.

4.5. Audit committee

The Company does not have an audit committee as it considers that, given the current composition of the board, the full board should oversee the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The managing director has declared in writing to the board that the financial records of the Company for the financial year have been properly maintained and that the Company's financial reports for the financial year ended 30 June 2012 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

In connection with the establishment and maintenance of an appropriate framework of internal control and appropriate ethical standards, the full board undertakes the following responsibilities:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and assessing whether the financial information is consistent with the board's information and adequate for shareholder needs,
- assessing corporate risk assessment processes,
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review,
- assessing whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*,
- assessing the adequacy of the internal control framework and the Company's code of ethical standards,
- monitoring the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, the Australian Taxation Office, the Australian Securities and Investments Commission, the ASX and financial institutions.

The full board reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the external audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed,
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend board approval of these documents, prior to announcement of results,
- review the draft annual and half-year financial report; and
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

4.6. Risk management

Oversight of the risk management system

The board oversees the establishment, implementation, and annual review of the Company's risk management system. Management has established and implemented the risk management system for assessing, monitoring and managing operational, financial reporting, and compliance risks for the Group. The operational and other risk management compliance and controls are regularly assessed.

Risk profile

The full board reviews regularly, as appropriate to the Company's circumstances and activities, the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed and appropriately managed.

Directors' Report

4.6. Risk management (continued)

Risk management and compliance and control

The board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The board's policy on internal control takes into account the size and scope of current activities.

Policies have been established to ensure:

- capital expenditure and commitments above a certain size obtain prior board approval,
- financial exposures are controlled, including the use of derivatives,
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations,
- business transactions are properly authorised and executed,
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Quality and integrity of personnel

Formal appraisals are conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management. Given the present size and scope of activities, there is no formal succession plan currently in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur.

Financial reporting

The managing director has declared in writing to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

Environmental regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its exploration activities in Queensland. The Group is also subject to foreign jurisdiction environmental regulations in Mexico and Turkey.

The Group is committed to achieving a high standard of environmental performance. Due to the size and scope of current activities the Company has not established an environmental management committee; however the board charter includes focus on this area of operating performance. The board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

As part of this process the board is responsible for:

- setting and communicating environmental objectives and quantified targets,
- monitoring progress against these objectives and targets,
- implementing environmental management plans in operating areas which may have a significant environmental impact,
- identifying where remedial actions are required and implementing action plans; and
- regular monitoring of licence requirements, with performance against licence conditions reported to the various State regulators on a regular basis.

To enable the board to meet its responsibilities, the managing director maintains a regular internal reporting process with all key employees and reports to the board as and when relevant. For the year ended 30 June 2012 there were no relevant or outstanding requirements of environmental regulations as the Group had completed all environmental obligations in respect of exploration activity undertaken on its portfolio of projects.

Assessment of effectiveness of risk management

The Group does not employ internal auditors. The full board is responsible for ensuring compliance with internal controls and risk management programmes by regularly assessing the effectiveness of the above-mentioned compliance and control systems.

4.7. Ethical standards

All directors, executives and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group, in accordance with the Company's Code of Conduct Policy.

Conflict of interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with the interests of the Group. The board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Details of director-related entity transactions with the Group are set out in note 25 to the financial statements.

Directors' Report

4.7. Ethical standards (continued)

Code of conduct

The Group has advised each director, executive and employee that they must comply with the Code of Conduct Policy adopted by the board. The policy may be viewed on the Company's website, and it covers the following:

- aligning the behaviour of the board and management with the code of conduct by maintaining appropriate core Group values and objectives,
- fulfilling responsibilities to shareholders by delivering shareholder value,
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution,
- managing potential or actual conflicts of interest,
- corporate opportunities such as preventing directors and key executives from taking improper advantage of property, information or position for personal gain,
- confidentiality of corporate information,
- protection and proper use of the Group's assets,
- compliance with all laws and regulations affecting the Group; and
- reporting of unlawful or unethical behaviour including protection of those who report violations in good faith.

Trading in Company securities by directors and employees

The key functions of the Trading Blackout Policy on trading in Company securities by directors and employees are:

- to identify those to whom the policy is applicable,
- to identify the circumstances in which a trading blackout will be imposed. Directors, executives, employees and their family members may acquire shares in the Company but are prohibited from dealing in Company shares or exercising options:
  - between 5 trading days before and 2 full trading days after the release of any financial results to the ASX,
  - while a major announcement is pending e.g. an announcement relating to the negotiation of a material transaction or a material change to the affairs of the Company. In these circumstances, the blackout remains in effect for 2 full trading days after the announcement; and
  - whilst in possession of price sensitive information not yet released to the market.
- to raise awareness of legal prohibitions on dealing in the Company's securities.

The policy also details the insider trading provisions of the *Corporations Act 2001* and is reproduced in full on the Company's website.

4.8. Communication with shareholders

The board policy is to provide shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure Policy operates as follows:

- the managing director and the company secretary are responsible for interpreting the Group's policy and where necessary informing the board. The company secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered,
- the full annual report is provided via the Company's website to all shareholders (unless a shareholder has specifically requested to receive a physical copy or not to receive the document), including relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments,
- the half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it,
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders,
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX,
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- the external auditor attends the annual general meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information is made available on the Company's website within one day of public release, and is e-mailed to all shareholders who lodge their e-mail contact details with the Company. Information on lodging e-mail addresses with the Company is available on the Company's website.

Directors' Report

4.8. Communication with shareholders (continued)

The board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors, the remuneration report and changes to the constitution.

4.9. Diversity

The board appreciates the need to have an appropriate blend of diversity both on the board and in the Group's senior executive positions. However, in the current circumstances of the Group and given the small number of key management personnel, the board has not yet established a formal policy on diversity.

	30 June 2012	30 June 2012	30 June 2011	30 June 2011
Gender representation	Female (%)	Male (%)	Female (%)	Male (%)
Board representation	-	100%	-	100%
Key management personnel representation	-	100%	-	100%
Group representation	11%	89%	18%	82%

The board considers the Group's key management personnel, excluding Company directors, to be the Group's senior executives.

5. Principal activities

The principal activities of the Group during the course of the financial year were to continue the exploration and evaluation of its existing portfolio of exploration projects located in Turkey. In addition it is striving to add further more advanced projects to its portfolio, in Turkey and elsewhere.

5.1. Mexico

Once the focus of the Company shifted to Turkey, many attempts were made to attract partners to the El Rodeo Project, located in Michoacan State, Mexico. All these attempts failed and the Company reluctantly decided to relinquish its rights over the Project.

The parties to the El Rodeo Option Agreement, Recursos Cruz del Sur, S.A. de C.V and Minas GRC S.A.de C.V. (a wholly owned Mexican subsidiary of Global Resources Corporation Limited) have agreed to terminate the Property Option Agreement over the El Rodeo Project and the termination process is almost complete.

At the end of this process Global will no longer have any rights over the El Rodeo project.

5.2. Queensland

The Company has always held a significant ground position via a number of mineral exploration tenements in Queensland. The process of review and renewal of focus has continued this year and the tenement portfolio has changed accordingly.

In the latter half of the financial year the Company commenced a programme to attract partners to the Queensland exploration assets. This programme has seen a high level of interest from other explorers and producers alike and one arrangement has been finalised. Several others are in the final stages of negotiation and the Company expects to execute a number of transactions within the latter half of calendar year 2012.

Several tenement applications have been granted and many more are in the final stages of the grant process, the culmination of which should be within the next six months.

The Company holdings and applications are all highly prospective, are spread broadly across the state of Queensland, and focus mostly on precious and base metals with one phosphate focussed area.

The Project areas (containing granted tenements and tenement applications), general location and target types are:

Project Name	Approximate Location	Target
South Cloncurry Base Metals	150km south of Cloncurry.	Iron Oxide Cu/Au, Broken Hill type Ag/Pb/Zn.
South Cloncurry Phosphate	20km west of Phosphate Hill.	Direct shipping ore Phosphate.
Burdekin	50km south of Ayr, 120km SE of Townsville.	Epithermal and volcanic breccia related Au/Ag.
Monto	50 to 160km SSW of Rockhampton.	Epithermal Au/Ag, and Porphyry and skarn Cu/Au.
Clermont	270km south-west of Mackay.	Porphyry Cu/Au/Mo and Epithermal Au/Ag.
Dobbyn	150km north-east of Mt Isa	Structurally controlled Cu.
Croyden	500km north-west of Townsville	Intrusive related Au/Ag.
Palmer River	200km north-west of Cairns	Skarn Au/Cu, Epithermal Au/Ag, Breccia Au.
Charters Towers	100km south-west of Townsville	Intrusive related Au.

Directors' Report

5.2. Queensland (continued)

As was announced late in 2011, Sandfire Resources NL (ASX:SFR) signed an Agreement to earn up to an 80% interest in the Kennedy Highway Project, in north Queensland. The main terms of the Agreement are:

- Sandfire must spend a minimum of A$400,000 (Minimum Expenditure), in the first year on the Project, no less than half of which must be drilling;
- Sandfire may withdraw without liability at any time after it has met the Minimum Expenditure;
- Sandfire must spend a minimum of A$3M (in total), in the first 3 years to earn 60% equity (Minimum Interest) in the Project, no less than half of which must be drilling; and
- Sandfire has the option to spend a further A$5M, over an additional 2 years, to earn 80% equity (Further Interest) in the Project.
- After the Minimum Interest has been earned, and anytime before the Further Interest has been earned, GRM and Sandfire will form an unincorporated Joint Venture (JV) to manage the Project. Sandfire will be the manager of the JV and the partners will fund as per their respective ownership percentage, or be diluted.

The Kennedy Highway Project is a single tenement (EPM 15948) and forms part of the Cloncurry South group of tenements. It is located approximately 230km south of Cloncurry in north Queensland. Sandfire commenced drilling on the project in June 2012 targeting a large geophysical target under cover approximately 100 kilometres south of the Cannington mine. Two 1,200m holes are planned for this initial programme, which is ongoing.

5.3. Turkey

The Company continues to hold interests in three gold projects in Turkey; namely 100% interests in the Aktarma and Ispir projects, and a right to earn up to a 60% interest in the Yunt Dag Project.

Through the year drilling was carried out at both Aktarma and Yunt Dag.

Aktarma project

The Aktarma Gold Project is made up of six granted tenements, covering an area of 6,590 Ha. It is located approximately 100km north of Izmir City and 50km north-east of the Ovacik Mine in Western Turkey. It is within the Biga geological province in western Turkey and geologically it lies on the northern margin of the regional Ergarma Graben and hosts a strong multi-element soil and rock geochemical anomaly, with strong gold values in both soil and rock chip samples.

Commencing in late November 2011 the Company carried out the stage 1 drilling at Aktarma which consisted of eight holes for 1,113.5 metres of diamond drilling and was completed in early February 2012. Unfortunately some difficult ground conditions were encountered and three holes failed to reach their target depth.

This initial drilling programme was designed to test the IP Resistivity high which is a common indicator of Low Sulphidation Epithermal (LSE) veins at depth. Questions arose about the validity of this interpretation mid way through the programme, but because of the failure of holes 2, 4 and 4A it was not until later in the programme, that a more complete interpretation and evaluation was carried out. The latest interpretation suggests that more importance should be placed on the distinct magnetic low anomaly that also exists at Aktarma, rather than the resistivity anomaly. From the analysis it was easy to conclude that whilst the initial drilling has tested the IP resistivity anomaly, it has failed to test the magnetic low.

From the drill core the resistivity highs are mostly due to strongly silicified andesite with sporadic and low levels of gold and locally some narrow quartz veins, also with weak gold levels. However strongly developed LSE veins are also non-magnetic and produce wide demagnetisation of host andesites, so central portions of the coherent large magnetic low and any interpreted side zones are clear targets. Veins of this style were encountered in AK-DD-08 but core orientation suggests these were drilled down dip.

Hole AK-DD-01 was a deep hole that penetrated the zone of low-magnetisation and produced a gold intercept of 0.4 metres at 23.6 g/t gold, along with other lower grade assays. Furthermore, the interpreted position of this vein system towards the surface coincides with significant surface gold geochemistry assay results. Some assays from the bottom of AK-DD-01 and from AK-DD-08 are also anomalous in silver, arsenic, copper and antimony, indicating that it is the right geological environment for LSE mineralisation.

After this first stage of drilling, further surface geochemical sampling was carried out and produced further strong gold results. Additionally in an attempt to identify the relationship between faults and mineralisation a detailed structural geology map of the project was carried out in April 2012.

The study outlined a strong faulted structural feature running approximately east-west that correlates well with the magnetic low anomaly, along with many other smaller faults that correlate well with the outcropping mineralisation, and with the better gold results from surface. This information was used to design the stage 2 drilling programme which commenced in late June 2012, and is ongoing.

Yunt Dag project

The Yunt Dag project is located 12km northwest of Balikesir City and is also situated in the Biga geological province, which has a rich mining history and there are several gold mines currently in production in the vicinity.

The diamond drilling programme commenced on the 8th of February 2012, and was completed on 5th March 2012 consisting of two vertical diamond drill holes for 697.3 metres of drilling.

No significant mineralisation was encountered in either hole but anomalous Au values were intersected in both holes.

The Company is carrying out various analyses and awaits the results of these before finalising any further work.

Directors' Report

5.3. Turkey (continued)

Ispir project

The Ispir project is located 125km southeast of the city of Trabzon, on the Black Sea coast of Turkey.

Ispir has both high sulphidation gold epithermal and copper-molybdenum porphyry styles of mineralisation. Six target areas have been identified by previous explorers after carrying out silt, soil and rock sampling.

The property is immediately to the north of the Ulutas copper molybdenum porphyry system. Field work during the year confirmed that the porphyry system continues onto the Ispir property and also reaffirmed the prospectivity of the various targets.

Although ultimately unsuccessful in acquiring Ulutas, the Company attended, and was a bidder for the Ulutas property via the Government auction held on 7 March this year in Ankara, Turkey. Attendance at the auction led to several Companies expressing interest in Ispir and these talks have continued but none are at a stage where disclosure is warranted.

5.4. Objectives

During the financial year, the Group affirmed that its focus would be on the burgeoning mining jurisdiction of Turkey and carried out several advanced exploration programmes at two of its three assets there.

The Company realised that the capital markets for junior explorers continued to be very negative through the year and this has led to a more focussed asset rationalisation process, culminating in the termination of the Option Agreement over the El Rodeo Project in Mexico.

As the Queensland tenements are generally grass roots exploration targets they are not considered to be priority targets for the Company at this stage and the rationalisation process, by way of introducing partners has commenced and will continue into the new financial year.

6. Operating and financial review

Overview of the Group

During the reporting period the Company actively explored its project interests in Turkey, finalised its work in Mexico and wound down its exploration and acquisition activities in Australia.

Turkey offers security of tenure, supportive legislation and most importantly of all, significant resource opportunities in what is now the largest gold producing country in Europe. It is the view of the board that the focus on good exploration assets in Turkey will deliver success, growth in the Company and the opportunity for further acquisitions.

Shareholder returns

The nature of the Group's business has now evolved to be focussed purely on Turkey, with a continuing strong emphasis on targeting opportunities in gold. The Turkish projects remain at an exploration level, and accordingly continue to represent risk; however the board believes these new projects reduce the risk profile going forward and increase the potential for discovery and ultimately shareholder returns.

No dividend is expected during the next twelve months and the directors can give no assurance as to the payment of future dividends or the level of franking of such dividends. The payment of fully franked dividends will depend upon the availability of sufficient distributable profits, the Company's franking credit position, working capital requirements, future capital expenditure requirements, general business and financial conditions and any other factors the directors may consider relevant.

Investments for future performance

The Group's main focus is the development and evaluation of its portfolio of mining projects in Turkey and a continuing search for other, more advanced opportunities. The Group continues to apply its financial resources and expertise towards this purpose.

Review of financial condition

During the period under review, the Company has been actively exploring its assets in Turkey, namely the Yunt Dag and Aktarma projects. During this period it withdrew from its project in Mexico, and is seeking partners for its exploration assets in Queensland, Australia.

At balance date the Group had approximately $1,480,000 in cash resources to support its operations.

The Group continues to seek additional project interests, preferably more advanced projects than those already held. It is more likely to add to overseas interests than to interests in Australia, due to the nature and cost of opportunities becoming available.

The Group will continue to monitor the cash required to meet future obligations, and the availability of additional equity in the Australian market at the appropriate time. The ongoing operation of the Group is dependent upon raising additional capital from shareholders or other parties from time to time, although there is potential for some funds to come from partnership arrangements of its surplus project assets. There is no assurance however that, in the current economic environment, the Group will be able to raise additional funds on reasonable terms.

Significant changes in the state of affairs

As has been noted in previous reports and over time, the Company has been changing its focus from the initial Queensland projects, firstly to Mexico, but most recently to Turkey.

It has continued to review and improve upon its land position in Queensland although it has not actively explored in this jurisdiction in recent times. It is progressing partnership opportunities for the Queensland projects, and has successfully concluded two Agreements, one farm-in arrangement and one sale Agreement. The Company is in negotiations over a number of other tenements and tenement packages and is hopeful of concluding these in the near future.

Directors' Report

6. Operating and financial review (continued)

Significant changes in the state of affairs (continued)

Based on its Turkey strategy, the Company initially looked for partners for its El Rodeo Project in Mexico. However as world markets deteriorated, and even though the holding costs of the project were reasonable, it became increasingly difficult to justify continuing its participation in the project. The Company therefore terminated its option over the El Rodeo project in June 2012. All the costs of exploration in Mexico have been impaired.

The Company continues to be pragmatic in its approach and will now be able to wholly concentrate on the Turkish projects.

7. Dividends

No dividends have been paid or declared during or since the end of the financial year (2011: nil).

8. Events subsequent to reporting date

Extension to Yunt Dag Farm-In Agreement

Subsequent to the end of the financial year, the Company reached an agreement with Pilot Gold Inc, the owner of the Yunt Dag project in Turkey, to extend the terms of the Yunt Dag Farm-In Agreement (the 'Agreement') by six months. Under the terms of the Agreement, the Company has the right to acquire up to a 60% interest in the Yunt Dag project.

The Company's original obligation in the first year of the Agreement was to spend US$500,000 on exploration at the project site by 29 June 2012. The time frame for completion of this obligation has now been extended to 31 December 2012. The Company's expenditure obligations in subsequent years of the Agreement have likewise been extended by six months. All other terms of the Agreement are unchanged (refer to note 11 to the financial statements).

As consideration for the extension of the terms of the Agreement, the Company issued 100,000 new ordinary shares to Pilot Gold Inc on 5 July 2012.

Sale of Australian tenement EPMA 18616

On 19 July 2012, the Company announced that it had agreed terms with Gold Anomaly Limited ('GOA') for the sale of a 94% interest in tenement EPMA 18616 located at Croydon in Queensland. While the Company has not yet been formally granted the tenement, it is the priority applicant and has received notification from the Queensland government that the application is being processed and public notice of the intention to grant will be published on 1 August 2012.

The terms of the sale are as follows:

- as consideration for the transfer of a 94% beneficial interest in the tenement once granted, GOA will issue to the Company GOA shares to the value of $200,000,
- GOA will meet the costs of the tenement application thus far incurred and all future costs; and
- the Company will retain a 6% interest in the tenement and also retain a 1% net smelter royalty on any and all minerals produced from the tenement.

Resignation of managing director

On 17 August 2012, Mr Simon Finnis announced his resignation from the position of managing director of the Company with effect from 14 September 2012. Mr Finnis will remain as a non-executive director of the Company.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9. Likely developments

The Group will continue to focus on the exploration and evaluation of its portfolio of mining projects and will continue its search for further opportunities. Given that the nature of the Group's activities is exploration focused, no further information can be provided as to likely developments as such developments will depend on exploration success at the Group's various project interests, and the nature of any new acquisitions going forward.

10. Directors' interests

The relevant interest of each director in the shares or options over such instruments issued by the Company, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows. The numbers of shares or options over such instruments are stated after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012

	Direct interest in ordinary shares	Indirect interest in ordinary shares	Options over ordinary shares - ESOP	Options over ordinary shares - Other (iv)
Mr S Everett (i), Non-Executive Chairman	-	892,016	Nil	125,000
Mr S Finnis (ii), Director	563	204,508	75,000	41,017
Mr B Casson (iii), Director	-	76,963	15,000	15,594

Directors' Report

10. Directors' interests (continued)

(i) Mr Everett has an indirect interest in shares and options held by Prima Group Holdings Pty Ltd (31,142 shares) and by Prima Group Holdings Pty Ltd as trustee for the Prima Group Holdings Superannuation Fund (860,874 shares, 125,000 options).

(ii) Mr Finnis has an indirect interest in shares and options held by Mrs H Finnis (36,711 shares, 7,343 options), Finnis 1 Pty Ltd (73,586 shares, 14,718 options) and the Finnis Family Superannuation Fund (94,211 shares, 18,843 options).

(iii) Mr Casson has an indirect interest in shares and options held by Mrs E Casson (1,500 shares, 500 options), Silverfox Retirement Pty Ltd as trustee for the Silverfox Retirement Fund (75,461 shares, 15,093 options) and Fylbin Pty Ltd (2 shares, 1 option).

(iv) The directors of the Company hold an interest in these options as a result of direct participation and / or the participation of their indirect interests in the 1 for 2 non-renounceable rights issue completed on 12 August 2011.

11. Share options

Options granted to directors, executives and employees of the Company under the Employee Share Option Plan

No options were granted to directors or executives of the Company under the Company's ESOP during the year ended 30 June 2012. During the financial year, the Company granted 7,050,000 options for no consideration over unissued shares in the Company to employees of the Company as part of their remuneration. The number and terms of the options granted are stated below after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer to note 16 to the financial statements).

	Number of options granted	Exercise price	Expiry date
Holder			
Employees of the Company	117,500	$0.376	17 Feb 2017
Employees of the Company	117,500	$0.576	17 Feb 2017
Employees of the Company	117,500	$0.776	17 Feb 2017

Options granted to participants in a share placement

During the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to participants in a placement of 21,000,000 new ordinary shares completed on 19 July 2011. Each new ordinary share subscribed for has one attaching option which, if exercised, entitles the holder to one new ordinary share in the Company. The number and terms of the options granted are stated below after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer to note 16 to the financial statements).

	Number of options granted	Exercise price	Expiry date
Holder			
Share placement participants	1,050,000	$0.60	22 Aug 2013

Options granted to participants in a 1 for 2 non-renounceable rights issue

During the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to participants in 1 for 2 non-renounceable rights issue (the 'Rights Issue') completed on 12 August 2011. The Rights Issue resulted in the issue of 16,329,543 new ordinary shares in the Company. Each new ordinary share subscribed for has one attaching option which, if exercised, entitles the holder to one new ordinary share in the Company. The number and terms of the options granted are stated below after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer to note 16 to the financial statements).

	Number of options granted	Exercise price	Expiry date
Holder			
Rights Issue participants	816,493	$0.60	22 Aug 2013

Options granted to agents of the Company

During the financial year, the Company granted options over unissued ordinary shares in the Company to the following agents of the Company as remuneration for capital raising services rendered in connection with a placement of 200,000,000 shares completed on 21 October 2011 and underwriting services rendered in connection with a 2 for 3 non-renounceable entitlements issues completed on 23 May 2012. The number and terms of the options granted are stated below after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer to note 16 to the financial statements).

Directors' Report

11. Share options (continued)

Options granted to agents of the Company (continued)

	Number of options granted	Exercise price	Expiry date
Agent			
Blackswan Corporate Pty Ltd	1,000,000	$0.20	19 Oct 2014
Blackswan Corporate Pty Ltd	666,667	$0.12	06 Jun 2015
Capital Investment Partners Pty Ltd	1,333,333	$0.12	06 Jun 2015

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are as follows. The number of shares under option and the exercise prices of the options are stated below after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer to note 16 to the financial statements):

Expiry date	Type	Exercise price	Number of shares
09 Oct 2012	ESOP	$5.676	25,000
09 Oct 2012	ESOP	$7.976	26,000
09 Oct 2012	ESOP	$9.976	19,500
09 Oct 2012	ESOP	$11.976	19,500
22 Aug 2013	Other	$0.60	1,866,493
19 Oct 2014	Other	$0.20	1,000,000
19 Mar 2015	ESOP	$1.976	25,000
19 Mar 2015	ESOP	$2.476	25,000
19 Mar 2015	ESOP	$2.976	25,000
17 Feb 2017	ESOP	$0.376	87,500
17 Feb 2017	ESOP	$0.576	87,500
17 Feb 2017	ESOP	$0.776	87,500
06 Jun 2015	Other	$0.12	2,000,000
			5,293,993

All options issued under the terms of the Company's ESOP expire on the earlier of their expiry date or termination of the recipient's employment or fulfilment of the role of a director or officer of the Company. These options have varying vesting dates and exercise prices. All other options issued expire on their expiry date.

No class of options entitles the holder to participate in any share issue of the Company.

No options have been granted since the end of the financial year.

12. Indemnification and insurance of officers and auditors

Indemnification

The Company has agreed to indemnify the following current directors of the Company, Stephen Everett, Barry Casson and Simon Finnis, and former directors Dr Ross Fardon, Robert Thorpe, Frank Bunting and Michael Arnett, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company has arranged directors' and officers' liability insurance, for past, present or future directors, secretaries, and executive officers. The insurance cover relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual directors or officers of the Company.

Directors' Report

13. Non-audit services

During the year ended 30 June 2012, KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The board has considered the non-audit service provided, which was the preparation of income tax returns, and is satisfied that the provision of those non-audit services by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- the non-audit services were reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 28 to the financial statements.

14. JORC statement

The information in this Director's Report that relates to Exploration Results is based on information compiled by Dr Alex Losada-Calderon, an Australian Geologist who is employed by TAE Resources Pty Ltd, a company associated with him and retained by the Company to provide specialist geological services. Dr Losada-Calderon is a Member of AusIMM and has in excess of 5 years' experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Losada-Calderon consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

15. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 53 and forms part of the directors' report for financial year ended 30 June 2012.

This report is made with a resolution of the directors:

Mr Barry Casson
Director

Dated this 21st day of September 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	Note	2012	2011
		$	$
Assets			
Cash and cash equivalents	*15*	1,480,029	246,692
Trade and other receivables	*14*	266,078	74,475
Prepayments		22,981	35,177
Total current assets		1,769,088	356,344
Exploration and evaluation assets	*11*	508,393	3,391,257
Property, plant and equipment	*12*	41,430	77,981
Total non-current assets		549,823	3,469,238
Total assets		2,318,911	3,825,582
Liabilities			
Trade and other payables	*20*	188,926	206,307
Finance lease liability	*18*	-	14,651
Current tax payable		-	27,922
Total current liabilities		188,926	248,880
Total liabilities		188,926	248,880
Net assets		2,129,985	3,576,702
Equity			
Share capital		16,598,663	13,291,522
Reserves		87,008	(62,145)
Accumulated losses		(14,555,686)	(9,652,675)
Total equity		2,129,985	3,576,702

The notes on pages 24 to 49 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Note	2012 $	2011 $
Other income	*7*	44,150	51,544
Administrative expenses		(1,289,928)	(1,640,985)
Impairment of assets		(3,674,422)	(1,463,478)
Loss from operating activities		(4,920,200)	(3,052,919)
Finance income	*9*	20,166	29,689
Finance expenses	*9*	(2,977)	(2,234)
Net finance income		17,189	27,455
Loss before income tax		(4,903,011)	(3,025,464)
Income tax expense	*10*	-	-
Loss for the period		(4,903,011)	(3,025,464)
Other comprehensive income			
Foreign currency translation differences for foreign operations		(254,478)	(537,713)
Total comprehensive income for the period		(5,157,489)	(3,563,177)

		2012	2011
Earnings per share			
Basic earnings per share (i)	17	(26.5 cents)	(55.5 cents)
Diluted earnings per share (i)	17	(26.5 cents)	(55.5 cents)

The notes on pages 24 to 49 are an integral part of these consolidated financial statements

(i) The prior year comparatives have been amended to reflect the effect of the 1 for 20 consolidation of share capital that took place on 6 June 2012 (refer to note 16 to the financial statements).

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012

	Share capital	Translation reserve	Equity compensation reserve	Option reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 July 2010	10,811,848	112,747	359,532	-	(6,627,211)	4,656,916
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(3,025,464)	(3,025,464)
Other comprehensive income						
Foreign currency translation	-	(537,713)	-	-	-	(537,713)
Total other comprehensive income	-	(537,713)	-	-	-	(537,713)
Total comprehensive income for the period	-	(537,713)	-	-	(3,025,464)	(3,563,177)
Transactions with owners directly recorded in equity						
Contributions by and distributions to						
Share based payment transactions	-	-	3,289	-	-	3,289
Issue of ordinary shares	2,479,674	-	-	-	-	2,479,674
Total transactions with owners	2,479,674	-	3,289	-	-	2,482,963
Balance at 30 June 2011	13,291,522	(424,966)	362,821	-	(9,652,675)	3,576,702
Balance at 1 July 2011	13,291,522	(424,966)	362,821	-	(9,652,675)	3,576,702
Total comprehensive income for the period						
Profit or loss	-	-	-	-	(4,903,011)	(4,903,011)
Other comprehensive income						
Foreign currency translation	-	(254,478)	-	-	-	(254,478)
Total other comprehensive income	-	(254,478)	-	-	-	(254,478)
Total comprehensive income for the period	-	(254,478)	-	-	(4,903,011)	(5,157,489)
Transactions with owners directly recorded in equity						
Contributions by and distributions to						
Share based payment transactions	-	-	216,983	-	-	216,983
Issue of options	-	-	-	186,648	-	186,648
Issue of ordinary shares	3,307,141	-	-	-	-	3,307,141
Total transactions with owners	3,307,141	-	216,983	186,648	-	3,710,772
Balance at 30 June 2012	16,598,663	(679,444)	579,804	186,648	(14,555,686)	2,129,985

The notes on pages 24 to 49 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2012

	Note	2012	2011
		$	$
Cash flows from operating activities			
Cash paid to suppliers and employees		(1,447,275)	(1,475,124)
Interest received		15,016	34,314
Net cash used in operating activities	*15*	(1,432,259)	(1,440,810)
Cash flows from investing activities			
Acquisition of property, plant and equipment	*12*	(23,478)	(26,878)
Proceeds from sale of plant and equipment		67,686	-
Proceeds of disposal of shares held as treasury shares		-	515,508
Acquisition of exploration and evaluation assets		(1,048,451)	(1,873,865)
Net cash used in investing activities		(1,004,243)	(1,385,235)
Cash flows from financing activities			
Proceeds of share placements		2,686,000	1,440,000
Proceeds of share purchase plan		-	468,135
Proceeds of rights issues		1,403,168	-
Payment of share issue transaction costs		(401,701)	(116,047)
Payment of finance lease liabilities	*18*	(15,310)	(14,612)
Net cash from (used in) financing activities		3,672,157	1,777,476
Net increase / (decrease) in cash and cash equivalents		1,235,655	(1,048,569)
Effect of exchange rate fluctuations on cash held		(2,318)	-
Cash and cash equivalents at 1 July		246,692	1,295,261
Cash and cash equivalents at 30 June	*15*	1,480,029	246,692

The notes on pages 24 to 49 are an integral part of these consolidated financial statements

1. Reporting entity

Global Resources Corporation Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is First Floor, 13 Manning Street, South Brisbane, Queensland. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is a for-profit entity and is primarily involved in exploration for gold at Aktarma, Ispir and Yunt Dag in Turkey.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the board of directors on 21 September 2012.

b) Basis of measurement and preparation

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Group will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

The Group currently has no source of operating cash inflows other than interest income but has net cash inflows for the year ended 30 June 2012 of $1,235,655 (30 June 2011: net cash outflows of $1,048,569) due to capital raising activities during the financial year (refer note 16). At 30 June 2012, the Group has cash balances of $1,480,029 (30 June 2011: $246,692) and net working capital (current assets less current liabilities) of $1,580,162 (30 June 2011: $107,464).

The ongoing operation of the Group will remain dependent upon the Group raising further additional funding from shareholders or other parties. There is no assurance that, in the current economic conditions, the Group will be able to raise additional funds on reasonable terms. In the event that the Group does not obtain additional funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.

In the longer term, the development of economically recoverable mineral deposits found on the Group's existing or future exploration properties depends on the ability of the Group to obtain financing through equity financing, debt financing or other means. If the Group's exploration programmes are ultimately successful, additional funds will be required to develop the Group's properties and to place them into commercial production. The only source of future funds presently available to the Group is the raising of equity capital by the Company. The ability to arrange such funding in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Group. There can be no assurance that the Group will be successful in its efforts to raise additional funding on terms satisfactory to the Group. If adequate funding is not available, the Group may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests. Failure to obtain additional funding on a timely basis could cause the Group to forfeit its interests in some or all of its properties and reduce or terminate its operations.

The consolidated financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- note 2b – basis of measurement and preparation
- note 11 - impairment of exploration and evaluation assets
- note 19 - measurement of share-based payments

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align with the policies adopted by the Group.

(iii) Loss of control

Upon loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available for sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3. Significant accounting policies (continued)

b) Foreign currency (continued)

(ii) Foreign operations (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group’s non-derivative financial assets are comprised of loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group’s non-derivative financial liabilities are comprised of trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from accumulated losses.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within other income/other expenses in profit or loss.

(ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

3. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

(ii) Depreciation (continued)

The estimated useful lives for the current and prior period are as follows:

- plant and equipment 5 – 10 years
- office equipment and software 3 – 5 years
- motor vehicles 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

e) Exploration and evaluation assets

Exploration and evaluation costs are capitalised as exploration and evaluation assets on an area of interest basis. Such costs comprise net direct costs and an appropriate portion of related overhead expenditure, but do not include general overheads or administrative expenditure not having a specific connection with a particular area of interest. Costs incurred before the Group has obtained the legal right to explore an area of interest are recognised in profit or loss.

An exploration and evaluation asset is only recognised if the right to the area of interest is current and either:

- the expenditure is expected to be recouped through successful development and exploitation of an area of interest, or by its sale; or
- 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.

Accumulated costs in respect of areas of interest are recognised in profit or loss when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development. The aggregated cost is first tested for impairment and then reclassified from exploration and evaluation assets to mining property and development assets within property, plant and equipment. The costs of a productive area are amortised over the life of the area of interest to which such costs relate on the production output basis.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount of the asset exceeds the recoverable amount. Such indicators of impairment include the following:

- the right to explore has expired during the period or will expire in the near future and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration and evaluation in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or
- sufficient data exists to indicate that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale even if development in the specific area is likely to proceed.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash-generating units consistent with exploration activity. The cash generating units are not larger than the areas of interest.

f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

g) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise or indications that a debtor will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ('CGU') exceeds its estimated recoverable amount.

3. Significant accounting policies (continued)

g) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market vesting conditions at the vesting date.

i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

j) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on lease liabilities and are recognised in profit or loss using the effective interest method.

k) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3. Significant accounting policies (continued)

k) Income tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head company within the tax-consolidated group is Global Resources Corporation Limited.

l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

m) Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and agents of the Group.

n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's managing director to make decisions about resources to be allocated to segments and to assess their performance.

Segment results that are reported to the managing director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. The expected impact of these new and amended standards and interpretations on the Group has not yet been determined. These are outlined as follows:

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* removes the requirement to include individual key management personnel disclosures in the notes to the financial statements. Companies will still need to provide these disclosures in the Remuneration Report under s300A of the *Corporations Act 2001*. This amendment will become mandatory for the Group's 30 June 2014 financial statements.
- AASB 9 (December 2010) *Financial Instruments* re-issues AASB 9 *Financial Instruments* to include requirements for the classification and measurement of financial liabilities that are generally consistent with the equivalent requirements in AASB 139 *Financial Instruments: Recognition and Measurement* except in respect of the fair value option and certain derivatives linked to unquoted equity instruments. AASB 9 (December 2010) also adds the requirements in AASB 139 in relation to the de-recognition of financial assets and financial liabilities to AASB 9. These amendments will become mandatory for the Group's 30 June 2014 financial statements.
- AASB 11 *Joint Arrangements* outlines principles for financial reporting by entities that have an interest in arrangements that are jointly controlled. It the parties to a joint arrangement have the rights to and obligation for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and the equity method must be used to account for an entity's interest. These amendments will become mandatory for the Group's 30 June 2014 financial statements.
- AASB119 Employee Benefits (AASB 2011-10) *Amendments to Australian Accounting Standards Arising From AASB 119* amended the requirements in AASB 119 *Employee Benefits* with respect to accounting for defined benefits plans. The definitions of short term employee benefits and other long term employee benefits and some disclosure requirements are also amended. These amendments will become mandatory for the Group's 30 June 2014 financial statements.
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* makes a number of changes to the presentation of other comprehensive income including the requirement to present separately those items that would be reclassified to profit and loss in the future and those items that would never be reclassified to profit and loss together with the impact of tax on those items. These amendments will become mandatory for the Group's 30 June 2013 financial statements.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Exploration and evaluation assets

The fair value of the option to acquire the El Rodeo Mineral Project in the state of Michoacan, Mexico (the 'Option'), which was recognised as a result of a business combination, is based on a valuation of the Option prepared for the Company's shareholders by an independent expert.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Where this fair value is determined for disclosure purposes, the market rate of interest is that at reporting date. Where this fair value is determined when acquired in a business combination, the market rate of interest is at the date of acquisition.

Share-based payment transactions

The fair value of the employee share option plan is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the option, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the options (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market conditions attached to the transactions are not taken into account in determining fair value.

5. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board does not have a risk management committee and the board as a whole is responsible for developing risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations.

At 30 June 2012, the Group is yet to generate operating revenue. Therefore, no formal policy for the analysis of creditworthiness is currently in place.

The Group's exposure to credit risk is limited to bank accounts, accrued interest on the Group's term deposits, GST and Value Added Tax ('VAT') recoverable on payments made to suppliers and refundable deposits lodged to secure the rights to projects. The Group mitigates credit risk on cash and term deposits by dealing with regulated banks in Australia, Mexico and Turkey.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Cash flow is monitored on an ongoing basis. Management reports comparing actual cash flows to budget are circulated to the board on a monthly basis.

Market risk

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

5. Financial risk management (continued)

Market risk (continued)

Currency risk

The Group's investments in subsidiaries are not hedged.

Interest rate risk

The Group adopts a policy of optimising interest rates on its term deposits by investing in a range of terms that are conservative and ensure liquidity is available when required to meet the Group's commitments.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the Group's exploration and evaluation activities and supporting functions.

There were no changes in the Group's approach to capital management during the year.

6. Operating segments

The Group has three reportable segments, as described below, which correspond to the Group's geographical areas of interest. For each of the geographical areas of interest, the Group's managing director reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Australian exploration projects*.
  This segment encompasses the Group's exploration and project evaluation activities in Queensland, Australia.
- *Mexican exploration projects.*
  This segment encompasses the Group's exploration and project evaluation activities at the El Rodeo project in Michoacan, Mexico.
- *Turkish exploration projects*
  This segment encompasses the Group's exploration and project evaluation activities at the Yunt Dag, Aktarma and Ispir projects in Turkey.

	Australia		Turkey		Mexico		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	$	$	$	$	$	$	$	$
Segment profit or loss								
Reportable segment profit / (loss) before income tax	44,150	-	(192,821)	-	(19,000)	-	(167,671)	-
Other material non-cash items								
Impairment of exploration and evaluation assets	(341,358)	(273,997)	(356,893)	-	(2,972,436)	(1,189,481)	(3,670,687)	(1,463,478)
Impairment of trade and other receivables	-	-	-	-	(3,735)	-	(3,735)	-
	(341,358)	(273,997)	(356,893)	-	(2,976,171)	(1,189,481)	(3,674,422)	(1,463,478)
Net reportable segment assets								
Reportable segment assets	633,638	391,856	1,162,536	357,982	4,187,738	4,265,750	5,983,912	5,015,588
Impairment of segment assets	(615,355)	(273,997)	(356,893)	-	(4,165,651)	(1,189,481)	(5,137,899)	(1,463,478)
Net reportable segment assets	18,283	117,859	805,643	357,982	22,087	3,076,269	846,013	3,552,110
Reportable segment liabilities	66,486	15,350	41,742	47,244	15,248	31,617	123,476	94,211
Capital expenditure	-	-	1,504	26,878	-	-	1,504	26,878

	2012	2011
	$	$

6. Operating segments (continued)

Reconciliations of reportable segment profit or loss, assets and liabilities

	2012	2011
Profit or loss		
Total loss for reportable segments	(167,671)	-
Other material non-cash items	(3,674,422)	(1,463,478)
Unallocated amounts: other corporate expenses	(1,060,918)	(1,561,986)
Consolidated loss before income tax	(4,903,011)	(3,025,464)
Assets		
Total assets for reportable segments	846,013	3,552,110
Other assets	1,472,898	273,472
Consolidated total assets	2,318,911	3,825,582
Liabilities		
Total liabilities for reportable segments	123,476	94,211
Other liabilities	65,450	154,669
Consolidated total liabilities	188,926	248,880

7. Other income

	2012	2011
Net gain on sale of plant and equipment	44,150	-
Cancellation of fees owed by the Group	-	51,544
	44,150	51,544

8. Personnel expenses

	2012	2011
Wages and salaries	748,691	846,222
Other associated personnel expenses	22,812	20,587
Contributions to defined contribution plans	13,872	15,318
Equity-settled share-based payment transactions	5,382	3,289
Total personnel expenses	790,757	885,416

9. Finance income and expenses

	2012	2011
Finance income		
Interest income on bank deposits	20,166	29,689
	20,166	29,689
Finance expenses		
Net foreign exchange loss	(2,318)	-
Interest expense on finance lease	(659)	(2,234)
	(2,977)	(2,234)
Net finance income	17,189	27,455

	2012	2011
	$	$

10. Income tax expense

Numerical reconciliation between tax expense and pre-tax accounting loss

	2012 $	2011 $
Loss for the period	(4,903,011)	(3,025,464)
Income tax using the Company's domestic tax rate of 30% (2011: 30%)	(1,470,903)	(907,639)
Non-assessable income	-	(15,463)
Non-deductible expenses	2,014,294	695,688
Change in unrecognised temporary differences	(1,003,061)	(402,785)
Current year losses for which no deferred tax asset was recognised	459,670	630,199
Total income tax expense	-	-

11. Exploration and evaluation assets

	2012 $	2011 $
Opening balance	3,391,257	3,311,817
Acquisitions	1,047,966	1,960,939
Effect of foreign exchange rate movements	(260,143)	(418,021)
Impairment	(3,670,687)	(1,463,478)
Balance at 30 June	508,393	3,391,257

The principal activities of the Group in the current year have been drilling programmes undertaken at the Aktarma and Yunt Dag projects in Turkey.

Mexico

On 22 June 2012, the Company announced that Minas GRC S.A. de C.V., a wholly owned subsidiary, and Recursos Cruz del Sur S.A. de C.V., being the parties to the El Rodeo Option Agreement (the 'Option Agreement'), had agreed to terminate the Option Agreement. On completion of the termination process, the Group will no longer hold any rights over the El Rodeo mineral project. The decision was taken to relinquish the Group's rights over the El Rodeo mineral project in order to allow the Group to focus on its interests in Turkey. All expenditure incurred and capitalised in respect of the El Rodeo mineral project during the current financial year, totalling $2,972,436, has been fully impaired at 30 June 2012.

Turkey

Aktarma and Ispir projects

The Group's interest in these projects is held by GRC Madencilik Limited Sirketi ('GRC Madencilik'), a wholly owned subsidiary incorporated in Turkey.

The terms of the agreement between GRC Madencilik and Agola Madencilik Limited Sirketi ('Agola') for the purchase of these projects commit GRC Madencilik to the payment of a royalty (the 'Production Royalty') to Agola once the projects are in commercial production. The Production Royalty is equal to 2% of the net smelter return ('NSR') from all products mined from the Aktarma and Ispir projects and is payable quarterly. The NSR is calculated as the gross proceeds of sale of products mined less allowable deductions for costs incurred by GRC Madencilik with respect to processed products such as smelting, refining, transportation, insurance and storage costs plus any applicable taxes. The cost of mining and milling the product is not an allowable deduction.

The Production Royalty payment obligation automatically expires upon the expiration or cancellation of the Aktarma mining rights or the Ispir mining rights but continues if GRC Madencilik, or an affiliate, re-acquires these rights within two years after expiration or cancellation.

Option to acquire an interest in the Yunt Dag project

In an agreement dated 27 June 2012, Pilot Gold Inc, the owner of the Yunt Dag project, granted the Company a six month extension to the time frame in which the Company was required to meet its expenditure obligations under the Yunt Dag Farm-In Agreement (the 'Agreement'). The Company's expenditure obligations in subsequent years of the Agreement have likewise been extended by six months. All other terms of the Agreement are unchanged.

Under the terms of the amended Agreement, the Company is now committed to spend US$500,000 prior to 31 December 2012 on exploratory activity at the project site. There is no obligation on the Company to proceed beyond this initial commitment. However, if the Company elects to discontinue activity at Yunt Dag after this initial commitment, it will hold no interest in the project.

11. Exploration and evaluation assets (continued)

Turkey (continued)

Option to acquire an interest in the Yunt Dag project (continued)

In order to earn a 51% equity interest in the Yunt Dag project, the Group is required to spend a further US$700,000 in the twelve months ended 31 December 2013 and a further US$1,000,000 in the twelve months ended 31 December 2014. In addition to the expenditure commitments, the Company must issue to 50,000 new ordinary shares to Pilot Gold Inc in the twelve months ended 31 December 2013 and a further 50,000 new ordinary shares in the twelve months ended 31 December 2014.

The Group will only hold a 51% interest in the project if a total of US$2,200,000 has been spent on exploratory activity and a total of 125,000 new ordinary shares have been issued within the amended time frames. If the Group fails to meet these commitments or elects not to continue, it will hold no equity interest in the Yunt Dag project. At 30 June 2012, the Group had spent approximately US$248,000 of the initial US$500,000 commitment on exploration at Yunt Dag. Of the 125,000 new ordinary shares required to be issued, 25,000 had been issued at 30 June 2012.

Subsequent to the initial period ended 31 December 2014, the Agreement allows the Group to increase its stake from 51% of the project to 60% of the project by spending a further US$2,000,000 over the two year period ended 31 December 2016 and issuing a further 125,000 new ordinary shares to Pilot Gold Inc within the same time frame.

The Company's remaining obligations under the amended Agreement are summarised as follows:

	Expenditure required (US$)	Number of post-consolidation GRM [(1)] shares to be issued	GRM % equity interest earned
By 31 Dec 2012	500,000	-	
By 31 Dec 2013	700,000	50,000	
By 31 Dec 2014	1,000,000	50,000	
Sub Total	2,200,000	100,000	51%
Decision to earn another 9% (GRM option)			
By 31 Dec 2016	2,000,000	125,000	
Total	4,200,000	225,000	60%
JV 60% GRM, 40% PLG [(1)]			

(1) GRM means Global Resources Corporation Limited, PLG means Pilot Gold Inc.

Impairment of the Ispir and Yunt Dag projects

The Company is currently assessing the best means by which to achieve optimum value from its Turkish assets given its available cash resources. As the Company's current plans and budgets do not allow for further expenditure at Ispir and Yunt Dag projects within the foreseeable future, all expenditure capitalised with respect to these projects at reporting date, together with all project overhead capitalised with respect to Turkish projects at reporting date, has been impaired. The total expenditure impaired amounted to $356,893. The impairment provision raised is not a reflection of the Company's assessment of the future potential of these projects.

Australia

Kennedy Highway project

On 1 November 2011, the Company signed an agreement with Sandfire Resources NL ('Sandfire') whereby Sandfire has the right to acquire up to an 80% interest in the Kennedy Highway project (the 'Project') in north Queensland. The Project is a single tenement, EPM 15948, located approximately 230km south of Cloncurry in north Queensland.

The main terms of the agreement with Sandfire are summarised as follows:

- Sandfire must spend a minimum of $400,000 ('Minimum Expenditure') on the Project in the first year no less than half of which must be on drilling;
- Sandfire may withdraw without liability at any time after it has met the Minimum Expenditure;
- Sandfire must spend a minimum of $3,000,000 in total over the first three years to earn a 60% interest ('Minimum Interest') in the Project no less than half of which must be on drilling;
- Sandfire has the option to spend a further $5,000,000 over an additional two years to earn an 80% interest ('Further Interest') in the Project.
- After the minimum has been earned, and anytime before the Further Interest has been earned, the Company and Sandfire will form an unincorporated joint venture (the 'JV') to manage the Project. Sandfire will be the JV manager and the partners will fund the JV in accordance with their respective ownership percentages, or be diluted.

11. Exploration and evaluation assets (continued)

Australia (continued)

Other Australian tenements

As the Company's activities are now focussed on its project at Aktarma in Turkey, there has been no active exploration in this jurisdiction in the current financial year. With the exception of the Kennedy Highway project, expenditure capitalised with respect to all Australian tenements during the financial year, totalling $341,358, has been fully impaired at 30 June 2012. However, the Company continues to pursue ways to achieve value from its strong Australian land position.

Impairment loss

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The Group has raised a provision for impairment where there is objective evidence that the carrying amount of its exploration and evaluation assets exceeds the recoverable amount of those assets.

12. Property, plant and equipment

	Plant and equipment	Office furniture and equipment	Motor vehicle	Total
	$	$	$	$
Cost				
Balance at 1 July 2010	43,984	113,571	61,161	218,716
Additions	1,752	25,126	-	26,878
Balance at 30 June 2011	45,736	138,697	61,161	245,594
Balance at 1 July 2011	45,736	138,697	61,161	245,594
Additions	1,504	21,974	-	23,478
Disposals	(33,185)	(25,284)	(61,161)	(119,630)
Effect of movements in exchange rates	(108)	(44)	-	(152)
Balance at 30 June 2012	13,947	135,343	-	149,290
Depreciation and impairment losses				
Balance at 1 July 2010	21,415	68,324	33,095	122,834
Depreciation for the year	7,759	23,782	13,238	44,779
Balance at 30 June 2011	29,174	92,106	46,333	167,613
Balance at 1 July 2011	29,174	92,106	46,333	167,613
Depreciation for the year	4,537	19,684	12,135	36,356
Disposals	(22,181)	(15,444)	(58,468)	(96,093)
Effect of movements in exchange rates	(11)	(5)	-	(16)
Balance at 30 June 2012	11,519	96,341	-	107,860

12. Property, plant and equipment (continued)

Carrying amounts

	Plant and equipment	Office furniture and equipment	Motor vehicle	Total
	$	$	$	$
At 1 July 2010	22,569	45,247	28,066	95,882
At 30 June 2011	16,562	46,591	14,828	77,981
At 1 July 2011	16,562	46,591	14,828	77,981
At 30 June 2012	2,428	39,002	-	41,430

In May 2012, the Company closed its office located in Townsville, Queensland (refer note 24) and disposed of the items of property, plant and equipment located at that office.

13. Tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items.

	2012	2011
	$	$
Deductible temporary differences	38,063	48,901
Tax losses carried forward	3,912,763	3,520,965
Tax losses brought to account to reduce income tax expense	-	(44,948)
Tax losses and temporary differences brought to account to reduce the provision for deferred income tax	(6,861)	(38,427)
Total unrecognised deferred tax assets	3,943,965	3,486,491

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Provision for deferred income tax

The provision for deferred income tax comprises the estimated expense at the applicable rate of 30% on the following items:

	2012	2011
Exploration and evaluation assets	5,026	34,596
Fixed assets	-	3,268
Prepayments and accrued income	1,835	563
Deferred tax asset attributable to tax losses and temporary differences brought to account to reduce the provision for deferred income tax	(6,861)	(38,427)
Total provision for deferred income tax	-	-

	Note	2012	2011
		$	$

14. Trade and other receivables

	2012 $	2011 $
Current		
Trade debtors	330	-
Accrued interest income	5,610	460
Net tax receivable (GST / VAT)	171,566	63,806
Receivables due from related parties	-	4,288
Other receivables	92,307	5,921
	269,813	74,475
Provision for impairment	(3,735)	-
Total current trade and other receivables	266,078	74,475

15. Cash and cash equivalents

	2012 $	2011 $
Cash and bank balances	314,029	230,692
Term deposits	1,166,000	16,000
Total cash and cash equivalents	1,480,029	246,692

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21.

Reconciliation of cash flows from operating activities

	Note	2012 $	2011 $
Cash flows from operating activities			
Loss for the period		(4,903,011)	(3,025,464)
Adjustments for:			
Depreciation		32,644	38,012
Net gain on disposal of plant and equipment		(44,150)	-
Net foreign exchange loss	*9*	2,318	-
Interest expense on finance lease	*9*	659	2,234
Equity-settled share-based payment transactions	*8*	5,382	3,289
Impairment of exploration and evaluation assets	*11*	3,670,687	1,463,478
Impairment of receivables	*14*	3,735	-
Operating loss before changes in working capital and provisions		(1,231,736)	(1,518,451)
Change in trade and other receivables		(195,338)	120,448
Change in prepayments		12,196	(10,499)
Change in trade and other payables		(17,381)	(32,308)
Net cash used in operating activities		(1,432,259)	(1,440,810)

16. Capital and reserves

	2012 No. of shares	2011 No. of shares
Share capital		
On issue at 1 July	141,157,850	97,528,624
Issued for cash	594,841,488	38,629,226
Issued as consideration for the acquisition of exploration and evaluation assets	-	5,000,000
Subtotal	735,999,338	141,157,850
Effect of 1 for 20 consolidation completed on 6 June 2012	36,800,099	-
Issued for cash	5,773,088	-
On issue at 30 June	42,573,187	141,157,850

Issue of ordinary shares – Pre-consolidation

In a share placement completed in July 2011, the Company issued 21,000,000 new ordinary shares at $0.016 per share. All issued shares are fully paid. Each new ordinary share has one attaching option which, if exercised, entitles the holder to one new ordinary share in the Company. Each option has an exercise price of $0.03, a vesting date of 22 August 2011 and an expiry date of 22 August 2013.

In August 2011, the Company issued 16,329,543 new ordinary shares at $0.016 per share under the terms of a 1 for 2 non-renounceable rights issue. All issued shares are fully paid. Each new ordinary share has one attaching option which, if exercised, entitles the holder to one new ordinary share in the Company. Each option has an exercise price of $0.03, a vesting date of 22 August 2011 and an expiry date of 22 August 2013.

In October 2011, the Company completed the placement of a further 200,000,000 new ordinary shares at $0.008 per share. All issued shares are fully paid. On 19 October 2011, the Company issued 20,000,000 options with an exercise price of $0.01 and an expiry date of 19 October 2014 to an agent of the Company as consideration for equity raising services in connection with the placement of 200,000,000 shares completed in October 2011. These options vested on issue.

In May 2012, the Company completed a placement of 187,500,000 new ordinary shares at $0.004 per share. All issued shares are fully paid.

On 23 May 2012, the Company completed a 2 for 3 non-renounceable entitlements issue resulting in the issue of 170,011,945 new ordinary shares on that date at $0.004 per share to shareholders who had taken up their entitlements. All shares issued are fully paid.

Consolidation of ordinary shares

On 6 June 2012, the Company completed a 1 for 20 consolidation of ordinary share capital. The Company has adjusted the number of options on issue and the exercise prices of options on issue to reflect the effect of the 1 for 20 consolidation of ordinary share capital (refer note 19).

Issue of ordinary shares – Post-consolidation

On 6 June 2012, following the completion of the 1 for 20 consolidation of ordinary share capital, the Company issued 5,773,088 new ordinary shares at $0.08 per share being the placement of the shortfall from the 2 for 3 non-renounceable entitlements issue completed on 23 May 2012. All shares issued are fully paid.

On the same date, the Company issued a further 2,000,000 post-consolidation options with an exercise price of $0.12 and an expiry date of 6 June 2015 to agents of the Company as consideration for underwriting services provided in connection with the 2 for 3 non-renounceable entitlements issue completed on 23 May 2012.

The group has also issue options under the Employee Share Option Plan (refer note 19)

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Equity compensation reserve

The equity compensation reserve represents the fair value of the options granted as compensation to employees and agents as determined using the Black-Scholes option pricing model and taking into account the terms and conditions on which the options were granted.

16. Capital and reserves (continued)

Option reserve

The option reserve comprises the value attached by the Company to the following:

- 21,000,000 options issued on 19 July 2011 in conjunction with the placement of 21,000,000 new ordinary shares on that date (the 'Placement'); and
- 16,329,543 options issued on 22 August 2011 in conjunction with the issue of 16,329,543 new ordinary shares in accordance with the terms of a 1 for 2 non-renounceable rights issue completed on that date (the 'Rights Issue').

In accordance with the terms of the Placement and the Rights Issue, each new ordinary share issued has one attaching option which, if exercised, entitles the holder to one new ordinary share in the Company. Both the Placement and the Rights Issue shares were subscribed for at $0.016 per share. The Company has measured the fair value of the attaching options using a Black-Scholes option-pricing model and on this basis has attributed $0.005 of the total subscription price of $0.016 per share to the attaching option.

17. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the loss attributable to ordinary shareholders of $4,903,011 (2011: $3,025,464) and a weighted average number of post-consolidation ordinary shares of 18,489,558 (2011: 109,041,972 pre-consolidation ordinary shares).

	2012 $	2011 $
Loss attributable to ordinary shareholders		
Loss for the year	4,903,011	3,025,464

	Note	2012 No. of shares	2011 No. of shares
Weighted average number of ordinary shares			
Issued ordinary shares at 1 July	*16*	141,157,850	97,528,624
Effect of shares issued in November 2010		-	8,537,055
Effect of shares issued in March 2011		-	8,021,918
Effect of shares issued May 2011		-	480,822
Effect of shares issued in June 2011		-	5,479
Effect of shares held as treasury shares		-	(5,531,926)
Effect of shares issued in July 2011		19,967,213	-
Effect of shares issued in August 2011		14,009,499	-
Effect of shares issued in September 2011		21,433,117	-
Effect of shares issued in October 2011		119,015,394	-
Effect of shares issued in November 2011		1,012,857	-
Effect of shares issued in April 2012		11,819,427	-
Effect of shares issued in May 2012		15,057,584	-
Effect of shares issued in May 2012		18,116,027	-
Subtotal		361,588,968	109,041,972
Effect of 1 for 20 consolidation (refer note 16) (i)		18,079,448	5,452,099
Effect of shares issued in June 2012		410,110	-
Weighted average number of ordinary shares at 30 June		18,489,558	5,452,099

(i) The prior year comparative has been amended to reflect the effect of the 1 for 20 consolidation of share capital that took place on 6 June 2012.

Diluted earnings per share

There were 5,293,993 post-consolidation options (2011: 3,300,000 pre-consolidation options) outstanding at balance date with exercise prices ranging from $0.12 to $11.976. These options were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

18. Finance lease liability

This note provides information about the contractual terms of the Group's interest-bearing finance lease liability, which is measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk refer to note 21.

	2012	2011
	$	$
Current liabilities		
Finance lease liability	-	14,651

Term and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	30 June 2012 Face value	30 June 2012 Carrying amount	30 June 2011 Face value	30 June 2011 Carrying amount
		%		$	$	$	$
Finance lease liabilities	AUD	8.89	2012	-	-	14,651	14,651

Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2012	2012	2012	2011	2011	2011
	$	$	$	$	$	$
Less than one year	-	-	-	15,310	659	14,651
	-	-	-	15,310	659	14,651

19. Equity-based compensation.

Description of the equity-based compensation arrangements

Employee share option programme

On 30 July 2007 the Company established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. On 19 March 2010 and 17 February 2012, further grants of options under the terms of this programme were made to key management personnel and other employees of the Company.

All options were granted at no cost to the recipients. The vesting of the options is not performance based.

All options expire on the earlier of their expiry date or termination of the individual's employment or position as an officer or employee of the Company.

Other equity-based compensation

On 19 October 2011, the Company granted 20,000,000 options over unissued ordinary shares in the Company to an agent of the Company as consideration for capital raising services rendered in connection with a placement of 200,000,000 ordinary shares completed on 21 October 2011.

On 6 June 2012, following the completion of a 1 for 20 consolidation of the ordinary share capital of the Company, the Company granted a further 2,000,000 options over unissued ordinary shares in the Company to agents of the Company as consideration for underwriting services rendered in connection with a 2 for 3 non-renounceable entitlements issue completed on 23 May 2012. All options issued to agents of the Company expiry on their expiry date.

Effect of 1 for 20 consolidation on ordinary share capital

On 6 June 2012, the Company completed a 1 for 20 consolidation of ordinary share capital (refer note 16). As a result, all options certificates on issue at 6 June 2012 were cancelled and replaced with the number of options and the option exercise prices adjusted to reflect the effect of the consolidation. All conditions and expiry dates remain unchanged on replacement. This has been treated as a modification to equity based compensation.

Terms and conditions of options issued

The terms and conditions related to the grants under the employee share option programme and to other options issued are as follows; all options are to be settled by physical delivery of shares:

19. Equity-based compensation (continued)

Grant date	Number of options pre-consolidation	Number of options post-consolidation	Exercise price pre-consolidation	Exercise price post-consolidation	Vesting date	Expiry date	Fair value per option pre-consolidation (i)
Option grant to employees on 30 July 2007	200,000	10,000	$0.2875	$5.676	09 Oct 2009	09 Oct 2012	$0.11
Option grant to employees on 30 July 2007	100,000	5,000	$0.2875	$5.676	09 Oct 2007	09 Oct 2012	$0.12
Option grant to employees on 30 July 2007	200,000	10,000	$0.2875	$5.676	09 Oct 2008	09 Oct 2012	$0.11
Option grant to key management on 30 July 2007	520,000	26,000	$0.40	$7.976	09 Oct 2008	09 Oct 2012	$0.09
Option grant to key management on 30 July 2007	390,000	19,500	$0.50	$9.976	09 Oct 2009	09 Oct 2012	$0.07
Option grant to key management on 30 July 2007	390,000	19,500	$0.60	$11.976	09 Oct 2010	09 Oct 2012	$0.06
Option grant to director related entity on 19 March 2010	500,000	25,000	$0.10	$1.976	19 Mar 2010	19 Mar 2015	$0.05
Option grant to director related entity on 19 March 2010	500,000	25,000	$0.125	$2.476	19 Mar 2010	19 Mar 2015	$0.05
Option grant to director related entity on 19 March 2010	500,000	25,000	$0.15	$2.976	19 Mar 2010	19 Mar 2015	$0.05
Option grant to an agent on 19 October 2011	20,000,000	1,000,000	$0.01	$0.20	19 Oct 2011	19 Oct 2014	$0.005
Option grant to employees on 17 February 2012	1,750,000	87,500	$0.02	$0.376	17 Feb 2013	17 Feb 2017	$0.005
Option grant to employees on 17 February 2012	1,750,000	87,500	$0.03	$0.576	17 Feb 2014	17 Feb 2017	$0.004
Option grant to employees on 17 February 2012	1,750,000	87,500	$0.04	$0.776	17 Feb 2015	17 Feb 2017	$0.004
Option grant to agents on 6 June 2012	40,000,000	2,000,000	$0.006	$0.12	06 Jun 2012	06 Jun 2015	$0.003

(i) The replacement of options as part of the 1 for 20 consolidation of share capital was treated as a modification. There were no incremental changes in the fair values of the options.

19. Equity-based compensation (continued)

Disclosure of share option programme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2012	Number of options 2012	Weighted average exercise price 2011	Number of options 2011
Outstanding at 1 July	$0.293	3,300,000	$0.293	3,300,000
Granted during the period	$0.015	27,050,000	-	-
Forfeited during the period	$0.030	(1,800,000)	-	-
Subtotal	$0.046	28,550,000	$0.293	3,300,000
Effect of 1 for 20 consolidation of ordinary shares	$0.92	1,427,500	-	-
Granted post-consolidation	$0.12	2,000,000	-	-
Outstanding at 30 June	$0.45	3,427,500	$0.293	3,300,000
Exercisable at 30 June	$0.44	3,165,000	$0.293	3,300,000

The number of options outstanding at 30 June 2012 is stated after adjustment for the effect of a 1 for 20 consolidation of the ordinary share capital of the Company completed on 6 June 2012 (refer note 16). The post-consolidation options have exercise prices in the range $0.12 to $11.976 and a weighted average contractual life of 2.81 years.

No share options were exercised during the 2012 financial year (2011: no options exercised).

Inputs for measurement of grant date fair values

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black-Scholes option-pricing model, incorporating the expected volatility of the Company's share price over the life of the options as set out below:

	2012	2012	2012	2011
Number of instruments (post-consolidation basis)	2,000,000	352,500	1,000,000	
Fair value at grant date (weighted average of fair values)	$0.0558	$0.087	$0.10	-
Share price at grant date (post-consolidation equivalent)	$0.11	$0.20	$0.16	-
Exercise price (weighted average, post-consolidation basis)	$0.12	$0.576	$0.20	-
Expected volatility	78%	75%	108%	-
Option life	3 years	5 years	3 years	-
Expected dividends	-	-	-	-
Risk-free interest rate	3.5%	4.25%	5.0%	-

Share options granted to key management personnel and other employees are granted under a service condition whereby the grantee must be employed by the Group at the time the options vest. If share options are unvested at termination of the grantee's engagement, the options expire on termination of the grantee's engagement. If share options are vested but unexercised at termination of the grantee's engagement, the options expire 30 days after the termination of the grantee's engagement. Otherwise, share options expire on their expiry date.

	2012 $	2011 $
Employee expenses		
Share options granted in 2008 – equity settled	-	3,289
Share options granted in 2012 – equity settled	5,382	-
	5,382	3,289

	2012	2011
	$	$

20. Trade and other payables

	2012 $	2011 $
Current		
Trade payables	69,183	62,912
Payables due to related parties	-	67,975
Non-trade payables and accrued expenses	119,743	75,420
Total current trade and other payables	188,926	206,307

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

21. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2012 $	2011 $
Trade and other receivables	266,078	74,475
Cash and cash equivalents	1,480,029	246,692
	1,746,107	321,167

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2012 $	2011 $
Australia	48,839	40,226
Mexico	11,631	20,500
Turkey	205,608	13,749
Total trade and other receivables	266,078	74,475

The trade and other receivables balance is primarily GST paid by the Company on purchases in Australia, VAT paid by subsidiary companies on purchases in Mexico and Turkey and exploration guarantees put in place by a subsidiary company to secure access to mining tenements in Turkey. GST, VAT and the exploration guarantees are all recoverable from the respective authorities in these countries.

Impairment losses

The ageing of trade and other receivables at the reporting date was as follows:

	Gross 2012 $	Impairment 2012 $	Gross 2011 $	Impairment 2011 $
Neither past due nor impaired	266,078	-	74,475	-
Past due	3,735	(3,735)	-	-
Total trade and other receivables	269,813	(3,735)	74,475	-

A provision for impairment has been raised against VAT paid in Mexico by a subsidiary company where no refund is expected to be received from the Mexican taxation authority. This is due to the unavailability of the correct documentary evidence to support a refund.

21. Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years
	$	$	$	$	$	$
30 June 2012						
Trade and other payables	(188,926)	(188,926)	(188,926)	-	-	-
	(188,926)	(188,926)	(188,926)	-	-	-
30 June 2011						
Finance lease liabilities	(14,651)	(15,310)	(8,351)	(6,959)	-	-
Trade and other payables	(206,307)	(206,307)	(196,619)	(9,688)	-	-
	(220,958)	(221,617)	(204,970)	(16,647)	-	-

Currency risk

Exposure to currency risk

At 30 June 2012, the Group had no trade payables denominated in currencies other than the functional currencies of Group entities.

In AUD	USD	USD
	2012	2011
Trade payables	-	36,316
Gross exposure	-	36,316

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2012	2011
	$	$
Fixed rate instruments		
Financial liabilities	-	14,651
Variable rate instruments		
Financial assets	1,480,029	246,692

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss $		Equity $	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2012				
Variable rate instruments	14,800	(14,800)	-	-
30 June 2011				
Variable rate instruments	2,467	(2,467)	-	-

21. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities approximate their carrying amounts.

22. Contingencies

Contingent liabilities considered remote

The Company has placed a bank guarantee of $15,895 with its landlord, 13 Manning Street Pty Ltd ATF Manning Street Unit Trust, relating to the Company's lease of the corporate head office. The guarantee expires on 30 April 2014; three months after the date of expiration of the lease of the corporate head office (refer note 24).

23. Capital and other commitments

Mining tenements

As a condition of retaining the right to explore its Australian tenements, the Group is required to pay an annual rental charge and incur a minimum level of expenditure for each tenement. With respect to projects in Turkey, the Group is committed to:

- US$700,000 in expenditure at Yunt Dag by 31 December 2012 of which approximately US$248,000 has already been incurred (refer note 11); and
- the payment of annual licence fees for the duration of the tenement licences at Aktarma and Ispir.

Expenditure commitments are as follows:

	2012	2011
	$	$
Less than one year	1,421,552	1,640,918
Between one and five years	1,383,128	907,119
	2,804,680	2,548,037

24. Operating leases

Non-cancellable operating lease rentals are payable as follows:

Less than one year	67,458	100,261
Between one and five years	40,254	107,711
	107,712	207,972

The Group leases its corporate head office in Brisbane, Queensland under an operating lease. The lease expires on 31 January 2014. There is an option to renew the lease for a further two years after that date. Lease payments are increased annually to reflect market rates.

The Group formerly leased office space in Townsville, Queensland. This lease was terminated on 31 May 2012. The Group also leased office space in Ankara, Turkey. This lease expired on 31 May 2012 and was not renewed.

25. Related parties

Key management personnel remuneration

The key management personnel remuneration is as follows:

Short-term employee benefits	383,740	421,250
Share-based payments	-	3,289
Total key management personnel remuneration	383,740	424,539

Individual directors and executives compensation disclosures

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

25. Related parties (continued)

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Transaction	Note	Transaction value year ended 30 June 2012	2011
			$	$
Other related parties				
Bunting Exploration Services Pty Ltd	Cancellation of fees		-	51,544
Fylbin Pty Ltd	Consulting services	(i)	18,230	27,493
New Guinea Energy Limited	Recovery of expenses		-	43,777
New Guinea Energy Limited	Return of rental bond		-	21,238
			Balance receivable / (payable) as at 30 June	
Key management personnel				
Mr S Everett			-	1,000
Former directors				
Mr R Thorpe			-	1,700

(i) Fylbin Pty Ltd, an entity controlled by Mr B Casson, provided the Group with management, accounting and secretarial services during the year.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2011	Granted as compensation	Other changes	Effect of 1 for 20 consolidation (i)	Held at 30 June 2012	Vested during the year	Vested and exercisable at 30 June 2012
Directors							
Mr B Casson	300,000	-	-	15,000	15,000	-	15,000
Mr S Finnis	1,500,000	-	-	75,000	75,000	-	75,000
Executives							
Mr W F Bunting	1,000,000	-	-	50,000	50,000	-	50,000

(i) Refer to note 16.

	Held at 1 July 2010	Granted as compensation	Other changes	Held at 30 June 2011	Vested during the year	Vested and exercisable at 30 June 2011
Directors						
Mr B Casson	300,000	-	-	300,000	90,000	300,000
Mr S Finnis	1,500,000	-	-	1,500,000	-	1,500,000
Executives						
Mr W F Bunting	1,000,000	-	-	1,000,000	300,000	1,000,000

No options were exercised by key management personnel during the financial year.

25. Related parties (continued)

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	Held at 1 July 2011	Purchases / other acquisitions	Sales / other disposals	Subtotal	Effect of 1 for 20 consolidation (i)	Held at 30 June 2012
Directors						
Mr S Everett	8,204,175	9,636,117	-	17,840,292	892,016	892,016
Mr B Casson	623,697	915,544	-	1,539,241	76,963	79,963
Mr S Finnis	1,640,559	2,460,840	-	4,101,399	205,071	205,071
Executives						
Mr W F Bunting	7,428,802	-	-	7,428,802	371,441	371,441

(ii) Refer to note 16.

	Held at 1 July 2010	Purchases / other acquisitions	Sales / other disposals	Held at 30 June 2011
Directors				
Mr S Everett	7,671,434	532,741	-	8,204,175
Mr M Arnett	120,000	761,568	-	881,568
Mr B Casson	320,011	303,686	-	623,697
Mr S Finnis	879,501	761,058	-	1,640,559
Executives				
Mr W F Bunting	7,428,802	-	-	7,428,802

Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 8.

26. Group entities

	Country of incorporation	Ownership interest 2012 %	2011 %
Parent entity			
Global Resources Corporation Limited			
Significant subsidiaries			
GRC Madencilik Limited Sirketi	Turkey	100	100
GRC Mexico Pty Ltd	Australia	100	100
Minas GRC S.A. de C.V.	Mexico	100	100
Sextant Resources Inc.	Canada	100	100
Southern Energy Corporation Pty Ltd	Australia	100	100

27. Subsequent events

Extension to Yunt Dag Farm-In Agreement

Subsequent to the end of the financial year, the Company reached an agreement with Pilot Gold Inc, the owner of the Yunt Dag project in Turkey, to extend the terms of the Yunt Dag Farm-In Agreement (the 'Agreement') by six months. Under the terms of the Agreement, the Company has the right to acquire up to a 60% interest in the Yunt Dag project.

The Company's original obligation in the first year of the Agreement was to spend US$500,000 on exploration at the project site by 29 June 2012. The time frame for completion of this obligation has now been extended to 31 December 2012. The Company's expenditure obligations in subsequent years of the Agreement have likewise been extended by six months. All other terms of the Agreement are unchanged (refer to note 11).

As consideration for the extension of the terms of the Agreement, the Company issued 100,000 new ordinary shares to Pilot Gold Inc on 5 July 2012.

Sale of Australian tenement EPMA 18616

On 19 July 2012, the Company announced that it had agreed terms with Gold Anomaly Limited ('GOA') for the sale of a 94% interest in tenement EPMA 18616 located at Croydon in Queensland. While the Company has not yet been formally granted the tenement, it is the priority applicant and has received notification from the Queensland government that the application is being processed and public notice of the intention to grant will be published on 1 August 2012.

The terms of the sale are as follows:

- As consideration for the transfer of a 94% beneficial interest in the tenement once granted, GOA will issue to the Company GOA shares to the value of $200,000.
- GOA will meet the costs of the tenement application thus far incurred and all future costs.
- The Company will retain a 6% interest in the tenement and also retain a 1% net smelter royalty on any and all minerals produced from the tenement.

Resignation of managing director

On 17 August 2012, Mr Simon Finnis announced his resignation from the position of managing director of the Company with effect from 14 September 2012. Mr Finnis will remain a non-executive director of the Company.

28. Auditor's remuneration

	2012 $	2011 $
KPMG Australia		
Audit and review of financial reports	38,000	45,000
Taxation services	13,500	15,278
	51,500	60,278

29. Parent entity disclosures

As at and throughout, the financial year ending 30 June 2012, the parent entity of the Group was Global Resources Corporation Limited.

	2012 $	2011 $
Results of parent entity		
Loss for the period	(4,772,577)	(2,519,448)
Total comprehensive income for the period	(4,772,577)	(2,519,448)
Financial position of parent entity at year end		
Current assets	1,432,006	157,768
Total assets	2,619,782	3,710,434
Current liabilities	141,173	142,098
Total liabilities	141,173	142,098

29. Parent entity disclosures (continued)

	2012 $	2011 $
Total equity of the parent entity comprising of:		
Share capital	16,863,323	13,584,104
Equity compensation reserve	579,804	362,821
Option reserve	186,648	-
Accumulated losses	(15,151,166)	(10,378,589)
Total equity	2,478,609	3,568,336

Parent entity contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required.

Directors' Declaration

1. In the opinion of the directors of Global Resources Corporation Limited (the 'Company'):

   (a) the consolidated financial statements and notes that are set out on pages 20 to 49 and the Remuneration Report in section 4.4 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

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

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the managing director for the financial year ended 30 June 2012.

3. The directors draw attention to note 2(a) to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Brisbane this 21st day of September 2012.

Barry Casson
Director

Independent auditor's report to the members of Global Resources Corporation Limited

Report on the financial report

We have audited the accompanying financial report of Global Resources Corporation Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 29 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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 the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to note 2 (b) in the financial report, which indicated that the ability of the Group to continue as a going concern is dependent upon raising capital from shareholders or other parties. The outcome of potential capital raising transactions cannot be determined with certainty and accordingly, there is a material uncertainty as to whether the Group will continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in section 4.4 of the directors' report for the year ended 30 June 2012. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Global Resources Corporation Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Stephen Board
Partner

Brisbane
21 September 2012

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Global Resources Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stephen Board
Partner

Brisbane
21 September 2012