



# Interim Financial Report

31 December 2013

ASX RELEASE

COMMISSIONERS GOLD LIMITED (ASX:CGU)



## Directors' Report

Your Directors submit the financial report of the Company for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

The names of Directors who held office during or since the end of the interim and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Christopher Battye	Executive Chairman
Wes Harder	Non-Executive Director
Robert Waring	Non-Executive Director

### Company Secretary

Keith Taylor

### Dividends


No dividends have been paid or declared since the start of the half-year and/or the Directors do not recommend the payment of a dividend in respect of the half-year.

### Principal Activities

The principal activity of the Company during the half-year was the exploration for and development of gold projects.

### Review of Operations

Commissioners Gold Limited (ASX:CGU) is well on its way to receiving cashflow from its investment in resource projects only 2.5 years since listing on the ASX. Gold production from Peruvian gold company, Goldsmith Resources (CGU 18%) is forecast to commence in April-May 2014. Cash generated will be used to develop additional mining assets in Peru as well as being repatriated to fund CGU's exploration assets in NSW.



The Company's activities during the past half-year have been focussed on the following activities:

- Development of its interest in a Peruvian gold production asset;
- Maintenance of its NSW exploration projects; and
- Capital raising to support these activities.

Commissioners Gold announced in December 2012 it had completed a A\$400,000 investment to acquire a 25% share ownership in Peruvian company Goldsmith Resources SAC, operator of the Mollehuaca gold plant in southern Peru. The plant has been comprehensively refurbished over the past 12 months to enable processing of low tonnage, high grade gold ore from its satellite mining operations. CGU's stake in the project has subsequently reduced to 18% following recapitalisation of Goldsmith Resources.

CGU continues to assess its exploration assets in NSW, with particular focus on Cowarra gold project, in southern NSW. An exploration programme has been developed to expand the existing JORC compliant resource at Cowarra, and will be implemented once funding is allocated.

With the aim of supporting the ongoing operations in Peru, Commissioners Gold has recently completed a capital raising, for a total of \$1,049,339. Funds raised are mainly for final commissioning of CGU's 18% interest in the Goldsmith Resources gold plant and Eladium mine in Peru.

The capital raising was achieved in three stages:

On 18 November the Company announced a Non-renounceable Rights Issue of ordinary shares at an issue price of \$0.02 for each new share issued with one attaching option for every two new shares issued (each with an exercise price of \$0.04 and an expiry date of 31 May 2015).

On 19 December 2013 the Company closed the Rights Issue which raised \$129,437 by issuing 6,471,829 new ordinary shares at \$0.02 and 3,235,913 attaching options.

On 14 February 2014 the Company completed the first part of the placement of the Rights Issue shortfall, raising an additional \$300,000 by issuing new shares at \$0.02 and attaching options.

On 7 March 2014, the Company completed the placement of the second and final stage of the Rights Issue shortfall, raising an additional \$619,902 by issuing 33,995,084 new shares at \$0.02 and attaching options.



Figure 1: Carbon in leach circuits at the Mollehuaca gold plant (September 2013)

### Operating results for the half-year

The loss of the Company for the half-year, after providing for income tax amounted to \$259,211 (2012: \$915,041).

### Review of financial conditions

The Company had \$29,006 in cash assets at 31 December 2013. Subsequent to the end of the reporting period, in February and March 2014, the Company raised an additional \$919,902 from the placement to investors of the shortfall of the Rights Issue.

The net assets of Commissioners Gold Limited increased from \$567,107 at 30 June 2013 to \$580,398 at 31 December 2013, an increase of \$13,291. This increase resulted principally from tight budgetary control of Company expenses.



Figure 2: Tailings field under construction (October 2013)



## Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement in the Directors' Report as outlined in the 30 June 2013 Annual Report.

## Events Subsequent to the End of the Half-Year

Subsequent to the end of the reporting period, on 14 February 2014 the Company completed the allotment of the first placement of a portion of the Rights Issue shortfall, raising an additional \$300,000 by issuing new shares at \$0.02 and attaching options.

On 7 March 2014, the Company completed the placement of the second and final stage of the Rights Issue shortfall, raising an additional \$619,902 by issuing 33,995,084 new shares at \$0.02 and attaching options.

No other subsequent events occurred after the end of the half-year.

## Other Activities and Company Strategy

The Company continues to focus on the exploration of its targets with the aim of finding and developing commercially viable gold projects. The Company continues to monitor resource exploration opportunities both locally and internationally.

## Environmental legislation

The Company is subject to significant environmental and monitoring requirements in respect of its natural resource exploration activities. The Directors are not aware of any significant breaches of these requirements during the period.

## Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial period the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

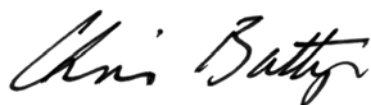




## Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors.



**Christopher Battye**  
Executive Chairman

13 March 2014

## Competent Person

The information pertaining to the technical content of this Operations Report has been compiled by Mr Jason Needham. Mr Needham is the contract COO and Exploration Manager at Commissioners Gold Limited. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity that he is undertaking to qualify as a Competent Person as defined in the December 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Needham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

**TO THE DIRECTORS OF COMMISSIONERS GOLD LIMITED**

In connection with the review of Commissioners Gold Limited for the period ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Commissioners Gold Limited.

**KS Black & Co**  
**Chartered Accountants**



**Faizal Ajmat**  
**Partner**

Sydney, 13 March 2014

# Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2013

	Notes	31 Dec 2013 \$	31 Dec 2012 \$
Interest income		-	13,291
Sale of exploration interest	2	38,151	-
Administration costs		(52,488)	(59,811)
Employee benefits expense		(107,887)	(107,888)
Exploration expense	4	(3,768)	(545,698)
Interest expense		(5,791)	-
Legal and professional costs		(117,533)	(106,668)
Investor and public relations		(9,895)	(85,017)
Options expense		-	(23,250)
<b>Loss before income tax expense</b>		<b>(259,211)</b>	<b>(915,041)</b>
Income tax expense		-	-
<b>Net loss for the period attributable to the owners of Commissioners Gold Limited</b>		<b>(259,211)</b>	<b>(915,041)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period attributable to the owners of Commissioners Gold Limited</b>		<b>(259,211)</b>	<b>(915,041)</b>
Basic loss per share (cents per share)	8	<b>(0.4909)</b>	(2.4500)
Diluted earnings per share (cents per share)	8	<b>N/A</b>	N/A

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



# Statement of Financial Position

As at 31 December 2013

	Notes	31 Dec 2013 \$	30 Jun 2013 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		29,006	51,406
Trade and other receivables		-	1,708
<b>Total Current Assets</b>		<b>29,006</b>	<b>53,114</b>
<b>Non-Current Assets</b>			
Trade and other receivables		136,940	89,441
Deferred exploration and evaluation expenditure	3	605,836	606,436
Investment in Goldsmith Resources SAC	5	268,641	268,641
Other assets		50,000	50,000
<b>Total Non-Current Assets</b>		<b>1,061,417</b>	<b>1,014,518</b>
<b>Total Assets</b>		<b>1,090,423</b>	<b>1,067,632</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		340,025	243,025
Borrowings		170,000	100,000
Deferred Directors' Fees		-	157,500
<b>Total Current Liabilities</b>		<b>510,025</b>	<b>500,525</b>
<b>Total Liabilities</b>		<b>510,025</b>	<b>500,525</b>
<b>Net Assets</b>		<b>580,398</b>	<b>567,107</b>
<b>Equity</b>			
Issued capital	6	4,190,479	3,917,977
Reserves	7	90,975	90,975
Accumulated Losses		(3,701,056)	(3,441,845)
<b>Total Equity</b>		<b>580,398</b>	<b>567,107</b>

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

# Statement of Changes in Equity

For the Half-Year Ended 31 December 2013

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2012</b>	3,148,178	67,725	(1,882,744)	1,333,159
Shares issued during the half-year	469,590	-	-	469,590
Share issue costs	(13,634)	-	-	(13,634)
Options expensed		23,250	-	23,250
Net loss for the period	-	-	(915,041)	(915,041)
<b>Balance at 31 December 2012</b>	3,604,134	90,975	(2,797,785)	897,324
 <b>Balance at 1 July 2013</b>	 3,917,977	 90,975	 (3,441,845)	 567,107
Shares issued during the half-year	289,159	-	-	289,159
Share issue costs	(16,657)	-	-	(16,657)
Net loss for the period	-	-	(259,211)	(259,211)
<b>Balance at 31 December 2013</b>	<b>4,190,479</b>	<b>90,975</b>	<b>(3,701,056)</b>	<b>580,398</b>

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

# Statement of Cash Flows

For the Half-year Ended 31 December 2013

	31 Dec 2013	31 Dec 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	-	13,291
Payments to suppliers and employees	(138,011)	(229,074)
Finance costs	(4,991)	-
GST refunds	-	23,079
<b>Net cash used in operating activities</b>	<b>(143,002)</b>	<b>(192,704)</b>
<b>Cash flows from investing activities</b>		
Payment for equity investment	-	(400,000)
Proceeds from sale of exploration interest	38,151	-
Payments for loans to Goldsmith Resources SAC	(47,500)	-
Payments for exploration and evaluation expenditure	(40,066)	(391,744)
<b>Net cash used in investing activities</b>	<b>(49,415)</b>	<b>(791,744)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	129,437	469,590
Share issue costs	(12,234)	(13,634)
Repayment of borrowings	(17,186)	-
Proceeds from borrowings	70,000	68,000
<b>Net cash provided by financing activities</b>	<b>170,017</b>	<b>523,956</b>
Net (decrease)/increase in cash and cash equivalents	(22,400)	(460,492)
Cash and cash equivalents at the beginning of the period	51,406	513,888
<b>Cash and cash equivalents at the end of the period</b>	<b>29,006</b>	<b>53,396</b>

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



# Notes to the Financial Statements

For the Half-year Ended 31 December 2013

## Note 1: Statement of Significant Accounting Policies

### **Statement of compliance**

These interim financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Commissioners Gold Limited (the Company) during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

### **Basis of preparation**

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

### **Significant accounting judgements and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2013.

### **Going concern**

The financial statements have been prepared on the going concern basis, the validity of which depends upon the positive cash position. The Company's existing projections show that further funds will be required to be generated, either by capital raisings, sales of assets or other initiatives, to enable the Company to fund its currently planned activities for at least the next 12 months from the date of signing these financial statements. Should new opportunities present that require additional funds the Directors will take action to reprioritise activities, dispose of assets and or raise further funds.

Notwithstanding this issue, accordingly the Directors have prepared the financial statements of the Company on a going concern basis. In arriving at this position, the Directors have considered the following pertinent matter:

Australian Accounting Standard, AASB 101 "Accounting Policies", states that an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

In the Directors' opinion, at the date of signing the financial report, there are reasonable grounds to believe that the matters set out above will be achieved and therefore the financial statements have been prepared on a going concern basis.

### Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Commissioners Gold Limited.

### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new standards and interpretations that have been raised but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Company accounting policies.

### Note 2: Sale of exploration interest

	31 Dec 2013 \$	31 Dec 2012 \$
Sale of exploration interest	38,151	-
	<u>38,151</u>	

As announced to the ASX on 15 August, 2013, the Company entered into an agreement with project partner, SC Investments No 1 Pty Ltd, for the sale and alignment of exploration interests in mining and treatment projects in southern Peru. As consideration for entering into this agreement, SC Investments No 1 Pty Ltd agreed to pay USD \$120,000 to the Company following the completion of certain production milestones at operations in Southern Peru.

The first scheduled payments of USD \$35,000 was received on 15 August 2013 following execution of agreement. The timetable for subsequent payments to the Company is as follows:

- USD \$35,000 once production reaches 20 tonnes /day at an average grade above 8 g/t gold
- USD \$30,000 once production reaches 30 tonnes /day at an average grade above 8 g/t gold
- USD \$20,000 once production reaches 50 tonnes /day at an average grade above 8 g/t gold

### Note 3: Deferred Exploration and Evaluation Expenditure

	31 Dec 2013 \$	30 Jun 2013 \$
Balance at beginning of period 1 July 2013	606,436	880,313
Expenditure incurred	6,775	20,839
Impairment loss on existing tenements	(7,375)	(294,716)
Balance at 31 December 2013	<u>605,836</u>	<u>606,436</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.



#### Note 4: Exploration Expense

	31 Dec 2013	31 Dec 2012
	\$	\$
Deferred expenditure written-off	7,375	244,697
Joint venture costs expensed	-	300,000
General exploration expenses	(3,607)	1,001
Exploration expense	<u>3,768</u>	<u>545,698</u>

Exploration expense in the 2013 half year refer to costs incurred in maintaining the Company's NSW exploration projects and expenses incurred by the joint venture entered into with Australia Gold Corporation Ltd, an unlisted Australian Company based in Lima, Peru to identify and acquire resource projects in Peru. Establishment of the joint venture was announced to the Australian Securities Exchange (ASX) on 2 July 2012.

#### Note 5: Investment in Goldsmith Resources SAC

	31 Dec 2013	30 Jun 2013
	\$	\$
Investment in Goldsmith Resources SAC	268,641	268,641
	<u>268,641</u>	<u>268,641</u>

As announced to the ASX on 13 November 2013, the Company was unable to meet capital calls issued by Goldsmith Resources SAC in which the Company was a 25% shareholder and consequently the Company's interest in Goldsmith Resources SAC was diluted by 6% to 18%. Where an investor loses the ability to exercise significant influence over an investee as a result of its shareholding falling below 20%, the equity method of accounting for this investment no longer applies and the investor stops recording its share of the earnings or losses of the investee. Accordingly, the investment in Goldsmith Resources SAC has been reclassified from an investment accounted for using the equity method to accounting for this investment at fair value as at balance date. There has been no change in the carrying value of this investment since 30 June 2013.

#### Note 6: Issued Capital

	31 Dec 2013	30 Jun 2013
	\$	\$
<b>Ordinary shares</b>		
62,873,903 Ordinary Fully Paid Shares (30 June 2013 – 52,466,913 shares)	5,174,683	4,885,524
Share issue costs	(984,202)	(967,547)
Total issued capital	<u>4,190,479</u>	<u>3,917,977</u>
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2013	52,466,913	34,849,692
Ordinary shares issued during the period	10,406,960	17,617,221
At 31 December 2013	<u>62,873,903</u>	<u>52,466,913</u>

#### Note 7: Reserves

	31 Dec 2013	30 Jun 2013
	\$	\$
<b>Reserves</b>		
Share based payments reserve	90,975	90,975
	<u>90,975</u>	<u>90,975</u>
<i>Movements in options over ordinary shares on issue</i>		
At 1 July 2013	90,975	90,975
Options Issued during the period	-	-
At 31 December 2013	<u>90,975</u>	<u>90,975</u>

#### Note 8: Loss Per Share

	31 Dec 2013	31 Dec 2012
	\$	\$
<b>a. Basic Loss per share</b>		
i. Basic Loss per share (cents)	(0.49)	(0.67)
ii. Net loss used to calculate basic loss per share	(259,211)	(222,036)
Weighted average number of ordinary shares outstanding during the half-year used		
iii. in calculating basic loss per share	<u>52,798,671</u>	<u>33,301,448</u>
<b>b. Diluted loss per share</b>		
The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.	-	-



#### **Note 9: Significant Events for the Period**

The Company announced to the ASX on 18 November a Non-Renounceable Rights Issue of ordinary shares at an issue price of \$0.02 for each new share issued with one free attaching option (each with an exercise price of \$0.04 and an exercise period expiry date of 31 May 2015) for every two new shares issued. The capital raised is to assist the equity investment in Goldsmith Resources SAC, the operator of the Mollehuaca Project in Peru and general working capital. On 19 December 2013 the Company closed the Rights Issue which raised \$129,437 by issuing 6,471,829 new ordinary shares at \$0.02 and 3,235,913 free attaching options.

#### **Note 10: Events After the Reporting Period**

Subsequent to the end of the reporting period, on 14 February 2014, the Company completed the placement of the first stage of the Rights Issue shortfall, raising an additional \$300,000 by issuing 15,000,000 new shares at \$0.02 and attaching options. On 7 March 2014, the Company completed the placement of the second and final stage of the Rights Issue shortfall, raising an additional \$619,902 by issuing 33,995,084 new shares at \$0.02 and attaching options.

Since the end of the half-year the Directors are not aware of any other matter or circumstance not otherwise dealt with within the financial report that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

#### **Note 11: Operating Segments**

##### **Segment Information**

##### **Identification of reportable segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Commissioners Gold Limited. During the half-year the Company operated principally in one business segment being mineral exploration and in two geographical segments being Australia and Peru.

#### **Note 12: Dividends**

The Directors of the Company have not declared an interim dividend.

#### **Note 13: Contingent Liabilities**

There have been no changes in the commitments or contingencies as outlined in the 30 June 2013 Annual Report.

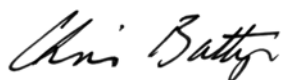


## Directors' Declaration

In the opinion of the Directors of Commissioners Gold Limited (the Company):

- 1) The financial statements and notes thereto, as set out on pages 8 to 15 are in accordance with the Corporations Act 2001 including:
  - a) complying with Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001; and other mandatory professional reporting requirements; and
  - b) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.



**Christopher Battye**  
Executive Chairman

13 March 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF COMMISSIONERS GOLD LIMITED

#### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Commissioners Gold Limited (the company) which comprises the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flow for the half year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company.

#### Director's Responsibility for the Half-Year Financial Report

The Directors of Commissioners Gold Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

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

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

#### Independence

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



## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF COMMISSIONERS GOLD LIMITED (Cont'd)

### Basis for Disclaimer of Auditor's Conclusion

As disclosed in note 5 to the financial report, Commissioners Gold Limited has an investment in Goldsmith Resources SAC of \$268,641 as at 31 December 2013. In addition \$136,940 is also owed from this entity as at 31 December 2013.

We were unable to obtain sufficient appropriate evidence about the carrying amount of these assets at 31 December 2013 for the following reason:

- (a) Management accounts provided for Goldsmith Resources SAC as at 31 December 2013 had not been audited and could not be relied upon to obtain sufficient evidence pertaining to the carrying amounts of the above assets.

Accordingly, as at the date of this report, we express no conclusion on the carrying value of trade and other receivables of \$136,940 and investment in Goldsmith Resources SAC of \$268,641.

### Disclaimer of Auditor's Conclusion

Based on our review, which is not an audit, because of the limitation on the scope of our work, as described in the preceding paragraph, and the effect of such adjustment, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not express a conclusion that we have not become aware of any matter that makes us believe that the half-year financial report of Commissioners Gold Limited is not in accordance with the Corporations Act 2001 including;

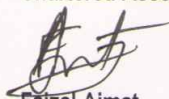
- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

### Significant Uncertainty Regarding Going Concern

For the half-year year ended 31 December 2013, the company incurred a net loss after tax of \$259,211 (2012: \$915,041). The company generated negative cash flows from operating activities for the half-year of \$143,002 (2012: negative \$192,704).

Note 1 to the half-year financial report indicates that the cash flow forecasts project that the company will continue to be able to meet its liabilities and obligations as and when they fall due for a period of at least 12 months from the date of signing of this half-year financial report. The cash flow forecast is dependent upon the generation of sufficient cash flows from capital raising, sales of assets or other initiatives to enable the company to fund its planned activities and be able to meet its liability and obligations as and when they fall due for at least the next 12 months from the date of signing of this half-year financial report.

**KS Black & Co**  
**Chartered Accountants**



**Faizal Ajmat**  
**Partner**

Sydney, 13 March 2014



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