SWAN GOLD MINING LIMITED

ABN 69 100 038 266

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

SWAN GOLD MINING LIMITED
ABN 69 100 038 266
CORPORATE DIRECTORY AND CONTENTS

BOARD OF DIRECTORS

Michael Fotios	Executive chairman
John Poynton	Non- Executive director
Craig Readhead	Non- Executive director
Wayne Zekulich	Non- Executive director

COMPANY SECRETARY
Wayne Zekulich

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Level 2, 45 St. George's Terrace
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AUDITORS
Ernst & Young

SOLICITORS
Allion Legal

BANKERS
National Australia Bank Limited

STOCK EXCHANGE LISTING
Shares in Swan Gold Mining Limited are listed on the Australian Stock Exchange under the trading code SWA

This financial report covers the consolidated financial statements for the consolidated entity, consisting of Swan Gold Mining Limited and its subsidiaries.
The annual financial report is presented in Australian dollars.
Swan Gold Mining Limited is a company limited by shares, incorporated and domiciled in Australia.

DIRECTORS' REPORT

The directors of Swan Gold Mining Limited (previously named Monarch Gold Mining Company Limited) ("Swan Gold" or "Company") present their report on the results and state of affairs of the consolidated entity, being the Company and its controlled entities ("Group") for the financial year ended 30 June 2014.

DIRECTORS

The names of the directors of Swan Gold in office during the course of the financial year and up to the date of this report are as follows:

Michael Fotios
John Poynton
Craig Readhead
Wayne Zekulich

Unless otherwise indicated, all directors held their position as a director throughout the entire financial year and up to the date of this report.

OPERATING AND FINANCIAL REVIEW

This review provides to shareholders an overview of Swan Gold's 2014 operations, financial position, business strategies and prospects.

The review also provides contextual information, including the impact of key events that have occurred during 2014 and material business risks faced by the business so that shareholders can make an informed assessment of the results and prospects of the Group. The review compliments the financial report and has been prepared in accordance with recently released guidance set out in RG 247.

1. Swan Gold Operations

Core Business
Swan Gold, via its subsidiaries, is the 100% owner of the Davyhurst Gold Project 120km north-west of Kalgoorlie, and the Mt Ida Gold Project located 200km north-west of Kalgoorlie. Processing infrastructure includes a 1.2Mtpa processing plant, two camps (Davyhurst Central and Mt Ida), mains power and working bore fields.

The Group also holds a substantial tenement position (1,420 square kilometres, 150km strike length), surrounding the existing infrastructure.

Principal Activities and Significant Changes in those Activities
The principal activity of the Group during the financial year was mineral exploration and evaluation, and care and maintenance of its historically producing gold mines being the Davyhurst Gold Project and the Mt Ida Gold Project.

From a corporate perspective, the Company completed a backlog of periodic reports required by ASIC and ASX and held the 2012 and 2013 AGM's as it worked towards having its ordinary shares re -admitted to trading on the ASX.

There was no significant change in the nature of this activity during the year.

2. Operating Financial Results
The Company's financial performance and result is attributable to its ongoing exploration, evaluation and development costs, project care and maintenance costs and corporate administration costs.

The Groups net loss after tax for the year was $6,469,017 (2013: $24,886,641).

Financial Position
At 30 June 2014 total Group assets were $4,052,617 (2013: $8,836,151) and net deficits were $33,269,842 (2013: $27,100,825)

Liquidity and Capital Resources

Performance Measures	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
	$	$	$	$	$
Net assets/ (liabilities)	(33,269,842)	(27,098,722)	(5,214,181)	(802,000)	3,761,000
Current assets	988,457	5,836,151	467,444	455,107	545,568
Cash	215,699	235,603	259,169	159,450	15,977
Shareholders' equity	167,965,331	167,665,331	164,665,331	164,665,331	164,665,331
Accumulated losses	(206,527,787)	(200,101,070)	(175,214,426)	(170,802,000)	(166,239,000)

The increase in net liabilities was primarily driven by the capitalised interest increase relating to the loans and borrowings and a reduction the security bonds which were recovered during the year.

The write off of historical capitalised exploration costs totalling $21,499,000 and impairment to property, plant and equipment of $5,222,925 which was partially offset by the reduction in loans payable resulting from the Investmet Transaction totalling $6,530,000 (refer below to significant changes in the state of affairs).

The increase in shareholders' equity is the result of issuing 20,000,000 ordinary shares at $0.015 per share to provide working capital for the Group.

3. Key Developments

Significant Changes in the State of Affairs

On 18 August 2011, Swan Gold executed a conditional agreement with global commodity company DCM DECOmetal GmbH ("DCM") to acquire Swan Gold's subsidiaries that own the Carnegie and Mt Ida gold projects ("DCM transaction").

The main conditions of that agreement which was subject to shareholder and regulatory approval, as necessary, would see:

- DCM acquire the debt and associated rights of the Mt Ida Trust for $1,000,000;
- DCM pay a total amount of $10,000,000 to the Group Trust with $1,000,000 payable upon signing of the agreement and $9,000,000 payable within 6 months;
- Under separate arrangement DCM acquire the debt and associated rights of the Territory Trust of $6,700,000;
- All debts due by Swan Gold to the Mt Ida Trust, Group Trust, Territory Trust and Stirling Resources Ltd be extinguished by DCM at settlement;
- Amounts to be paid to Swan Gold of $5,000,000 at settlement;
- All shareholdings held by Stirling, Territory Resources Limited and DCM in Swan Gold be cancelled at settlement;
- Under this agreement DCM was to fund the ongoing operations of Swan Gold until the transaction was completed; and
- Settlement was due on or before 31 March 2012, subject to subsequent extensions.

With effect from 27 March 2013 this agreement was no longer in place.

On 3 May 2012, the Company announced to the ASX, that following extensive negotiations, a binding Terms Sheet, and subsequently a Restructure Deed, had been entered into by the Company, DCM and Investmet Limited and/or its nominees (Investmet), with the execution of a formal agreement, being the Restructure Deed, on 16 May 2012 ("the Investmet transaction").

Investmet has advised it intends to recapitalize Swan and provide sufficient funding to complete a review into recommencement of operations at the Carnegie and Mt Ida gold projects, including amongst other items thorough geological and economic reviews of resources, project data, exploration activities as required, and mine planning.

The main terms and conditions of the Restructure Deed were as follows:

- Swan Gold would conduct a share placement to sophisticated investors to raise working capital of a minimum of $7,500,000 by the issue of new ordinary shares at $0.02 effective on completion of the transaction

("Completion"). The issue would be fully underwritten by Investmet on terms reasonably satisfactory to Investmet and the Company;

- DCM would transfer 39,849,657 Swan Gold shares to Investmet in consideration for a cash payment by Investmet to the Trustee of the Territory Trust of $6,700,000 in satisfaction of all claims by the Territory Trust;
- The Group Trustee would transfer 134,483,578 Swan Gold shares to Investmet as consideration for the payment by Investmet to the Group Trust of $10,000,000; the payment would also extinguish all claims by the Group Trust under the recapitalization deed;
- Investmet would pay $144,240 to the Trustee of the Group Trust on behalf of Swan Gold to repay the loan made by the Trustee to Swan Gold. Swan Gold agreed to repay Investmet on interest free terms $144,240 within two business days of a written demand by Investmet;
- Investmet would advance $1,230,000 to DCM in consideration of DCM discharging the existing charge over the Mt Ida assets. A fresh security would be granted by Swan Gold as required to Investmet;
- Under the Restructure Deed DCM were to fund the ongoing operations of Swan Gold until Completion; and
- The Conditions of the Restructure Deed were to be satisfied or waived on or before 31 October 2012, with the exception of shareholder and regulatory approvals, and Loan Syndicate Arrangements which were to be finalised by 31 December 2012. Beyond these dates an alternative restructure or extension period was to be negotiated in good faith, but should no agreement be made within 5 Business Days then either party may terminate the Restructure Deed without incurring any liability.

The conditions for Completion to occur included amongst other items, all necessary shareholder, third party or regulatory approvals.

This transaction was also conditional on the completion of inter-related transactions between Investmet, DCM and each of Stirling Resources Limited and Redbank Copper Limited, the terms of which had been finalised but not released.

On 12 November 2012 the Company announced to the ASX that Stirling had received advice from the ASX that based on the terms of the Restructure Deed, Stirling would need to re-comply with the full ASX admission criteria. Consequently it was agreed by all parties to the Investmet Transaction, that as this event was a conditions precent of the transaction, Stirling would not be able to participate in the proposed transaction.

Swan Gold announced to the ASX on 14 December 2012 that DCM and Investmet had executed an Amended and Restated Restructure Deed ('Restructure Deed") which in effect removed Stirling from the Investmet Transaction.

The terms of the Investmet Transaction, which was previously announced to the ASX, have been varied such that:

1. Stirling no longer forms part of the inter-conditional transaction.
2. The capital raising to be undertaken by Swan Gold will be up to $15,000,000. This amount may increase to $17,500,000 with prior consent of Stirling. The capital raising is currently expected to be via a placement of new shares at $0.02 per share. Investmet agrees to underwrite $7,500,000 of the placement.
3. At Completion, $10,664,240 of the $20,664,240 debt to Investmet ("Investmet Debt") which is expected to arise from the completion of the Investmet Transaction, will be converted into ordinary Swan Gold shares at a deemed issue price of $0.02 per share. The Investmet Debt converted comprises $8,074,240 of the trust debts, and $2,590,000 of debt acquired from Stirling.
4. Under the Loan Syndicate Arrangements Investmet may elect to convert a further $5,000,000 of the balance of the $10,000,000 Investmet Debt owing. If Investmet elects to convert the additional debt to shares then Stirling will be entitled to convert a proportionate amount of the $5,000,000 debt owed to Stirling. Stirling may only convert a maximum amount of $2,500,000 of debt.
5. The proceeds of the capital raising will be used partially to repay debts of $4,200,000 to DCM.
6. Investmet waived the condition precedent to completion which required any plaint proceedings relating to the tenements of Swan Gold and its subsidiaries to be discontinued or withdrawn on terms satisfactory to Investmet. However, should the decision of the Warden in relation to Exemption Hearing No. 371130 not be in favour of Siberia Mining Corporation Pty Ltd, a wholly owned subsidiary of Swan Gold, Swan Gold will, subject to shareholder approval, allot and issue 37,500,000 Swan Gold shares to Investmet for nil cost.

Swan Gold has also agreed as part of the Investmet Transaction and associated revised terms that:

- the Swan Gold Notice of Meeting be lodged for review with the regulatory bodies on 30 November 2012;
- the Notice of Meeting must be mailed to Shareholders by 15 December 2012;
- the Shareholders' Meeting to approve the Investmet Transaction must be held by 15 January 2013; and
- the Investmet Transaction was to be complete by 28 February 2013 (refer below for further details).

To date, Swan Gold has complied with the above revised terms or as revised through subsequent Amendment Deeds. A General Meeting of the shareholders' was held on 15 January 2013 during which resolutions in relation to the placement of shares under the Investmet Transaction were approved. On 13 February 2013 Swan Gold announced to the ASX a Prospectus for the placement to sophisticated and professional investors to raise a minimum of $15,000,000 at $0.02 per share and up to a maximum of $17,500,000 by the issue of up to 875,000,000 shares before costs of the offer.

A supplementary Prospectus was lodged with the ASIC extending the Closing Date of the placement Offer from 26 February 2013 to 11 April 2013 and extending the Offer to investors who do not fall within an exception to section 708 of the Corporations Act 2001. On 13 May 2013 the placement Offer was further extended to 31 May 2013 subject to approval from ASIC and ASX.

On 31 May 2013 the Company announced that it had been notified by ASIC that the application for relief to extend the placement closing was refused. The placement offer was withdrawn as neither the subscription condition of $15,000,000 nor the 3 month quotation of the Offer was met as required by the Corporations Act 2001. Shares in Swan were not allotted or issued pursuant to the placement Offer and all application monies have been refunded to the applicants, in accordance with the terms of the Offer and the Corporations Act. The Company is at present considering its options moving forward and will provide an update as soon as additional information is available.

In addition to executing the amended Restructure Deed, Swan Gold and Investmet also executed a Deed of amendment and Restatement to the Loan Agreement ("Amended Loan Agreement"). Investmet and Swan Gold have agreed to amend the Loan Agreement such that drawdowns will be on an "as required" basis. Investmet has agreed to provide Swan Gold with a facility for working capital funding up to approximately $3,000,000. Investmet has to date loaned the Company the full funding of $3,000,000 of this facility.

Investmet and DCM intend to establish syndicated loan arrangements with Swan Gold to include general security interests over its assets, incorporating a two year moratorium on principal repayments and any accrued interest and at the end of the two year moratorium, Swan Gold may elect to repay the debt or require conversion at a price to be agreed between the parties at that time

Investmet will also work with the current board of Swan Gold towards finalizing the application for re-listing of the shares of Swan Gold on the ASX as soon as possible after completion.

Upon completion of the Investmet transaction, the DCM Share Sale agreement will be terminated and all of the Company's liabilities and obligations under the DCM Share Sale agreement and the Recapitalisation Deed will be discharged.

On 27 March 2013 the Company announced that it had executed agreements to revise the terms of the Swan Gold Restructure Deed ("Transactions"), to allow for the early debt purchase by Investmet of certain debts owed by Swan Gold to Stirling, DCM and MGMC Pty Ltd (as trustee for the Group Trust and Territory Trust)("MGMC").

Pursuant to the early debt purchase:

MGMC Debt:

1. Investmet has made payments of $18,074,240 to MGMC. Investmet was required to purchase the debts owed by Swan Gold to MGMC.
2. The security held by MGMC with respect to the debts owed by Swan Gold to MGMC has been assigned to a security trustee to be held on behalf of Investmet and other purchasers of that debt.

Stirling Debt:

1. Investmet has paid $2,590,000 to Stirling and, in turn, Stirling has assigned to Investmet $2,590,000 of the $7,590,000 debt owed by Swan to Stirling. Swan Gold continues to owe $5,000,000 to Stirling.
2. Stirling has procured Stirling Gold Pty Ltd to transfer to Investmet 88,053,475 shares in Swan Gold.

DCM Debt:

1. Swan Gold had intended to pay DCM $4,200,000 out of the proceeds of the current placement. However, under the early debt purchase agreements, Investmet has now paid $4,200,000 to DCM in consideration of DCM assigning to Investmet the debt owed by Swan Gold to DCM.
2. Swan Gold will now repay the $4,200,000 to Investmet out of the proceeds of the placement.
3. $1,230,000 to DCM in consideration of DCM discharging or procuring that the Trustee of the Mt Ida Trust discharges, all security held by the Trustee of the Mt Ida Trust in or over Swan Gold, or any of its subsidiaries and any of its assets.
4. The security held by MGMC with respect to the Mt Ida trust has been assigned to a security trustee to be held on behalf of Investmet and other purchasers of that debt.

The inter-conditionality of the Swan Gold and Redbank Copper Limited ("Redbank") Transactions, being a condition in each of the Swan Gold and Redbank Restructure Deeds, has been waived by Investmet, who had the sole benefit of the condition. This means that the Swan Gold and Redbank Transactions can now complete separately.

Following the early debt purchase, completion of the transactions as contemplated in the Restructure Deed remains outstanding. Accordingly Swan Gold has executed an Amendment Deed to the Swan Gold Restructure Deed with Stirling, Investmet and DCM. The effect of which is to amend the "Completion Date" for the Transaction to the date on which settlement of the Swan Gold placement is to occur.

The loan amount of $3,000,000 outstanding as at 31 December 2012, under the Interim Loan Agreement between the Company and Investmet, has been converted into fully paid ordinary shares in Swan Gold at a price of $0.02 per share, which has resulted in the Company issuing 150,000,000 shares to Investmet in accordance with shareholder approval obtained at the recent general meeting of Swan Gold shareholders.

A Deed of Termination and Release for the Recapitalisation Deed dated 21 July 2009 has been executed and was subject to Investmet making the payments to MGMC referred to above, which has since been completed. A Deed of Termination and Release for the share sale agreement between Swan Gold and DCM dated 18 August 2011 was also executed and completed on 27 March 2013.

Loan Facility Agreement
On 14 April 2014, the Company, Investmet, Stirling, the Security Trustee, the Nominee and certain subsidiaries of the Company who have provided security in relation to the debts, entered into a loan facility agreement to set out the terms and conditions for the Debt, DCM Debt and Stirling Debt (Facility Agreement). The Nominee entered into the Facility Agreement on behalf of the Other Lenders in accordance with certain nominee deeds. As at the date of this report, nominee deeds have been signed by Other Lenders holding more than 80% of the Other Lenders Debt Portion and the Company understands it is the intention of the Nominee to arrange for the remaining Other Lenders to sign their respective nominee deeds before the Closing Date.

Under the Facility Agreement, Investmet, Stirling and the Other Lenders agreed to continue to make available the loan facility (consisting of the Debt, DCM Debt and Stirling Debt) to the Company. The Facility Agreement sets out the terms and conditions for the loan facility.

The proposed transactions under the Facility Agreement can be summarised as follows:

(a) (Debt conversion) Investmet may elect to convert the Debt (in whole or in part) to Shares. If Investmet elects to do so, Stirling will be entitled to convert an amount of the Stirling Debt proportionate to the amount of the Debt that Investmet elects to convert.

    If the Company does not have enough unallocated funds upon repayment of the debts and conversion of the Debt (and Stirling Debt) in order to meet reinstatement requirements of the ASX, Stirling may convert such amount of the Stirling Debt as would result in the Company being able to meet ASX's reinstatement requirements.

    Investmet may also elect to convert the DCM Debt (in whole or in part) to Shares.

(b) (Repayment on Equity Raising) Upon the completion of an equity raising by the Company to raise funds to ensure that the Company has sufficient funds to satisfy any financial condition imposed by the ASX in connection with the re-quotation of the Company's securities (Equity Raising):
    I. Investmet must elect to convert part or all of the Debt outstanding at the completion of the Equity Raising, provided that no more than $5,000,000 of the Debt is subsisting immediately after;
    II. Stirling may elect to convert part or all of the Stirling Debt outstanding at the completion of the Equity

Raising, provided that no more than $2,500,000 of the Stirling Debt is subsisting immediately after. If Stirling does not convert any or all of the Stirling Debt up to $2,500,000 in accordance with the its right of conversion, Stirling has agreed to act in good faith and convert any such amount of the Stirling Debt up to $2,500,000 that would result in the Company being able to meet ASX's reinstatement requirements; and

III. Investmet may elect to have the DCM Debt repaid (whole or in part) in cash from the proceeds of the Equity Raising, or by the issue of Shares, or elect to have all or part of the DCM Debt subsisting following the Equity Raising.

(c) (Repayment and conversion on Maturity Date) On the maturity date of the loan facility, which was on 1 July 2014 (Maturity Date), the Company was required to repay the Debt and the Stirling Debt (plus interest) outstanding on the Maturity Date by, at the election of the Company, the issue of Shares or in cash, provided that:

I. Investmet had the option to elect for no more than $5,000,000 of the Debt to subsist immediately after the Maturity Date; and
II. Stirling had the option to elect for no more than $5,000,000 of the Stirling Debt to subsist immediately after the Maturity Date.

In addition, Investmet had the option to elect for the DCM Debt (and interest) outstanding on the Maturity Date to be repaid by, at the election of Investmet, the issue of Shares or in cash. Investmet may also elect that all or part of the DCM Debt subsists immediately after the Maturity Date.

Repayment of the above debts did not occur on the Maturity Date. However, on 30 July 2014, the Company, Investmet, the Nominee entered into a letter agreement, pursuant to which Investmet and the Nominee agreed to repayment of the Debt and the DCM Debt.

In respect of the Stirling Debt, the Company intends to negotiate with Stirling to confirm whether all or part of the Stirling Debt and its accrued and outstanding interest can be converted into Shares. If such agreement can be met, Shares will issue to extinguish the debt. If such agreement cannot be met the debt will be extinguished via a cash payment.

(d) (Loan Syndicate Arrangements) The balance of the Debt, Stirling Debt and DCM Debt subsisting and owing following the partial conversion of the Debt will be held under loan syndicate arrangements which will include:

I. general security interests over the Company (and its subsidiaries (if applicable)) and their respective assets;
II. a two year moratorium on principal repayments; and
III. a minimum interest rate of 6% or a rate to be agreed between the Company, Investmet, Stirling and the Other Lenders.

Upon completion of the moratorium period, the Company may choose to repay the outstanding principal in cash or convert it into Shares at a price no less than $0.75 per Share or as otherwise agreed by the parties.

Security Trust Deed

On 27 March 2013 the Company, the Security Trustee, Investmet, Stirling and various subsidiaries of the Company entered into an agreement, pursuant to which MGMC assigned the security held by MGMC (as trustee for the Group Trust, Territory Trust and Mt Ida Trust) in relation to the secured debt owed by the Company, to the Security Trustee (Security Trust Deed).

The arrangements under the Security Trust Deed can be summarised as follows:

(a) (Trust) The Security Trustee will hold, among other things, all its right, title and interest in, to and under the security on trust for Investmet, Stirling, and any other person who becomes a beneficiary under the Security Trust Deed (including the Other Lenders).

(b) (Security) The security assigned to the Security Trustee includes:

I. all the shares held by the Company in Mt Ida, Carnegie and Siberia; and
II. all present and future property, assets and undertakings of Mt Ida, Carnegie and Siberia (excluding certain assets).

(c) (Payment) If, before the date that the Security Trustee enforces a security, a beneficiary under the Security Trust Deed directs the Security Trustee to demand payment of secured moneys that are due and payable to the beneficiary, the Security Trustee must make the demand and the person who has granted a security must immediately pay the amount demanded to the Security Trustee.

(d) (Powers of Security Trustee) The powers of the Security Trustee include:

I. the power to exercise all rights and discretions and do all other things which a party which is not a trustee would have were it to have entered into the security in place of the Security Trustee;
II. to make demands and give notices under the security;
III. to commence and pursue legal proceedings and take action to enforce the security or to protect any property or its interest in any property subject to the security;
IV. to sell any property in accordance with the security;
V. to appoint and instruct a receiver or receiver and manager under the security; and
VI. to exercise all other rights under the security exercisable by the party named in that security as grantee, mortgagee or charge.

These powers are in addition to any powers the Security Trustee may have under any legislation or the general law or equity.

The Security Trustee must exercise its powers as directed by a majority of the lenders of the secured moneys whose lender proportions aggregate more than 60% of the total amount of the secured moneys.

On 26 June 2014 the Company issued 20,000,000 ordinary fully paid shares to sophisticated investors at a price of 1.5 cents per share raising $300,000.

4. Other Developments

On 31 January 2014, Swan Gold received the recommendation of the Warden that applications for exemption from expenditure that were heard in August 2012 in respect of M16/262-264 at the Lady Ida project area be refused. The tenements are held by Siberia Mining Corporation Pty Ltd ("Siberia Mining"), a wholly owned subsidiary of Swan Gold, and are also the subject of applications for forfeiture. At 30 June 2104 Siberia Mining had lodged an application with the Supreme Court of Western Australia for judicial review of the Warden's recommendation.

The ability of the Group to maintain tenure to its tenements is dependent upon it continuing to meet the minimum expenditures on the tenements or obtaining exemptions for tenements in which the minimum expenditures have not been met.

In the opinion of the directors, there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the consolidated entity and the expected results of those operations in subsequent years.

Significant Events after Balance Date

Share Placement to Swan Gold Directors'
On 11 July 2014 the Company issued 5,000,000 ordinary fully paid shares to Mr Craig Readhead and Mr John Poynton at a price of 1.5 cents per share raising $75,000. The placement was approved by an ordinary resolution of shareholders at the Company's Annual General Meeting held on 8 July 2014.

1 for 10 Share Consolidation
On 15 July 2014 the Company completed a share consolidation achieved through the conversion of ten fully paid ordinary shares into one fully paid ordinary share.

The below table summarises the Swan Gold capital structure pre and post the share consolidation:

Class	Name	Pre- consolidation	Post- consolidation
E36	Escrowed shares	666,668	66,668
ORD	Ordinary fully paid shares	917,820,993	91,783,555
	Total issued capital	918,487,661	91,850,223

As a result of the share consolidation all references in this Annual Report relating to the number and value of shares allotted during and since the end of the financial year are stated on a post consolidation basis unless otherwise stated.

Lodgement of Prospectus
On 11 August 2014 the Company lodged with the Australian Securities & Investment Commission a prospectus which is seeking to raise a minimum of $13,500,000 by the issue of up to 67,500,000 Shares at $0.20 per share and a maximum of $20,000,000 by the issue of up to 100,000,000 shares at $0.20 per Share with the ability to accept over subscriptions to raise an additional $5 million, in each case, before costs.

4. Business Strategies and Prospects (Incorporating Likely Developments and Expected Results)

Swan Gold is committed to growing its gold inventories through ongoing exploration activities. In addition, the Company is looking to recommence gold operations at the Davyhurst and Mt Ida Gold Projects.

Over the next 12 months the Company is focussing on:
- Having its ordinary shares readmitted to official quotation on the ASX,
- Recapitalising the Company through:
    - the conversion of its existing loans payable to ordinary shares,
    - issuing new shares as part of an equity fund raising exercise, and
    - establishing a debt facility
- Upon recapitalisation, the funds will be applied to further the Groups exploration efforts and to refurbish the Davyhurst Gold project allowing for the processing of up to 1.2 mtpa of third party ore, Company ore or a combination of both.

DIVIDENDS

No amounts were paid by way of dividend since the end of the previous financial year. The directors do not recommend the payment of a dividend.

INFORMATION ON DIRECTORS

Director	**Qualifications, experience and special responsibilities**
Michael Fotios Non-Executive	*BSc (Hons) MAusIMM* A director since September 2012, Mr Fotios is a Geologist specialising in Economic Geology with 27 years extensive experience in exploration throughout Australia for gold, base metals, tantalum, tin and nickel and taking projects from exploration to feasibility. He previously held positions with Homestake Australia Limited and Sons of Gwalia Limited. He was Managing Director and a Director with Tantalum Australia NL (now ABM Resources Ltd) from September 1999 to October 2005. His last position was as Managing Director of Galaxy Resources Limited. Michael Fotios is founder and current Executive Chairman of Investmet and regarded as having control of Investmet for the purposes of the Corporations Act 2001. Other current directorships: Northern Star Resources Limited (from September 2009 to October 2013), Pegasus Metals Limited (from December 2009), Horseshoe Metals Limited (from May 2012), General Mining Corporation Limited (from June 2012), Redbank Copper Limited (from September 2012) and Stirling Resources Limited (from September 2012 to November 2012). Former directorships in the last three years: Galaxy Resources Limited (from December 2006 to December 2008).
John Poynton Non-Executive Director	*AM Cit WA* John is the Chairman of Azure Capital Limited. He is a Director of the Future Fund Board of Guardians and Crown Perth. In the not-for-profit arena, John is the Chairman of Council of Christ Church Grammar School, Giving West and Celebrate WA. He is also a member of Social Ventures Australia. Previously, John was a Chairman of ASX Perth, Fleetwood, Alinta and the West Australian Museum Foundation – Deputy Chairman of Austal Limited – Director of Multiplex; Member of the Higher Education Endowment Fund Advisory Board, Payments System Board of the Reserve Bank of Australia, EFIC and of the Business School at the University of Western Australia. John is a Life Member and Senior Fellow of the Financial Services Institute of Australasia

(FINSIA), a Fellow of the Australian Institute of Company Directors (AICD) and of the Australian Institute of Management (AIM).

John is a Member in the General Division of the Order of Australia and is a past recipient of a WA Citizen of the Year award in the industry and commerce category.

John holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia.

Craig Readhead
Non-Executive Director

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Mr Readhead is one of WA's leading mining and resource lawyers with over 33 years legal and corporate advisory experience specialising in the resources sector, including the implementation of large scale mining projects both in Australia and overseas. In 2009, Craig was identified as one of the top ten Best Mining Lawyers in Australia published by the Australian Financial Review. Craig is a Partner of law firm, Allion Legal.

Current directorships: Heron Resources Limited, Beadell Resources Limited, General Mining Corporation Limited, Western Areas Limited and Redbank Copper Limited.

Former directorships in the last three years: Galaxy Resources Limited to November 2013, Mt. Gibson Iron Limited to December 2012 and Frankland River Olive Company Limited to December 2012.

Wayne Zekulich
Non-Executive Director

BBus, FCA
Wayne is a Consultant and non-executive Director. He has a broad range of experience covering advice on mergers and acquisitions, arranging and underwriting project financings, privatisations, and debt and equity capital markets. Most recently Wayne was the Chief Financial Officer of Gindalbie Metals Ltd and prior to that the Chief Development Officer of Oakajee Port and Rail. Wayne holds a Bachelor of Business Degree and is a Fellow of the Institute of Chartered Accountants.

Currently, Wayne is Head of Perth for Deutsche Bank, Chairman of Tesla Corporation, a Director of Swan Gold Mining Limited, Director of Jaxon Construction. In the Not-for-Profit sector Wayne Chairman of Celebrate WA, a committee member of the Committee for Economic Development of Australia (WA Branch), a member of the Curtin Business School of Accounting Advisory Board and Greater Curtin Project Control Group and a member of the University of Western Australia Audit Committee.

Interests in the shares and options of Swan Gold

Details of directors' interests in the securities of Swan Gold as at the date of this report are as follows, which are on a post share consolidation basis:

Director	Fully paid shares	Unlisted options
Michael Fotios[1]	41,238,671	-
John Poynton	1,333,334	-
Craig Readhead	166,667	-
Wayne Zekulich	-	-

[1] The shares are held by Investmet Limited, a Company which Mr Fotios is a substantial shareholder and Chairman.

COMPANY SECRETARIES

Lind Paini BBus, FCA, FFTP (resigned 15 January 2014)
Wayne Zekulich BBus, FCA, FFTP (appointed 15 January 2014)

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors held during the year and the number of meetings attended by each director was as follows:

	Number held whilst in office	Number attended
Michael Fotios	5	5
John Poynton	5	5
Craig Readhead	5	5
Wayne Zekulich	5	5

REMUNERATION REPORT (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. Unless otherwise indicated, all key management personnel held their position as a throughout the entire financial year and up to the date of this report.

Details of key management personnel during the year up to the date of this report:

Directors	
Michael Fotios	Executive Chairman
John Poynton	Non-executive Director
Craig Readhead	Non-executive Director
Wayne Zekulich[1]	Non-executive Director and Company Secretary
Executives	
Linda Paini[2]	Chief Financial Officer and Company Secretary

[1] Mr Zekulich was appointed Company Secretary on the 15 January 2104
[2] Ms Paini resigned as Chief Financial Officer and Company Secretary on 15 January 2014

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration
Overall remuneration policies are determined by the Board of Directors and are adapted to reflect competitive market and business conditions. Within this framework, the board considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for executive directors and senior management. Executives may be provided with longer-term incentives through participation in option schemes, which serve to align the interests of the executives with those of shareholders. Executive remuneration and other terms of employment are reviewed annually by the remuneration committee having regard to performance, relevant comparative information and expert advice.

Non-executive directors' remuneration
The Company's Policy is to remunerate non- executive directors (NED's) at market rates (for comparable companies) for time commitment and responsibilities. Fee's for non-executive directors are not linked to the performance of the company, however to align directors interest with shareholders interest directors are encouraged to hold shares in the Company. The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NED's of comparable companies.

Payments to non- executive directors reflect the demands that are made on, and the responsibilities of the NED's. Non-executive director's fee and payments are reviewed annually by the remuneration committee. The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting.

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum aggregate remuneration for non-executive directors, with the current approved limit being $500,000. The Board determines the actual payments to directors. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

REMUNERATION REPORT (audited)

Details of remuneration

The following table discloses details of the nature and amount of each element of the emoluments of each director of Swan Gold and each of the officers receiving the highest emoluments for the year ended 30 June 2013.

30 June 2014	Primary (short-term)			Post-employment	Equity (share-based payments)	
Name	Salary and directors fees	Consulting fees	Non-monetary benefits	Superannuation		Total
	$	$	$	$	$	$
Directors						
Michael Fotios	60,000	-	-	-	-	60,000
John Poynton	40,000	-	-	-	-	40,000
Craig Readhead	40,000	-	-	-	-	40,000
Wayne Zekulich	40,000	-	-	-	-	40,000
Executives						
Linda Paini[1]	38,370	-	-	3,549	-	41,919
	218,370	-	-	3,549	-	221,919

[1] Resigned on 15 January 2014

30 June 2013	Primary (short-term)			Post-employment	Equity (share-based payments)	
Name	Salary and directors fees	Consulting fees	Non-monetary benefits	Superannuation		Total
	$	$	$	$	$	$
Directors						
Michael Fotios[4]	-	-	-	-	-	-
John Poynton[2]	-	-	-	-	-	-
Craig Readhead[2]	-	-	-	-	-	-
Wayne Zekulich[2]	-	-	-	-	-	-
Damian Delaney[1]	-	-	-	-	-	-
Martin Depisch[1]	-	-	-	-	-	-
Dr Gerhard Kornfeld[1]	-	-	-	-	-	-
Peter Farris[3]	-	-	-	-	-	-
Thomas Styblo[1]	-	-	-	-	-	-
Allan Brown[5]	5,450	-	-	-	-	5,450
Keith Vuleta[5]	4,360	-	-	-	-	4,360
Ian Price[5]	4,360	-	-	-	-	4,360
Executives						
Linda Paini	-	-	-	-	-	-
	14,170	-	-	-	-	14,170

[1] Ceased being a director on 27 March 2013
[2] Commenced being a director on 27 March 2013
[3] Ceased being a director on 4 February 2013
[4] Commenced being a director on 14 September 2012
[5] Ceased being a director on 25 July 2012

There were no proportions of any elements of Key Management Personnel remuneration that related to performance. Other than directors of Swan Gold, there were no other executive officers of the consolidated entity during the year.

Option holdings of key management personnel (consolidated)

30 June 2014	Balance at 1 July 2013	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2014	Balance vested and exercisable at 30 June 2014
Directors						
Michael Fotios	-	-	-	-	-	-
John Poynton	-	-	-	-	-	-
Craig Readhead	-	-	-	-	-	-
Wayne Zekulich	-	-	-	-	-	-
Executives						
Linda Paini	-	-	-	-	-	-
	-	-	-	-	-	-

There were no options granted to key management personnel during the year (2013: nil).

Shareholdings of key management personnel (consolidated)

30 June 2014	Balance at 1 July 2013	On the exercise of options	Net change other	Balance at 30 June 2014
Directors				
Michael Fotios[1]	412,386,710	-	-	412,386,710
John Poynton	10,000,000	-	-	10,000,000
Craig Readhead	-	-	-	-
Wayne Zekulich	-	-	-	-
Executives				
Linda Paini	-	-	-	-
	422,386,710	-	-	422,386,710

[1]Shares were acquired by Investmet Ltd, a company Mr Fotios is a director of and substantial shareholder of:

150,000,000 – 18 April 2013
39,849,657 – 21 June 2013
222,537,053 – 7 May 2013
412,386,710

No shares were issued during the year as a result of the exercise of options granted as part of remuneration. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. There were no forfeitures during the period.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the consolidated entity would have adopted if dealing at arm's length.

Loans to key management personnel
There were no loans to key management personnel during the financial year.

Other transactions with directors
Transactions during the year between the consolidated entity and directors or their director-related entities are set out in Note 20.

REMUNERATION REPORT (audited)

Information on any benefits received by directors of Swan Gold by reason of a contract made by the consolidated entity with a director or a director-related entity is contained in Note 20 of the financial report.

Service agreements
The terms of employment for executive directors and specified executives were not formalised in service agreements during the year ended 30 June 2014.

Company performance
The table below shows the performance of the consolidated entity as measured by its earnings per share. In the past five years the consolidated entity has incurred losses and no dividends have been paid. Any improvement to earnings is viewed as a long term position that is not yet fully determinable.

	30 June 2014 Cents	30 June 2013 Cents	30 June 2012 Cents	30 June 2011 Cents	30 June 2010 Cents
Earnings/(loss) per share	(0.10)	(0.30)	(0.59)	(0.61)	(1.38)

End of Remuneration Report (audited)

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia. The consolidated entity is a party to exploration and mine development licences. Generally, these licences specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The consolidated entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the consolidated entity by any government agency during the year ended 30 June 2014.

NON-AUDIT SERVICES

Non-audit services provided by Ernst & Young during their period as external auditors for taxation consulting advice was $32,500 (2013: nil). Further details of remuneration of the auditors are set out at Note 17.

The board has considered the non-audit services provided during the year and is satisfied that the provision of those services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance guidelines adopted by Swan Gold;
- non-audit services have been reviewed by the audit committee to ensure that they do not impact the impartiality or objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1, Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity, acting as an advocate for Swan Gold or jointly sharing economic risks and rewards.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included immediately following the Directors' Report and forms part of this Directors' Report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into indemnity agreements with each of the directors and officers of the Company. Under the agreements, the Company will indemnify those officers against certain claims or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Company or any related entities.

The Company has taken out an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim bought by a third party against the Company or its Directors or Officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

During the year, the Company paid premiums in respect of the above insurance policy. The contract prohibits the disclosure of the nature of the liabilities and/or the amount of the premium.

Signed in accordance with a resolution of the directors.

Michael Fotios
Executive Chairman

Perth, Western Australia
30 September 2014

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Auditor's independence declaration to the Directors of Swan Gold Mining Limited

In relation to our audit of the financial report of Swan Gold Mining Limited and its controlled entities for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
30 September 2014

GHM:JT:SWAN:006

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	NOTE	CONSOLIDATED 2014 $	2013 $
Revenue	5(a)	43,793	74,117
Other income	5(b)	2,152,525	6,718,037
Employee and directors – remuneration expense	5(c)	(438,194)	(635,832)
Site care and maintenance costs		(88,807)	(349,045)
Administrative expenses	5(d)	(1,044,157)	(981,022)
Other expenses		(36,061)	(46,375)
Finance costs	5(e)	(1,923,206)	(69,134)
Depreciation		-	(80,614)
Exploration expenditure		`	(2,794,848)
Impairment of Property, Plant and Equipment	8	(25,263)	(5,222,925)
Capitalised exploration write off		-	(21,499,000)
Loss before income tax expense		**(6,469,017)**	**(24,886,641)**
Income tax expense	6	-	-
Loss for the year		**(6,469,017)**	**(24,886,641)**
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		**(6,469,017)**	**(24,886,641)**
Attributable to:			
- Members of Swan Gold		(6,426,717)	(24,886,641)
- Non-controlling interest		(42,300)	-
		(6,469,017)	**(24,886,641)**
Basic and diluted loss per share (cents per share)	26	0.07	0.30

The above statement should be read in conjunction with the accompanying notes.

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
AS AT 30 JUNE 2014
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	CONSOLIDATED 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	25	215,699	235,603
Trade and other receivables	7	772,758	5,525,343
Prepayments		-	11,746
Inventory		-	63,459
TOTAL CURRENT ASSETS		988,457	5,836,151
NON-CURRENT ASSETS			
Trade and other receivables	7	64,160	-
Property, plant and equipment	8	3,000,000	3,000,000
TOTAL NON-CURRENT ASSETS		3,064,160	3,000,000
TOTAL ASSETS		**4,052,617**	**8,836,151**
CURRENT LIABILITIES			
Trade and other payables	10	1,409,917	1,647,872
Loans and borrowings	11	31,706,201	30,114,240
Provisions	12	58,242	26,761
TOTAL CURRENT LIABILITIES		33,174,360	31,788,873
NON-CURRENT LIABILITIES			
Provisions	12	4,148,100	4,148,100
TOTAL NON-CURRENT LIABILITIES		4,148,100	4,148,100
TOTAL LIABILITIES		**37,322,460**	**35,936,973**
NET LIABILITIES		**(33,269,842)**	**(27,100,825)**
SHAREHOLDERS' DEFICIT			
Contributed equity	13	167,965,331	167,665,331
Accumulated losses		(206,527,787)	(200,101,070)
Reserves	14	5,292,614	5,292,614
Parent entity interest		(33,269,842)	(27,143,125)
Non-controlling interest	15	-	42,300
SHAREHOLDERS' TOTAL DEFICIT		**(33,269,842)**	**(27,100,825)**

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

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent entity					
Consolidated	**Contributed equity $**	**Accumulated losses $**	**Reserves $**	**Total $**	**Non-controlling interests $**	**Total equity $**
At 1 July 2012	164,665,331	(175,214,429)	5,292,614	(5,256,484)	42,300	(5,214,184)
Other comprehensive loss	-	-	-	-	-	-
Loss for the year	-	(24,886,641)	-	(24,886,641)	-	(24,886,641)
Total comprehensive loss for the year	-	(24,886,641)	-	(24,886,641)	-	(24,886,641)
Issued of ordinary shares	3,000,000	-	-	3,000,000	-	3,000,000
At 30 June 2013	167,665,331	(200,101,070)	5,292,614	(27,143,125)	42,300	(27,100,825)
Other comprehensive loss	-	-	-	-	-	-
Loss for the year	-	(6,426,717)	-	(6,426,717)	(42,300)	(6,469,017)
Total comprehensive loss for the year	-	(6,426,717)	-	(6,426,717)	(42,300)	(6,469,017)
Issued of ordinary shares	300,000	-	-	300,000	-	300,000
At 30 June 2014	167,965,331	(206,527,787)	5,292,614	(33,269,842)	-	(33,269,842)

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

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	CONSOLIDATED 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		56,764	(146,098)
Payments to suppliers and employees		(1,302,417)	(568,488)
Payments for mineral exploration expenditure		(5,369,054)	(2,832,577)
Interest received		43,793	74,117
Interest paid		(6,268)	(16,321)
Net cash outflow used in operating activities	25	(6,577,182)	(3,489,367)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(25,262)	-
Payments for rental and security bonds		-	(34,200)
Proceeds from sale of tenement		1,400,000	-
Proceeds from return of security bonds		5,196,700	-
Cash reclassified from security bond		(64,160)	
Net cash outflow from investing activities		6,507,278	(34,200)
Cash flows from financing activities			
Proceeds from share issue		300,000	3,000,000
Proceeds from loan		85,000	500,000
Repayment of loan		(335,000)	-
Net cash inflow from financing activities		50,000	3,500,000
Net increase / (decrease) in cash and cash equivalents		**(19,904)**	**(23,567)**
Cash and cash equivalents at the beginning of the financial year		235,603	259,170
Cash and cash equivalents at the end of the financial year	25	**215,699**	**235,603**

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

1. CORPORATE INFORMATION

The financial report of Swan Gold for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on the date of signing of the Directors' Report. Swan Gold is a for-profit company limited by shares that is incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations. The financial report has been prepared on a historical cost basis. The financial report is presented in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Adoption of New and Revised Standards

The group has adopted all the new revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes to follow.

New and revised Standards and amendments thereof and interpretations effective for the current year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 ' Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements Standard';
- AASB 11 'Joint Arrangements' and AASB 2011-7 ' Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements Standard';
- AASB 12 'Disclosure of Interests in Other Entities';
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'; and
- AASB 119 (Revised 2011) 'Amendments to Australian Accountings Standards – Employee Benefits'.

The adoption of these new and revised standards has not resulted in any significant changes to the Group's accounting policies or to the amounts reported for the current or prior periods.

As a consequence of the adoption of AASB 2011-4 amendments to AASB 124 'Related Party Disclosure', certain Key Management Personnel disclosures previously required in notes have been removed and included in the Remuneration Report.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. Except as otherwise outlined below, the impact of these standards has not yet been determined.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9/IFRS 9	*Financial Instruments*	On 24 July 2014 The IASB issued the final version of IFRS 9 which replaces IAS 39 and includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of IFRS 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The AASB is yet to issue the final version of AASB 9. A revised version of AASB 9 (AASB 2013-9) was issued in December 2013 which included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simplified approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for Group*
		b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.		
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10,	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 *Business Combinations* when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value	1 January 2014	1 July 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*
	AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.		
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle.* Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 July 2014
AASB 2014-1 Part A - Annual Improvements 2011–2013	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9,	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*
Cycle	Cycle	regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.		
AASB 1031	*Materiality*	The revised AASB 1031 is an interim standard that cross-references to other Standards and the F*ramework (*issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	^^	^^
Amendments to IAS 16 and IAS 38*****	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 2014-1 Part B	Amendments to Australian Accounting	AASB 2014-Part B makes amendments in relation to the requirements for contributions from	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard*	Application date for Group*
Amendments to AASB 119	Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	employees or third parties that are set out in the formal terms of the benefit plan and linked to service. The amendments clarify that if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.		

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

***** These IFRS amendments have not yet been adopted by the AASB. In order to claim compliance with IFRS, these amendments should be noted in the financial statements.

^^ The application dates of AASB 2013-9 are as follows:
Part A –periods ending on or after 20 Dec 2013 Application date for the Group: period ending 30 June 2014
Part B - periods beginning on or after 1 January 2014 Application date for the Group: period beginning 1 July 2014
Part C - reporting periods beginning on or after 1 January 2015 Application date for the Group: period beginning 1 July 2015

(d) Going concern

As at 30 June 2014, the Group's current liabilities exceeded its current assets by $32,185,903 and the groups Shareholders' deficit totalled $33,269,842. The consolidated entity recorded a loss of $6,469,017 for the year ended 30 June 2014.

The ability of the Group to operate as a going concern and meet its debts as and when they fall due is primarily dependent upon the Directors meeting the terms and conditions under the Investmet transaction and successfully recapitalising the Group. Failure to do so may result in the Group being unable to meet its debts as and when they fall due and realise its assets and settle its liabilities in the ordinary course of business. The financial report has been prepared on the basis that the consolidated entity will continue to meet their commitments and can therefore continue normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

On 11 August 2014 the Company lodged with the Australian Securities & Investment Commission a prospectus which is seeking to raise a minimum of $13,500,000 by the issue of up to 67,500,000 Shares at $0.20 per share and a maximum of $20,000,000 by the issue of up to 100,000,000 shares at $0.20 per Share with the ability to accept over subscriptions to raise an additional $5 million, in each case, before costs.

The directors believe that at the date of signing the financial report there are reasonable grounds to believe that having regard to the matters set out above, the consolidated entity will be able meet the terms and conditions under the Investmet transaction and successfully recapitalise the Group.

Should the consolidated entity not achieve the matters set out above, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Loan Facility Agreement

On 14 April 2014, the Company, Investmet, Stirling, the Security Trustee, the Nominee and certain subsidiaries of the Company who have provided security in relation to the debts, entered into a loan facility agreement to set out the terms and conditions for the Debt, DCM Debt and Stirling Debt (Facility Agreement). The Nominee entered into the Facility Agreement on behalf of the Other Lenders in accordance with certain nominee deeds. As at the date of this report, nominee deeds have been signed by Other Lenders holding more than 80% of the Other Lenders Debt Portion and the Company understands it is the intention of the Nominee to arrange for the remaining Other Lenders to sign their respective nominee deeds before the Closing Date.

Under the Facility Agreement, Investmet, Stirling and the Other Lenders agreed to continue to make available the loan facility (consisting of the Debt, DCM Debt and Stirling Debt) to the Company. The Facility Agreement sets out the terms and conditions for the loan facility.

The proposed transactions under the Facility Agreement can be summarised as follows:

(e) (Debt conversion) Investmet may elect to convert the Debt (in whole or in part) to Shares. If Investmet elects to do so, Stirling will be entitled to convert an amount of the Stirling Debt proportionate to the amount of the Debt that Investmet elects to convert.

If the Company does not have enough unallocated funds upon repayment of the debts and conversion of the Debt (and Stirling Debt) in order to meet reinstatement requirements of the ASX, Stirling may convert such amount of the Stirling Debt as would result in the Company being able to meet ASX's reinstatement requirements.

Investmet may also elect to convert the DCM Debt (in whole or in part) to Shares.

(f) (Repayment on Equity Raising) Upon the completion of an equity raising by the Company to raise funds to ensure that the Company has sufficient funds to satisfy any financial condition imposed by the ASX in connection with the re-quotation of the Company's securities (Equity Raising):

I. Investmet must elect to convert part or all of the Debt outstanding at the completion of the Equity Raising, provided that no more than $5,000,000 of the Debt is subsisting immediately after;
II. Stirling may elect to convert part or all of the Stirling Debt outstanding at the completion of the Equity Raising, provided that no more than $2,500,000 of the Stirling Debt is subsisting immediately after. If Stirling does not convert any or all of the Stirling Debt up to $2,500,000 in accordance with the its right of conversion, Stirling has agreed to act in good faith and convert any such amount of the Stirling Debt up to $2,500,000 that would result in the Company being able to meet ASX's reinstatement requirements; and
III. Investmet may elect to have the DCM Debt repaid (whole or in part) in cash from the proceeds of the Equity Raising, or by the issue of Shares, or elect to have all or part of the DCM Debt subsisting following the Equity Raising.

(g) (Repayment and conversion on Maturity Date) On the maturity date of the loan facility, which was on 1 July 2014 (Maturity Date), the Company was required to repay the Debt and the Stirling Debt (plus interest) outstanding on the Maturity Date by, at the election of the Company, the issue of Shares or in cash, provided that:

I. Investmet had the option to elect for no more than $5,000,000 of the Debt to subsist immediately after the Maturity Date; and
II. Stirling had the option to elect for no more than $5,000,000 of the Stirling Debt to subsist immediately after the Maturity Date.

In addition, Investmet had the option to elect for the DCM Debt (and interest) outstanding on the Maturity Date to be repaid by, at the election of Investmet, the issue of Shares or in cash. Investmet may also elect that all or part of the DCM Debt subsists immediately after the Maturity Date.

Repayment of the above debts did not occur on the Maturity Date. However, on 30 July 2014, the Company, Investmet, the Nominee entered into a letter agreement, pursuant to which Investmet and the Nominee agreed to repayment of the Debt and the DCM Debt.

In respect of the Stirling Debt, the Company intends to negotiate with Stirling to confirm whether all or part of the Stirling Debt and its accrued and outstanding interest can be converted into Shares. If such agreement can be met, Shares will issue to extinguish the debt. If such agreement cannot be met the debt will be extinguished via a cash payment.

(h) (Loan Syndicate Arrangements) The balance of the Debt, Stirling Debt and DCM Debt subsisting and owing following the partial conversion of the Debt will be held under loan syndicate arrangements which will include:

I. general security interests over the Company (and its subsidiaries (if applicable)) and their respective assets;
II. a two year moratorium on principal repayments; and
III. a minimum interest rate of 6% or a rate to be agreed between the Company, Investmet, Stirling and the Other Lenders.

Upon completion of the moratorium period, the Company may choose to repay the outstanding principal in cash or convert it into Shares at a price no less than $0.75 per Share or as otherwise agreed by the parties.

Security Trust Deed
On 27 March 2013 the Company, the Security Trustee, Investmet, Stirling and various subsidiaries of the Company entered into an agreement, pursuant to which MGMC assigned the security held by MGMC (as trustee for the Group Trust, Territory Trust and Mt Ida Trust) in relation to the secured debt owed by the Company, to the Security Trustee (Security Trust Deed).

The arrangements under the Security Trust Deed can be summarised as follows:

(e) (Trust) The Security Trustee will hold, among other things, all its right, title and interest in, to and under the security on trust for Investmet, Stirling, and any other person who becomes a beneficiary under the Security Trust Deed (including the Other Lenders).

(f) (Security) The security assigned to the Security Trustee includes:
   I. all the shares held by the Company in Mt Ida, Carnegie and Siberia; and
   II. all present and future property, assets and undertakings of Mt Ida, Carnegie and Siberia (excluding certain assets).

(g) (Payment) If, before the date that the Security Trustee enforces a security, a beneficiary under the Security Trust Deed directs the Security Trustee to demand payment of secured moneys that are due and payable to the beneficiary, the Security Trustee must make the demand and the person who has granted a security must immediately pay the amount demanded to the Security Trustee.

(h) (Powers of Security Trustee) The powers of the Security Trustee include:

   I. the power to exercise all rights and discretions and do all other things which a party which is not a trustee would have were it to have entered into the security in place of the Security Trustee;
   II. to make demands and give notices under the security;
   III. to commence and pursue legal proceedings and take action to enforce the security or to protect any property or its interest in any property subject to the security;
   IV. to sell any property in accordance with the security;
   V. to appoint and instruct a receiver or receiver and manager under the security; and
   VI. to exercise all other rights under the security exercisable by the party named in that security as grantee, mortgagee or charge.

These powers are in addition to any powers the Security Trustee may have under any legislation or the general law or equity.

The Security Trustee must exercise its powers as directed by a majority of the lenders of the secured moneys whose lender proportions aggregate more than 60% of the total amount of the secured

<u>Principles of consolidation</u>
The consolidated financial statements comprise the financial statements of Swan Gold and its subsidiaries (as outlined in Note 22) (the Group) as at and for the period ended 30 June each year.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from the its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Swan Gold are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist.

Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries which are businesses is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivables taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised.

Interest

Revenue is recognised as the interest accrues using the effective interest rate method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(f) Property, plant and equipment

All assets acquired, including property, plant and equipment are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Property, plant and equipment located on a mine site is included at cost less provision for depreciation and any impairment in value. All such assets are depreciated over the estimated remaining economic life of the mine, using a unit of production basis.

All other property, plant and equipment is included at cost less provision for depreciation and any impairment in value and depreciated on a straight-line basis commencing from the time the asset is held ready for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(g) Other financial assets

Financial assets in the scope of AASB 139 "Financial Instruments – Recognition and Measurement" are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale investments as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date (the date that the consolidated entity commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Loans, receivables and security deposits

Loans, receivables and security deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired as well as through the amortisation process.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(h) Deferred exploration and evaluation expenditure

Once the legal right to explore has been acquired, exploration and evaluation costs are expensed to the Statement of Comprehensive Income as incurred unless the Directors conclude that a future economic benefit is more likely than not to be realised. Costs incurred during this phase are expensed in the Statement of Comprehensive Income as 'exploration and evaluation expenditure'. In evaluating if expenditures meet the criteria to be capitalised, several different sources of information are utilised. The information that is used to determine the probability of future economic benefits depends on the extent of exploration and evaluation that has been performed.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The recoverable amount of capitalised exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

(i) Impairment of non-financial assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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.

(j) Jointly controlled assets

The Group has an interest in a joint arrangement that is a jointly controlled asset. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group recognises its interest in the jointly controlled assets by recognising its interest in the assets and the liabilities of the joint arrangement. The Group also recognises the expenses that it incurs and its share of the income that it earns from the use and output of the jointly controlled assets.

(k) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that is has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(l) Trade and other receivables

Trade receivables, which generally have 30 to 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less an allowance for impairment. An allowance for doubtful debts is made when there is objective evidence that the consolidated entity will not be able to collect the debts. Bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Financial difficulties of the debtor, default payments or debts more than 180 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(o) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Goods and services tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authority is included as a current asset or liability in the statement of financial position. 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 tax authority are classified as operating cash flows.

(q) Employee benefits

Provision for employee benefits represents the amount which the consolidated entity has a present obligation to pay resulting from employees' service provided up to the balance date.

Liabilities arising in respect of employee benefits expected to be settled within twelve months of the balance date are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the balance date.

(r) Share based payments

The consolidated entity may provide benefits to employees (including directors) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares ("equity settled transactions"). The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted. The value is determined using a binomial model. The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors, will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(s) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the consolidated entity are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment under lease. A lease liability of equal value is also recognised. Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

(t) Rehabilitation costs

Full provision for rehabilitation costs is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance date. Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the operations. These increases are accounted for on a net present value basis.

Rehabilitation provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

(u) Inventories

Ore and Gold stocks are valued at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Swan Gold does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(w) Earnings per share

Basic earnings per share is determined by dividing net operating results after income tax attributable to members of the parent entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to potential ordinary shares.

(x) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Refer to Note 21 for details.

4. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Significant accounting judgements

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

Capitalisation of exploration expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of Joint Ore Reserves Committee (JORC) resource is in itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

(b) Significant accounting estimates and assumptions

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

Impairment

Assets, including property, plant and equipment, receivables and goodwill, are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use" (being the net present value of expected future cash flows of the relevant cash generating unit) and "fair value less costs to sell".

Impairment of deferred exploration expenditure

The future recoverability of deferred exploration expenditure is dependent on a number of factors, including whether the Group decides to exploit the related tenement itself or, if not, whether it successfully recovers the related exploration asset through sale.

To the extent that deferred exploration expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

Provision for decommissioning and restoration costs

Decommissioning and restoration costs are a normal consequence of mining and the majority of this expenditure is incurred as the end of a mine's life. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine) and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the binomial model using the assumptions detailed in the financial statements.

5. REVENUE AND EXPENSES

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
(a) Revenue		
- Interest	43,793	74,117
(b) Other income		
- Management fees	23,243	181,432
- Gain on loan forgiveness	-	6,529,305[1]
- Sundry income	-	7,300
- Research and development tax claim	725,622	-
- Profit on sale of tenement	1,403,660	-
	2,152,525	6,718,037

[1] Swan Gold Mining Ltd owed $13,477,000 to the Territory Trust. $6,947,000 of the debt was assigned to Investmet and $6,529,305 was forgiven.

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
(c) Employee and directors' benefits expenses		
- Wages and salaries	438,194	635,832
(d) Corporate and administration expenses		
- Audit, accounting and tax fees	277,778	69,134
- Consulting fees	291,261	89,754
- Legal fees	342,525	269,578
- Travel and accommodation expenses	30,438	4,160
- Regulatory	71,747	180,865
- Insurance	30,408	225,581
- Management fees	-	141,950
	1,044,157	981,022
(e) Finance costs		
- Bank fees	8,220	52,813
- Interest expense	6,268	16,321
- Interest expense – capitalised against loan	1,841,961	-
- Cost associated with the capital raising	66,757	-
	1,923,206	69,134

6. INCOME TAX EXPENSE

	CONSOLIDATED	
	2014 $'000	2013 $'000
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in statement of comprehensive income	-	-
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)	(1,941)	(7,466)
Add/(less) tax effect of:		
- Losses and other deferred tax balances not recognised	2,158	2,975
- Non-allowable items	-	6,450
- Non-assessable items	(217)	(1,959)
Income tax expense reported in Statement of Comprehensive Income	-	-
Deferred tax recognised:		
Deferred tax liabilities:		
Prepayments	-	1
Deferred tax assets:		
Carry forward revenue losses	-	1
Net deferred tax	-	-
Unrecognised deferred tax assets:		
Carry forward revenue losses	55,620	42,811
Exploration tenements & rehabilitation	256	256
Property, Plant & Equipment	3,437	3,437
Provisions & accruals	1,288	1,262
Other	76	83
	60,677	47,849

6. INCOME TAX EXPENSE (continued)

The tax benefits of the above deferred tax assets will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

- the consolidated entity continues to comply with the conditions for deductibility imposed by law; and

- no changes in income tax legislation adversely affect the consolidated entity in utilising the benefits.

Tax consolidation:

Swan Gold Mining Limited and its wholly owned Australian resident subsidiary have formed a tax consolidated group. Swan Gold Mining Limited is the head entity of the tax consolidated group.

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
CURRENT		
Trade debtors	12,869	139,476
Security deposits (1)	-	5,196,700
R&D tax credits	725,622	-
Other debtors (2)	34,267	189,167
	772,758	5,525,343

(1) Security deposits are held in a 90 day term deposit that is rolled over at each maturity date. The deposit is not available for use until the consolidated entity has been released from any rehabilitation obligations in regard to tenements to which the security deposit relates. During the year the Group applied to the Western Australian Department of Mines and Petroleum ("DMP") for the release of the Group's environmental bonds. The application was successful and funds were released to the Group subsequent to year end. Accordingly, the Group has classified the security deposits as current as at 30 June 2014.

Reconciliation of security deposits:	2014 $	2013 $
Opening balance	5,196,700	-
Refunded to Company	(5,196,700)	-
Transferred from non- current	-	5,196,700
Closing written down value	-	5,196,700

(2) Other debtors relates to GST receivable balances.

At 30 June, the ageing analysis of trade and other receivables is as follows:

		Total	0-180 Days	+ 181 Days PDNI *	+ 181 Days CI **
2014	Consolidated	772,758	772,758		
2013	Consolidated	328,642	328,642	-	-

* Past due not impaired (PDNI)
** Considered impaired (CI)

Receivables past due but not considered impaired are nil (2013: nil)

	CONSOLIDATED	
	2014	2013
	$	$
NON-CURRENT		
Security deposits (1)	64,160	-
Sundry receivables – Joint Venture partner (2)	6,534,637	6,534,637
Allowance for non-recovery (2)	(6,534,637)	(6,534,637)
	64,160	-

	CONSOLIDATED	
	2014	2013
	$	$
(1) Security deposits are held in a 90 day term deposit that is rolled over at each maturity date. The deposit is not available for use until the consolidated entity has been released from any rehabilitation obligations in regard to tenements to which the security deposit relates.		
Reconciliation of security deposits:		
Opening balance	-	5,162,700
Cash placed on deposit	-	34,000
Reclassified from cash	64,160	-
Transferred to current	-	(5,196,700)
Closing written down value	64,160	-

(2) Represents monies owed to the Company from its joint venture partner. Refer to Note 23.

8. PROPERTY, PLANT AND EQUIPMENT

	2014	2013
Plant and equipment		
At cost	14,141,440	14,116,177
Less accumulated depreciation	(5,893,252)	(5,893,252)
Less impairment	(5,248,188)	(5,222,925)
Total property, plant and equipment	3,000,000	3,000,000
Reconciliation of property, plant and equipment:		
Carrying amount at beginning of period	3,000,000	8,170,539
Additions	25,263	-
Transfer from Plant and equipment – under finance lease	-	133,000
Depreciation	-	(80,614)
Impairment	(25,263)	(5,222,925)
Closing written down value	3,000,000	3,000,000

Impairment of Property, Plant and Equipment

The processing plant is currently held in care and maintenance. During the period the Company obtained a market valuation report from an independent third party. The report contained an upper, preferred and lower valuation based on a trade sale. The carrying value of the property, plant and equipment at year end has been impaired to the lower valuation contained in the report to ensure the carrying value reflects the risk of pricing uncertainty due to current second hand market conditions and to cover costs to sell.

9. DEFERRED EXPLORATION EXPENDITURE

Cost	33,076,647	27,967,000
Less accumulated impairment	(33,076,647)	(27,967,000)
Total deferred exploration and evaluation	-	-

	CONSOLIDATED	
	2014	2013
	$	$
Reconciliation of deferred exploration and evaluation:		
Carrying amount at beginning of period	-	21,366,000
Additions (1)	5,109,647	-
Transfer from Plant and equipment – under finance lease	-	133,000
Written off to P&L	(5,109,647)	(21,499,000)
	-	-

(1) Represents an increase in the rehabilitation provision relating to various disturbed project areas held by the group. Refer to Note 12

10. TRADE AND OTHER PAYABLES

Trade payables and accruals (1)	1,409,917	1,647,872

(1) Trade creditors and accruals are non-interest bearing and generally settled on 60 day terms.

11. LOANS AND BORROWINGS

Investmet Limited – Secured[1]	19,189,020	-
Investmet Limited – Unsecured[1]	7,208,792	24,864,240
Stirling Resources Pty Ltd – Unsecured[1]	5,308,389	5,000,000
Other - Unsecured	-	250,000
	31,706,201	30,114,240

Loan Facility Agreement

On 14 April 2014, the Company, Investmet, Stirling, the Security Trustee, the Nominee and certain subsidiaries of the Company who have provided security in relation to the debts, entered into a loan facility agreement to set out the terms and conditions for the Debt, DCM Debt and Stirling Debt (Facility Agreement). The Nominee entered into the Facility Agreement on behalf of the Other Lenders in accordance with certain nominee deeds. As at the date of this report, nominee deeds have been signed by Other Lenders holding more than 80% of the Other Lenders Debt Portion and the Company understands it is the intention of the Nominee to arrange for the remaining Other Lenders to sign their respective nominee deeds before the Closing Date.

Debt names and values

Name	2014	2013
DCM debt (assigned to Investment Ltd)	$4,459,047	$4,200,000
Stirling debt	$5,308,389	$5,000,000
Syndicated debt (assigned to Investment Ltd)	$21,938,765	$20,664,240
Total	$31,706,201	$29,864,240

Under the Facility Agreement, Investmet, Stirling and the Other Lenders agreed to continue to make available the loan facility (consisting of the Debt, DCM Debt and Stirling Debt) to the Company. The Facility Agreement sets out the terms and conditions for the loan facility.

The proposed transactions under the Facility Agreement can be summarised as follows:

(a) (Debt conversion) Investmet may elect to convert the Debt (in whole or in part) to Shares. If Investmet elects to do so, Stirling will be entitled to convert an amount of the Stirling Debt proportionate to the amount of the Debt that Investmet elects to convert.

If the Company does not have enough unallocated funds upon repayment of the debts and conversion of the Debt (and Stirling Debt) in order to meet reinstatement requirements of the ASX, Stirling may convert such amount of the Stirling Debt as would result in the Company being able to meet ASX's reinstatement requirements.

Investmet may also elect to convert the DCM Debt (in whole or in part) to Shares.

(b) (Repayment on Equity Raising) Upon the completion of an equity raising by the Company to raise funds to ensure that the Company has sufficient funds to satisfy any financial condition imposed by the ASX in connection with the re-quotation of the Company's securities (Equity Raising):

I. Investmet must elect to convert part or all of the Debt outstanding at the completion of the Equity Raising, provided that no more than $5,000,000 of the Debt is subsisting immediately after;
II. Stirling may elect to convert part or all of the Stirling Debt outstanding at the completion of the Equity Raising, provided that no more than $2,500,000 of the Stirling Debt is subsisting immediately after. If Stirling does not convert any or all of the Stirling Debt up to $2,500,000 in accordance with the its right of conversion, Stirling has agreed to act in good faith and convert any such amount of the Stirling Debt up to $2,500,000 that would result in the Company being able to meet ASX's reinstatement requirements; and
III. Investmet may elect to have the DCM Debt repaid (whole or in part) in cash from the proceeds of the Equity Raising, or by the issue of Shares, or elect to have all or part of the DCM Debt subsisting following the Equity Raising.

(c) (Repayment and conversion on Maturity Date) On the maturity date of the loan facility, which was on 1 July 2014 (Maturity Date), the Company was required to repay the Debt and the Stirling Debt (plus interest) outstanding on the Maturity Date by, at the election of the Company, the issue of Shares or in cash, provided that:

I. Investmet had the option to elect for no more than $5,000,000 of the Debt to subsist immediately after the Maturity Date; and
II. Stirling had the option to elect for no more than $5,000,000 of the Stirling Debt to subsist immediately after the Maturity Date.

In addition, Investmet had the option to elect for the DCM Debt (and interest) outstanding on the Maturity Date to be repaid by, at the election of Investmet, the issue of Shares or in cash. Investmet may also elect that all or part of the DCM Debt subsists immediately after the Maturity Date.

Repayment of the above debts did not occur on the Maturity Date. However, on 30 July 2014, the Company, Investmet, the Nominee entered into a letter agreement, pursuant to which Investmet and the Nominee agreed to repayment of the Debt and the DCM Debt.

(i) (Loan Syndicate Arrangements) The balance of the Debt, Stirling Debt and DCM Debt subsisting and owing following the partial conversion of the Debt will be held under loan syndicate arrangements which will include:

I. general security interests over the Company (and its subsidiaries (if applicable)) and their respective assets;
II. a two year moratorium on principal repayments; and
III. a minimum interest rate of 6% or a rate to be agreed between the Company, Investmet, Stirling and the Other Lenders.

Upon completion of the moratorium period, the Company may choose to repay the outstanding principal in cash or convert it into Shares at a price no less than $0.75 per Share or as otherwise agreed by the parties.

Security Trust Deed
On 27 March 2013 the Company, the Security Trustee, Investmet, Stirling and various subsidiaries of the Company entered into an agreement, pursuant to which MGMC assigned the security held by MGMC (as trustee for the Group Trust, Territory Trust and Mt Ida Trust) in relation to the secured debt owed by the Company, to the Security Trustee (Security Trust Deed).

The arrangements under the Security Trust Deed can be summarised as follows:

(i) (Trust) The Security Trustee will hold, among other things, all its right, title and interest in, to and under the security on trust for Investmet, Stirling, and any other person who becomes a beneficiary under the Security Trust Deed (including the Other Lenders).

(j) (Security) The security assigned to the Security Trustee includes:

I. all the shares held by the Company in Mt Ida, Carnegie and Siberia; and
II. all present and future property, assets and undertakings of Mt Ida, Carnegie and Siberia (excluding certain assets).

(k) (Payment) If, before the date that the Security Trustee enforces a security, a beneficiary under the Security Trust Deed directs the Security Trustee to demand payment of secured moneys that are due and payable to the beneficiary, the Security Trustee must make the demand and the person who has granted a security must immediately pay the amount demanded to the Security Trustee.

(l) (Powers of Security Trustee) The powers of the Security Trustee include:

I. the power to exercise all rights and discretions and do all other things which a party which is not a trustee would have were it to have entered into the security in place of the Security Trustee;
II. to make demands and give notices under the security;
III. to commence and pursue legal proceedings and take action to enforce the security or to protect any property or its interest in any property subject to the security;
IV. to sell any property in accordance with the security;
V. to appoint and instruct a receiver or receiver and manager under the security; and
VI. to exercise all other rights under the security exercisable by the party named in that security as grantee, mortgagee or charge.

These powers are in addition to any powers the Security Trustee may have under any legislation or the general law or equity.

The Security Trustee must exercise its powers as directed by a majority of the lenders of the secured moneys whose lender proportions aggregate more than 60% of the total amount of the secured moneys.

	Investmet Secured	Investmet Unsecured	Stirling Unsecured	Total
Reconciliation of loans and borrowings:				
Carrying amount at beginning of period	18,074	7,040	5,000	30,114
Advanced	-	85	-	85
Repaid	-	(335)	-	(335)
Conversion to ordinary shares	-	-	-	-
Capitalised interest	1,115	419	308	1,842
Closing written down value	19,189	7,209	5,308	31,706

12. PROVISIONS

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
CURRENT		
Employee benefits	58,242	26,761
NON-CURRENT		
Rehabilitation	9,822,387	4,148,100
Reconciliation of provision for rehabilitation:		
Carrying amount at beginning of period	4,148,100	4,148,100
Reversed	-	-
Unwinding of discount	-	-
Closing written down value	4,148,100	4,148,100

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis on the development of mines or installation of those facilities.

The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites. These provisions have been created based on Swan Gold's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future gold prices, which are inherently uncertain.

Management is currently undertaking a detailed review of the consolidated entity's future rehabilitation obligations in relation to the mine. The review, which will involve ground truthing the entire tenement portfolio to confirm exactly what areas have been disturbed, is expected to be completed by 30 June 2015.

	CONSOLIDATED	
	2014	**2013**
	$	**$**
13. CONTRIBUTED EQUITY		
(a) *Share capital*		
913,487,661 (2013: 892,820,993) ordinary fully paid shares	167,965,331	167,665,331

Ordinary shares entitle the holder to participate in dividends in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) *Movements in ordinary share capital*	**Shares**	**$'000**
Balance 30 June 2012	742,820,993	164,665,331
- Shares issued (1)	150,000,000	3,000,000
Balance 30 June 2013	892,820,993	167,665,331
- Shares issued (2)	20,666,668	300,000
Balance 30 June 2014	913,487,661	167,965,331

(1) During the 2013 financial year Investmet and Swan Gold entered into an interim loan agreement whereby Investmet agreed to provide Swan Gold with a facility for working capital funding up to approximately $3,000,000. On 15 April 2013 the loan amount of $3,000,000 owing from Swan Gold to Investmet was converted into fully paid ordinary shares in Swan Gold at a price of $0.02 per share, which resulted in the Company issuing 150,000,000 shares to Investmet.

(2) On 26 June 2014 the Company placed 20,666,668 fully paid ordinary shares at a price of $0.015 per share to a sophisticated investor raising $300,000

Capital Management

When managing capital, management's objective is to safeguard the entity's ability to continue as a going concern as well as to maintain optimum returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. In order to sustain these objectives the Company executed a Loan Facility Agreement with Investmet Ltd and Stirling Resources Ltd. The agreement allows Swan Gold to extinguish a large majority of its debt through the issue of equity rather than a cash settlement. Refer to note 2 d) for key terms of the agreement

Capital is comprised of shareholders' equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management has no current plans to reduce the capital structure through a share buy-back.

The Group is not subject to any externally imposed capital restrictions.

14. RESERVES

	CONSOLIDATED	
	2014	2013
	$	$
Option premium and share-based payments reserve	5,292,614	5,292,614

	2014		2013	
Movements in share options	**Number**	**WAEP (1)**	**Number**	**WAEP (1)**
		$		**$**
On issue at beginning of the year	-	-	115,000,000	0.07
Expired	-	-	(115,000,000)	0.07
On issue at end of the year	-	-	-	-

(1) Weighted Average Exercise Price

Nature and purpose of reserve

The option premium and share-based payment reserve represents the premium paid to the parent entity by option holders, the value of equity benefits provided to directors, employees as part of their remuneration and the value of services provided to the Group paid for by the issue of equity.

15. NON-CONTROLLING INTERESTS

	CONSOLIDATED	
	2014	2013
	$	$
Interest in Share capital	-	42,300

16. KEY MANAGEMENT PERSONNEL

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
Remuneration by category		
- Short-term	218,370	13,000
- Post-employment	3,549	1,170
	221,919	14,170

17. REMUNERATION OF AUDITORS

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
Amounts paid or due and payable to the auditors for:		
- Auditing and reviewing the financial reports	30,000	30,000
- Taxation advisory services	32,500	-
	62,500	30,000

18. EXPENDITURE COMMITMENTS

Under the terms of mineral tenement licences held by the consolidated entity, minimum annual expenditure obligations of $4,511,774 (2013: $4,120,263) may be required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be incurred by the consolidated entity or its joint venture partners and may be subject to variation from time to time in accordance with Department of Industry and Resources regulations.

19. SEGMENT INFORMATION

The Group has identified its segments based on the internal management reporting that is used by the executive management team in assessing performance and allocating resources. Segments have been identified as the ongoing care and maintenance and mine development work segment and exploration segment. The Group operates in one geographical segment – Australia.

The accounting policies used by the Group in reporting segment information internally, is the same as those contained in Note 2 to the financial statements.

The following items and associated assets and liabilities are not allocated to operating segments as management do not consider these to be part of the core operations of both segments:

(i) Impairment of assets
(j) Corporate assets and liabilities
(k) Administrative expenses.

Segments	**Mine Under Care and Maintenance**	**Exploration**	**Consolidated**
Year ended 30 June 2014	**$**	**$**	**$**
Segment revenue			
Interest revenue	32,184	11,578	43,762
Other income	1,403,660	-	1,403,660
Total segment revenue	1,435,844	11,578	1,447,422
Unallocated revenue			748,896
Total revenue			**2,196,318**
Segment expense			
Impairment of property, plant & equipment	5,674,287	-	5,674,287
Exploration expenditure	3,301,351	1,808,296	5,109,647
Site care and maintenance costs	88,807	-	88,807
Other	5,583	4,517	10,100
Total segment expense	9,070,028	1,812,813	10,882,841
Unallocated expense			3,456,282
Total expense			**14,339,123**
Segment loss	1,960,396	1,801,235	3,761,631
Unallocated loss	-	-	2,707,386
Total loss	1,960,396	1,801,235	**6,469,017**
Segment assets	3,041,060	8,786	3,049,846
Unallocated assets			1,002,772
Total assets			**4,052,618**
Segment liabilities	4,359,468	185,170	4,544,639
Unallocated liabilities			32,777,821
Total liabilities			**37,322,460**
Additions to non-current assets	-	-	-

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
NOTES TO THE FINANCIAL STATEMENTS

Segments Year ended 30 June 2013	Mine Under Care and Maintenance $	Exploration $	Consolidated $
Segment revenue			
Interest revenue	31,521	42,596	74,117
Other income	7,300	-	7,300
Total segment revenue	38,821	42,120	80,941
Unallocated revenue			6,711,213
Total revenue			**6,792,154**
Segment expense			
Impairment of property, plant & equipment	5,222,925	-	5,222,925
Write-off of capitalised exploration expenditure	8,065,000	13,434,000	21,499,000
Exploration expenditure	1,592,493	1,202,355	2,794,848
Other	672,556	35,029	707,585
Total segment expenses	15,552,974	14,671,384	30,224,359
Unallocated expenses			1,454,436
Total expenses			**31,678,795**
Segment loss	15,514,153	14,629,264	30,143,417
Unallocated gain			(5,256,777)
Total loss			**24,886,641**
Segment assets	7,294,749	1,149,194	8,443,943
Unallocated assets			392,209
Total assets			**8,836,152**
Segment liabilities	(4,594,603)	(356,063)	(4,950,666)
Other unallocated liabilities			(30,986,307)
Total liabilities			**(35,936,973)**
Additions to non-current assets	-	-	-

20. RELATED PARTY TRANSACTIONS

(a) Subsidiaries of the Company can be found at note 22.

(b) Directors who held office for any time during the period are disclosed in the directors' report.

(c) Terms and conditions of transactions with related parties:

Transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year- end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(d) Transactions with related parties:

- During the period Investmet and Swan Gold executed a Loan Facility Agreement. Refer to note 2 d) for details of the agreement.

- Delta Resources Management Pty Ltd, a Company which Mr Michael Fotios is a substantial shareholder in, and Chairman of, provided technical and administrative support to the Company and was paid $506,409.

- Whitestone Drilling Pty Ltd, a Company which is 100% owned by Investmet Ltd, a company which Mr Michael Fotios is a substantial shareholder in, and Chairman of provided drilling services to the Company and was paid $411,879.

- Allion Legal, a firm which Mr Craig Readhead is a Partner, received $376,681 for legal advice provided to the Company. These fees have not been included in directors' remuneration as they were not paid to Mr Readhead in relation to the management of the affairs of the Company.

21. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies and Objectives

The consolidated entity's principal financial instruments are cash and short term deposits and loans. The main purpose of these financial instruments is to provide working capital and raise finance for the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

The Group's activities expose it to a variety of financial risks: market risk (including commodity risk), credit risk, liquidity risk, and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance without limiting the Group's potential upside.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to gold price risk and assessments of market forecasts for gold prices. Liquidity risk is measured through the development of rolling future cash flow forecasts at various gold prices.

Risk management is carried out by executive management with guidance from the Audit Committee under policies approved by the Board. The Board also monitors risk regularly at Board meetings and provides guidance where necessary for overall risk management, including guidance on specific areas, such as mitigating commodity price, interest rate and credit risks where applicable.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for any hedging coverage of gold, credit allowances, and future cash flow forecast projections.

(b) Net Fair Values

The carrying amounts of financial assets and financial liabilities recorded in the financial statements represent their respective amortised costs net of impairment. As at 30 June 2014 the fair value of the Groups financial assets and financial liabilities approximate their carrying value.

(c) Credit Risk

Credit risk relates to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The exposure of the consolidated entity to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of the assets as indicated in the statement of financial position.

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

In relation to managing potential credit risk exposures, the Group has in place policies that aim to ensure that cash transactions are limited to high credit quality financial institutions and that the amount of credit exposure to any one financial institution is limited as far as is considered commercially appropriate.

(d) Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates is minimal and relates primarily to cash and security deposits held with the Company's bankers.

Interest rate risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The exposure of the consolidated entity to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below.

	CONSOLIDATED	
	2014	2013
	$	$
Financial assets		
Floating rate		
Cash	215,699	235,603
Fixed rate		
Security deposits – current (Note 7)	-	5,196,700
Security deposits – non- current (Note 7)	64,160	-
Financial liabilities		
Fixed rate		
Loans and borrowings	31,706,201	30,114,240

The Group's policy is to manage its exposure to interest rate risk by holding cash on short term, fixed rate deposits and variable rate deposits with reputable high credit quality financial institutions. The Group constantly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

(e) Sensitivity Analysis

The following tables summaries the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the interest rates moved, with all other variables held constant, post- tax profit and equity would have been affected as shown.

	30 June 2014				30 June 2013			
CONSOLIDATED	**Interest rate risk -1% (1)**		**Interest rate risk +1% (1)**		**Interest rate risk -1% (1)**		**Interest rate risk +1% (1)**	
	Profit $	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**	**Profit $**	**Equity $**
Financial assets								
Cash	(2,157)	-	2,157	-	(2,356)	-	2,356	-
Security deposits	(642)	-	642	-	(51,967)	-	51,967	-
Total increase/(decrease)	(2,799)		2,799	-	(54,323)	-	54,323)	-

(1) The rate of 1% applied in the above analysis and is based on management's expected movement for the interest rate over the next financial year.

(f) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other available lines of credit. The Group manages liquidity risk by monitoring forecast cash flows. The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2014. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

Subsequent to 30 June 2014, the consolidated entity continued to meet their commitments with funds provided by Investmet Limited (Investmet) whereby Investmet plans to recapitalise Swan Gold to fund a review into the recommencement of operations at the Carnegie and Mt Ida gold projects.

Maturity analysis of financial assets and liabilities based on management's expectations:

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Company has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

CONSOLIDATED

30 June 2014	**< 6 months $**	**6 - 12 months $**	**1 - 5 years $**	**>5 years $**	**Total $**
Financial assets					
Trade and other receivables	772,758	-	-	-	772,758
Financial liabilities					
Trade and other payables	1,409,917	-	-	-	1,409,917
Loans and borrowings	31,706,201	-	-	-	31,706,201
Net Maturity	**(33,343,360)**	**-**	**-**	**-**	**(32,343,360)**

CONSOLIDATED

30 June 2013	**< 6 months $**	**6 - 12 months $**	**1 - 5 years $**	**>5 years $**	**Total $**
Financial assets					
Trade and other receivables	-	-	5,196,700	-	5,196,700
Financial liabilities					
Trade and other payables	1,647,872	-	-	-	1,647,872
Loans and borrowings	-	30,114,240	-	-	30,114,240
Net Maturity	**(1,647,872)**	**(30,114,240)**	**5,196,700**	**-**	**(26,565,412)**

22. INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding 2014	Equity holding 2013
Monarch Nickel Pty Ltd	Australia	Ordinary	100	100
Monarch Gold Pty Ltd	Australia	Ordinary	80	80
Carnegie Gold Pty Ltd	Australia	Ordinary	100	100
Siberia Mining Corporation Pty Ltd	Australia	Ordinary	100	100
Mt Ida Gold Pty Ltd	Australia	Ordinary	100	100
Mt Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
Controlled entities of Siberia Mining Corporation Pty Ltd				
Ida Gold Operations Pty Ltd	Australia	Ordinary	100	100
Pilbara Metals Pty Ltd	Australia	Ordinary	100	100
Siberia Gold Operations Pty Ltd	Australia	Ordinary	100	100

23. INTERESTS IN JOINTLY CONTROLLED ASSETS

The consolidated entity entered into a joint arrangement with Kingsday Holdings Pty Ltd for the operation of the Mt Ida Excluded Area joint venture. Under the agreement Swan Gold retains a 70% interest in the asset. The consolidated entity contributes 100% of the funding of the joint venture with the other participant's share repayable from the gold production of the asset. Swan Gold will be paid interest on the funds used and in relation to the other participant's share of costs at a rate of 30% per annum during periods where mining operations are accruing on the Mt Ida Excluded Area. The face value of the amount receivable as at 30 June 2014 is $6,534,000 with an applicable notional interest rate of 30%, subject to an interest free period of 20 months when Swan Gold had yet to recommence mining operations. This balance continues to be fully impaired as at 30 June 2014 as the recovery of this balance is dependent on gold production and remains uncertain. There are no assets employed by the joint venture and the Group's expenditure in respect of the joint venture is brought to account initially as exploration and evaluation through profit and loss.

The joint venture has no contingent liabilities or capital commitments.

24. CONTINGENT LIABILITIES

There were no contingent liabilities identified as at 30 June 2014.

	CONSOLIDATED	
	2014	2013
	$	$

25. CASH FLOW STATEMENT

a) Reconciliation of cash

Cash balances comprise:		
Cash at bank	215,699	235,603

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

b) Reconciliation of net cash outflow from operating activities to loss after income tax

	2014 $	2013 $
Loss after income tax	(6,469,017)	(24,886,641)
Adjusted for non- cash items:		
Depreciation	-	80,614
Historic exploration expenditure written off	-	21,499,000
Forgiveness of Creditors Trust obligations	-	(6,529,305)
Impairment of property, plant and equipment	25,263	5,222,925
Capitalised interest expense	1,841,961	-
Reclass proceeds from sale of investment to investing	(1,400,000)	-
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(444,120)	(146,098)
Increase/(decrease) in payables	(237,955)	1,333,643
(Increase)/decrease of prepayments	11,746	(11,746)
Increase/(decrease) of provisions	31,481	(14,029)
(Increase)/decrease of inventory	63,459	(37,729)
Net cash outflow from operating activities	(6,577,182)	(3,489,367)

Non-cash financing and investing activities

During the prior year the consolidated entity entered into non-cash financing and investing transactions which are not reflected in the statement of cash flows. These related to the recapitalisation of the Group. Refer to Note 2 d).

	CONSOLIDATED	
	2014	2013
	$	$
26. EARNINGS PER SHARE		
Loss used in the calculation of basic earnings per share	6,469,017	24,886,641
	Number	**Number**
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	891,258,928	777,361,209
Effect of dilution:		
- Share options	nil	Nil
- Effect of share consolidation (1)	(804,408,705)	(699,625,088)
Weighted average number of ordinary shares on issue adjusted for the effect of dilution	86,850,223	77,736,121

There were no options on issue at balance date.

There were no other movements in ordinary shares and options which occurred subsequent to balance date.

(1) On 15 July 2014 the Company completed a share consolidation which was achieved through the conversion of ten fully paid ordinary shares into one fully paid ordinary share, was approved by an ordinary resolution of shareholders passed at the Company's Annual General Meeting held on 8 July 2014.

27. SUBSEQUENT EVENTS

Share Placement to Swan Gold Directors'

On 11 July 2014 the Company issued 5,000,000 ordinary fully paid shares to Mr Craig Readhead and Mr John Poynton at a price of 1.5 cents per share raising $75,000. The placement was approved by an ordinary resolution of shareholders at the Company's Annual General Meeting held on 8 July 2014.

1 for 10 Share Consolidation

On 15 July 2014 the Company completed a share consolidation achieved through the conversion of ten fully paid ordinary shares into one fully paid ordinary share.

The below table summarises the Swan Gold capital structure pre and post the share consolidation:

Class	Name	Pre- consolidation	Post- consolidation
E36	Escrowed shares	666,668	66,668
ORD	Ordinary fully paid shares	917,820,993	91,783,555
	Total issued capital	918,487,661	91,850,223

As a result of the share consolidation all references in this Annual Report relating to the number and value of shares allotted during and since the end of the financial year are stated on a post consolidation basis unless otherwise stated.

Lodgement of Prospectus

On 11 August 2014 the Company lodged with the Australian Securities & Investment Commission a prospectus which is seeking to raise a minimum of $13,500,000 by the issue of up to 67,500,000 Shares at $0.20 per share and a maximum of $20,000,000 by the issue of up to 100,000,000 shares at $0.20 per Share with the ability to accept over subscriptions to raise an additional $5 million, in each case, before costs.

In the opinion of the directors there is no additional information available as at the date of this report on any likely developments which may materially affect the operations of the consolidated entity and the expected results of those operations in subsequent years.

28. PARENT ENTITY INFORMATION

(a) Financial Position

	2014 $	2013 $
Assets		
Current assets	1,002,772	392,209
Non-current assets	25,936,525	27,162,960
Total assets	26,939,297	27,555,169
Liabilities		
Current liabilities	32,777,821	6,122,067
Non- Current liabilities	-	24,864,240
Total liabilities	32,777,821	30,986,307
Equity/(Deficit)		
Contributed equity	167,965,331	167,665,331
Accumulated losses	(179,096,469)	(176,389,083)
Reserves	5,292,614	5,292,614
Total equity/(deficit)	5,838,524	(3,431,138)

(b) Financial performance

Profit/(Loss) for the year	(2,707,386)	(5,256,777)
Other comprehensive income	-	-
Total loss for the year	(2,707,386)	(5,256,777)

Guarantees

Swan Gold and its subsidiaries have entered into a Deed of Cross Guarantee. The effect of the deed is that Swan Gold has guaranteed to pay any deficiency in the event of winding up of any controlled entity or if they do not meet their obligations under the terms of loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Swan Gold is wound up or if it does not meet its obligations under the terms of loans, leases or other liabilities subject to the guarantee.

Tax consolidation

For the purposes of income taxation, Swan Gold and its 100% owned subsidiaries have formed a tax consolidated group. Swan Gold is the head entity of the tax consolidated group.

(i) Members of the tax consolidated group and the tax sharing agreement

Swan Gold and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2002. Swan Gold is the head entity of the tax consolidated group. Members of The Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the tax consolidated group.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied The Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 *Income Taxes.*

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Swan Gold Mining Limited, I state that:

1. In the opinion of the directors:

   a. The financial statements, notes and the additional disclosures included in the directors' report designed as audited, of the consolidated entity are in accordance with the Corporations Act 2001, including:

      i. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date.

      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

   b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b).

   c. Subject to the matters disclosed in Note 2(d), 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. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

On behalf of the board

Michael Fotios
Executive Chairman

Perth, Western Australia
30 September 2014

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Independent auditor's report to the members of Swan Gold Mining Limited

Report on the financial report

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor’s Independence Declaration, a copy of which is included in the directors’ report.

Basis for qualified opinion

Included in the 2014 Non Current Provision balance is an amount of $4,148,100 for the future rehabilitation obligations for the Davyhurst mine. Management is currently undertaking a detailed review of the consolidated entity's future rehabilitation obligations in relation to the mine. This review is expected to be completed by 30 June 2015. As at the date of our audit we were therefore unable to obtain sufficient appropriate audit evidence about the carrying value of the rehabilitation provision. Consequently, we were unable to determine whether any increase or decrease to the provision amount was necessary.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

a. the financial report of Swan Gold Mining Limited is in accordance with the *Corporations Act 2001* including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date

   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.

Emphasis of matter

Without modification to the opinion expressed above, we draw attention to Note 2 (d) which describes the principal conditions that raise doubt about the consolidated entities' ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in pages 11 to 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Swan Gold Mining Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
30 September 2014

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering any policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable, the Company has adopted the Corporate Governance Principles and Best Practice Recommendations with 2010 Amendments (2nd Edition) (**Recommendations** or **Guide**) as published by ASX Corporate Governance Council.

The Company's corporate governance statement is available on the Company's website at www.swangoldmining.com.au.

For ease of comparison to the Recommendations, this section addresses each of the Corporate Governance Principles and, where the Company has not followed a Recommendation, has explained the reasons for not following the Recommendation. Going forward, the Company will publish its corporate governance policies in accordance with the ASX Listing Rules disclosing the extent to which it has followed the Recommendations in the reporting period.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be reviewed and amended as required.

Principle 1 – Lay Solid Foundation for Management and Oversight

Recommendation 1.1: Companies should establish those functions reserved to the board and those delegated to senior executives and disclose those functions.

(a) **The Board of Directors is responsible for guiding and monitoring the Company on behalf of Shareholders by whom they are elected and to whom they are accountable.**

(b) **The Board has the following overall responsibilities:**

- (i) in conjunction with management, establishing the direction and strategies for the Company and monitoring the implementation of those strategies; and
- (ii) monitoring compliance with regulatory requirements and setting the tone for ethical behaviour and standards.

(c) **The monitoring and ultimate control of the business of the Company is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of the Company's shareholders. The specific responsibilities of the Board include:**

- (i) appointment, evaluation, rewarding and if necessary the removal of any Managing Director;
- (ii) in conjunction with management, development of corporate objectives and strategy and approving and appropriately monitoring plans, new investments, major capital and operating expenditures, capital management, acquisitions, divestitures and major funding activities;
- (iii) establishing appropriate levels of delegation to the Managing Director to allow him to manage the Company's operations efficiently;
- (iv) monitoring actual performance against planned performance expectations and reviewing operating information;
- (v) appreciation of areas of significant business risk and ensuring arrangements are in place to adequately manage those risks;
- (vi) overseeing the management of safety and occupational health, environmental issues and community development;
- (vii) satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period being reported;
- (viii) satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- (ix) to ensure that appropriate external audit arrangements are in place and operating effectively;

(x) having a framework in place to help ensure that the Company acts legally and responsibly on all matters consistent with the code of conduct; and

(xi) reporting to shareholders.

(d) **Each Director has the right to seek independent professional advice on matters relating to his position as a Director of the Company at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.**

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Company does not comply with Recommendation 1.2. Due to the current nature and scale of the Company's activities the Board has not set a process for evaluating the performance of senior executives and intends to revisit this following completion of the Offer.

Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.

The Company's Corporate Governance statement is available on its website and the Company will disclose the information required by Recommendation 1.3 in accordance with the Listing Rules.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1: A majority of the board should be independent directors.

The Company comprises 4 directors, 3 of whom are considered independent. The Company intends to revisit Director independence following completion of the Offer. Details of each Board member's experience, expertise and qualifications are set out in section **Error! Reference source not found.** of the Prospectus.

Recommendation 2.2: The chair should be an independent director.

Notwithstanding that the current Chairman does not meet the requirements of Recommendation 2.2, the Board considers that the current Chairman possesses an appropriate level of expertise and can make quality judgements in the best interests of the Company on all relevant issues.

Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The Company does not comply with Recommendation 2.3. The Board considers that the appointment of Michael Fotios as Chairman and Chief Executive Officer is appropriate for the business, given his level of expertise and ability to make quality judgements in the best interests of the Company on all relevant issues.

Recommendation 2.4: The board should establish a nomination committee.

The Company does not comply with Recommendation 2.4. Given the current size and composition of the Board, and given the Company's stage of development, it has been decided that there are no efficiencies to be gained and it is not practicable to form a separate nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification or attributes required in new Directors. In addition, the Chairman regularly reviews the composition of the board to ensure the Board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board intends to ratify a process for annual self-assessment of its collective performance and the performance of individual Directors where the Board is required to meet annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. Due to wholesale changes in the composition of the Board during the period, no formal assessment was undertaken during the year ended 30 June 2013. It is anticipated this review will take place following completion of the Offer.

Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.

The Company will disclose the information required by Recommendation 2.6 in accordance with the Listing Rules.

Principle 3 – Promote Ethical and Responsible Decision-Making

Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- **the practices necessary to maintain confidence in the company's integrity;**
- **the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and**
- **the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.**

Upon completion of the Offer, the Board will establish a Code of Conduct that sets out the Company's core values, responsibilities to and expectations of Shareholders, employees, customers, suppliers, creditors, consumers and the broader community. The key requirements of the Code of Conduct will be as follows:

(a) **Directors, management and employees must deal with the Company's customers, suppliers, competitors and each other with honesty, fairness and integrity and must observe the rule and spirit of the legal and regulatory environment in which the Company operates;**

(b) **Directors, management and employees must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company;**

(c) **Directors, management and employees are required to respect the Company's confidential information;**

(d) **Directors, management and employees must protect the assets of the Company to ensure availability for legitimate business purposes;**

(e) **the Company acknowledges its responsibility to shareholders, the community, and the individual; and**

(f) **the Company will use its best endeavours to ensure a safe work place and maintain proper occupational health and safety practices.**

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company does not currently have a formal gender diversity policy in place. However its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. The Company intends to establish a formal diversity policy having regard to the suggestions set out in the ASX recommendations following completion of the Offer.

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Due to the current nature and scale of the Company's activities, the Board has not established measurable objectives for achieving gender diversity but will review this position on a regular basis going forward. The Company will disclose the information required by Recommendation 3.3 in accordance with the Listing Rules.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The Company will disclose the information required by Recommendation 3.4 in accordance with the Listing Rules.

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3.

The Company will disclose the information required by Recommendation 3.5 in accordance with the Listing Rules.

Principle 4 – Safeguard Integrity in Financial Reporting

Recommendation 4.1: The board should establish an audit committee

Recommendation 4.2: The audit committee should be structured so that it:

- **consists only of non-executive Directors;**
- **consists of a majority of independent directors;**
- **is chaired by an independent chair who is not chair of the board; and**
- **has at least 3 members.**

The Company does not comply with Recommendations 4.1 and 4.2. The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The Board as a whole undertakes the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.

When the Company has grown to a sufficient size to warrant it, the Board intends to establish an audit committee to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.

Recommendation 4.3: The audit committee should have a formal committee charter.

The Company does not comply with Recommendation 4.3. The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an audit committee.

Recommendation 4.4: Companies should provide the information indicated in the Guide to reporting on Principle 4.

The Company will disclose the information required by Recommendation 4.4 in accordance with the Listing Rules.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company does not comply with Recommendation 5.1. Following completion of the Offer, the Board intends to adopt a shareholders communication policy and a continuous disclosure policy outlining procedures for compliance with ASX continuous disclosure requirements and the Corporations Act, and to ensure accountability at a senior executive level for that compliance.

Recommendation 5.2: Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company will disclose the information required by Recommendation 5.2 in accordance with the Listing Rules.

Principle 6 – Respect the Rights of Shareholders

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Company does not comply with Recommendation 6.1. Following completion of the Offer, the Board intends to adopt a shareholders communication policy and continuous disclosure policy outlining the procedures for ensuring compliance with ASX continuous disclosure requirements and the various ways the Company will communicate with shareholders.

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Company will disclose the information required by Recommendation 6.2 in accordance with the Listing Rules.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

While the executives assess, analyse and report to the Board on risk, the Board is yet to establish a formal risk management and reporting policy. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. The Board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately.

Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to financial reporting risks.

The Board has received assurances from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act was founded on a sound system of risk management and internal control and that the system is operating efficiently in all material respects in relation to financial reporting risks.

Recommendation 7.4: Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company will disclose the information required by Recommendation 7.4 in accordance with the Listing Rules.

Principle 8 – Remunerate Fairly and Responsibly

Recommendation 8.1: The board should establish a remuneration committee.

Recommendation 8.2: The remuneration committee should be structured so that it:

- **consists of a majority of independent directors;**
- **is chaired by an independent chair; and**
- **has at least three members.**

The Company does not comply with Recommendations 8.1 and 8.2. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of a remuneration committee. The Board as a whole is responsible for the remuneration arrangements for Directors and executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Company complies with Recommendation 8.3. The structure of non-executive Directors' remuneration is clearly distinguished from that of executive Directors and senior executives. The total remuneration for all non-executive Directors is not to exceed $500,000 per annum unless approved by Shareholders at the Company's annual general meeting.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 8.

The Company will disclose the information required by Recommendation 8.4 in accordance with the Listing Rules.

Securities Trading Policy

The Board has adopted a formal Securities Trading Policy that complies with Listing Rule 12.12.

TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
E 16/327	Granted	16 - Coolgardie	100
E 16/332	Granted	16 - Coolgardie	100
E 16/337	Granted	16 - Coolgardie	100
E 16/347	Granted	16 - Coolgardie	100
E 16/355	Granted	16 - Coolgardie	100
E 16/400	Granted	16 - Coolgardie	100
E 16/412	Granted	16 - Coolgardie	100
E 16/413	Granted	16 - Coolgardie	100
E 16/414	Granted	16 - Coolgardie	100
E 16/456	Application	16 - Coolgardie	100
E 29/640	Granted	29 - North Coolgardie	100
E 29/641	Granted	29 - North Coolgardie	100
E 29/647	Granted	29 - North Coolgardie	100
E 29/657	Granted	29 - North Coolgardie	100
E 29/895	Granted	29 - North Coolgardie	100
E 30/332	Granted	30 - North Coolgardie	100
E 30/333	Granted	30 - North Coolgardie	100
E 30/334	Granted	30 - North Coolgardie	100
E 30/335	Granted	30 - North Coolgardie	100
E 30/336	Granted	30 - North Coolgardie	100
E 30/338	Granted	30 - North Coolgardie	100
E 30/449	Granted	30 - North Coolgardie	100
E 30/454	Application	30 - North Coolgardie	100
L 15/223	Granted	15 - Coolgardie	100
L 15/224	Granted	15 - Coolgardie	100
L 16/102	Application	16 - Coolgardie	100
L 16/103	Application	16 - Coolgardie	100
L 16/58	Granted	16 - Coolgardie	100
L 16/62	Granted	16 - Coolgardie	100
L 16/68	Granted	16 - Coolgardie	100
L 16/72	Granted	16 - Coolgardie	100
L 16/73	Granted	16 - Coolgardie	100
L 16/77	Granted	16 - Coolgardie	100
L 24/100	Granted	24 - Broad Arrow	100
L 24/101	Granted	24 - Broad Arrow	100
L 24/107	Granted	24 - Broad Arrow	100
L 24/115	Granted	24 - Broad Arrow	100
L 24/123	Granted	24 - Broad Arrow	100
L 24/124	Granted	24 - Broad Arrow	100
L 24/127	Granted	24 - Broad Arrow	100
L 24/128	Granted	24 - Broad Arrow	100
L 24/170	Granted	24 - Broad Arrow	100

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
L 24/174	Granted	24 - Broad Arrow	100
L 24/188	Granted	24 - Broad Arrow	100
L 24/189	Granted	24 - Broad Arrow	100
L 24/85	Granted	24 - Broad Arrow	100
L 24/98	Granted	24 - Broad Arrow	100
L 24/99	Granted	24 - Broad Arrow	100
L 29/34	Granted	29 - North Coolgardie	100
L 29/38	Granted	29 - North Coolgardie	100
L 29/40	Granted	29 - North Coolgardie	100
L 29/71	Granted	29 - North Coolgardie	100
L 29/72	Granted	29 - North Coolgardie	100
L 29/74	Granted	29 - North Coolgardie	100
L 30/19	Granted	30 - North Coolgardie	100
L 30/21	Granted	30 - North Coolgardie	100
L 30/23	Granted	30 - North Coolgardie	100
L 30/35	Granted	30 - North Coolgardie	100
L 30/36	Granted	30 - North Coolgardie	100
L 30/37	Granted	30 - North Coolgardie	100
L 30/38	Granted	30 - North Coolgardie	100
L 30/41	Granted	30 - North Coolgardie	100
L 30/43	Granted	30 - North Coolgardie	100
L 30/9	Granted	30 - North Coolgardie	100
M 16/220	Granted	16 - Coolgardie	100
M 16/262	Granted	16 - Coolgardie	100
M 16/263	Granted	16 - Coolgardie	100
M 16/264	Granted	16 - Coolgardie	100
M 16/268	Granted	16 - Coolgardie	100
M 16/470	Granted	16 - Coolgardie	100
M 24/115	Granted	24 - Broad Arrow	100
M 24/159	Granted	24 - Broad Arrow	100
M 24/208	Granted	24 - Broad Arrow	100
M 24/290	Granted	24 - Broad Arrow	100
M 24/352	Granted	24 - Broad Arrow	100
M 24/376	Granted	24 - Broad Arrow	100
M 24/427	Granted	24 - Broad Arrow	100
M 24/51	Granted	24 - Broad Arrow	100
M 24/633	Granted	24 - Broad Arrow	100
M 24/754	Granted	24 - Broad Arrow	100
M 24/755	Granted	24 - Broad Arrow	100
M 24/830	Granted	24 - Broad Arrow	100
M 24/845	Granted	24 - Broad Arrow	100
M 24/846	Granted	24 - Broad Arrow	100

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
M 24/847	Granted	24 - Broad Arrow	100
M 24/848	Granted	24 - Broad Arrow	100
M 29/165	Granted	29 - North Coolgardie	100
M 29/2	Granted	29 - North Coolgardie	100
M 29/422	Granted	29 - North Coolgardie	100
M 30/1	Granted	30 - North Coolgardie	100
M 30/100	Granted	30 - North Coolgardie	100
M 30/102	Granted	30 - North Coolgardie	100
M 30/103	Granted	30 - North Coolgardie	100
M 30/106	Granted	30 - North Coolgardie	100
M 30/107	Granted	30 - North Coolgardie	100
M 30/108	Granted	30 - North Coolgardie	100
M 30/109	Granted	30 - North Coolgardie	100
M 30/111	Granted	30 - North Coolgardie	100
M 30/122	Granted	30 - North Coolgardie	100
M 30/123	Granted	30 - North Coolgardie	100
M 30/126	Granted	30 - North Coolgardie	100
M 30/127	Granted	30 - North Coolgardie	100
M 30/129	Granted	30 - North Coolgardie	100
M 30/131	Granted	30 - North Coolgardie	100
M 30/132	Granted	30 - North Coolgardie	100
M 30/133	Granted	30 - North Coolgardie	100
M 30/135	Granted	30 - North Coolgardie	100
M 30/137	Granted	30 - North Coolgardie	100
M 30/148	Granted	30 - North Coolgardie	100
M 30/150	Granted	30 - North Coolgardie	100
M 30/157	Granted	30 - North Coolgardie	100
M 30/159	Granted	30 - North Coolgardie	100
M 30/16	Granted	30 - North Coolgardie	100
M 30/178	Granted	30 - North Coolgardie	100
M 30/182	Granted	30 - North Coolgardie	100
M 30/187	Granted	30 - North Coolgardie	100
M 30/21	Granted	30 - North Coolgardie	100
M 30/34	Granted	30 - North Coolgardie	100
M 30/39	Granted	30 - North Coolgardie	100
M 30/42	Granted	30 - North Coolgardie	100
M 30/43	Granted	30 - North Coolgardie	100
M 30/44	Granted	30 - North Coolgardie	100
M 30/48	Granted	30 - North Coolgardie	100
M 30/5	Granted	30 - North Coolgardie	100
M 30/59	Granted	30 - North Coolgardie	100
M 30/60	Granted	30 - North Coolgardie	100

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
M 30/63	Granted	30 - North Coolgardie	100
M 30/7	Granted	30 - North Coolgardie	100
M 30/72	Granted	30 - North Coolgardie	100
M 30/73	Granted	30 - North Coolgardie	100
M 30/74	Granted	30 - North Coolgardie	100
M 30/75	Granted	30 - North Coolgardie	100
M 30/80	Granted	30 - North Coolgardie	100
M 30/84	Granted	30 - North Coolgardie	100
M 30/97	Granted	30 - North Coolgardie	100
M 30/98	Granted	30 - North Coolgardie	100
P 16/2500	Granted	16 - Coolgardie	100
P 16/2501	Granted	16 - Coolgardie	100
P 16/2502	Granted	16 - Coolgardie	100
P 16/2503	Granted	16 - Coolgardie	100
P 16/2504	Granted	16 - Coolgardie	100
P 16/2505	Granted	16 - Coolgardie	100
P 16/2506	Granted	16 - Coolgardie	100
P 16/2507	Granted	16 - Coolgardie	100
P 16/2514	Granted	16 - Coolgardie	100
P 16/2518	Granted	16 - Coolgardie	100
P 16/2550	Granted	16 - Coolgardie	100
P 16/2551	Granted	16 - Coolgardie	100
P 16/2774	Granted	16 - Coolgardie	100
P 16/2775	Granted	16 - Coolgardie	100
P 16/2809	Granted	16 - Coolgardie	100
P 24/4182	Granted	24 - Broad Arrow	100
P 24/4750	Granted	24 - Broad Arrow	100
P 24/4751	Granted	24 - Broad Arrow	100
P 24/4752	Granted	24 - Broad Arrow	100
P 24/4753	Granted	24 - Broad Arrow	100
P 24/4754	Granted	24 - Broad Arrow	100
P 29/1938	Granted	29 - North Coolgardie	100
P 29/1939	Granted	29 - North Coolgardie	100
P 29/1940	Granted	29 - North Coolgardie	100
P 29/1941	Granted	29 - North Coolgardie	100
P 29/1942	Granted	29 - North Coolgardie	100
P 29/1943	Granted	29 - North Coolgardie	100
P 29/1944	Granted	29 - North Coolgardie	100
P 29/1945	Granted	29 - North Coolgardie	100
P 29/1946	Granted	29 - North Coolgardie	100
P 29/1947	Granted	29 - North Coolgardie	100
P 29/1948	Granted	29 - North Coolgardie	100

TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
P 29/1949	Granted	29 - North Coolgardie	100
P 29/1950	Granted	29 - North Coolgardie	100
P 29/2310	Granted	29 - North Coolgardie	100
P 29/2311	Granted	29 - North Coolgardie	100
P 29/2312	Granted	29 - North Coolgardie	100
P 29/2313	Granted	29 - North Coolgardie	100
P 29/2314	Granted	29 - North Coolgardie	100
P 29/2315	Granted	29 - North Coolgardie	100
P 29/2316	Granted	29 - North Coolgardie	100
P 29/2317	Granted	29 - North Coolgardie	100
P 29/2318	Granted	29 - North Coolgardie	100
P 29/2319	Granted	29 - North Coolgardie	100
P 29/2320	Granted	29 - North Coolgardie	100
P 29/2321	Granted	29 - North Coolgardie	100
P 29/2322	Granted	29 - North Coolgardie	100
P 29/2323	Granted	29 - North Coolgardie	100
P 29/2324	Granted	29 - North Coolgardie	100
P 29/2325	Granted	29 - North Coolgardie	100
P 29/2326	Granted	29 - North Coolgardie	100
P 29/2327	Granted	29 - North Coolgardie	100
P 29/2328	Granted	29 - North Coolgardie	100
P 30/1012	Granted	30 - North Coolgardie	100
P 30/1013	Granted	30 - North Coolgardie	100
P 30/1014	Granted	30 - North Coolgardie	100
P 30/1015	Granted	30 - North Coolgardie	100
P 30/1016	Granted	30 - North Coolgardie	100
P 30/1017	Granted	30 - North Coolgardie	100
P 30/1018	Granted	30 - North Coolgardie	100
P 30/1020	Granted	30 - North Coolgardie	100
P 30/1021	Granted	30 - North Coolgardie	100
P 30/1023	Granted	30 - North Coolgardie	100
P 30/1024	Granted	30 - North Coolgardie	100
P 30/1025	Granted	30 - North Coolgardie	100
P 30/1026	Granted	30 - North Coolgardie	100
P 30/1027	Granted	30 - North Coolgardie	100
P 30/1033	Granted	30 - North Coolgardie	100
P 30/1034	Granted	30 - North Coolgardie	100
P 30/1038	Granted	30 - North Coolgardie	100
P 30/1040	Granted	30 - North Coolgardie	100
P 30/1042	Granted	30 - North Coolgardie	100
P 30/1043	Granted	30 - North Coolgardie	100
P 30/1051	Granted	30 - North Coolgardie	100

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
TENEMENT SCHEDULE

Lease	Status	Mineral Field	% Ownership
P 30/1055	Granted	30 - North Coolgardie	100
P 30/1056	Granted	30 - North Coolgardie	100
P 30/1060	Granted	30 - North Coolgardie	100
P 30/1074	Granted	30 - North Coolgardie	100
P 30/1086	Granted	30 - North Coolgardie	100
P 30/1087	Granted	30 - North Coolgardie	100
P 30/1107	Application	30 - North Coolgardie	100
P 30/1108	Application	30 - North Coolgardie	100
P 30/1109	Application	30 - North Coolgardie	100
P 30/1110	Application	30 - North Coolgardie	100
P 30/1111	Application	30 - North Coolgardie	100
P 30/1112	Application	30 - North Coolgardie	100
P 30/1113	Application	30 - North Coolgardie	100
P 30/1114	Application	30 - North Coolgardie	100
P 30/1115	Application	30 - North Coolgardie	100
P 30/1116	Application	30 - North Coolgardie	100
P 30/1117	Application	30 - North Coolgardie	100
P 30/1118	Application	30 - North Coolgardie	100
P 30/1119	Application	30 - North Coolgardie	100
P 30/1120	Application	30 - North Coolgardie	100
P 30/1121	Application	30 - North Coolgardie	100
P 30/1122	Application	30 - North Coolgardie	100

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
ANNUAL MINERAL RESOURCE STATEMENT

In accordance with ASX Listing Rule 5.21, the Company reviews and reports its Mineral Resources at least annually. The date of reporting is 30 June each year, to coincide with the Company's end of financial year balance date. If there are any material changes to its Mineral Resources over the course of the year, the Company is required to promptly report these changes.

The Company has previously reported the following Mineral Resources pursuant to the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) 2004 Edition:

JORC Category	Million Tonnes	g/t Au
Inferred	8,759	2.6
Indicated	9,962	2.4
Measured	236	2.8
Total	**18,957**	**2.5**

The Mineral Resource was first reported to the ASX on June 30 2008 and subsequently in the Company's Prospectus dated 11 July 2014. There has been no change to the Resource Statement reported in the Company's Prospectus to the review date of 30 June 2014, or to the date of this Annual Report.

In completing the annual review for the year ended 30 June 2014, the historical resource factors were reviewed and found to be relevant and current. No project area has been converted to an active operation yet and hence no resource depletion has occurred for the review period.

The Mineral Resource Statement

The current Mineral Resource Statement for the Swan Gold Mining Ltd project areas is shown in Table 1 below.

PIT / PROJECT	MEASURED		INDICATED		INFERRED		TOTAL MATERIAL		
	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000t)	(g/t Au)	('000oz.)
CALLION	0	0.0	86	2.8	83	2.3	169	2.6	14
FEDERAL FLAG	32	2.0	112	1.8	238	2.5	382	2.3	28
GOLDEN EAGLE	0	0.0	345	2.5	311	2.6	656	2.5	54
LADY GLADYS	0	0.0	1,858	1.9	190	2.4	2,048	1.9	128
LIGHTS OF ISRAEL UNDERGROUND	0	0.0	74	4.3	180	4.2	254	4.2	35
MAKAI SHOOT	0	0.0	1,985	2.0	153	1.7	2,138	2.0	136
SALMON GUMS	0	0.0	199	2.8	108	2.9	307	2.8	28
WAIHI	0	0.0	805	2.4	109	2.4	914	2.4	71
WALHALLA	0	0.0	448	1.8	216	1.4	664	1.7	36
WALHALLA NORTH	0	0.0	94	2.4	13	3.0	107	2.5	9
MT BANJO	0	0.0	109	2.3	126	1.4	235	1.8	14
MACEDON	0	0.0	0	0.0	186	1.8	186	1.8	11
SAND KING	0	0.0	516	3.1	935	3.0	1,451	3.0	142
MISSOURI	98	1.7	831	2.0	909	2.2	1,838	2.1	123
PALMERSTON / CAMPERDOWN	0	0.0	118	2.3	174	2.4	292	2.4	22
BERWICK MOREING	0	0.0	0	0.0	50	2.3	50	2.3	4
BLACK RABBIT	0	0.0	0	0.0	434	3.5	434	3.5	49
THIEL WELL	0	0.0	0	0.0	18	6.0	18	6.0	3
IGUANA	0	0.0	690	2.1	2,032	2.0	2,722	2.0	177
LIZARD	106	4.0	75	3.7	13	2.8	194	3.8	24
RIVERINA AREA	0	0.0	941	2.4	1,644	2.5	2,585	2.5	205
FOREHAND	0	0.0	386	1.7	436	1.9	822	1.8	48

SILVER TONGUE	0	0.0	155	2.7	19	1.3	174	2.5	14
SUB-TOTAL DAVYHURST	**236**	**2.8**	**9,827**	**2.2**	**8,577**	**2.4**	**18,640**	**2.3**	**1,372**
BALDOCK	0	0	135	18.6	0	0	135	18.6	81
METEOR	0	0	0	0	143	9.3	143	9.3	43
WHINNEN	0	0	0	0	39	13.3	39	13.3	17
SUB-TOTAL MOUNT IDA	**0**	**0.0**	**135**	**18.6**	**182**	**10.2**	**317**	**13.8**	**140**
GRAND TOTAL	**236**	**2.8**	**9,962**	**2.4**	**8,759**	**2.6**	**18,957**	**2.5**	**1,512**

Material Changes and Resource Statement Comparison

There have been no material changes to the Mineral Resource during the review period from 1 July 2013 to 30 June 2014, and to and including the date of this report.

Governance Arrangements and Internal Controls

Swan Gold has ensured that the Mineral Resources quoted are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by internal Company geologists', who are experienced in best practices in modelling and estimation methods. The competent person has also undertaken reviews of the quality and suitability of the underlying information used to generate the resource estimation. In addition, Swan Gold management carry out regular reviews and audits of internal processes and external contractors that have been engaged by the Company.

Competent Person Statement

The information in this Annual Report that relates to Mineral Resources was prepared and first disclosed under the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code") 2004 Edition and has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported. It was first reported to the ASX on 30 June 2008 and subsequently in the Company's Prospectus dated 11 July 2014. The Company is not aware of any new information or data that materially affects the information as previously released on 11 July 2014 and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Mineral Resource released on 11 July 2014 was compiled by Mr Ross Whittle-Herbert, who is a member of the Australian Institute of Geoscientists ("AIG"). Mr Whittle-Herbert is a full-time employee of Swan Gold Mining Limited. Mr Whittle-Herbert has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2004. Mr Whittle-Herbert has consented to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears**.** The Annual Mineral Resource Statement is based on and fairly represents information and supporting documentation prepared by competent persons. The Annual Mineral Resource Statement as a whole has been approved by Mr Whittle-Herbert.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report is set out below:

SHAREHOLDINGS (as at 25 September 2014)
Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number of ordinary shares	% of issue capital
Investmet Limited	41,238,671	44.90
Stirling Gold Pty Ltd	8,623,822	9.39

Voting Rights
Each shareholder is entitled to receive notice of and attend and vote at generals meetings of the Company. At a general meeting every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each share held.

Distribution of equity security holders

Category	Total shareholders
1-1,000	2,979
1,001-5,000	1,328
5,001-10,000	226
10,001-100,000	253
100,001-9,999,999,999	40
	4,826

On market buy-back
There is not currently any on market buyback.

Securities on issue

Category	Number
Ordinary Shares	91,783,555
Escrowed (indefinitely)	66,668
	91,850,223

SWAN GOLD MINING LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2014
ASX ADDITIONAL INFORMATION

Twenty largest shareholders – 25 September 2014

Rank	Holder	Address	Number of Shares	% Interest
1	INVESTMET LIMITED	LEVEL 1 24 MUMFORD PLACE BALCATTA WA 6021	41,238,671	44.90%
2	STIRLING GOLD PTY LTD	PO BOX 870 WEST PERTH WA 6872	8,623,822	9.39%
3	MGMC PTY LTD	<GROUP A/C> C/- PITCHER PARTNERS PO BOX 7191 CLOISTERS SQUARE WA 6850	4,372,339	4.76%
4	MRS SUSAN KIERNAN	PO BOX 870 WEST PERTH WA 6872	4,000,000	4.35%
5	MGMC PTY LTD	<MT IDA A/C> C/- PITCHER PARTNERS PO BOX 7191 CLOISTERS SQUARE WA 6850	3,062,539	3.33%
6	HSBC CUSTODY NOMINEES	(AUSTRALIA) LIMITED - A/C 3 GPO BOX 5302 SYDNEY NSW 2001	2,789,019	3.04%
7	BOTSIS HOLDINGS PTY LTD	PO BOX 463 WEMBLEY WA 6913	2,000,000	2.18%
8	J P MORGAN NOMINEES AUSTRALIA	LIMITED LOCKED BAG 20049 MELBOURNE VIC 3001	1,736,365	1.89%
9	HSBC CUSTODY NOMINEES	(AUSTRALIA) LIMITED GPO BOX 5302 SYDNEY NSW 2001	858,150	0.93%
10	BESPOKEN PROPERTIES GMBH	17/10 AM MODENAPARK VIENNA 1030 AUSTRIA	749,959	0.82%
11	AMP LIFE LIMITED	PO BOX R209 ROYAL EXCHANGE NSW 1225	662,558	0.72%
12	WESTNET HOLDINGS PTY LTD	<THE JP AVIATION A/C> PO BOX Z5153 PERTH WA 6861	600,000	0.65%
13	JP MORGAN NOMINEES AUSTRALIA	LIMITED LOCKED BAG 20049 MELBOURNE VIC 3001	500,564	0.54%
14	MINERAL RESOURCES LIMITED	25 WELLARD STREET BIBRA LAKE WA 6163	500,000	0.54%
15	CITICORP NOMINEES PTY LIMITED	GPO BOX 764G MELBOURNE VIC 3001	417,129	0.45%
16	CLIFFWAY PTY LTD	<JOHN HARTLEY POYNTON PERSONAL SUPERANNUATION FUND A/C> PO BOX Z5153 PERTH WA 6831	400,000	0.44%
17	MARTIN PLACE SECURITIES	NOMINEES PTY LTD LEVEL 3 14 MARTIN PLACE SYDNEY NSW 2000	362,000	0.39%
18	ABBOTSLEIGH PTY LTD	SUITE 3 51-55 CITY ROAD SOUTHBANK VIC 3006	342,487	0.37%
19	MULLOWAY PTY LTD	<JOHN H POYNTON FAMILY A/C> PO BOX Z5153 PERTH WA 6831	333,334	0.36%
20	DR LEON EUGENE PRETORIUS	PO BOX 453 SOUTH PERTH WA 6951	300,000	0.33%