AusQuest Limited

ABN 35 091 542 451

Financial report for the half-year ended 31 December 2013

Corporate directory

Board of Directors

Mr Greg Hancock	Chairman and Non Executive Director
Mr Graeme Drew	Managing Director
Mr John Ashley	Non-Executive Director
Mr Chris Ellis	Non-Executive Director

Company Secretary

Mr Darren Crawte

Registered Office

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Corporate Office

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Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, WA, 6000

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands, WA, 6009

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, WA)
Code: AQD

Financial report for the half-year ended 31 December 2013

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Directors' report

The directors of AusQuest Limited herewith submit the financial report for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company who have held office during and since the end of the half-year and up until the date of this report are:

Graeme Drew
John Ashley
Gregory Hancock
Chris Ellis

The above named directors held office for the entire period unless otherwise noted.

Review of Operations December 2013

Highlights

AUSTRALIA – BASE METALS

- Nickel-copper exploration ramped up in the Fraser Range area of Western Australia with potential nickel sulphide targets identified within the Dundas Project, located ~80km south-west of Sirius Resources' Nova-Bollinger nickel-copper deposit.
- Initial drilling at Dundas confirmed the presence of a mixed mafic-felsic gneiss sequence and successfully located sulphides below cover, but did not intersect obvious nickel sulphide mineralisation.
- Several target areas within the Dundas Project area have been identified for further exploration in 2014, based on these drill results.
- New tenement applications were submitted to cover possible extensions of the prospective Fraser Range sequence south and east of Dundas.

Directors' report (continued)

PERU – COPPER-GOLD

- Large drill targets for potential IOCG-style and/or porphyry copper-style mineralisation were defined at seven prospects along the southern coastal belt of Peru.
- Magnetic and/or gravity targets reflecting possible IOCG-style mineralisation were outlined at the Lana, Cerro de Fierro, Azucar and El Jaguay prospects.
- Large-scale geophysical targets, associated with surface copper occurrences and porphyry-style alteration, were outlined at the Cardonal, Puite and Colorada prospects.
- Drill permitting is in progress over three of the seven prospects (Cardonal, Puite, and Lana) with initial target drilling expected to commence during Q2 2014.
- Cliffs Natural Resources Exploration (CNRE) requested additional time to decide on their continued participation in selected prospects within the Peru Joint Venture. A decision on their future participation is expected shortly.

WEST AFRICAN GOLD (Burkina Faso)

- Renewals, for a further three-year period, of six of the Company's eight gold exploration tenements in the Banfora region of Burkina Faso are in progress.
- The Company continues to consider opportunities to advance this project for the benefit of shareholders.

CORPORATE

- The Company completed a capital raising of $2.75M by way of a *Placement* to sophisticated and professional investors and a *Securities Purchase Plan (SPP)* offered to existing shareholders.
- The Company had cash reserves of ~$2.5M at the end of December 2013, enabling it to progress its planned exploration programs in the Fraser Range and in southern Peru.

OVERVIEW

The second half of 2013 was an active period for AusQuest Limited (ASX: AQD), with exploration activities gathering momentum on two key fronts. These were:

- the commencement of a maiden drilling program at the Dundas Nickel-Copper Project in the Fraser Range area of WA; and
- preparations for the start of drilling within the Company's emerging portfolio of Peruvian copper-gold projects in South America, which will be a key focus for the Company moving forward in 2014.

In Australia, exploration activities focused on identifying drill targets at the Dundas Project, which is located approximately 80km south of the Nova-Bollinger nickel-copper discoveries (owned by Sirius Resources), and completing an initial drilling program to test four of the prospects.

In Peru, ground geophysical surveys and sampling programmes defined up to seven large-scale porphyry copper and/or IOCG targets for drilling. Consultants were engaged to undertake drill permitting over three of the priority copper-gold prospects (Cardonal, Puite and Lana) to enable drilling operations to commence in 2014.

Directors' report (continued)

Work in Burkina Faso (West Africa) continued to focus on obtaining three-year renewals for the titles held by Comoe Exploration (a 100%-owned subsidiary of AusQuest) as well as conducting limited sampling within selected prospects.

The Company also completed a capital raising, successfully raising a total of $2.75 million, by way of a Placement to sophisticated and professional investors as well as a Securities Purchase Plan (SPP) for the Company's existing shareholders on the same terms and conditions.

BASE METALS AND MANGANESE – AUSTRALIA

At **Dundas**, ground EM surveys designed to follow-up VTEM (versatile time domain electro-magnetic) anomalies identified four bedrock conductors that were subsequently recommended for drilling. Soil sampling upgraded one of the targets where low-level nickel and copper anomalism was found to coincide with the projected surface position of the interpreted conductor.

Ground-based geophysics, together with surface geochemistry, played an important role in the discovery of the Nova-Bollinger nickel-copper deposit, located approximately 80km to the north.

Initial drill testing of the Alpha, Beta, Omega and Lambda EM targets was completed in January 2014 locating sulphide mineralisation (pyrrhotite and pyrite) beneath the cover sequence at each prospect, but no obvious signs of nickel mineralisation.

After reviewing the results, the Company has commenced an evaluation of the nickel-copper prospectivity of the Dundas Project. A review of existing geochemical and aeromagnetic databases has identified further potential mafic rocks which are the preferred hosts for nickel sulphide mineralisation.

The Company has also submitted new tenement applications over possible extensions of the Fraser Range mafic sequence, as indicated by gravity data released recently by the Geological Survey of WA.

Significant strike lengths of possible mafic host rocks within the Company's existing tenements and new tenement applications will be the focus of ongoing exploration activity in the area, given the high nickel-copper prospectivity of the Fraser Range region as evidenced by the Nova-Bollinger discoveries.

At the **Stanley** Manganese Project, which is owned 30% by AusQuest and 70% by Cliffs Australia Holdings Ltd, a small RC drilling program was completed to test VTEM targets at the Dome prospect and to in-fill previous drilling at the Windidda prospect.

No significant manganese assays were returned although broad zones (~50m) of anomalous manganese (3 to 5% Mn) were encountered at Windidda, confirming the continuity of an enriched manganese zone for several kilometres down-dip.

A submission for funding assistance from the Department of Minerals and Energy under its "Co-Funding for Exploration Drilling Initiative" was successful with up to $130,000 available to drill test a coincident gravity and magnetic anomaly at the **Bald Hill** prospect, located ~300km north of Perth.

COPPER-GOLD – PERU

Over the past two years, AusQuest has assembled a world-class exploration opportunity in Peru, South America – one of the world's leading destinations for international copper exploration.

Directors' report (continued)

In joint venture with global miner Cliffs Natural Resources Exploration Inc. (CNRE), a wholly-owned subsidiary of Cliffs Natural Resources Inc. (NYSE: CLF) (Paris: CLF), AusQuest has assembled an extensive, high-quality tenement package in the southern coastal belt of Peru – a world-class mineral province which is highly prospective for large-scale porphyry copper and iron-oxide copper-gold (IOCG) deposits.

At least seven large-scale drill targets have been identified through a combination of geological mapping, sampling, and ground-based geophysical surveys within the Company's tenement package.

These targets represent possible iron-oxide copper-gold (IOCG) and/or porphyry copper targets, each with the size potential to be a significant project for the Company.

During the latter part of 2013, the Company's focus turned to obtaining the required permits to enable drill testing of at least three of the seven targets (Lana, Cardonal and Puite) to commence. Local consultants were engaged to facilitate the process, which involves both environmental surveys and community consultations.

Based on the progress of the approvals process, the Company estimates that it should be in a position to commence drilling during the second Quarter of 2014.

Discussions with Cliffs Natural Resources Exploration (CNRE) regarding their continued participation in drilling selected prospects within the Peru JV were extended beyond the scheduled date of 29th November 2013, following a request from CNRE for more time to consider their position.

The Company's current drill target inventory includes a very large gravity target (~20km²) at **Lana** and large discrete magnetic targets (1 to 2km²) at **Cerro de Fierro**, **El Jaguay** and **Azucar** which are thought to reflect possible IOCG-style mineralisation beneath cover sediments and/or younger volcanic flow rocks.

It also includes Induced Polarisation (IP) and/or ground magnetic anomalies over the **Cardonal, Colorada** and **Puite** prospects, which suggest the presence of buried sulphide mineralisation associated with anomalous copper geochemistry and surface alteration located by the Company's geological mapping and sampling programs.

AusQuest looks forward to commencing drilling operations in the near future to test what it believes to be a highly prospective group of copper-gold targets each with company-making potential.

GOLD – WEST AFRICA

During the reporting period, site visits were held with representatives from the Ministry of Mines and Energy as part of the tenement renewal process for six of the Company's eight tenements within the Banfora Greenstone Belt in south-west Burkina Faso.

Data compilation and limited rock-chip sampling over the Kapogouan and Nomousso tenements highlighted numerous areas where gold anomalies at surface coincide with structurally favourable settings based on the aeromagnetic data.

The Company continues to consider opportunities to advance this project for the benefit of shareholders.

PROJECT GENERATION – BUSINESS DEVELOPMENT

AusQuest continues to look for opportunities both within Australia and offshore with the aim of adding value to the Company especially in areas of immediate interest to the Company.

CORPORATE

During the reporting period, the Company successfully completed a capital raising of $2.75 million by way of a Placement to sophisticated and professional investors and a Securities Purchase Plan (SPP) to eligible shareholders.

Directors' report (continued)

CORPORATE (continued) The Share Placement comprised the issue of 100.5 million shares at $0.02 per share to raise $2.01 million. Participants in the placement also received one attaching option exercisable at $0.04 on or before 30 November 2016 for every two shares subscribed.

In addition to the Placement, the Company raised $740,000 through a heavily oversubscribed Securities Purchase Plan (SPP) offered to shareholders under the same terms and conditions.

The funds raised will primarily be used for drilling targets identified within the Fraser Range Project in WA and large-scale porphyry copper and/or IOCG targets in Peru.

Shareholder approval for the issue of shares and options under the SPP was obtained at the Company's AGM on November 26th 2013.

Cash reserves at 31st December 2013 were approximately $2.5 million.

Auditor's Independence Declaration

Section 307C of the Corporations Action 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half year financial report. This Independence declaration is set out on page 6 and forms part of this directors' report for the half year ended 31 December 2012.

Signed in accordance with a resolution of director's made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Graeme Drew
Managing Director

Perth, 11 March 2014

COMPETENT PERSON'S STATEMENT

The details contained in this report that pertain to exploration results are based upon information compiled by Mr Graeme Drew, a full-time employee of AusQuest Limited. Mr Drew is a Fellow of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience in the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Drew consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

The information presented in this report in relation to the Fraser Range Project is extracted from the ASX announcement dated 17 February 2014 titled 'Fraser Range Exploration Update'. The Competent Person responsible for that announcement is Mr. Graeme Drew. The report is stored on the ASX website under ASX- AQD, and on the Company's website at www.ausquest.com.au. AusQuest confirms that it is not aware of any new information or data that materially affects the information included in that announcement.

FORWARD LOOKING STATEMENT

This report contains forward looking statements concerning the projects owned by AusQuest Limited. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements are based on management's beliefs, opinions and estimates as of the dates the forward looking statements are made and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of AusQuest Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
11 March 2014

W M Clark
Partner

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of AusQuest Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AusQuest Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd
Chartered Accountants

W M Clark
Partner

Perth, Western Australia
11 March 2014

Directors' declaration

The directors declare that:

i. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year then ended.

ii. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Graeme Drew
Managing Director

Perth, 11 March 2014

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2013

		Consolidated	
		31 Dec 2013	**31 Dec 2012**
		$	**$**
Revenue	2	33,746	130,174
Consultants and employee benefits expenses		(16,542)	(125,800)
Share based payments	6	(157,548)	(72,812)
Occupancy expenses		(71,548)	(65,117)
Administrative expenses		(344,831)	(507,598)
Impairment of exploration expenditure	3	(1,638,259)	(159,902)
Loss before income tax expense		(2,194,982)	(801,055)
Income tax expense		-	-
Loss for the period		(2,194,982)	(801,055)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain/(loss) on translation of foreign operations		286,244	(441,070)
Total comprehensive loss for the period		(1,908,738)	(1,242,125)
Loss per share:			
Basic loss per share (cents per share)		1.15	0.35

The accompanying notes form part of these financial statements.

Condensed consolidated statement of financial position as at 31 December 2013

	Note	Consolidated 31 Dec 2013 $	Consolidated 30 June 2013 $
Current assets			
Cash and cash equivalents		2,516,532	1,545,401
Trade and other receivables		264,877	391,511
Other assets		39,505	45,597
Total current assets		2,820,914	1,982,509
Non-current assets			
Property, plant and equipment		61,646	71,563
Exploration and evaluation expenditure	3	12,061,905	11,933,989
Total non-current assets		12,123,551	12,005,552
Total assets		14,944,465	13,988,061
Current liabilities			
Trade and other payables		561,199	349,703
Provisions		68,800	91,194
Total current liabilities		629,999	440,897
Total liabilities		629,999	440,897
Net assets		**14,314,466**	**13,547,164**
Equity			
Issued capital	5	53,135,509	50,617,017
Reserves		1,525,841	1,605,944
Accumulated losses		(40,346,884)	(38,675,797)
Total equity		**14,314,466**	**13,547,164**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2013

	Consolidated				
	Issued capital (fully paid ordinary shares)	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2013	**50,617,017**	**596,707**	**1,009,237**	**(38,675,797)**	**13,547,164**
Loss for the period	-	-	-	(2,194,982)	(2,194,982)
Exchange differences on translation of foreign operations	-	-	286,244	-	286,244
Total comprehensive loss for the period	**-**	**-**	**286,244**	**(2,194,982)**	**(1,908,738)**
Shares issued during the period	2,750,000	-	-	-	2,750,000
Transaction cost	(231,508)	-	-	-	(231,508)
Share based payments	-	157,548	-	-	157,548
Options lapsed during the period	-	(523,895)	-	523,895	-
Balance at 31 December 2013	**53,135,509**	**230,360**	**1,295,481**	**(40,346,884)**	**14,314,466**
Balance at 1 July 2012	**52,307,672**	**761,395**	**300,239**	**(30,676,550)**	**22,692,756**
Loss for the period	-	-	-	(801,055)	(801,055)
Exchange differences on translation of foreign operations	-	-	(441,070)	-	(441,070)
Total comprehensive loss for the period	**-**	**-**	**(441,070)**	**(801,055)**	**(1,242,125)**
Buy back of shares	(1,690,656)	-	-	-	(1,690,656)
Share based payments	-	72,812	-	-	72,812
Options expired during the period	-	(237,500)	-	237,500	-
Balance at 31 December 2012	**50,617,016**	**596,707**	**(140,831)**	**(31,240,105)**	**19,832,787**

Condensed consolidated statement of cash flows for the half-year ended 31 December 2013

	Consolidated	
	31 Dec 2013 $	31 Dec 2012 $
Cash flows from operating activities		
Payments to suppliers and employees	(350,270)	(828,449)
Interest received	14,622	111,176
Net cash used in operating activities	(335,648)	(717,273)
Cash flows from investing activities		
Payment for property, plant and equipment	(386)	(823)
Payment for exploration and evaluation activities	(1,211,327)	(1,545,044)
Net cash used in investing activities	(1,211,713)	(1,545,867)
Cash flows from financing activities		
Proceeds from the issue of shares	2,750,000	-
Payments for share issue costs	(231,508)	-
Net cash generated in financing activities	2,518,492	-
Net increase in cash and cash equivalents	971,131	(2,263,140)
Cash and cash equivalents at the beginning of the half-year	1,545,401	5,076,798
Cash and cash equivalents at the end of the half-year	2,516,532	2,813,658

The accompanying notes form part of these financial statements.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013

1. Statement of significant accounting policies

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

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

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

Basis of preparation
The interim report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

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

Accounting policies and methods of computation
The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

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

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013 (continued)

1. Statement of significant accounting policies (continued)

Significant accounting judgements and key estimates

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

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

2. Revenue

	2013 $	2012 $
Interest income	12,563	88,920
Other income	21,183	41,254
	33,746	130,174

3. Exploration and Evaluation Expenditure

	Half Year ended 31 Dec 2013 $	Half Year ended 31 Dec 2012 $
Balance at beginning of period	11,933,989	17,071,623
Capitalised during the period	1,766,175	1,307,434
Disposed of during the period (i)	-	(1,690,656)
Impaired during the period	(1,638,259)	(159,902)
Balance at end of period	12,061,905	16,528,499

The ultimate recoupment of costs carried forward in respect of areas of interest still in the exploration and/or evaluation phases is dependent on successful development and commercial exploitation or, alternatively, sale of the respective areas of interest.

(i) During the prior period, the Group disposed of 70% of the Stanley project. Refer to note 5 for further information.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013 (continued)

4. Segment Information

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

The following table presents the revenue and results information regarding the segment information provided to the Board of Directors for the half-year ended 31 December 2013.

Continuing operations

	Australia $	Africa $	South America $	Intersegment eliminations $	Consolidated $
31 December 2013:					
Segment revenue	33,736	-	10	-	33,746
Segment loss after tax	(1,685,293)	4,419	(514,108)	-	(2,194,982)
Net loss after tax					(2,194,982)
Segment assets	21,048,475	15,045,075	1,052,956	(22,202,041)	14,944,465
Segment liabilities	9,486,488	11,831,954	2,116,638	(22,805,081)	629,999
Included within segment result:					
Depreciation	10,158	-	145	-	10,303
Interest income	12,552	-	11	-	12,563
Impairment of exploration expenditure	1,188,141	-	450,118	-	1,638,259

Continuing operations

	Australia $	Africa $	South America $	Intersegment eliminations $	Consolidated $
31 December 2012:					
Segment revenue	130,162	-	12	-	130,174
Segment loss after tax	(653,251)	(3,103)	(144,701)	-	(801,055)
Net loss after tax					(801,055)
Segment assets	20,576,139	12,571,941	529,950	(13,274,504)	20,403,526
Segment liabilities	462,890	3,926,573	1,159,212	(4,977,936)	570,739
Included within segment result:					
Depreciation	15,142	-	116	-	15,258
Interest income	88,909	-	11	-	88,920
Impairment of exploration expenditure	74,204	-	85,698	-	159,902

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013 (continued)

5. Issued Capital

5.1 Share Capital

	31 December 2013 $	31 December 2012 $
Issued and fully paid ordinary shares	53,135,509	50,617,016

Movements in ordinary shares:

	31 December 2013		31 December 2012	
	No.	$	No.	$
Balance at beginning of period	160,003,444	50,617,016	228,312,235	52,307,672
Share placement (net of issue cost)	137,500,000	2,518,493	-	-
Share buy-back *	-	-	(68,308,791)	(1,690,656)
Balance at end of period	297,503,444	53,135,509	160,003,444	50,617,016

* In the prior period, the Group disposed of 70% of the Stanley project, and gave a commitment to sole fund $1m of expenditure on that project within two years, as consideration for the buy- back of 68,308,791 ordinary shares from Cliffs Natural Resources Pty Ltd. These shares were subsequently cancelled by the Company.

5.2 Listed Options

Movements in listed options over ordinary shares on issue:

	31 December 2013 No.	31 December 2012
Balance at beginning of period	-	-
Issued during the year*	68,750,000	-
Balance at end of period	68,750,000	-

*During the period, a total of 68,750,000 free attaching listed options were issued (on a 1:2 basis) and allotted as part of the Company's Placement and Securities Purchase Plan (see section 5.1 above). These options are exercisable at 4 cents each on or before 30 November 2016. These free attaching options have been granted quotation on ASX under the code AQDO.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013 (continued)

6. Share-based Payments

Total expenses arising from share-based payment transactions recognised during the period were as follows:

Movements in Unlisted Options:

	31 December 2013		31 December 2012	
	No.	$	No.	$
Balance at beginning of period	8,150,000	596,707	6,500,000	761,395
Options lapsed/expired during period	(5,250,000)	(523,895)	(1,250,000)	(237,500)
Options issued during period	7,000,000	157,548	2,900,000	72,812
Balance at end of period	9,900,000	230,360	8,150,000	596,707

On 2 December 2013 the Company issued 7,000,000 new options exercisable at 7 cents on or before 30 November 2015 under the Company's Employment Option Scheme (ESOP). These Options vested on the date of issue.

The exercise price of the options under the ESOP was determined by Directors and the employees eligible to participate in the plan are at the discretion of Directors. The options hold no voting rights and are not transferable. At balance date no options have been exercised and the employees have not ceased employment.

The fair value of the ESOP options issued is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at valuation date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Black-Scholes valuation is expensed over the vesting period of the particular options.

The table below summarises the model inputs for ESOP Options granted during the period and valued using the Black-Scholes option pricing model:

Model Inputs	ESOP Options
Options granted for no consideration:	7,000,000
Exercise price (cents):	7.0 cents
Valuation date:	2 December 2013
Expiry date:	30 November 2015
Underlying security spot price at grant date (cents):	2.8 cents
Expected price volatility of the Company's shares:	216%
Expected dividend yield:	0%
Risk-free interest rate:	2.79%
Black & Scholes Valuation per Option (cents):	2.25 cents

7. Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

8. Commitments

The Group's other commitments remain unchanged. For details of these commitments, please refer to the 30 June 2013 annual financial report.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2013 (continued)

9. Related parties

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the 30 June 2013 annual financial report.

Key management personnel continue to receive compensation in the form of short term employee benefits, post employment benefits and share-based payments.

10. Subsequent events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.