

28. Financial risk management and instruments *continued*

The Company's functional currency is Australian dollars.

The Group's exposure to US dollar foreign currency risk at the reporting date was as follows:

	2013 \$'000	2012 \$'000
Cash and cash equivalents	483	211
Receivables	127	4,014
Payables	(1,016)	(5,834)
Total exposure to foreign currency risk	(406)	(1,609)

The Group's sale of gold produced from Chatree Gold Mine is in US dollars, however the functional currency of the subsidiary company that owns the Chatree Gold Mine is Thai Baht and therefore, the Group's profit is sensitive to movement in those currencies.

If the spot Australian dollar weakened / strengthened by one cent against the US dollar with all other variables held constant, the Group's revenue for the year would have been \$2,510,000 higher / \$2,456,000 lower (2012: \$3,552,000 higher / \$3,483,000 lower).

The Group's current exposure to other foreign exchange movements is not material.

Commodity price risk

At 30 June 2013 the Group's subsidiary, Challenger Gold Operations Pty Ltd, has forward sold 6,500 ounces of gold at an average price of \$1,159 per ounce. Subsequent to year-end the Group forward sold a further 50,000 ounces of gold over a 12 month period at an average price of \$1,435 per ounce to manage Australian gold price risk associated with forecast production from the Challenger Mine.

The following table sets out an aging of forward gold sale contracts in place at year end.

	Gold for physical delivery ounces	Contracted sales price A\$/oz	Value of committed sales \$'000
As at 30 June 2013			
Within one year	6,500	1,159	7,534
Later than one year but not greater than five years	—	—	—
As at 30 June 2012			
Within one year	6,500	1,151	7,482
Later than one year but not greater than five years	—	—	—

The following table displays fluctuations in the fair value of the Group's gold forward contracts due to movements in the spot price of gold with all other variables held constant. The 10% sensitivity is based on reasonable possible changes, over a financial year, using the observed range of actual historical prices.

	2013 \$'000	2012 \$'000
Mark to market movement of the fair value of gold forward contracts		
10% increase in the spot price of gold	(611)	(590)
10% decrease in the spot price of gold	(2,217)	899

Equity price risk

The Group is exposed to equity securities price risk, which arises from investments classified on the statement of financial position as available-for-sale financial assets.