HAZELWOOD RESOURCES LIMITED

ABN 88 118 738 999

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2009

CONTENTS

Corporate Information

ABN 88 118 738 999

ASX Code: HAZ

Directors
Mr Mark McAuliffe (Executive Chairman)
Mr Terence Butler- Blaxell
Mr Ian Richer
Mr John Chegwidden

Company Secretaries
Mr John Chegwidden
Ms Carol New

Registered Office
Level 6, 189 St Georges Terrace,
Perth WA 6000
Telephone: (08) 9320 5220
Facsimile: (08) 9481 6343
Email: info@hazelwood.com.au

Solicitors
Steinepreis Paganin
Lawyers and Consultants
Level 4 Next Building
16 Milligan Street
Perth WA 6000

Bankers
Westpac Banking
109 St George's Terrace
Perth WA 6000

Share Registry
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building,
45, St George's Terrace,
Perth WA 6000
Telephone: (08) 9323 2000

Auditors
Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005
Telephone: (08) 9226 4500

Website
www.hazelwood.com.au

Schedule of Mineral Tenements

Project Name	Interest Held %
Arthur River	
E09/1066	100
E09/1067	100
Cookes Creek	
E45/2904	100
E45/3199 (Application)	100
E46/0521	100
E46/0692	100
E46/0693	100
E46/0740	100
E46/0762	100
E46/0815 (Application)	100
E46/0822 (Application)	100
L46/70 (Application)	100
M46/0514 (Application)	100
Cookes Creek Joint Venture	
E46/0562	rte 70
E46/0761	70
E45/3177	70
Vickers Well	
E37/0858	100

rte – right to earn

Directors' Report

The directors of Hazelwood Resources Limited submit herewith the annual financial report of the company and consolidated entity for the financial year ended 30 June 2009.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mark McAuliffe B.Juris, LLB, MAICD
Executive Chairman
Mark McAuliffe is a solicitor with over 27 years' experience in acting for and advising mining companies, public listed companies and institutions on a wide range of legal issues. Mr McAuliffe holds a Bachelor of Jurisprudence and a Bachelor of Laws from the University of Western Australia. His career includes advising and documenting a wide range of mining transactions from acquisitions, through joint ventures, initial public offerings and capital raisings. His mining experience extends beyond Australian jurisdictions and includes transactions in a number of countries in Africa and South East Asia. Mr McAuliffe commenced his career at Downing & Downing before establishing his own firm in 1989. Mr McAuliffe is presently a Legal Practitioner and director of McAuliffe Legal. He has sat on the board of a number of client companies and ASX listed companies, and is a member of the Institute of Company Directors.

Terence Butler-Blaxell BSc, GDipApFin, MBA, MAusIMM, FFin
Technical Director
Mr Butler-Blaxell is a resources company specialist with over 16 years experience across a range of commodities including gold, industrial minerals, vanadium, base metals, nickel, tungsten and titanomagnetite. He has written investment research for AFSL licensees, and has experience in financial modelling and valuation. Over the past five years Mr Butler-Blaxell has been involved in the compilation of fund raising documents, project and company transactions, due diligence reviews, quantitative market event studies, and company promotion activities. He has been involved in the Exploration and Evaluation of several titanomagnetite and vanadium deposits, including specification of testwork programs and pilot plants. Mr Butler-Blaxell has a Bachelor of Science in physical-inorganic chemistry and geology from the University of Western Australia, a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and a Master of Business Administration from Murdoch University. Memberships include Fellow of the Financial Services Institute of Australasia and a Member of the Australasian Institute of Mining and Metallurgy. He is also a director of ASX Listed Accent Resources NL

Ian Richer Dip. Met. Min. M Aus IMM
Non-Executive Director
Mr Richer is an Engineer with more than 30 years experience in operations, project management and construction on a range of significant mining projects. He played a role in the Goldsworthy iron ore projects, laterite nickel projects in Indonesia and Queensland, mineral sands projects in New South Wales, titano-magnetite mining and processing in New Zealand and various domestic and offshore aluminium and copper - uranium projects. His technical and commercial expertise was gained in organisations including Consolidated Goldfields, INCO, Fluor International, Dravo Corporation and Minproc. Specific nickel sulphide experience was gained through active involvement at Widgiemooltha. Mr Richer has served more than 10 years as a director in banking and corporate finance, with Chase, Societe Generale and as a consultant to the World Bank. He is also a non-executive director of ASX Listed Accent Resources NL and a non-executive director and Chairman of 3D Resources Limited.

Directors' Report Continued

John Chegwidden CA
Non-Executive Director & Joint Company Secretary
Mr Chegwidden has over 20 years experience as an accountant, including managing his own chartered accounting practice, providing advice in management, accounting and taxation, and consulting to manufacturing, mining, primary production and earthmoving operations. Mr Chegwidden has a strong knowledge of the mining and resources sector in Australia, with key competencies in exploration, materials processing, marketing and financial management in relation to junior mining companies. More recently he has consulted to a number of listed companies and negotiated with capital financiers for junior exploration companies. He is also a director of ASX listed 3D Resources Limited, and has sat on several ASX listed and unlisted public company boards.

Company Secretaries
John Chegwidden – refer above.

Carol New
Joint Company Secretary
Carol has over 28 years experience working in national retail and WA mineral exploration companies that involved company secretarial, accounting and administration roles with companies such as Coles Myer, Barrack House Group, Central Kalgoorlie Gold Mines NL, and Crescent Gold Limited. In late December 2006, Carol was invited to consult to Hazelwood Resources Ltd in the capacity of Chief Financial Officer and was appointed as Joint Company Secretary on 16 February 2007. Carol is currently undertaking university studies and is an Affiliate Member of the Chartered Secretaries of Australia.

Interests in shares and options of the Company
As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Hazelwood Resources Limited were;

	Ordinary Shares	Options[1]
Mr Mark McAuliffe	1,060,001	2,500,000
Mr Terence Butler-Blaxell	2,660,001	2,500,000
Mr Ian Richer	1,500,001	1,000,000
Mr John Chegwidden	1,330,001	1,000,000
Mr Terence Butler-Blaxell & Mr Ian Richer[2]	1,000,000	-

Note:
1. The options were granted pursuant to the shareholders meeting 20 August 2009.
2. Terence Butler-Blaxell & Ian Richer both have a beneficial interest in 1,000,000 ordinary shares held by Siren Mining Limited

Directors Meetings
The number of Directors meetings of held and the number of meetings attended by each director during the period were as follows:

	Directors Meetings	
	Number of meetings eligible to attend	Number of meetings attended
Mr Mark McAuliffe	6	6
Mr Terence Butler-Blaxell	6	6
Mr Ian Richer	6	5
Mr John Chegwidden	6	5

Directors' Report Continued

Directorships of Other Listed Companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
M McAuliffe	Swick Mining Services Ltd	2007 - 2007
	Vital Metals Limited	2004 – 2007
T Butler-Blaxell	Accent Resources NL	2007 - current
I Richer	Accent Resources NL	2007 – current
	3D Resources Limited	2008 - current
	Top End Uranium Limited	2007 – 2008
	North Australian Diamonds Ltd	2006 – 2008
J Chegwidden	Aurox Resources Limited	2004 – 2006
	Australian Waterwise Solutions Limited	2007 – 2007
	3D Resources Limited	2006 - current

Principal Activities

The principal activities of the Company during the year were mineral exploration, identification of potential mining assets for acquisition and development, and raising capital to fund those opportunities.

There were no significant changes in the nature of the Company's principal activities during the year.

Review and Results of Operations

The operating loss after tax for the year ended 30 June 2009 for the Consolidated Entity was $1,973,411 and for the Company $1,652,759 (Consolidated 2008: $1,725,486 and Company 2008: $940,312).

Changes in the State of Affairs

During the period there were no changes in the state of affairs of the Company other than those referred to elsewhere in this report of the financial statements or notes thereto.

Subsequent Events

On 15 May 2009, the Company released a short form prospectus for the issue of 20,000,000 shares at $0.12 cents each to raise $2,400,000. On 30 June 2009 a partial allotment of 8,887,001 shares was made On the 14 August 2009 the Company allotted the remaining 11,112,999 shares (tranche 2). This completed the Tranche 1 and 2 capital raising.

On the 20 August 2009, the Company issued 7,000,000 Options to the Directors pursuant to a shareholders meeting held on the 20 August 2009. On the 31 August 2009, 7,680,000 Options expired (of these 7,000,000 Options where held by the Directors),

Environmental Regulation

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with. The directors have considered the recently enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current nor subsequent financial year. The directors will reassess this position as and when the need arises.

Likely Developments

Information on the likely developments in the operation of the Company and the expected results of those operations have not been included in this Report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Share Options

Unissued shares

As at year end the Company had on issue the following options to acquire ordinary fully paid shares:

Description	Number	Exercise Price	Expiry Date
Director Options	4,000,000	$0.20	31/08/2009
Consultant Options	500,000	$0.20	31/08/2009
Director Options	1,000,000	$0.25	31/08/2009
Director Options	2,000,000	$0.30	31/08/2009
Consultant Options	250,000	$0.30	31/08/2009
Consultant Options	1,000,000	$0.15	30/06/2011
Consultant Options	2,000,000	$0.20	30/06/2011
Consultant Options	1,000,000	$0.25	30/06/2011
Consultant Options	5,000,000	$0.10	30/04/2012
Consultant Options	2,000,000	$0.20	30/04/2012
Manager Options	1,000,000	$0.25	30/06/2012
Manager Options	1,000,000	$0.30	30/06/2012
Total	**20,750,000**		

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company nor any entitlement to vote at a meeting of shareholders. No options were exercised during the year.

Dividends

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Remuneration Report

This report outlines the remuneration arrangements in place for Hazelwood Resources Limited's directors and its senior management for the financial year ended 30 June 2009. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and senior management details
- Remuneration policy
- Relationship between the remuneration policy and company performance
- Remuneration of directors and senior management
- Key terms of executive service agreements or consultancy agreements

Director and senior management details

The following persons acted as directors of the company during or since the end of the financial year:

Mr M McAuliffe (Executive Chairman)
Mr T Butler-Blaxell (Executive Director)
Mr J Chegwidden (Non-executive Director & Joint Company Secretary)
Mr I Richer (Non-executive Director)

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Ms C New (Joint Company Secretary)
Mr M McQuade (Project Manager)

Company performance, shareholder wealth and directors' and senior management's remuneration

The Company's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing remuneration packages comprising of a fixed remuneration component and an options component. The Board believes the remuneration policy for its directors and senior management to be appropriate and effective to attract and retain people with the necessary qualifications, skills and experience to assist the company in achieving its desired results. Due to the size of the company a remuneration committee has not been formed.

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the four years to 30 June 2009:

Consolidated	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Revenue	156,376	217,070	121,717	283
Net profit before tax	(1,973,411)	(1,725,487)	(1,160,967)	(155,062)
Net profit after tax	(1,973,411)	(1,725,487)	(1,160,967)	(155,062)
Share price at start of year	$0.22	$0.30	$0.10	$1.00
Share price at end of year	$0.10	$0.22	$0.30	$0.10
Interim dividend	-	-	-	-
Final dividend	-	-	-	-
Basic earnings per share (cents)	(2.15)	(2.44)	(2.29)	(28.26)

Relationship between the remuneration policy and company performance

Remuneration is reviewed on an annual basis, taking into consideration a number of performance indicators. While no performance based remuneration component has been built into director and senior management remuneration packages it is envisaged that as the Company further progresses, consideration will be given to this component of remuneration.

Remuneration of Directors and Senior Management

The directors (both executive and non executive) and senior management of the company received remuneration during the period commencing 1 July 2008 and ending 30 June 2009 based on the following agreements.

Remuneration of Executive Directors

Executive Services Agreement with Mr Mark McAuliffe

The Company entered into an Executive Services Agreement with Mark McAuliffe on the 24 July 2006, as varied by Deed of Variation dated 30 April 2008, in relation to his appointment as Executive Chairman.

The terms of this agreement are:

- Term – 3 years from date of Deed of Variation
- Remuneration - $180,000pa plus superannuation
- Reimbursements – Vehicle costs to $10,000pa, parking, mobile and email costs.
- Options – 1,500,000 Options exercisable at 20 cents per Option;
  500,000 Options exercisable at 25 cents per Option; and
  500,000 Options exercisable at 30 cents per Option
- Termination – The Company may terminate this agreement by giving notice and through payment of an amount equal to the balance of Mr McAuliffe's agreement. Mr McAuliffe can terminate the Services Agreement by giving 3 months notice to the Company.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

Remuneration of Executive Directors continued

Executive Services Agreement with Mr Terence Butler-Blaxell

The Company entered into an Executive Services Agreement with Terence Butler-Blaxell on the 24 July 2006, as varied by Deed of Variation dated 30 April 2008, in relation to his appointment as an Executive Director.

The terms of this agreement are:

- Term – 3 years from date of Deed of Variation
- Remuneration - $165,000pa plus superannuation
- Reimbursements – Vehicle costs to $10,000pa, parking, mobile and email costs.
- Options – 1,500,000 Options exercisable at 20 cents per Option;
  500,000 Options exercisable at 25 cents per Option; and
  500,000 Options exercisable at 30 cents per Option
- Termination – The Company may terminate this agreement by giving notice and through payment of an amount equal to the balance of Mr Butler-Blaxell’s agreement. Mr Butler-Blaxell can terminate the Services Agreement by giving 3 months notice to the Company.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred.

Remuneration of Non-executive Directors

The total amount paid to non-executive directors is determined by the board from time to time for presentation to and resolution by shareholders at the Annual General Meeting. The current maximum aggregate remuneration paid to non-executive directors is fixed at $150,000.

The non-executive directors are paid a set amount per year. The non executive directors may receive consultant’s fees through related entities for services rendered on a commercial basis.

Remuneration of Senior Management

Ms Carol New

The Company has an agreement with Ms New whereby fees are paid through a related entity for services rendered on a commercial basis.

Mr Martin McQuade

On 11 November 2008 Martin McQuade terminated his employment under the terms of his Executive Services Agreement. Martin now offers his services to the Company on a contract basis.

Key management personnel compensation disclosures

Directors and key management personnel are remunerated under the terms of executive services agreements or consultancy agreements.

2009

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity[1]	Options[2]			
	$		$	$	$	$	$	$	$	%	%
M McAuliffe	180,000	-	-	53,689	16,200	-	-	-	249,889	-	-
I Richer	72,732	-	-	-	-	-	-	-	72,732	-	-
J Chegwidden	85,800	-	-	-	-	-	27,000	-	112,800	-	-
T Butler-Blaxell	165,000	-	-	-	12,994	-	18,000	-	195,994	-	-
C New	60,335	-	-	-	-	-	-	-	60,335	-	-
M McQuade	175,917	-	-	-	10,432	-	-	46,372	232,721	19.9	-
	739,784	-	-	53,689	39,626	-	45,000	46,372	924,471		

Note:

1. Equity relates to the issue of 225,000 ordinary shares to Ausnom Pty Ltd <J & K Chegs Shares Trust> a company in which John Chegwidden has a beneficial interest and 150,000 shares to T Butler-Blaxell <The Butler-Blaxell Family Trust>, a company in which Terence Butler-Blaxell has a beneficial interest. These issues were in partial settlement of the acquisition of the Arthur River tenements.
2. The options issued to M McQuade are Hazelwood Resources Ltd options that were issued to replace the BigHill Resources Limited options that were issued last year and have since been cancelled.

2008

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Super-annuation	Other	Equity[1]	Options			
	$		$	$	$	$	$	$	$	%	%
M McAuliffe	236,938	-	-	48,000	16,200	-	-	-	301,138	-	-
I Richer	76,800	-	-	-	-	-	137,750	-	214,550	-	-
J Chegwidden	72,000	-	-	-	-	-	-	-	72,000	-	-
T Butler-Blaxell	165,000	-	-	-	14,850	-	137,750	-	317,600	-	-
C New	56,700	-	-	-	-	-	-	-	56,700	-	-
M McQuade	192,708	-	-	-	17,344	-	-	303,865	513,917	59.1	-
	800,146	-	-	48,000	48,394	-	275,500	303,865	1,475,905		

Note: 1. Equity relates to the issue of 950,000 ordinary shares to Siren Mining Limited, a company in which both Terence Butler-Blaxell & Ian Richer have a beneficial interest.

Key management equity holdings

Options

Options held by key management personnel at balance date are:

30 June 2009	Balance at beginning of period	Granted as remuneration	Exercised	Net change	Balance at end of period	Options vested at 30 June 2009
M McAuliffe	2,500,000	-	-	-	2,500,000	2,500,000
I Richer	1,000,000	-	-	-	1,000,000	1,000,000
J Chegwidden	1,000,000	-	-	-	1,000,000	1,000,000
T Butler-Blaxell	2,500,000	-	-	-	2,500,000	2,500,000
M McQuade	3,000,000	(3,000,000)	-	(3,000,000)	-	-
M McQuade	-	2,000,000		2,000,000	2,000,000	2,000,000

30 June 2008	Balance at beginning of period	Granted as remuneration	Exercised	Net change	Balance at end of period	Options vested at 30 June 2008
M McAuliffe	2,500,000	-	-	-	2,500,000	2,500,000
I Richer	1,000,000	-	-	-	1,000,000	1,000,000
J Chegwidden	1,000,000	-	-	-	1,000,000	1,000,000
T Butler-Blaxell	2,500,000	-	-	-	2,500,000	2,500,000
M McQuade	-	3,000,000	-	-	3,000,000	3,000,000

All share options issued to key management personnel were issued under the terms of their respective agreements. The BigHill Resources Limited options that were issued last year to M McQuade have been cancelled and replaced with Hazelwood Resources Ltd options.

Further details of the options issued in the current financial year are:

Options series	Number	Grant date	Expiry date	Exercise price$	Fair value at grant date $
30/06/2012 - $0.25	1,000,000	8/08/2008	30/06/2012	0.25	0.0245
30/06/2012 - $0.30	1,000,000	8/08/2008	30/06/2012	0.30	0.0219

These options vested on date of issue and were priced using a Black and Scholes’ option pricing model and applying the following inputs:

Inputs into the model	30/06/2012 25 Cents	30/06/2012 30 Cents
Grant date share price	$0.07	$0.07
Exercise price	$0.25	$0.30
Expected volatility	85.00%	85.00%
Option life years	3.68	3.68
Dividend yield	0.00%	0.00%
Risk-free interest rate	4.40%	4.40%

Shareholdings
Shares held by key management personnel at balance date are:

	Balance 30 June 2008	Received as Remuneration	Options Exercised	Net Change Other[1]	Balance 30 June 2009
Directors					
Mr M McAuliffe	1,060,001	-	-	-	1,060,001
Mr T Butler-Blaxell	2,510,001	-	-	150,000	2,660,001
Mr I Richer	1,500,001	-	-	-	1,500,001
Mr J Chegwidden	1,105,001	-	-	225,000	1,330,001
Mr T Butler-Blaxell & Mr I Richer[2]	1,000,000	-	-	-	1,000,000
Senior Management					
Mr M McQuade	70,000	-	-	-	70,000

(1) Net change other refers to Shares that have been purchased or sold, or received as vendors during the financial year.
(2) Terence Butler-Blaxell & Ian Richer both have a beneficial interest in 1,000,000 ordinary shares held by Siren Mining Limited.

	Balance 30 June 2007	Received as Remuneration	Options Exercised	Net Change Other[1]	Balance 30 June 2008
Directors					
Mr M McAuliffe	1,035,001	-	-	25,000	1,060,001
Mr T Butler-Blaxell	2,510,001	-	-	-	2,510,001
Mr I Richer	1,500,001	-	-	-	1,500,001
Mr J Chegwidden	1,105,001	-	-	-	1,105,001
Mr T Butler-Blaxell & Mr I Richer[2]	50,000	-	-	950,000	1,000,000
Senior Management					
Mr M McQuade	70,000	-	-	-	70,000

(1) Net change other refers to Shares that have been purchased or sold, or received as vendors during the financial year.
(2) Terence Butler-Blaxell & Ian Richer both have a beneficial interest in 1,000,000 ordinary shares held by Siren Mining Limited.

Officers' Indemnities and Insurance

During the year the Company entered into an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

Neither the Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

No non audit services were provided by Bentleys during the period.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Signed in accordance with a resolution of the Directors

Mark McAuliffe
Executive Chairman
Perth, 24 September 2009

Corporate Governance

Hazelwood has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the 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 Eight Essential Corporate Governance Principles and Best Practice Recommendations ("**Recommendations**") as published by ASX Corporate Governance Council.

Further information about the Company's corporate governance practices is set out on the Company's website at www.hazelwood.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes charters (for the board and its sub-committees), codes of conduct and other policies and procedures relating to the board and its responsibilities.

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 given further consideration.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

Principle 1 Recommendation 1.2

During the Reporting Period there was no performance evaluation of the Board, its committees and individual directors.

The current Board has only been in place since 9 March 2006 and did not conduct a performance evaluation during the Reporting Period. It is proposed the Chairman will conduct a review in the 2010 financial year.

Principle 2 Recommendation 2.2

The Chairman does not satisfy the test of independence as set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations Independence ("**Independence Test**").

Whilst the Board recognises the importance of independence in decision making, it does not comply with best practice recommendation 2.2 as Mark McAuliffe, the current Chairman, does not satisfy paragraphs 2 and 3 of the Independence Test, that is he has an executive role in the Company and he is a principal of a material professional advisor. The Board believes that Mark McAuliffe is the most appropriate person for the position as Chairman because of his industry experience and pivotal role in preparing the Company for listing. The Board has appointed Ian Richer to act as a lead independent director, and the board believes this will enable the board to act independently in the event any conflict arises which would make it inappropriate for Mark McAuliffe to act in the capacity of Chairman.

Principle 2 Recommendation 2.3

The roles of Chairman and Managing Director are exercised by Mark McAuliffe, which is not in compliance with best practice recommendation 2.3.

While the Board recognises the importance of the need for the division of responsibilities between the Chairman and the Managing Director, it considers the existing structure provides unified leadership important to a newly incorporated company with early stage exploration projects. Mr McAuliffe's dual role makes him responsible (along with the whole board) for determining strategic direction of the Company as well as having primary responsibility for day to day management. At present this dual role assists the Company to run in a cost effective and efficient manner.

The Board intends to re-consider the duality of Mark McAuliffe's role and the merits of appointing a new Managing Director as the Company evolves and increases its operations.

Principle 2 Recommendation 2.4

There is no nomination committee.

The Board considers those matters and issues arising that would usually fall to a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Principle 8 Recommendation 8.1

There is no separate remuneration committee.

Due to the small size and structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. When considering matters of remuneration, the Board functions in accordance with the Remuneration Committee Charter which was adopted on 17 July 2006.

In addition, all matters of remuneration will continue to be determined in accordance with Corporations Act requirements, especially in respect of related party transactions. That is, no directors participate in any deliberations regarding his or her own remuneration or related issues.

Bentleys
Thinking ahead

**Bentleys Audit
& Corporate (WA) Pty Ltd**
ABN 33 121 222 802

Level 1
12 Kings Park Road
West Perth WA 6005

PO Box 44
West Perth WA 6872

T +61 8 9226 4500
F +61 8 9226 4300

www.bentleys.com.au

To The Board of Directors

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

This declaration is made in connection with our audit of the financial report of Hazelwood Resources Limited and Controlled Entities for the year ended 30 June 2009 and in accordance with the provisions of the Corporations Act 2001.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- no contraventions of the Code of Professional Conduct of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 24th day of September 2009

Bentleys
Thinking ahead

Bentleys Audit
& Corporate (WA) Pty Ltd
ABN 33 121 222 802

Level 1
12 Kings Park Road
West Perth WA 6005

PO Box 44
West Perth WA 6872

T +61 8 9226 4500
F +61 8 9226 4300

www.bentleys.com.au

Independent Auditor's Report

To the Members of Hazelwood Resources Limited

We have audited the accompanying financial report of Hazelwood Resources Limited (the company) and Hazelwood Resources Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, 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 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of Hazelwood Resources Limited and Hazelwood Resources Limited and Controlled Entities (the consolidated entity), is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included within the report of the directors for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of Hazelwood Resources Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS
Director

DATED at PERTH this 24th day of September 2009

Income Statement for Year Ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Revenue	2	156,376	217,070	300,092	209,277
Administration expenses		(227,190)	(323,623)	(216,507)	(245,151)
Consulting expenses		(734,769)	(231,695)	(724,719)	(212,465)
Director fees and salaries		(252,000)	(252,000)	(252,000)	(252,000)
Financing costs		(6,166)	(6,236)	(6,166)	(6,236)
Legal and professional expenses		(40,727)	(179,267)	(40,727)	(95,896)
Depreciation		(120,458)	(97,087)	(120,458)	(97,087)
Marketing expenses		(84,732)	(89,651)	(84,732)	(72,276)
Occupancy expenses		(100,445)	(93,780)	(76,445)	(81,780)
Employment expenses		(210,629)	(221,241)	(49,961)	(86,079)
Share based payments	25	(46,372)	(303,865)	(46,372)	-
Prospectus costs recouped /(written off)		28,465	(143,492)	-	-
Exploration written off		(334,764)	(619)	(334,764)	(619)
Loss before income tax		(1,973,411)	(1,725,486)	(1,652,759)	(940,312)
Income tax expense	3	-	-	-	-
Loss attributable to members of the parent entity		(1,973,411)	(1,725,486)	(1,652,759)	(940,312)
Earnings per share (cents per share)					
Basic loss per share	16	(2.15)	(2.44)		

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

Balance Sheet as at 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
ASSETS					
Current assets					
Cash and cash equivalents	4	1,693,118	1,121,666	1,671,679	1,091,004
Trade and other receivables	5	124,163	98,730	123,640	95,323
Total current assets		**1,817,281**	**1,220,396**	**1,795,319**	**1,186,327**
Non-current assets					
Other non-current assets	6	-	15,000	-	15,000
Property, plant and equipment	7	237,560	355,202	237,560	355,202
Financial assets	8	-	-	1,000,000	3,500,000
Trade and other receivables	5	-	-	3,603,168	1,095,945
Exploration and evaluation	9	10,328,255	7,661,499	6,509,207	3,536,833
Total non-current assets		**10,565,815**	**8,031,701**	**11,349,935**	**8,502,980**
TOTAL ASSETS		**12,383,096**	**9,252,097**	**13,145,254**	**9,689,307**
LIABILITIES					
Current liabilities					
Trade and other payables	10	492,122	350,546	450,614	304,742
Financial liabilities	12	27,137	27,137	27,137	27,137
Provisions	11	158,231	53,804	158,231	53,804
Total current liabilities		**677,490**	**431,487**	**635,982**	**385,683**
Non-current liabilities					
Financial liabilities	12	25,960	53,097	25,960	53,097
Total non-current liabilities		**25,960**	**53,097**	**25,960**	**53,097**
TOTAL LIABILITIES		**703,450**	**484,584**	**661,942**	**438,780**
Net assets		**11,679,646**	**8,767,513**	**12,483,312**	**9,250,527**
Equity					
Issued capital	13	15,378,135	11,305,188	15,378,135	11,305,188
Reserves	14	1,316,437	503,840	1,012,572	199,975
Accumulated losses		(5,014,926)	(3,041,515)	(3,907,395)	(2,254,636)
Total equity		**11,679,646**	**8,767,513**	**12,483,312**	**9,250,527**

The above balance sheet should be read in conjunction with the attached notes.

Statement of Changes in Equity for Year Ended 30 June 2009

Consolidated

	Attributable to equity holders of the entity			Total Equity
	Issued Capital	Reserves	Accumulated Losses	
	$	$	$	$
Balance at 1 July 2007	8,433,464	199,975	(1,316,029)	7,317,410
Issues of shares	2,874,264	-	-	2,874,264
Cost of share issues	(2,540)	-	-	(2,540)
Share based payments	-	303,865	-	303,865
Loss for the period	-	-	(1,725,486)	(1,725,486)
Balance at 30 June 2008	**11,305,188**	**503,840**	**(3,041,515)**	**8,767,513**
Balance at 1 July 2008	11,305,188	503,840	(3,041,515)	8,767,513
Issues of shares	4,801,480	-	-	4,801,480
Cost of share issues	(728,533)	-	-	(728,533)
Share based payments	-	812,597	-	812,597
Loss for the period	-	-	(1,973,411)	(1,973,411)
Balance at 30 June 2009	**15,378,135**	**1,316,437**	**(5,014,926)**	**11,679,646**

Company

	Attributable to equity holders of the entity			Total Equity
	Issued Capital	Reserves	Accumulated Losses	
	$	$	$	$
Balance at 1 July 2007	8,433,464	199,975	(1,314,324)	7,319,115
Issues of shares	2,874,264	-	-	2,874,264
Cost of share issues	(2,540)	-	-	(2,540)
Share based payments	-	-	-	-
Loss for the period	-	-	(940,312)	(940,312)
Balance at 30 June 2008	**11,305,188**	**199,975**	**(2,254,636)**	**9,250,527**
Balance at 1 July 2008	11,305,188	199,975	(2,254,636)	9,250,527
Issues of shares	4,801,480	-	-	4,801,480
Cost of share issues	(728,533)	-	-	(728,533)
Share based payments	-	812,597	-	812,597
Loss for the period	-	-	(1,652,759)	(1,652,759)
Balance at 30 June 2009	**15,378,135**	**1,012,572**	**(3,907,395)**	**12,483,312**

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

Cash flow Statement for Year Ended 30 June 2009

	Notes	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash flows from operating activities					
Payments to suppliers and employees		(1,257,613)	(1,622,998)	(1,074,716)	(1,609,318)
Interest received		24,427	217,070	23,884	209,277
Payments for exploration expenses		(2,422,875)	(1,268,270)	(2,556,006)	(1,304,819)
Net cash used in operating activities	**20(c)**	**(3,656,061)**	**(2,674,198)**	**(3,606,838)**	**(2,704,860)**
Cash flows from investing activities					
Exploration and evaluation expenditure		(16,300)	(51,634)	(16,300)	(51,634)
Property, plant and equipment		(29,953)	(244,803)	(29,953)	(244,803)
Net cash used in investing activities		**(46,253)**	**(296,437)**	**(46,253)**	**(296,437)**
Cash flows from financing activities					
Loan to Subsidiary		-	-	(40,000)	-
Proceeds from issue of shares		4,273,766	-	4,273,766	-
Net cash from financing activities		**4,273,766**	**-**	**4,233,766**	**-**
Net increase in cash and cash equivalents		571,452	(2,970,635)	580,675	(3,001,297)
Cash and cash equivalents at beginning of period		1,121,666	4,092,301	1,091,004	4,092,301
Cash and cash equivalents at end of period	**20(a)**	**1,693,118**	**1,121,666**	**1,671,679**	**1,091,004**

The above cash flow statement should be read in conjunction with the attached notes.

1. Significant accounting policies

The financial report includes the consolidated financial statements and notes of Hazelwood Resources Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Hazelwood Resources Limited as an individual parent entity ('Parent Entity'). Hazelwood Resources Limited is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue by the directors on 11 September 2009.

Basis of preparation

This financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they may apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

This financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution or distribution to equity participants by the transacting entities.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1. Significant accounting policies continued

(c) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company in respect of services provided by employees up to the reporting date.

(d) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are the differences between the tax base of an asset or liability and their carrying amounts in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is possible that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

1. Significant accounting policies continued

(d) Income tax continued

Deferred tax continued

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

As at 30 June 2009, deferred tax assets were re-assessed and have not been recognised as it has not yet become probable that they will be recovered and utilised.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and its 100% owned controlled entities formed a tax consolidated group with effect from 1 October 2006. The head entity within the tax consolidated group is Hazelwood Resources Ltd with the only other member at 30 June 2009 being BigHill Resources Limited. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

(e) Joint venture arrangements

Jointly controlled assets and operations

Interests in jointly controlled assets and operations are reported in the financial statements by including the Consolidated Entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories

(f) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charges directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising from operating leases are recognised as an expense in the period in which they are incurred.

1. Significant accounting policies continued

(g) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Freehold land and buildings carried at fair value

On 11 March 2008, the Company acquired a house at Nullagine for a total cost of $27,911. The carrying value of this asset is at cost and will be tested for impairment on an annual basis as required by AASB 116.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually be directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

Depreciation is provided on plant and equipment and is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	4 years
Office furniture and equipment	5 years
Computer equipment	3 years
Motor vehicles	5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

1. Significant accounting policies continued

(i) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

(j) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying value.

(k) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details of how the fair value of equity-settled share-based transactions has been determined can be found in note 25.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(l) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Balance Sheet. The amount of GST payable to the taxation authority is included as part of the payables in the Balance Sheet.

Cash flows are included in the Cash Flows Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

1. Significant accounting policies continued

(m) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment loss. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment loss is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(n) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

(iii) Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (o)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

(iv) Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

(v) When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(o) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

1. Significant accounting policies continued

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgements – Deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(n).

Key Judgements Share based payment transactions

The Company 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 by an external valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 25.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(s) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

1. Significant accounting policies continued

(s) Financial instruments continued

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group’s intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

Notes to the Financial Statements for the Year Ended 30 June 2009

2. Revenue

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Interest received	25,171	217,070	287,805	209,277

3. Income Tax Expense

Major components of income tax expense for the years ended 30 June 2009 and 30 June 2008 are:

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
Income statement				**$**
Current income				
Current income tax charge	-	-	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	-	-	-	-
Income tax expense (benefit) reported in income statement	-	-	-	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2008 and 30 June 2007 is as follows:

Accounting profit (loss) before income tax	(1,973,411)	(1,725,487)	(1,652,759)	(940,312)
At the statutory income tax rate of 30% (2008: 30%)	(592,023)	(517,646)	(495,828)	(282,094)
Add:				
Non-deductible expenses	215,926	19,550	215,604	(57,508)
Temporary differences and tax losses not brought to account as a deferred tax asset	376,098	498,096	280,224	339,602
At effective income tax rate of 0% (2008: 0%)	-	-	-	-
Income tax expense reported in income statement	-	-	-	-

Tax consolidation

The company and its 100% owned controlled entities formed a tax consolidated group with effect from 1 October 2006. The head entity within the tax consolidated group is Hazelwood Resources Ltd with the only other member at 30 June 2009 being BigHill Resources Limited.

3. Income Tax Expense continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabiities are attributable to the following:

CONSOLIDATED	Assets		Liabilities		Net	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	$	$	$	$	$	$
Accrued Liabilities	(38,036)	(33,222)	-	-	(38,036)	(33,222)
Accrued Income	-	-	223	384	223	384
Capital Raising Costs	(230,810)	(81,623)	-	-	(230,810)	(81,623)
Employee Entitlements	(17,469)	(16,141)	-	-	(17,469)	(16,141)
Property Plant and Equipment	-	-	13,998	2,424	13,998	2,424
Exploration Expenditure	-	-	2,235,545	1,539,518	2,235,545	1,539,518
Loans	-	-	4,461	-	4,461	-
Tax Losses	(1,967,912)	(1,411,340)	-	-	(1,967,912)	(1,411,340)
Tax (assets) liabilities	(2,254,227)	(1,542,326)	2,254,227	1,542,326	-	-
Set off of tax	2,254,227	1,542,326	(2,254,227)	(1,542,326)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2007**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 08**
Accrued Liabilities	(6,600)	(26,622)	-	(33,222)
Accrued Income	-	384	-	384
Capital Raising Costs	(77,079)	(4,544)	-	(81,623)
Employee Entitlements	(6,292)	(9,848)	-	(16,141)
Property Plant and Equipment	-	2,424	-	2,424
Exploration Expenditure	906,544	632,974	-	1,539,518
Tax Losses	(816,573)	(594,767)	-	(1,411,340)
	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2008**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 09**
Accrued Liabilities	(33,222)	(4,814)	-	(38,036)
Accrued Income	384	(161)	-	223
Capital Raising Costs	(81,623)	(149,187)	-	(230,810)
Employee Entitlements	(16,141)	(1,328)	-	(17,469)
Property Plant and Equipment	2,424	11,574	-	13,998
Exploration Expenditure	1,539,518	696,027	-	2,235,545
Loans	-	4,461	-	4,461
Tax Losses	(1,411,340)	(556,572)	-	(1,967,912)
	-	-	-	-

Unrecognised deferred tax assets	**CONSOLIDATED**	
	30-Jun-09	**30-Jun-08**
Deferred tax assets have not been recognised in respect of the following items	**$**	**$**
Capital Raising Costs	-	201,233
Tax Losses	2,332,543	1,619,265
	2,332,543	1,820,498

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

3. Income Tax Expense continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabiities are attributable to the following:

PARENT	**Assets**		**Liabilities**		**Net**	
	30-Jun-09	**30-Jun-08**	**30-Jun-09**	**30-Jun-08**	**30-Jun-09**	**30-Jun-08**
	$	$	$	$	$	$
Accrued Liabilities	(35,636)	(30,522)	-	-	(35,636)	(30,522)
Accrued Income	-	-	223	384	223	384
Capital Raising Costs	(195,099)	(27,176)	-	-	(195,099)	(27,176)
Employee Entitlements	(17,469)	(16,141)		-	(17,469)	(16,141)
Property Plant and Equipment	-	-	13,998	2,424	13,998	2,424
Exploration Expenditure	-	-	1,087,262	1,059,190	1,087,262	1,059,190
Tax Losses	(853,279)	(988,159)	-	-	(853,279)	(988,159)
Tax (assets) liabilities	(1,101,483)	(1,061,998)	1,101,483	1,061,998	-	-
Set off of tax	1,101,483	1,061,998	(1,101,483)	(1,061,998)	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2007**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 08**
Accrued Liabilities	(6,600)	(23,922)	-	(30,522)
Accrued Income	-	384	-	384
Capital Raising Costs	(77,079)	49,903	-	(27,176)
Employee Entitlements	(6,293)	(9,848)	-	(16,141)
Property Plant and Equipment	-	2,424		2,424
Exploration Expenditure	423,446	635,744	-	1,059,190
Tax Losses	(333,474)	(654,685)	-	(988,159)
	-	-	-	-

Movement in temporary differences during the year	**Balance 1 July 2008**	**Recognised in Income**	**Recognised in Equity**	**Balance 30 June 09**
Accrued Liabilities	(30,522)	(5,114)	-	(35,636)
Accrued Income	384	(161)	-	223
Capital Raising Costs	(27,176)	(167,923)	-	(195,099)
Employee Entitlements	(16,141)	(1,328)	-	(17,469)
Property Plant and Equipment	2,424	11,574	-	13,998
Exploration Expenditure	1,059,190	28,072	-	1,087,262
Tax Losses	(988,159)	134,880	-	(853,279)
	-	-	-	-

Unrecognised deferred tax assets	**PARENT**	
	30-Jun-09	**30-Jun-08**
Deferred tax assets have not been recognised in respect of the following items	$	$
Capital Raising Costs	-	201,233
Tax Losses	3,447,176	2,042,446
	3,447,176	2,243,679

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

		Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
4.	**Cash and cash equivalents**				
	Cash at bank and on hand	1,693,118	1,121,666	1,671,679	1,091,004

The weighted average interest rate for the year was 3.0%.

5.	**Trade and other receivables**				
	Current				
	Trade debtors	38,057	60,085	38,057	60,085
	Other receivables	86,106	38,645	85,583	35,238
		124,163	98,730	123,640	95,323
	Non-current				
	Loan to BigHill Resources P/L	-	-	3,603,168	1,095,945
6.	**Other non-current assets**				
	Options over exploration tenements	-	15,000	-	15,000

7. Property plant and equipment

CONSOLIDATED AND COMPANY	Office Furniture & Equipment $	Computer Equipment $	Plant $	Vehicles	Buildings	TOTAL $
Gross Carrying Amount						
Balance at 1 July 2007	62,347	115,730	35,728	-	-	213,805
Additions	109,988	44,786	25,682	63,962	27,911	272,329
Balance at 30 June 2008	172,335	160,516	61,410	63,962	27,911	486,134
Additions	144	2,672	-	-	-	2,816
Balance at 30 June 2009	172,479	163,188	61,410	63,962	27,911	488,950
Accumulated Depreciation						
Balance at 1 July 2007	2,791	25,932	5,122	-	-	33,845
Depreciation expense	27,016	47,036	10,242	12,793	-	97,087
Balance at 30 June 2008	29,807	72,968	15,364	12,793	-	130,932
Depreciation expense	34,272	56,873	16,521	12,792	-	120,458
Balance at 30 June 2009	64,079	129,841	31,885	25,585	-	251,390
Net Book Value						
As at 30 June 2008	142,528	87,548	46,046	51,169	27,911	355,202
As at 30 June 2009	108,400	33,347	29,525	38,377	27,911	237,560

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
8. Financial assets				
Investment in BigHill Resources P/L	-	-	1,000,000	3,500,000

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
9. Exploration and evaluation				
Exploration and evaluation phase				
Expenditure capitalised	10,328,255	7,661,499	6,509,207	3,536,833

The value of the Consolidated Entity's interest in exploration expenditure is dependent upon the:

- continuance of the Consolidated Entity's right to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Consolidated Entity's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, of the quantum of such claims. It should be noted that the areas around BigHill and McLeods have already been the subject of an anthropological heritage review and were cleared for the current exploration programs.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
10. Trade and other payables				
Unsecured:				
Trade and other payables	492,122	350,546	450,614	304,742
11. Provisions				
Provision for annual leave	58,231	53,804	58,231	53,804
Provision for stamp duty payable	100,000	-	100,000	-
	158,231	53,804	158,231	53,804

The provision for annual leave represents annual leave entitlements as 30 June 2009.
The provision for stamp duty payable represents an estimate of stamp duty payable on an agreement between the Company and its wholly owned subsidiary BigHill Resources Limited

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
12. Financial liabilities				
Secured:				
Current lease liabilities	27,137	27,137	27,137	27,137
Secured:				
Long term lease liabilities	25,960	53,097	25,960	53,097
Total financial liabilities	53,097	80,234	53,097	80,234

The carrying amounts of assets that are financed under these leases are pledged as security for these leases are:

- Photocopiers $31,167
- Vehicle $38,377

Total $69,544

13. Issued capital

117,820,439 fully paid ordinary shares (2008: 72,017,238)	15,378,135	11,305,188	15,378,135	11,305,188

The company has issued capital amounting to 117,820,439 shares with no par value.

Fully paid ordinary shares	**Consolidated and Company**			
	2009		**2008**	
	No.	**$**	**No.**	**$**
Balance at beginning of financial year	72,017,238	11,305,188	61,798,918	8,433,464
Issued 3 July 2007	-	-	7,001,000	2,100,300
Issued 16 November 2007	-	-	950,000	275,500
Issued 5 December 2007	-	-	2,267,320	498,464
Issued 8 August 2008	7,500,000	1,125,000	-	-
Issued 12 August 2008	300,000	45,000	-	-
Issued 2 October 2008	659,333	98,900	-	-
Issued 19 November 2008	4,000,000	300,000	-	-
Issued 28 November 2008	6,666,667	500,000	-	-
Issued 16 December 2008	10,000,000	750,000	-	-
Issued 8 April 2009	415,200	31,140	-	-
Issued 28 May 2009	5,000,000	600,000	-	-
Issued 30 June 2009	11,262,001	1,351,440	-	
	117,820,439	16,106,668	72,017,238	11,307,728
Less cost of capital	-	(728,533)	-	(2,540)
Balance at end of financial year	**117,820,439**	**15,378,135**	72,017,238	11,305,188

On 8 August 2008, the Company issued 7,500,000 shares under a short-form prospectus.

On 12 August 2008, the Company issued 300,000 shares under a short-form prospectus.

On 2 October 2008, the Company issued 659,333 shares under a short-form prospectus.

On 19 November 2008, the Company issued 4,000,000 shares under a short-form prospectus.

On 28 November 2008, the Company issued 6,666,667 shares under a short-form prospectus.

On 16 December 2008, the Company issued 10,000,000 shares under a short-form prospectus.

On 8 April 2009, the Company issued 415,200 shares under a short-form prospectus.

On 28 May 2009, the Company issued 5,000,000 shares under a short-form prospectus.

On 30 June 2008, the Company issued 11,262,001 shares under a short-form prospectus. Of the shares issued 2,000,000 shares represented further consideration for the acquisition of Kiora Holdings Pty Ltd and 375,000 shares represented further consideration for the acquisition of the Arthur River tenements. Details of each of these agreements were disclosed in the Company's prospectus dated 28 July 2006.

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the company.

13. Issued capital continued

Options on Issue
The following reconciles the outstanding share options at the beginning and end of the financial year:

Consolidated	**2009**	**2008**
Description	**No.**	**No.**
Balance at the beginning of the financial year	10,750,000	7,750,000
Granted during the financial year	13,000,000	3,000,000
Cancelled during the financial year	(3,000,000)	-
Forfeited during the financial year	-	-
Exercised during the financial year	-	-
Expired during the financial year	-	-
Balance at the end of financial year	20,750,000	10,750,000
Exercisable at the end of the financial year	20,750,000	10,750,000

Company	**2009**	**2008**
Description	**No.**	**No.**
Balance at the beginning of the financial year	7,750,000	7,750,000
Granted during the financial year	13,000,000	-
Forfeited during the financial year	-	-
Exercised during the financial year	-	-
Expired during the financial year	-	-
Balance at the end of financial year	20,750,000	7,750,000
Exercisable at the end of the financial year	20,750,000	7,750,000

Each option entitles the holder to one fully paid ordinary share in the Company.

The terms of the options on issue are:

4,500,000 exercisable at $0.20 on or before 31 August 2009
1,000,000 exercisable at $0.25 on or before 31 August 2009
2,250,000 exercisable at $0.30 on or before 31 August 2009
1,000,000 exercisable at $0.15 on or before 30 June 2011
2,000,000 exercisable at $0.20 on or before 30 June 2011
1,000,000 exercisable at $0.25 on or before 30 June 2011
5,000,000 exercisable at $0.10 on or before 30 April 2012
2,000,000 exercisable at $0.20 on or before 30 April 2012
1,000,000 exercisable at $0.25 on or before 30 June 2012
1,000,000 exercisable at $0.30 on or before 30 June 2012

	Consolidated		**Company**	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
14. Reserves	1,316,437	503,840	1,012,572	199,975

Reserves comprise share based payment made to directors, consultants and key management personnel refer Note 25.

15. Capital management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company and the parent entity at 30 June 2008 and 30 June 2007 are as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash and cash equivalents	1,693,118	1,121,666	1,671,679	1,091,004
Trade and other receivables	124,163	98,730	123,640	95,323
Trade and other payables	(492,122)	(350,546)	(450,614)	(304,742)
Working capital position	1,325,159	869,850	1,344,705	881,585

16. Earnings per share

	2009 Cents per share	2008 Cents per share
Basic (loss) per share	(2.15)	(2.44)

Basic Earnings per Share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated	
	2009 $	2008 $
Loss used in the calculation of basic EPS as per income statement	(1,973,411)	(1,725,486)
	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	91,864,391	70,644,440

17. Commitments for expenditure

Exploration and evaluation	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Not longer than 1 year	334,000	369,500	334,000	369,500
Longer than 1 year and not longer than 5 years	409,750	851,000	409,750	851,000
Longer than 5 years	-	-	-	-
	743,750	1,220,500	743,750	1,220,500

18. Contingent liabilities

The Company has exercised the option to purchase tenements located at Arthur River. The final tranche of consideration payable upon exercise of this option comprises the allotment to the vendors of 375,000 fully paid ordinary shares in the Company. The value of these shares at 30 June 2009 was $37,500.

Under the terms of the agreement for the acquisition of BigHill Resources Limited (formerly Kiora Holdings Pty Ltd) 2,000,000 fully paid ordinary shares are to be allotted upon the Company completing a bankable feasibility study. The value of these shares at 30 June 2009 was $200,000.

19. Leases

Finance leases

Leasing arrangements

Finance leases relate to office equipment with a lease for a 5 year term which at the end of the term will be owned by the Company.

	Minimum future lease payments				Present value of minimum future lease payments			
	Consolidated		Company		Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Finance lease liabilities								
Not longer than 1 year	33,302	33,302	33,302	33,302	27,137	27,137	27,137	27,137
Longer than 1 year and not longer than 5 years	31,822	65,125	31,822	65,125	25,960	53,097	25,960	53,097
Longer than 5 years	-	-	-	-	-	-	-	-
Minimum future lease Payments	65,124	98,427	65,124	98,427	53,097	80,234	53,097	80,234
Less future finance charges	(12,027)	(18,193)	(12,027)	(18,193)	-	-	-	-
	53,097	80,234	53,097	80,234	53,097	80,234	53,097	80,234

Included in the financial statements as Note 13	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Current lease liabilities	27,137	27,137	27,137	27,137
Long-term lease liabilities	25,960	53,097	25,960	53,097
	53,097	80,234	53,097	80,234

Operating leases

Leasing arrangements

Operating leases relate to office premises with lease terms of 1.5 years, with an option to extend for a further 5 years. Rental is subject to an annual increment of 4%. And a rented house at Nullagine. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

19. Leases continued

	Consolidated		Company	
	2009	2008	2009	2008
Operating leases continued	$	$	$	$
Operating lease liabilities				
Not longer than 1 year	48,860	102,981	48,860	102,981
Longer than 1 year and not longer than 5 years	-	48,860	-	48,860
Longer than 5 years	-	-	-	-
	48,860	151,841	48,860	151,841

20. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	1,693,118	1,121,666	1,671,679	1,091,004

b) Non-cash financing and investing activities

During the current financial year 415,200 shares were issued as payment of metallurgical costs, 2,000,000 shares were issued for the acquisition of BigHill Resources Ltd (formerly Kiora Holdings Pty Ltd) and 375,000 shares were issued as part consideration for the acquisition of the Arthur River tenements.

c) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Loss for the period	(1,973,411)	(1,725,487)	(1,652,759)	(940,312)
Non-cash items				
Depreciation	120,458	97,087	120,458	97,087
Share based payments	359,624	303,865	359,624	-
Changes in net assets and liabilities, net of effects from acquisition of business:				
(Increase)/decrease in assets:				
Trade and other receivables	(25,433)	(115,258)	(27,573)	(594,088)
Increase in exploration	(2,219,316)	(1,267,651)	(2,497,450)	(1,304,200)
Increase/(decrease) in liabilities				
Trade and other payables	77,590	417	86,435	3,824
Provisions	4,427	32,829	4,427	32,829
	(3,656,061)	(2,674,198)	(3,606,838)	(2,704,860)

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
21. Auditor's Remuneration				
Amounts received or due and received by Bentleys (formerly trading as Rix Levy Fowler) for:				
An audit or review of the financial report of the Consolidated Entity	42,950	36,300	36,150	22,000

22. Subsequent Events

On 15 May 2009, the Company released a short form prospectus for the issue of 20,000,000 shares at $0.12 cents each to raise $2,400,000. On 30 June 2009 a partial allotment of 8,887,001 shares was made On the 14 August 2009 the Company allotted the remaining 11,112,999 shares (tranche 2). This completed the Tranche 1 and 2 capital raising.

On the 20 August 2009, the Company issued 7,000,000 Options to the Directors pursuant to a shareholders meeting held on the 20 August 2009. On the 31 August 2009, 7,680,000 Options expired (of these 7,000,000 Options where held by the Directors),

23. Segment Reporting

The Consolidated Entity operates in one business and geographical segment being mineral exploration and prospecting for minerals in Australia.

24. Financial Instruments

(a) Financial Risk Management

The Consolidated Entity's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for the Consolidated Entity's operations.

Derivatives are not currently used by the Consolidated Entity for hedging purposes. The Consolidated Entity does not speculate in the trading of derivative instruments.

(i) Treasury Risk Management

The board meets on a regular basis to analyse currency and interest rate exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

24. Financial Instruments continued

(ii) Financial Risks

The main risks the Consolidated Entity's is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

The Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Consolidated Entity's cash on deposit.

Sensitivity analysis

At 30 June 2009, if interest rates had changed by -/+ 75 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the Consolidated Entity and the Company would have been $12,698 lower/higher (2008 - $8,412 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

Liquidity risk

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Consolidated Entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(b) Fair Value Estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Consolidated Entity and the parent entity at the balance date are recorded amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

24. Financial Instruments continued

(c) Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated and Company

2009	Weighted average interest rate %	Variable interest rate $	Non-interest bearing $	Total $
Financial Assets				
Cash and cash equivalents	3.0	1,693,118	-	1,693,118
Trade and other receivables		-	124,163	124,163
		1,693,118	124,163	1,817,281
Financial Liabilities				
Trade and other payables		-	492,122	492,122
Finance leases	10.0	53,097	-	53,097
		53,097	492,122	545,219

Consolidated and Company

2008	Weighted average interest rate %	Variable interest rate $	Non-interest bearing $	Total $
Financial Assets				
Cash and cash equivalents	6.6	1,121,666	-	1,121,666
Trade and other receivables		-	98,730	98,730
		1,121,666	98,730	1,220,396
Financial Liabilities				
Trade and other payables		-	350,546	350,546
Finance leases	10.0	80,234	-	80,234
		80,234	350,546	430,780

All financial assets and trade and other payables are expected to be settled within 12 months. Finance leases are expected to be settled within 24 months. The carrying amount of all financial assets and financial liabilities approximate their fair values.

25. Share-based payments

On 24 October 2008 the BigHill Resources Limited options that were issued to M McQuade last year were cancelled and replaced with the following Hazelwood Resources Ltd options. Each share option is exercisable into 1 fully paid ordinary share in the BigHill Resources Limited upon payment of the exercise price on or before the expiry date of the share option. The options hold no voting or dividend rights, and are not transferable. At balance date no share options had been exercised.

The details of the Hazelwood Resources Ltd options are:

Options series	Number	Grant date	Expiry date	Exercise price$	Fair value at grant date $
30/06/2012 - $0.25	1,000,000	8/08/2008	30/06/2012	0.25	0.0245
30/06/2012 - $0.30	1,000,000	8/08/2008	30/06/2012	0.30	0.0219

These options vested on date of issue and were priced using a Black and Scholes' option pricing model and applying the following inputs:

Inputs into the model	30/06/2012 25 Cents	30/06/2012 30 Cents
Grant date share price	$0.07	$0.07
Exercise price	$0.25	$0.30
Expected volatility	85.00%	85.00%
Option life years	3.68	3.68
Dividend yield	0.00%	0.00%
Risk-free interest rate	4.40%	4.40%

Share based payments are shown in the Statement of Changes in Equity under the Reserves heading and as a separate expense line in the Income Statement.

26. Controlled Entities

Hazelwood Resources Limited controls 100% of the ordinary shares of BigHill Resources Limited .

Name of Subsidiary	Country of Incorporation	Percentage Owned (%) 2009	2008
BigHill Resources Limited	Australia	100%	100%

27. Related party transactions

Loan to subsidiary

At the date of this report the loan to the subsidiary company had a balance of $3,603,168. Interest is calculated on this loan at commercial rates. As the tungsten asset is held by the subsidiary company it is intended that this loan be repaid upon the development of this asset in the future.

27. Related party transactions

Contracts for services

Consultancy agreements on commercial terms are entered into for non-executive directors and other non-salaried key personnel via companies in which each key management person has a controlling interest. The companies that each non-executive director or key management person has a controlling interest are:

Company	Interest held by	Amount $	Description of payment
McAuliffe Legal	Mr M McAuliffe	26,279	Legal services
McAuliffe Administration Trust	Mr M McAuliffe	46,200	Equipment rental
Ausnom Pty Ltd	Mr J Chegwidden	85,800	Consulting fees and directors fees
Anycall Pty Ltd	Mr I Richer	72,732	Consulting fees and directors fees

28. Key management personnel compensation

(a) Names and positions of key management personnel

The names and positions of the consolidated and parent entity key management personnel in the financial office at any time during the financial year are:

Key Management Person	Position
Mr M McAuliffe	Executive Chairman
Mr T Butler-Blaxell	Executive Director
Mr J Chegwidden	Non-executive Director
Mr I Richer	Non-executive Director
Ms C New	Company Secretary
Mr M McQuade	Project Manager

Directors and key management personnel are remunerated under the terms of executive services agreements or consultancy agreements.

2009

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Superannuation	Other	Equity[1]	Options[2]			
	$		$	$	$	$	$	$	$	%	%
M McAuliffe	180,000	-	-	53,689	16,200	-	-	-	249,889	-	-
I Richer	72,732	-	-	-	-	-	-	-	72,732	-	-
J Chegwidden	85,800	-	-	-	-	-	27,000	-	112,800	-	-
T Butler-Blaxell	165,000	-	-	-	12,994	-	18,000	-	195,994	-	-
C New	60,335	-	-	-	-	-	-	-	60,335	-	-
M McQuade	175,917	-	-	-	10,432	-	-	46,372	232,721	19.9	-
	739,784	-	-	53,689	39,626	-	45,000	46,372	924,471		

Note:

1. Equity relates to the issue of 225,000 ordinary shares to Ausnom Pty Ltd <J & K Chegs Shares Trust> a company in which John Chegwidden has a beneficial interest and 150,000 shares to T Butler-Blaxell <The Butler-Blaxell Family Trust>, a company in which Terence Butler-Blaxell has a beneficial interest. These issues were in partial settlement of the acquisition of the Arthur River tenements.
2. The options issued to M McQuade are Hazelwood Resources Ltd options that were issued to replace the BigHill Resources Limited options that were issued last year and have since been cancelled.

28. Key management personnel compensation continued

2008

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total	Total Remuneration Represented by Options	Performance Related
	Cash, salary & commissions	Cash profit share	Non-cash benefit	Other	Superannuation	Other	Equity[1]	Options			
	$		$	$	$	$	$	$	$	%	%
M McAuliffe	236,938	-	-	48,000	16,200	-	-	-	301,138	-	-
I Richer	76,800	-	-	-	-	-	137,750	-	214,550	-	-
J Chegwidden	72,000	-	-	-	-	-	-	-	72,000	-	-
T Butler-Blaxell	165,000	-	-	-	14,850	-	137,750	-	317,600	-	-
C New	56,700	-	-	-	-	-	-	-	56,700	-	-
M McQuade	192,708	-	-	-	17,344	-	-	303,865	513,917	59.1	-
	800,146	-	-	48,000	48,394	-	275,500	303,865	1,475,905		

Note: 1. Equity relates to the issue of 950,000 ordinary shares to Siren Mining Limited, a company in which both Terence Butler-Blaxell & Ian Richer have a beneficial interest.

(b) **Options Holdings -** The number of options held by key management personnel are:

30 June 2009	Balance at beginning of period	Granted as remuneration	Exercised	Net change	Balance at end of period	Options vested at 30 June 2009
M McAuliffe	2,500,000	-	-	-	2,500,000	2,500,000
I Richer	1,000,000	-	-	-	1,000,000	1,000,000
J Chegwidden	1,000,000	-	-	-	1,000,000	1,000,000
T Butler-Blaxell	2,500,000	-	-	-	2,500,000	2,500,000
M McQuade	3,000,000	(3,000,000)	-	(3,000,000)	-	-
M McQuade	-	2,000,000		2,000,000	2,000,000	2,000,000

The BigHill Resources Limited options that were issued last year to M McQuade have been cancelled and replaced with Hazelwood Resources Ltd options.

(c) **Shareholdings -** The Number of shares held by key management personnel are:

	Balance 30 June 2008	Received as Remuneration	Options Exercised	Net Change Other[1]	Balance 30 June 2009
Directors					
Mr M McAuliffe	1,060,001	-	-	-	1,060,001
Mr T Butler-Blaxell	2,510,001	-	-	150,000	2,660,001
Mr I Richer	1,500,001	-	-	-	1,500,001
Mr J Chegwidden	1,105,001	-	-	225,000	1,330,001
Mr T Butler-Blaxell & Mr I Richer[2]	1,000,000	-	-	-	1,000,000
Senior Management					
Mr M McQuade	70,000	-	-	-	70,000

(1) Net change other refers to Shares that have been purchased or sold, or received as vendors during the financial year.
(2) Terence Butler-Blaxell & Ian Richer both have a beneficial interest in 1,000,000 ordinary shares held by Siren Mining Limited.

29. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

•AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

— acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;

— contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;

— a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;

— there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);

— dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;

— impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and

— where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

29. New Accounting Standards for Application in Future Periods continued

AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

Directors' Declaration

The directors of the company declare that:

1) the financial statement and notes, as set out on pages 18 to 47, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;

2) the Chief Executive Officer and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors

Mark McAuliffe
Executive Chairman

Perth, Western Australia
24 September 2009

Additional Stock Exchange Information
As at 29 July 2009

The Company's ordinary shares are quoted by the Australian Stock Exchange Limited. The Home Exchange is Perth and the ASX code is HAZ. Options over ordinary shares in the Company are not quoted on the ASX.

Holders of classes of equity securities

Class	Number on issue	Exercise price	Expiry date	Number of holders
Shares				
Ordinary*	117,820,439	-	-	757
Options*				
HAZAU	4,500,000	$0.20	31/08/2009	11
HAZAW	1,000,000	$0.25	31/08/2009	2
HAZAY	2,250,000	$0.30	31/08/2009	5
HAZAI	1,000,000	$0.15	30/06/2011	1
HAZAI	2,000,000	$0.20	30/06/2011	2
HAZAI	1,000,000	$0.25	30/06/2011	1
HAZAK	1,000,000	$0.25	30/06/2012	1
HAZAM	1,000,000	$0.30	30/06/2012	1
HAZAQ	5,000,000	$0.10	30/04/2012	1
HAZAQ	2,000,000	$0.20	30/04/2012	1

Distribution of holders of equity securities

Ordinary shares

Range	Number of shares	Number of holders
1 - 1,000	1,935	24
1,001 – 5,000	307,938	95
5,001 – 10,000	1,414,779	155
10,001 – 100,000	15,149,228	355
100,001 and over	100,946,559	128
	117,820,439	757

Unmarketable parcels

The Company has 99 shareholdings which are less than a marketable parcel.

Additional Stock Exchange Information
As at 29 July 2009

Top 20 holders

No.	Shareholder	Number of shares	% of issued shares
1	Valentino Nominees Pty Ltd <Colby Family A/C>	16,466,234	13.98
2	Creekwood Nominees Pty Ltd	7,849,715	6.66
3	Apache Investments Pty Ltd	6,885,000	5.84
4	The Featherby Family trust	4,097,000	3.48
5	Giralia Resources Limited	4,000,000	3.39
6	Sino Italy Development Co Ltd	4,000,000	3.39
7	Jemaya Pty Ltd <JH Featherby Super Fund A/C>	3,750,000	3.18
8	Mr Anjia Hong	3,670,350	3.12
9	Mr Terence Hugh Butler-Blaxell	2,510,001	2.13
10	Winko Investments Pty Ltd	2,398,552	2.04
11	Creekwood Nominees Pty Ltd <The Challenger A/C>	2,000,000	1.70
12	Academic Growth Institute Fund Pty Ltd	1,597,743	1.36
13	Anycall Pty Ltd	1,500,000	1.27
14	Cygnet Capital Pty Ltd	1,320,000	1.12
15	Win All Industrial Limited	1,270,000	1.08
16	Crandell Pty Ltd <Berpaid Pty Ltd S/F No 2 A/C>	1,150,000	0.98
17	Ms Shu Mei Chang	1,142,500	0.97
18	Winko Investment Pty Ltd <Winko Super Fund A/C>	1,120,000	0.95
19	Alouarn Investments Pty Ltd	1,105,400	0.94
20	Mr Bruce Lawrence Hodges	1,075,000	0.91
		68,907,495	58.49

Voting rights
Voting rights of members are set out in Article 2.1 of the Company's Constitution.
Only holders of ordinary shares are entitled to vote, either in person or by proxy, attorney or corporate representative:

- on a show of hands, to one vote, and
- on a poll, to one vote for each share held.

Holders of options do not have a right to vote.

Substantial shareholders
The following substantial shareholdings have been notified to the Company.

Name of shareholder	No. of shares held
Valentino Nominees Pty Ltd <The Colby Family A/C>	16,466,234
Creekwood Nominees Pty Ltd	9,849,715
	26,315,949