



AUSMINERALS LIMITED

ACN 51 099 336 866

Annual Report

For the year ended 30 June 2009

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Corporate Directory

Directors:

Christopher Tony Valttila
Erwin Brian Bouverie
Wayne Steven Wilson
Guy Lindon Kempny (alternate for Mr Bouverie)

Company Secretary:

Trevor Norman Stone

NSX Code: AUE

Registered and Principal Office:

Curdies River Road
Timboon VIC 3268

Auditors

PKF
Chartered Accountants
Level 10,
1 Margaret Street
Sydney NSW 2000

Bankers

National Australia Bank Limited
Warnambool Agribusiness Centre
70 Kepler Street
Warnambool VIC 3280

Share Registry

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153

Solicitors

Baker McKenzie
Level 27,
28 Margaret Street
Sydney NSW 2000

Directors' Report

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Ausminerals Limited and the entities it controlled at the end of or during the year ended 30 June 2009.

DIRECTORS

The names of the Directors of the Group who held office during the year and up to the date of this report are:

Name: Erwin Brian Bouverie

Managing Director

Term of office: Appointed January 2, 2002

Qualifications & Experience

Mr Bouverie has 26 years' experience in developing projects from the grass roots stage through exploration, feasibility studies, metallurgical assessment, plant design and construction, production and marketing, including hands-on experience in minerals exploration, mining and production.

More recently in the last 10 years he has been involved in gold and base metals exploration and processing in the Leonora/Laverton region of Western Australia.

Mr Bouverie has ASX listed public Group experience as an Executive Director and held senior marketing and operational management positions with Minerals Corporation Limited, an ASX listed public Group, from its establishment in 1982 until his resignation at the end of 2001.

Other Current Directorships

Kurdeez Lime Pty Limited

Victorian Agricultural Lime Pty Limited

Uranium Resources Pty Limited

Australasian Gold Pty Limited

Former Directorships in last 3 years

N/A

Special Responsibilities

N/A

Name: Christopher Tony Valttila LLB

Non Executive Chairman

Term of office: Appointed July 7, 2007

Qualifications & Experience

Mr Valttila is a Director and owner of Baltic Pacific Pty Ltd, which trades in industrial minerals and develops industrial mineral projects mainly in the Asia Pacific and Europe regions. He is currently involved in industrial minerals projects in China and Europe.

In 2001 Mr Valttila was appointed as a Non Executive Director with Minerals Corporation Limited, a public Australian Minerals Group which at that time had interests in kaolin, feldspar, garnet and toll processing of various minerals. He resigned from the Group in 2002.

Directors' Report

Mr Valttila has over 20 years of experience in the exploration and mining industries. He is a past Chairman of Cellier Oy Finland, part of the French Cellier SA engineering group specializing in technology for minerals processing, and has over 30 years experience in industrial minerals and the pulp and paper industry in Asia Pacific and Northern Europe.

Mr Valttila holds a Bachelor of Jurisprudence from the University of NSW. He has post graduate qualifications in International Law from the University of Helsinki, Finland.

Other Current Directorships

Baltic Pacific Pty Limited

Windjammer Wood Pty Limited

Former Directorships in last 3 years

N/A

Special Responsibilities

N/A

Name: Wayne Stephen Wilson

Non-Executive Director

Term of office: July 7, 2007

Qualifications & Experience

Mr Wilson has been involved in the Mining Industry for more than 40 years, commencing in 1964 as a cadet mine manager. Positions held during this period include Mine Superintendent at Rhonda Collieries Pty Ltd from 1982 to 1985, and Mine Manager, Deputy General Manager and General Manager at Oakleigh Coal Mines in the 1990s.

Mr Wilson is a Director of Burnett Coal Pty Limited which holds 49% of the Monto Coal Project in partnership with Macarthur Coal Pty Limited. He is also Managing Director of Ausfel Pty Limited, which recently owned exploration licenses for gold and uranium in South Australia.

Other Current Directorships

Ausfel Pty Limited

Burnett Coal Pty Limited

Hedges Gas Pty Limited

Waypat Pty Limited

H & J Enterprise (Qld) Pty Limited

Former Directorships in last 3 years

N/A

Special Responsibilities

Mr Wilson is Chairman of the Audit Committee

Name: Guy Lindon Kempny

Non-Executive Director

Directors' Report

Term of office: July 7, 2008

Qualifications & Experience

Mr Kempny is an IT Technical Specialist with broad experience in project management and marketing for Australian and international clients. He has co-authored four IBM technical red books in Raleigh, North Carolina and managed demonstration showcase areas for all of IBM Australia's and IBM New Zealand's nationwide Forum events. Mr Kempny managed the IT infrastructure for the IBM Executive Briefing Centre for the 2000 Olympic Games and has managed IT facets for other major events such as the AusOpen and US Open Grand Slam Tennis events and the Nagano 1998 Winter Olympics.

Mr Kempny is an experienced investor in mining projects including gold in Western Australia and North Queensland and industrial minerals in NSW and Victoria.

Other Current Directorships

Nil

Former Directorships in last 3 years

N/A

Special Responsibilities

N/A

COMPANY SECRETARY

Name: Trevor Norman Stone FCPA

Term of office: July 6, 2007

PRINCIPAL ACTIVITIES

The principal activities of the Group and company during the financial year include mining and processing of Limestone and other minerals such as Gypsum and in the future Feldspar. Limestone is used in a variety of industries including animal feed, glass and fibreglass, adhesives, plastics and rubber compounding, industrial fillers, chemical processing, water treatment, and for the treatment of acid soils which is a continuing problem affecting Australia. Feldspar is widely used in applications such as glass manufacturing, fibreglass, fillers and extenders in applications such as paints.

OPERATING RESULTS

The operating loss attributable to the members of the Group and company was \$(741,661) and \$(618,677) (2008: a loss of \$(1,489,643) and \$(767,988).

REVIEW OF OPERATIONS

A review of the operations of the Group and company during the financial year and the results of those operations is set out in the Operations Report.

DIVIDENDS

No dividend is recommended or was paid in respect of the year ended 30 June 2009.

CHANGE IN STATE OF AFFAIRS

During the year, there was no significant change in the state of affairs of the Group and company other than that referred to in the financial statements or notes thereto.

Directors' Report

SUBSEQUENT EVENTS

During September 2009 the new Grinding Mill was commissioned and commercial production trials were completed. There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

SHARE OPTIONS

There are no un-issued ordinary shares of the Group under option at the date of this report.

MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings held during the financial period and the number of meetings attended by Directors in office during the period they were eligible to attend. During the year, a total of 4 Board meetings were held.

	Directors' meetings	
Director	Held	Attended
E B Bouverie	4	4
CT Valttila	4	4
W S Wilson	4	4

	Audit Committee meetings	
Director	Held	Attended
W S Wilson	1	1

REMUNERATION REPORT – DIRECTORS' AND EXECUTIVES' REMUNERATION

Remuneration of Directors is approved by the Board and is set in aggregate within the maximum amount approved by the shareholders from time to time.

The remuneration and terms and conditions of employment for the Managing Director and other senior executives are reviewed annually having regard to performance and relative comparative information, and approved by the Board after seeking independent professional advice, as required.

No Director or executive of the Group has received or become entitled to receive a benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and executives shown in Note 23 to the financial statements or the fixed salary of a full time employee of the Group.

Remuneration received or due and receivable by the Directors and executives for the period ended 30 June 2009 was as follows:

2009	Salary & Fees	Super-annuation	Other	Total
Directors	\$	\$	\$	\$
Erwin Brian Bouverie	180,000	16,200	12,500	208,700
Christopher Tony Valttila	-	-	-	-
Wayne Stephen Wilson	-	-	-	-
Guy Lindon Kempny	-	-	-	-
	180,000	16,200	12,500	208,700
Executives				
Trevor Norman Stone	13,600	-	-	13,600
	193,600	16,200	12,500	222,300

Remuneration received or due and receivable by the Directors and executives for the period ended 30 June 2008

Directors' Report

was as follows:

2008	Salary & Fees	Super-annuation	Other	Total
	\$	\$	\$	\$
Directors				
Erwin Brian Bouverie	180,000	16,200	12,500	208,700
Christopher Tony Valttila	-	-	-	-
Wayne Stephen Wilson	-	-	-	-
Guy Lindon Kempny	12,663	-	-	12,663
	<u>192,663</u>	<u>16,200</u>	<u>12,500</u>	<u>221,363</u>
Trevor Norman Stone	10,200	-	-	10,200
	<u>202,863</u>	<u>16,200</u>	<u>12,500</u>	<u>231,563</u>

(a) Contracts for services

Mr Bouverie's employment contract with the Group was renewed on September 1 2007, after which time he has continued as the Group Managing Director and CEO. He took on the responsibility of Chief Executive Officer of the Group effective 2002 (in addition to his position of Managing Director of Ausminerals Limited). Mr Bouverie has an executive service agreement with Ausminerals Limited for a 5 year period from the renewal date. His base salary is \$180,000. The Non Executive Directors have waived Directors fees for past services. Subject to further discussions shares will be issued in lieu of Non Executive Directors fees for future services.

(b) Option holding of Key Management Personnel (Consolidated)

There are no option agreements with any of the Directors and Executives of the Group.

(c) Shareholding of Key Management Personnel (Consolidated)

30 June 2009	Balance at beginning of year	Granted as remuneration	Net change other	Balance at end of year
Directors				
Erwin Brian Bouverie	25,387,200	-	-	25,387,200
Christopher Tony Valttila	62,500	-	-	62,500
Wayne Stephen Wilson	5,000,000	-	-	5,000,000
Guy Lindon Kempny	1,019,375	-	-	1,019,375
Secretary				
Trevor Norman Stone	62,500	-	-	62,500
	<u>31,531,575</u>	<u>-</u>	<u>-</u>	<u>31,531,575</u>

30 June 2008	Balance at beginning of year	Granted as remuneration	Net change other	Balance at end of year
Directors				
Erwin Brian Bouverie	25,387,200	-	-	25,387,200
Christopher Tony Valttila	-	-	62,500	62,500
Wayne Stephen Wilson	5,000,000	-	-	5,000,000
Guy Lindon Kempny	1,019,375	-	-	1,019,375
Secretary				
Trevor Norman Stone	-	-	62,500	62,500
	<u>31,406,575</u>	<u>-</u>	<u>125,000</u>	<u>31,531,575</u>

Insurance of Officers

During the period, the Group paid a premium in respect of a contract insuring the Directors and officers of the Group and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the

Directors' Report

extent permitted by the *Corporations Act 2001*. No claims under the indemnity insurance policy have been made against the Group during or since the end of the financial year.

Proceedings on behalf of the company

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*.

ENVIRONMENTAL REGULATIONS

The Group participates in ventures which hold exploration and development licences. These licences specify the environmental regulations applicable to the exploration, construction and operations of Ausminerals Limited. As the Group is in the exploration stage of its operations, there have been no known breaches of the environmental obligations of the Group's contracts or licences at this time.

The Group is not subject to the reporting requirements of the Energy Efficiencies Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act as it does not meet the necessary thresholds.

FUTURE DEVELOPMENTS

Other than the matters included in the Operations or financial report, disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

NON AUDIT SERVICES

No fees were paid to the auditors for non audit services. Details of all fees paid to the auditors are detailed in Note 21.

AUDITORS'

PKF continue in office in accordance with section 327 of the *Corporations Act 2001*.

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

For and on behalf of the Directors



Erwin B Bouverie

Managing Director

30 September, 2009

Directors' Report

Operations Report

Ausminerals Limited has ended the financial year on a high note following completion of a number of the projects which were planned for the year, and a 28.5% increase in sales over the previous year. Of significance is the sales results for the last 6 months of the year which were 38% above the corresponding period the previous year, this at a time when the global economic downturn had started to have a large impact everywhere else. I believe this shows that our strategies are sound and the company is set up for a good new year as production of higher value niche market products is ramped up on the new processing facilities and gold production becomes a reality.

The gold price remains above US\$900 per ounce and we are committed to taking advantage of this if we can raise the capital required in a timely fashion.

Kurdeez Lime Operations

The new Grinding Plant has been installed and the first toll milling order is being processed. This equipment will facilitate the production of higher value finer particle products for agricultural, horticultural and industrial applications as well as providing feed for the company's new Pelletizing Plant. Marketing of the products from this plant has only just begun and we are already getting positive feedback from potential customers which augurs well for the future.

During the last March to May period we started blending specialist biological products for the dairy farming sector in line with directions from animal nutritionists. This is a relatively new rapidly growing market segment brought on by very high fertilizer prices and low dairy products prices. The new products from the Grinding Plant are ideal for this application and should ensure further market share for us from this segment.

The Kurdeez operation in Victoria remains the mainstay of the Group in terms of cash flow and this year is expected to see the income from this source grow exponentially provided that sufficient capital is available to fund the growth. The company's feldspar deposit will also be brought into production as a result of having the grinding capability should the capital be available to do so.

Leonora Gold Operations

We are at the stage where we require capital to advance this project to production. As mentioned, the gold price has been above US\$900 for some time and is forecast to move even higher by some pundits. We intend to get this into production this year so that we can capitalize on the current attractive gold price and will keep you posted of progress.

We look forward to your continued support as we move towards being able to reward your patience.

Erwin Bouverie
Managing Director



Chartered Accountants
& Business Advisers

AUDITORS' INDEPENDENCE DECLARATION

To the Directors of Ausminerals Limited

As lead auditor for the audit of Ausminerals Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ausminerals and the entities it controlled during the year.

PKF

Bruce Gordon
Partner

Sydney, 30 September 2009

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Liability limited by a scheme approved under Professional Standards Legislation

Corporate Governance Statement

The main corporate governance policies are summarised below

Board Functions

The Board is elected by shareholders to represent all shareholders - its primary role being the protection and enhancement of long-term shareholder value.

In fulfilling this role, the Board accepts responsibility for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals and defining policies and monitoring the business of the Group, to ensure it is conducted appropriately and in the best interests of shareholders.

In respect of all decisions concerning the Group's affairs, it is the responsibility of each Director to conscientiously consider the interests of shareholders in light of the circumstances and to take into account the effects of such decisions on shareholders.

Management of the day to day business of the Group is conducted by or under the supervision of the Board and by such other officers and employees to whom the management function is properly delegated by the Board.

The Board has formalised the functions reserved to the Board and those delegated to management by the adoption of a formal Board Charter.

The Board Charter provides that the Board is responsible for all matters relating to the strategic direction, policies and practices of the Group and establishing goals for management and the operation of the Group. The specific functions and responsibilities of the Board include:

- overseeing the Group as a whole, including its control and accountability systems;
- appointing and removing the CEO, including approving the remuneration of the CEO and remuneration policy and succession plans for the CEO;
- ratifying the appointment and, where appropriate, the removal of the CFO and the Group Secretary;
- monitoring and providing input into the final approval of management's development and implementation of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- regularly reviewing its overall performance, as well as the performance of committees, senior management and individual Directors;
- approving and monitoring financial and other reporting; and
- formal determinations that are required by the Group's Constitution, by statute or by other external regulation.

Practices of the Board

The Board meets as often as required to attend to the affairs of the Group. The Directors are provided with comprehensive papers on matters to be considered by the Board to ensure all Directors are aware of, and have available, all necessary information to participate in an informed discussion on all agenda items.

Information regarding the Group's operations is formally presented to the Board at its Board meetings by way of reports from the Chief Executive Officer and Chief Operating Officer.

Structure of the Board

Membership

The names of the Directors of the Group in office at the date of this statement and their biographical details are set out in the Directors' Report. The Directors' Report also sets out the attendance of Directors at meetings of the Board during the reporting period.

The number of Directors is specified in the Group's Constitution as a minimum of 3 and up to a maximum of 10. At present, there are 4 Directors of the Group, 3 of who are non-executive Directors.

Corporate Governance Statement

The retirement and rotation of Directors is governed by the *Corporations Act 2001* and the Group's Constitution. Each year one third of the Directors retire and may offer themselves for re-election.

When a Board vacancy exists or where it is considered that a Director with particular skills or experience is required, the Board will make an appointment of a candidate with the appropriate range of skills, qualifications and experience. Any casual vacancy filled is subject to shareholder vote at the next annual general meeting of the Group.

Independence

There are three Directors of the Group who are independent of management and of any business or other relationship that could materially interfere with or could reasonably be perceived to interfere with the exercise of their unfettered and independent judgment.

The Board believes that its current structure is such that it is able to effectively review and challenge the performance of management and exercise independent judgment.

Independent decision making

To facilitate independent judgment in decision making, each Director has the right to seek independent professional advice at the Group's expense with the prior approval of the Chairperson.

Each Director also has the right of access to all relevant Group information and to the Group's executives.

Ethical and responsible decision-making

The corporate goal of the Group is to expand through acquisition, building a portfolio of high quality development opportunities with exploration upside, providing lasting growth in shareholder value while at the same time maintaining a reputation for honesty, integrity and fairness.

The Group has established Codes of Conduct which set out the standards of ethical behaviour required of Directors, officers and employees. Directors, officers and employees are personally responsible for applying the principles set out in the Codes to relationships with each other, with the Group and with all people with whom they deal in their work.

The Group's Codes of Conduct guide the Directors and the Group's key executives as to the practices necessary to maintain confidence in the Group's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. It is the responsibility of the Board to monitor the Group's performance under the Codes and for their regular review.

The Group's Codes of Conduct require that, in accordance with the *Corporations Act 2001* and the Group's Constitution, Directors keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. Any Director related transactions are detailed in the Group's financial report.

Copies of the Group's Codes of Conduct may be obtained by contacting the Group Secretary at the Group's office on 1800 660 120

Director Dealings in Group Securities

The Group has established policies regarding trading in the Group's securities which governs Directors and key officers. Directors and key officers may acquire securities in the Group but are prohibited from dealing in the Group's securities or exercising options whilst in possession of price sensitive information that is not generally available to the public.

Directors and key officers must obtain the approval of the Chairman of the Board before they sell or buy securities in the Group. In accordance with the NSX Listing Rules, Directors must advise the NSX of any transactions conducted by them in securities in the Group.

Directors must not at any time engage in short-term trading in securities of the Group.

For details of the securities held by Directors and officers please refer to the Directors' Report.

Related Party Transactions

A Director or an entity over which a Director has control or significant influence, who enters into a transaction with the Group must make full disclosure of all material elements of the transaction to the Chairman or, if the Director involved is the Chairman, to the Board.

Constitution

The Directors must adhere to, and the Board must conduct itself in accordance with, the Constitution of the Group.

Corporate Governance Statement

Certification by the Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer and Chief Financial Officer have provided the Board with written confirmation that the Group's financial report presents a true and fair view of the Group's financial position and performance and are in accordance with relevant accounting standards as required by Section 295A of the *Corporations Act 2001*.

Commitment to timely and balance disclosure

The Group has established a Continuous Disclosure Policy which imposes obligations and procedures on Directors, employees and consultants to ensure compliance with the disclosure requirements of the NSX Listing Rules and to ensure accountability at a senior management level for that compliance.

The Group's Continuous Disclosure Policy seeks to ensure that shareholders are informed of all major developments affecting the Group's state of affairs and the price of the Group's securities in a direct, open and timely manner.

The Rights of Shareholders / Shareholder Communications

The Board has established a Shareholder Communication Policy to promote effective communication with shareholders and encourage effective participation at general meetings.

The following information is communicated to shareholders in a manner which ensures that all investors have equal and timely access to material information concerning the Group:

- the full annual financial report (unless a shareholder has specifically requested not to receive the document), including relevant information about the operations of the Group during the year, changes in the state of affairs and details of future developments, in addition to the other disclosures required by the *Corporations Act 2001*;
- the quarterly and half-yearly reports of the Group containing summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the NSX, and sent to any shareholder who requests it; and
- reports of the Chairman as disclosed at the annual general meeting of shareholders.

In addition, proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders.

All documents that are released publicly are made available on the NSX internet web site at www.nsx.com.au and the Group web site at www.ausminerals.com.au.

The Board encourages full participation of shareholders at the annual general meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

The Group requests that its external auditor attend each annual general meeting and be available to answer shareholders questions about the conduct of the audit and the preparation and content of the auditor's report.

Internal Control Framework / Risk Management

The responsibilities of the Board detailed in the Board's Charter include responsibility for the oversight of the Group as a whole and reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance.

The Board examines the adequacy of the nature, extent and effectiveness of the internal control processes of the Group on an ongoing basis and has instigated a control framework.

The Board regularly monitors and reviews the inherent risks involved in mineral exploration, development and production Group and the specific risks and uncertainties faced by the Group. All proposals reviewed by the Board include a conscious consideration of the risks associated with the proposal.

Balance Sheets

As At 30 June 2009

		Consolidated		Company	
		2009	2008	2009	2008
	Note	\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	20	1,485	483	18,338	4,936
Trade and other receivables	7	414,271	147,586	34,046	5,761
Inventories	6	72,205	41,264	-	-
Other financial assets		-	-	-	-
Total Current Assets		487,961	189,333	52,384	10,697
Non-current Assets					
Property, plant and equipment	8	3,877,088	5,415,382	2,902	3,568
Intangible assets	9	46,528	87,240	-	-
Investments	11	-	-	2,127,415	2,516,971
Exploration and evaluation expenditure	10	1,115,927	1,115,927	-	-
Deferred tax assets	5	-	-	-	-
Total Non-current Assets		5,039,543	6,618,549	2,130,317	2,520,539
TOTAL ASSETS		5,527,504	6,807,882	2,182,701	2,531,236
LIABILITIES					
Current Liabilities					
Trade and other payables	13	645,387	312,260	107,661	161,601
Provisions	14	118,897	85,269	92,268	65,286
Interest bearing liabilities	12	203,826	428,779	-	-
Other financial liabilities	15	456,617	277,215	370,565	147,225
Total Current Liabilities		1,424,727	1,103,523	570,494	374,112
Non-current Liabilities					
Other financial liabilities	16	95,348	120,939	-	-
Borrowings	12	780,000	300,000	-	-
Deferred tax liabilities	5	-	-	-	-
Total Non-current Liabilities		875,348	420,939	-	-
TOTAL LIABILITIES		2,300,075	1,524,462	570,494	374,112
NET ASSETS		3,227,429	5,283,420	1,612,207	2,157,124
EQUITY					
Contributed equity	17	3,397,920	3,324,160	3,397,920	3,324,160
Accumulated losses	18	(5,829,735)	(5,088,074)	(1,785,713)	(1,167,036)
Reserves	18	5,659,244	7,047,334	-	-
TOTAL EQUITY		3,227,429	5,283,420	1,612,207	2,157,124

Income Statements

For The Year Ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	2	1,536,102	1,194,979	-	21,871
Cost of sales		1,413,414	1,176,070	-	28,260
Gross profit		122,688	18,909	-	(6,389)
Other income	3	-	-	147,017	192,021
Exploration and evaluation expenditure		25,785	122,674	19,852	109,355
Depreciation and amortisation expense	4(b)	487,171	556,996	666	627
Administration expense		296,574	411,924	407,206	500,848
Finance costs	4(a)	87,118	74,168	866	-
Provision for Impairment	11	-	-	369,403	-
Float Expenses		(32,299)	342,790	(32,299)	342,790
Profit/(loss) before taxation		(741,661)	(1,489,643)	(618,677)	(767,988)
Income tax benefit/(expense)	5	-	-	-	-
Profit/ (loss) after taxation		(741,661)	(1,489,643)	(618,677)	(767,988)
Earnings per Share					
Basic (cents per share) profit /(loss)	19	(1.7)	(3.5)	(1.4)	(1.8)
Diluted (cents per share) profit (loss)	19	(1.7)	(3.5)	(1.4)	(1.8)

Statements of Changes in Equity

For the year ended 30 June 2009

Consolidated	Ordinary Shares	Asset Revaluation Reserve	Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	2,916,260	7,047,334	-	(3,598,431)	6,365,163
Profit/(loss) for the year	-	-	-	(1,489,643)	(1,489,643)
Issue of share capital	407,900	-	-	-	407,900
Balance at 30 June 2008	3,324,160	7,047,334	-	(5,088,074)	5,283,420
Profit/(loss) for the year	-	-	-	(741,661)	(741,661)
Impairment Provision	-	(1,388,090)	-	-	(1,388,090)
Issue of share capital	73,760	-	-	-	73,760
Balance at 30 June 2009	3,397,920	5,659,244	-	(5,829,735)	3,227,429

Company	Ordinary Shares	Asset Revaluation Reserve	Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	2,916,260	-	-	(399,048)	2,517,212
Profit/(loss) for the year	-	-	-	(767,988)	(767,988)
Issue of share capital	407,900	-	-	-	407,900
Balance at 30 June 2008	3,324,160	-	-	(1,167,036)	2,157,124
Profit/(loss) for the year	-	-	-	(618,677)	(618,677)
Issue of share capital	73,760	-	-	-	73,760
Balance at 30 June 2009	3,397,920	-	-	(1,785,713)	1,612,207

Cash Flow Statements

For The Year Ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from mineral mining and production		1,269,417	1,196,083	-	21,870
Overheads and salaries		(332,346)	(714,989)	(171,342)	(611,064)
Payments to suppliers		(881,906)	(749,076)	(66,622)	50,252
Borrowing costs		(87,118)	(74,168)	(866)	-
Sundry expenses		(2,397)	-	-	-
Interest received		-	21,870	(5,367)	-
Net cash flows (used in) / provided by operating activities	20	(34,350)	(320,280)	(244,197)	(538,942)
Cash flows from investing activities					
Purchase of plant and equipment		(292,248)	(99,289)	-	(4,240)
Payments for exploration expenditure		-	(109,650)	-	-
Repayment of inter-company loan		-	-	188,499	170,035
Net cash flows provided by / (used in) investing activities		(292,248)	(208,939)	188,499	165,795
Cashflows from financing activities					
Bank Loan		480,000	-	-	-
Proceeds from issue of ordinary shares		63,760	407,900	63,760	407,900
Loan from Director		37,593	-	5,340	-
Float Expenses		-	(342,789)	-	(342,789)
Net cash flows (used in) / provided by financing activities		581,353	65,111	69,100	65,111
Cash and cash equivalents at beginning of the year		(428,296)	35,812	4,936	312,972
Net increase / (decrease) in cash and cash equivalents		254,755	(464,108)	13,402	(308,036)
Cash and cash equivalents at the year end	20	(173,541)	(428,296)	18,338	4,936

Notes to the Financial Statements

For The Year Ended 30 June 2009

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated

This financial report covers both the financial statements of Ausminerals Limited as an individual entity and the consolidated entity consisting of Ausminerals Limited and its subsidiaries for the year ended 30 June 2009 and was authorised for issue in accordance with a resolution of Directors on 30 September 2009.

Ausminerals Limited is a public Company, listed on the National Stock Exchange of Australia, incorporated and domiciled in Australia. Ausminerals Limited's operations comprise minerals production, exploration and investment in the resources industry.

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accruals basis, and is based on historical costs, modified where applicable by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

The financial report is presented in Australian dollars.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See note 1(u) for significant accounting judgements, estimates and assumptions.

(b) Statement of compliance

The principal accounting policies adopted by the Group are stated in order to assist in a general understanding of the financial report.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Compliance with AIFRS ensures that the financial report of Ausminerals Limited complies with International Financial Reporting Standards (IFRS)

(c) Basis of consolidation

The consolidated financial statements comprise the assets and liabilities of all subsidiaries of Ausminerals Limited as at 30 June 2009 and the results of all subsidiaries for the year then ended. Ausminerals Limited and its subsidiaries together are referred to in this financial report as the Group or Consolidated Entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Group, using consistent accounting policies.

In preparing the consolidated financial statements, all inter Group balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

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

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

A list of subsidiaries is contained in note 25 to the financial statements.

(d) Revenue recognition

(i) Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership have been transferred to the buyer. In most cases, this coincides with the transfer of legal title or the passing of possession to the buyer.

(ii) Interest revenue

Interest revenue is recognised using the effective interest method.

(e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(f) Trade and other payables

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

(g) Interest-bearing liabilities and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

(h) Contributed equity

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.

(i) Income tax

The income tax expense for the year is the consolidated tax payable on the current year's taxable income based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right to offset amounts exists, and the deferred items relate to income taxes levied by the same taxing authority on the same taxable entity.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term deposits convertible into cash within 2 working days.

(k) Property, Plant and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the asset revaluation reserve to accumulated losses..

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings	25-40 years
- Machinery	10-15 years
- Vehicles	3-5 years

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

- Furniture, fittings and equipment	3-8 years
- Leased plant and equipment	10-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer any amounts included in reserves in respect of those assets to accumulated losses.

(l) Intangibles

Exploration and Production Licences

Licences are recognised at cost of acquisition. Licences with a finite life are carried at cost less any accumulated amortisation and any impairment losses. Licences with an indefinite life are tested annually for impairment and carried at cost less accumulated impairment losses.

(m) Employee entitlements

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

Provisions made in respect of 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 Ausminerals Limited in respect of services provided by employees up to the reporting date.

Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Superannuation commitments

Each employee nominates their own superannuation fund into which the Group contributes. The Group contributes voluntarily to each employee's nominated plan based on a percentage of each member's salary. It is at the discretion of employees to seek their individual financial advice with regards to each employee's own personal superannuation fund.

(n) Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimate of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

Impairment losses are charged to the Income Statement except where they apply to the revaluation reserve. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

(o) Provision for Restoration

Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at reporting date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalised and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

(p) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 12) and receivables (note 16) in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

(q) Capitalisation of borrowing costs

Borrowing costs are recognised in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset that necessarily takes a substantial period to get ready for its

intended use or sale. In this case, borrowing costs are capitalised as part of the cost of such a qualifying asset. Other borrowing costs are expensed.

Borrowing costs are amortised over the life of the borrowing facility to which they relate.

(r) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When a reasonable assessment of the existence of economically recoverable reserves is possible, the accumulated costs for the relevant area of interest are reallocated into development expenditure.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

All capitalised exploration and evaluation expenditure is monitored for indicators of impairment for each area of interest and where impairment is indicated an assessment is performed.

(s) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to the members of the Group by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account any reduction in earnings per share that will arise from the exercise of options outstanding during the financial period.

(u) Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Impairment of non-financial assets

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include field performance, technology, economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

Impairment of financial assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit or loss.

(v) Events after the balance sheet date

Assets and liabilities are adjusted for events occurring after the balance date that provide evidence of conditions existing at the balance date. Important after balance date events which do not meet these criteria are disclosed in Note 30.

(w) Going Concern

The consolidated entity and company have recorded a loss of \$741,661 and \$618,677 respectively for the year ended 30 June 2009 and current liabilities of the consolidated entity and company exceed current assets by \$936,766 and \$518,110 respectively. These conditions indicate the existence of a significant uncertainty about the entity and company's ability to continue as a going concern, and therefore whether the consolidated entity may realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the Financial Report.

Management has forecast future cash flows incorporating:

- maintenance and growth in sales of existing products
- additional revenue streams from new products, namely higher grade lime products and Feldspar.

The lime products are to be produced using the new grinding and pelletizing plant and machinery, purchased, installed and developed during the year and which is scheduled to come on line in September 2009. It is intended that Feldspar will be extracted from the tenements which are held in South Australia and processed at the Timboon plant.

The on going viability of the consolidated entity and company and the recoverability of their non-current assets is dependent on the success in generating positive cash flows from the lime producing operations, new revenue streams, and the ability to develop and operate the exploration programmes. The Directors believe that the various projects will ultimately be successful and that the non-current assets are included in the Financial Report at their recoverable amount.

In order to fund the exploration programmes the consolidated entity is currently focussing on producing higher quality lime products and introducing new revenue streams to generate surplus funds which can be utilised in the various exploration programmes. In addition the consolidated entity is listed on the National Stock Exchange which may facilitate capital raisings in the future.

The Financial Report has been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the normal course of business. Should the consolidated entity and company be unable to continue as going concerns, they may be required to realise their assets, including exploration expenditure licenses and property, plant and equipment, and extinguish their liabilities, other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity and company be unable to continue as going concerns.

As disclosed in Note 25 c), there is a loan from the Managing Director to the Group of \$431,026. Repayment of this loan will not be sought until the Group has sufficient funds with which to repay this loan.

(x) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(y) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

(z) New Accounting Standards and Interpretations

The Group believes that the accounting standards that have been issued or amended but are not yet effective may have relevance to the Group in future reporting periods. The following standards have not been adopted in the annual reporting period ended 30 June 2009.

AASB No	Title	Issue Date	Effective Date
8	Operating Segments	Feb 2007	1 Jan 2009
101	Presentation of Financial Statements (Revised)	Sep 2007	1 Jan 2009
123	Borrowing Costs (Revised)	Jun 2007	1 Jan 2009
3	Business Combinations (Revised)	Mar 2008	1 Jul 2009
127	Consolidated and Separate Financial Statements (Amended)	Mar 2008	1 Jul 2009
2008 - 1	Amendments to Australian Accounting Standards: Share-Base Payments: Vesting Conditions and Cancellations	Mar 2008	1 Jan 2009
2008 - 2	Amendments to Australian Accounting Standards: Puttable Financial Instruments and Obligations arising on Liquidation	Mar 2008	1 Jul 2009
2008 - 5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jan 2009
2008 - 6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Jul 2008	1 Jul 2009
2008 - 7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Jul 2008	1 Jan 2009
2008 - 8	Amendments to Australian Accounting Standards – Eligible Hedged Items	Aug 2008	1 Jul 2009
2008 - 9	Amendments to AASB 1049 for Consistency with AASB 101	Sep 2008	1 Jan 2009
2008 - 11	Amendments to Australian Accounting Standard –Business Combinations Among Not-for-Profit Entities	Nov 2008	1 Jul 2009
2008 - 13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners	Dec 2008	1 Jul 2009
2009 – 4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	May 2009	1 Jul 2009
2009 – 5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 Jan 2010
2009 – 5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 Jan 2010

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)
For The Year Ended 30 June 2009

Australian Interpretations

Int No	Title	Issue Date	Effective Date
15	Agreements for the Construction of Real Estate	Aug 2008	1 Jan 2009
16	Hedges of a Net Investment in a Foreign Operation	Aug 2008	1 Oct 2008
17	Distributions of Non-cash Assets to Owners	Dec 2008	1 Jul 2009
18	Transfers of Assets from Customers	Mar 2009	Ending 1 Jul 2009

The Group will apply the above standards and interpretations from July 1, 2009. None are expected to significantly impact the financial report of the Group

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
2 REVENUE				
Revenue	1,535,631	1,165,555	-	21,871
Interest Income	471	29,424	-	-
Other Revenue	-	-	-	-
	-	-	-	-
	<u>1,536,102</u>	<u>1,194,979</u>	<u>-</u>	<u>21,871</u>
3 OTHER INCOME				
Interest on Inter Group Loans	-	-	147,017	192,021
Other Income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>147,017</u>	<u>192,021</u>
4 EXPENSES				
(a) Finance costs				
Interest expense	<u>87,118</u>	<u>74,168</u>	<u>866</u>	<u>-</u>
(b) Depreciation and amortisation expenses				
Depreciation of fixed assets	446,459	556,996	666	627
Amortisation of intangible assets	40,712	-	-	-
	-	-	-	-
	<u>487,171</u>	<u>556,996</u>	<u>666</u>	<u>627</u>
c) Lease payments				
Operating lease payments	<u>61,511</u>	<u>76,116</u>	<u>-</u>	<u>-</u>
d) Employee benefits expense				
Wages and salaries	270,034	290,663	247,357	247,219
Superannuation expense	16,200	10,125	16,200	-
Share-based payment expense	-	19,800	-	19,800
	<u>286,234</u>	<u>320,588</u>	<u>263,557</u>	<u>267,019</u>
5 INCOME TAX				
a) Income tax recognised in profit				
The components of income tax expense comprise:	<u>(741,661)</u>	<u>(1,489,643)</u>	<u>(618,677)</u>	<u>(767,988)</u>
Current tax expense at 30%	(222,498)	(446,893)	(185,603)	(230,396)
Tax effect of permanent differences	70,613	81,623	4,184	7,791
Deferred tax not brought to account	<u>(151,885)</u>	<u>(365,270)</u>	<u>(181,419)</u>	<u>(222,605)</u>

As at June 30 2009, the Group had estimated unrecouped operating income tax losses of \$4,971,992 (2008:\$4,366,950). The benefit of these losses of \$1,244,357 (2008:\$987,849) has not been brought to account as realisation is not probable.

The future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by the tax legislation continue to be applied with; and
- no changes in tax legislation adversely affect the Company is realising the benefit.
The company is of the opinion that with further investigation, tax losses from prior periods will be available to the Company

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
6 INVENTORIES				
Mineral products	72,205	41,264	-	-
Consumables	-	-	-	-
	<u>72,205</u>	<u>41,264</u>	<u>-</u>	<u>-</u>
7 TRADE AND OTHER RECEIVABLES				
Trade receivables	394,270	172,726	-	-
Provision for impairment of receivables	-	(25,140)	-	-
GST receivable	20,001	-	34,046	5,761
Other receivables	-	-	-	-
	<u>414,271</u>	<u>147,586</u>	<u>34,046</u>	<u>5,761</u>

The Group's trading terms are net 30-60 days from date of statement and generally all customers conform, otherwise further supplies are withheld until accounts are maintained in accordance with these terms of trade.

At 30 June 2009 \$49,203 (2008:\$33,465) > 60days and \$13,586 (2008: \$4,894)> 90 days of trade receivables were past due but not specifically provided for as it is believed these amounts will be recoverable in the ordinary course of business as there is no recent history of default in respect of these customers.

Due to the short term nature of these receivables their carrying amount is assured to approximate their fair value.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

8 Property, Plant and Equipment

	Consolidated				
	Computer Equipment \$	Land and Buildings \$	Heavy Equipment \$	Plant and Equipment \$	Total \$
June 30, 2009					
<i>Gross carrying amount</i>					
Opening balance	31,483	2,646,317	842,229	3,050,512	6,570,541
Additions	-	-	24,300	275,165	299,465
Disposals	-	-	(18,300)	-	(18,300)
Work in Progress	-	-	-	11,083	11,083
Impairment Provision	-	-	(284,847)	(1,103,243)	(1,388,090)
Closing balance	31,483	2,646,317	563,382	2,233,517	5,474,699
<i>Accumulated depreciation</i>					
Opening balance	5,821	212,975	235,556	700,807	1,155,159
Depreciation expense	1,518	75,513	80,934	288,558	446,523
Disposals	-	-	(4,071)	-	(4,071)
Closing balance	7,339	288,488	312,419	989,365	1,597,611
Net book value	24,144	2,357,829	250,963	1,244,152	3,877,088
June 30, 2008					
<i>Gross carrying amount</i>					
Opening balance	31,483	2,646,317	842,229	2,951,820	6,471,849
Additions	-	-	-	98,692	98,692
Closing balance	31,483	2,646,317	842,229	3,050,512	6,570,541
<i>Accumulated depreciation</i>					
Opening balance	3,647	107,840	119,217	367,459	598,163
Depreciation expense	2,174	105,135	116,339	333,348	556,996
Closing balance	5,821	212,975	235,556	700,807	1,155,159
Net book value	25,662	2,433,342	606,673	2,349,705	5,415,382

The carrying amounts of assets under finance leases is \$ 166,856.

In accordance with AASB 136, Management has considered whether there are any indicators of impairment in respect of the Property, Plant and Equipment held by the Group and have concluded that indicators are present. Management has therefore calculated the recoverable amount of each cash generating unit, and where the recoverable amount of the cash generating unit was found to be lower than the carrying value, the carrying value has been written down to its recoverable amount.

For the purposes of testing the Property, Plant and Equipment, located in Timboon, Victoria, for impairment, the lime extraction business is considered to be the relevant cash generating unit.

The recoverable amount of the cash generating unit has been based on the higher of its fair value less costs to sell and value in use. Fair value less costs to sell has been based on similar market transactions. Value in use has been calculated using a discounted cash flow forecast for 5 years, with a pre tax discount rate of 17.5% being used to determine the net present value of the future cashflows. Revenue is forecast using cashflows prepared by Management incorporating:

- maintenance and growth in sales of existing products,
- additional revenue streams from new products, namely higher grade lime products and Feldspar.

The lime products are to be produced using the new grinding and pelletizing plant and machinery, purchased, installed and

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

developed during the year and which is scheduled to come on line in September 2009. It is intended that Feldspar will be extracted from the tenements which are held in South Australia and processed at the Timboon plant.

As a result of the above, impairment losses, amounting to \$1,388,090 were recognised in the year ended 30 June 2009. Plant and equipment has been adjusted for the impairment loss and allocated against the revaluation reserve in the balance sheet. Should the actual sales figure be 5% less than those predicted there would be a further impairment loss of \$631,531.

Prior to the recognition of the impairment losses the fixed assets of the company were valued by an independent valuer - Andrew Nock Pty Limited at "Fair Value". The valuation was conducted in December 2006. The following table shows the value of each class of asset at original cost, before the revaluation.

	Consolidated				
	Computer Equipment	Land and Buildings	Heavy Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
As at 30 June 2009	3,523	920,914	289,928	1,163,454	2,377,819
As at 30 June 2008	4,328	951,189	321,651	1,043,685	2,320,853

8 Property, Plant and Equipment (continued)

	Company				
	Computer Equipment	Land and Buildings	Heavy Equipment	Plant and Equipment	Total
	\$	\$	\$	\$	\$
June 30, 2009					
<i>Gross carrying amount</i>					
Opening balance	4,240	-	-	-	4,240
Additions/WIP	-	-	-	-	-
Closing balance	4,240	-	-	-	4,240
<i>Accumulated depreciation</i>					
Opening balance	672	-	-	-	672
Depreciation expense	666	-	-	-	666
Closing balance	1,338	-	-	-	1,338
Net book value	2,902	-	-	-	2,902
June 30, 2008					
<i>Gross carrying amount</i>					
Opening balance	1,530	-	-	-	1,530
Additions	2710	-	-	-	2,710
Closing balance	4,240	-	-	-	4,240
<i>Accumulated depreciation</i>					
Opening balance	-	-	-	-	-
Depreciation expense	672	-	-	-	672
Closing balance	672	-	-	-	672
Net book value	3,568	-	-	-	3,568

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
9 INTANGIBLE ASSETS				
<i>Extractive Industry Licence</i>				
Opening balance	87,240	87,240	-	-
Accumulated Amortisation	(40,712)	-	-	-
Closing balance	46,528	87,240	-	-

This Extractive Licence relates to the Timboon Limestone deposit. The value of the licence is being amortised over the term of the licence.

10 EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount at beginning of financial year	1,115,927	1,006,277	-	-
Additions	-	109,650	-	-
	1,115,927	1,115,927	-	-

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest, and carried forward where the rights to tenure of the area of interest are current and when such costs are expected to be recouped through successful development of the area of interest or alternatively by its sale. In the case of the capitalised expenditure for the Mining Lease M37/220, the Agreement dated September 7, 2007 deals with the appointment of Australasian Gold Pty Limited (a wholly owned group subsidiary) to develop the lease in accordance with the terms and conditions of the agreement. This agreement has been renewed. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

In accordance with AASB 136 Management has considered whether there are any indicators of impairment in respect of the Exploration and Evaluation Expenditure. As the rights to tenure of the areas of interest are current and expenditure on further exploration and evaluation is planned management has concluded that there are presently no indicators of impairment.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
11 INVESTMENTS				
Investments in subsidiaries				
Kurdeez Lime Pty Limited	-	-	73,686	73,686
Victorian Agricultural Lime Pty Limited	-	-	326,314	326,314
Australasian Gold Pty Limited	-	-	21,800	-
Loans to subsidiaries at cost				
Australasian Gold Pty Limited	-	-	347,605	294,050
Kurdeez Lime Pty Limited	-	-	1,605,058	1,709,036
Uranium Resources Pty Limited	-	-	122,355	113,885
Less: Provision for Impairment	-	-	(369,403)	-
Total Investments	-	-	2,127,415	2,516,971

Details of investments in subsidiaries disclosed in Note 25(a). An impairment provision against inter-company investments of \$369,403 was provided for in the current year.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
12 INTEREST BEARING LIABILITIES AND BORROWINGS				
<i>Current</i>				
Bank Overdraft	175,026	428,779	-	-
Employee Loan	28,800	-	-	-
	<u>203,826</u>	<u>428,779</u>	<u>-</u>	<u>-</u>
<i>Non-Current</i>				
Bank Loan - secured by a fixed and floating charge over the assets of Kurdeez Pty Limited	<u>780,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>

Note: The bank loans expire in 2012 and 2013 and depending on the repayment date the fair value of the bank loans may be higher than the carrying amount due to the effect of time.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
13 TRADE AND OTHER PAYABLES				
<i>Current</i>				
Trade Creditors	616,128	273,445	107,661	129,601
Accruals	29,259	38,815	-	-
Other payables	-	-	-	32,000
	<u>645,387</u>	<u>312,260</u>	<u>107,661</u>	<u>161,601</u>

14 PROVISIONS

Current

Annual leave	111,720	80,172	92,268	65,286
PAYG tax	7,177	5,097	-	-
	<u>118,897</u>	<u>85,269</u>	<u>92,268</u>	<u>65,286</u>

15 OTHER FINANCIAL LIABILITIES

Current

Directors loan interest free and repayable at call	431,026	226,033	370,565	147,225
Lease liabilities less than 1 year	25,591	51,182	-	-
	<u>456,617</u>	<u>277,215</u>	<u>370,565</u>	<u>147,225</u>

16 OTHER FINANCIAL LIABILITIES

Non-Current

Lease liabilities 1 -5 years	<u>95,348</u>	<u>120,939</u>	<u>-</u>	<u>-</u>
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	2009	2008
	\$	\$

17 CONTRIBUTED EQUITY

a) Ordinary Shares

Opening balance	3,324,160	2,916,260
Shares issued	73,760	407,900
Closing balance	<u>3,397,920</u>	<u>3,324,160</u>

	Number	Number
b) Fully Paid Ordinary Shares		
Opening balance	44,561,492	41,777,742
Shares issued for cash	398,500	2,660,000
Shares issued for services/assets	62,500	123,750
Closing balance	<u>45,022,492</u>	<u>44,561,492</u>

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

Capital Management:

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can continue as a going concern. The Group's debt and capital includes share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting the capital structure in response to changes in the risk and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure that the gearing ratio remains between 5% and 20%. The gearing ratios for the year ended June 30, 2009 and June 30 2008 are as follows:

	2009	2008
Gearing ratio	1: 16.9	1:7.25

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$

18 Accumulated losses and Reserves

Movement in accumulated losses were:

Opening balance	(5,088,074)	(3,598,431)	(1,167,036)	(399,048)
Net loss	(741,661)	(1,489,643)	(618,677)	(767,988)
Closing balance	(5,829,735)	(5,088,074)	(1,785,713)	(1,167,036)

Movement in revaluation reserve was as follows:

Opening balance	7,047,334	7,047,334	-	-
Movement - Impairment Provision	(1,388,090)	-	-	-
Closing balance	5,659,244	7,047,334	-	-

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$

19 Earnings per share

a) Reconciliation of net earnings to net profit or loss

Net loss	(741,661)	(1,489,643)	(618,677)	(767,988)
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Earnings used in the calculation of basic and diluted EPS

(741,661)	(1,489,643)	(618,677)	(767,988)
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b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and

diluted earnings per share

44,933,843	43,135,398	44,933,843	43,135,398
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Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$

20 Cash flow Statement Reconciliation

(a) Reconciliation of net cash provided by (used in) operating activities to operating profit after income tax:

Operating Loss after income tax:	(741,661)	(1,489,643)	(618,677)	(767,988)
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Adjustments for non-cash and non-operating income and expenses

Depreciation	446,459	556,996	666	677
Float Expenses	(32,299)	342,790	(32,299)	342,790
Share based payments	-	-	10,000	-
Exploration expenditure	-	109,650	-	-
Inter-Group Interest expense	-	-	(146,546)	(192,021)
Amortisation of Extractive Licence	40,712	-	-	-
Decrease/(increase) in receivables	(266,685)	22,974	-	9,698
Decrease/(increase) in other receivables	-	-	-	-
Decrease/(increase) in inventory	(30,941)	5,641	-	-
Increase/(decrease) in taxation	7,177	3,826	-	-
Increase/(decrease) in trade payables	333,127	136,958	(53,940)	78,512
Increase/(Decrease) in Impairment provision	-	-	369,403	-
Increase/(decrease) in provisions	227,748	152,785	223,182	(148,010)
Decrease/(increase) in other	(17,987)	(162,257)	4,014	137,400
Net Cash used in operating activities	(34,350)	(320,280)	(244,197)	(538,942)

(b) Reconciliation of cash and cash equivalents

Cash at bank and in hand	1,485	483	18,338	4,936
Bank overdraft	(175,026)	(428,779)	-	-
Net Position	(173,541)	(428,296)	18,338	4,936

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value.

21 AUDITORS' REMUNERATION

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Amounts due and receivable by the auditors of the Group for:				
Audit or review of the financial report of the Group	44,500	16,525	44,500	-
Taxation services	-	31,945	-	31,945
Due diligence and other non-audit services	-	56,732	-	56,732
	44,500	105,202	44,500	88,677

22 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The principal activities of the Group are mining and exploration. In this regard the Group is exposed to commodity price risk, interest rate risk, credit risk, operational risk and liquidity risk.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial instruments and the overall risk management strategy of the Group are governed by the Board of Directors, based on information provided by key management personnel and are primarily focused on ensuring that the Group is able to finance its business plans.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, liabilities and equity instruments, are disclosed in Note 1.

(c) Interest rate risk management

The Group's and the Group's exposure to interest rate risk and the effective rates of interest of financial assets and financial liabilities, recognised at the reporting date is detailed below:

Consolidated	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount per Balance sheet	
	2009	2008	2009	2008	2009	2008	2009	2008
			\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and cash equivalents	3.0%	5.6%	1,485	483	-	-	1,485	483
Trade and other receivables			-	-	414,271	147,586	414,271	147,586
Total Financial Assets	7.2%	10.0%	-	-	-	-	-	-
			1,485	483	414,271	147,586	415,756	148,069
Financial Liabilities								
Trade Creditors			-	-	616,128	273,445	616,128	273,445
Employee Loan	7.2%	-	28,800	-	-	-	28,800	-
Directors Loan			-	-	431,026	226,033	431,026	226,033
Lease Liabilities	10.2%	10.2%	120,939	172,121	-	-	120,939	172,121
Bank Overdraft Facility	(i)	(i)	175,026	428,779	-	-	175,026	428,779
Bank Loan	(i)	(i)	780,000	300,000	-	-	780,000	300,000
Total Financial Liabilities			1,104,765	900,900	1,047,154	499,478	2,151,919	1,400,378
Net Exposure			(1,103,280)	(900,417)	(632,883)	(351,892)	(1,736,163)	(1,252,309)

(i) The weighted average effective interest rate on the borrowing facilities is 7.2% (9.9% 2008)

All amounts are current except for \$780,000 (2008: \$300,000) in relation to the bank loan which is due in 2 to 5 years, and the Lease Liabilities of \$95,348 and (2008 : \$120,939)

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

Company	Weighted Average Effective		Floating Interest Rate		Non-Interest Bearing		Total Carrying Amount per Balance sheet	
	Interest Rate		2009		2008		2009	
	2009	2008	2009	2008	2009	2008	2009	2008
			\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and cash equivalents	3.0%	5.6%	18,338	4,936	-	-	18,338	4,936
Trade and other receivables			-	-	34,046	5,761	34,046	5,761
Loans to subsidiaries	7.2%	10.0%	1,727,415	2,116,971	-	-	1,727,415	2,116,971
Total Financial Assets			1,745,753	2,121,907	34,046	5,761	1,779,799	2,127,668
Financial Liabilities								
Trade Creditors			-	-	107,661	129,601	107,661	129,601
Directors Loan			-	-	370,565	147,225	370,565	147,225
Bank Overdraft Facility			-	-	-	-	-	-
Bank Loan			-	-	-	-	-	-
Total Financial Liabilities			-	-	478,226	276,826	478,226	276,826
Net Exposure			1,745,753	2,121,907	(444,180)	(271,065)	1,301,573	1,850,842

Group and Parent entity sensitivity

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 June 2009, the effect on profit and equity as a result of a change of 1% in the interest rate, with all other variables remaining constant would be an increase/decrease in profit and equity of \$ 7,800 (Group) and \$ 20,750 (company).

(d) Credit risk management

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. To minimise credit risk the Group trades with recognised, creditworthy third parties.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is minimal.

(e) Liquidity risk management

The Group manages liquidity risk by adopting policies to maintain sufficient available funding to meet ongoing operational requirements, exploration and development commitments and ad-hoc projects that may arise. The need for available funds is monitored through the preparation and maintenance of future rolling cash flow forecasts.

Maturities of financial liabilities

The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

Group at 30 June 2009	Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$
Non Interest Bearing	1,047,154	-	-	-	-	1,047,154
Variable rate	203,826	-	-	780,000	-	983,826
Fixed rate	-	25,591	-	95,348	-	120,939
Total Non -Derivatives	1,250,980	25,591	-	875,348	-	2,151,919

Parent at 30 June 2009	Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$
Non Interest Bearing	478,226	-	-	-	-	478,226
Variable rate	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	0
Total Non -Derivatives	478,226	-	-	-	0	478,226

Group at 30 June 2008	Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$
Non Interest Bearing	499,478	-	-	-	-	499,478
Variable rate	428,779	-	-	300,000	-	728,779
Fixed rate	-	51,182	-	120,939	-	172,121
Total Non -Derivatives	928,257	51,182	-	420,939	-	1,400,378

Parent at 30 June 2008	Less than 6 months	6 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount (assets)/liabilities
	\$	\$	\$	\$	\$	\$
Non Interest Bearing	276,826	-	-	-	-	276,826
Variable rate	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	0
Total Non -Derivatives	276,826	-	-	-	0	276,826

(f) Net fair value

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities:

Cash and cash equivalents: The carrying amount approximates fair value because of the short term to maturity.

Trade receivables and payables: The carrying amount approximates fair value because of settlement terms.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

Terms, Conditions and Accounting Policies: The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date:

<i>Financial instruments</i>	<i>Accounting policies</i>	<i>Terms and conditions</i>
<i>Financial assets</i>		
Cash at bank	Stated at nominal value.	At call, interest rate subject to balance.
Receivables	Stated at nominal value.	Normally settled on 90 day terms.
Other financial assets	Stated at fair value.	
<i>Financial liabilities</i>		
Payables	Recognised for amounts to be paid for goods and services received, whether or not billed to the Group.	Trade liabilities are normally settled on 30 day terms.
Lease Liabilities	Recognised for the amounts to be paid as per documented lease agreements.	Charged to Group account by direct debit
Bank Loan	Recognised at amount to be repaid to the bank at maturity	Repayable 30/8/2012
Directors Loans	Recognised at amount borrowed	Interest free, repayable at call
<i>Equity instruments</i>		
Ordinary shares	Recognised at the fair value of the consideration received by the Group.	Terms and conditions of shares issued and options outstanding are set out in the Directors Report.

23 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

(i) The specified directors of Ausminerals Limited in office any time during the year were:

<u>Name</u>	<u>Role</u>
Erwin Brian Bouverie	Managing Director
Christopher Tony Valttila	Non Executive Chairman
Wayne Stephen Wilson	Non Executive Director
Guy Lindon Kempny	Alternate Director for Mr Bouverie.

(ii) Executives

<u>Name</u>	<u>Role</u>
Erwin Brian Bouverie	CEO
Trevor Norman Stone	Company Secretary

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

(b) Compensation of Key Management Personnel

Directors' and executives' remuneration for the year ended 30 June 2009:

2009	Salary & Fees \$	Bonus \$	Super- annuation \$	Other \$	Total \$
Directors					
Erwin Brian Bouverie	180,000	-	16,200	12,500	208,700
Christopher Tony Valtilla	-	-	-	-	-
Wayne Stephen Wilson	-	-	-	-	-
Guy Lindon Kempny	-	-	-	-	-
	180,000	-	16,200	12,500	208,700
Executives					
Trevor Norman Stone	13,600	-	-	-	13,600
	193,600	-	16,200	12,500	222,300

Directors' and executives' remuneration for the year ended 30 June 2008:

2008	Salary & Fees \$	Bonus \$	Super- annuation \$	Other \$	Total \$
Directors					
Erwin Brian Bouverie	180,000	-	16,200	12,500	208,700
Christopher Tony Valtilla	-	-	-	-	-
Wayne Stephen Wilson	-	-	-	-	-
Guy Lindon Kempny	12,663	-	-	-	12,663
	192,663	-	16,200	12,500	221,363
Executives					
Trevor Norman Stone	10,200	-	-	-	10,200
	202,863	-	16,200	12,500	231,563

(c) Contracts for services

Mr. Bouverie's employment contract with the Group was renewed on September 1, 2007, for a period of 5 years.

(d) Option holding of Key Management Personnel

There were no options available to any Director, employee, employee's spouse or relatives and or any shareholder during the periods under review.

(e) Shareholding of Key Management Personnel (Consolidated)

30 June 2009	Balance at beginning of year	Granted as remuneration	On exercise of options	Net Change other	Balance at end of year
Directors					
Erwin Brian Bouverie	25,387,200	-	-	-	25,387,200
Christopher Tony Valtilla	62,500	-	-	-	62,500
Wayne Stephen Wilson	5,000,000	-	-	-	5,000,000
Guy London Kempny	1,019,375	-	-	-	1,019,375
Secretary					
Trevor Norman Stone	62,500	-	-	-	62,500
	31,531,575	-	-	-	31,531,575

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

30 June 2008	Balance at beginning of year	Granted as remuneration	On exercise of options	Net Change other	Balance at end of year
Directors					
Erwin Brian Bouverie	25,387,200	-	-	-	25,387,200
Christopher Tony Valtilla	-	-	-	62,500	62,500
Wayne Stephen Wilson	5,000,000	-	-	-	5,000,000
Guy London Kempny	1,019,375	-	-	-	1,019,375
Secretary					
Trevor Norman Stone	-	-	-	62,500	62,500
	31,406,575	-	-	125,000	31,531,575

(f) Loans to Key Management Personnel

There are no loans to Key Management Personnel in the year ended 30 June 2009 (30 June 2008: \$Nil). Mr. Bouverie has extended an interest free loan to the Group and is repayable at call. The loan is disclosed at note 15.

24 SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year was as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Expense arising from equity-settled share-based payment transactions	-	-	-	-

(b) Employee Share Option Plan (ESOP)

There are no Share Option Plans available to any employee or Director in the years ended June 30 2009 and 2008.

25 RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Ausminerals Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Equity Interest (%)	
		2009	2008
Kurdeez Lime Pty Limited	Australia	100%	100%
Australasian Gold Pty Limited	Australia	100%	100%
Uranium Resources Pty Limited	Australia	100%	100%
Victorian Agricultural Lime Pty Limited	Australia	100%	100%

(b) Ultimate parent

Ausminerals Limited, an Australian registered entity which is listed on the National Stock Exchange of Australia (NSX), is the ultimate parent of the subsidiaries listed in 25(a).

Key Management Personnel

Details relating to key management personnel, including remuneration paid, are included in note 24.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

(c) Transactions with related parties

During the year there were inter Group charges made by Ausminerals Limited to its wholly owned subsidiaries for interest on inter-Group loans. As at June 30 2009 loans made by directors to the Group were \$431,026 by Mr Bouverie and \$28,800 by Mr Kempny. The interest rate charged was 7.2% on the loan from Mr Kempny, this loan is unsecured and repayable at call. Mr. Bouverie's loan is interest free, unsecured and repayable at call.

26 COMMITMENTS FOR EXPENDITURE

(a) Finance Lease Commitments

The Group has monthly lease payments for Plant and Equipment.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	51,182	51,182	-	-
1 - 5 years	69,757	120,939	-	-
> 5 years	-	-	-	-
	<u>120,939</u>	<u>172,121</u>	<u>-</u>	<u>-</u>

(b) Capital expenditure commitments

As at 30 June 2009, there are no specific capital expenditure contracts which the Group or Company is required to fulfil (30 June 2008: \$nil).

(c) Operating expenditure Commitments

The Ausminerals Group owns Exploration licences which require annual commitments for expenditure in order to retain the licences. The annual expenditure on these licences is:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	357,740	153,241	357,740	153,241
1 - 5 years	730,160	83,200	730,160	83,200
> 5 years	-	-	-	-
	<u>1,087,900</u>	<u>236,441</u>	<u>1,087,900</u>	<u>236,441</u>

27 DIVIDENDS PROPOSED

There are no dividends proposed for the year to June 30, 2009, (June 30 2008 Nil)

28 JOINT VENTURE AGREEMENTS

A joint venture agreement has been signed which will give Ausminerals Limited a 51% joint venture equity however as this joint venture has not commenced there is no liability to Ausminerals Limited until further conditions are met and at this stage the joint venture has not been accounted for.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

29 Segment Reporting

(a) Description of Segments

Business Segments

The consolidated entity is organised into the following divisions by product type.

Limestone and other minerals

Extraction and processing of limestone and blending of gypsum, feldspar and other base minerals for use in agricultural and industrial applications.

Gold exploration

Exploration of gold deposits and assessment for extraction.

Other

Administration and overhead costs of the parent company

Geographical segments

The consolidated entity's divisions are centrally managed and only operating within the Australian region.

Notes to the Financial Statements (Continued)

For The Year Ended 30 June 2009

2009	Limestone \$	Gold \$	Other \$	Consolidated \$
Total Revenues from Operating Activities	1,535,631	-	471	1,536,102
Segment Result	(429,626)	(54,276)	(257,759)	(741,661)
Income Tax expense	-	-	-	-
Depreciation and Amortisation	486,142	363	666	487,171
Loss attributable to members of the consolidated entity	(429,626)	(54,276)	(257,759)	(741,661)
Segment assets	4,808,419	618,002	101,083	5,527,504
Segment liabilities	1,733,784	29,843	536,448	2,300,075
Total net assets	3,074,635	588,159	(435,365)	3,227,429

2008	\$	\$	\$	\$
Total Revenues from Operating Activities	1,165,555	7,554	21,870	1,194,979
Segment Result	(478,706)	(47,229)	(963,708)	(1,489,643)
Income Tax expense	-	-	-	-
Depreciation and Amortisation	555,897	427	672	556,996
Loss attributable to members of the consolidated entity	(478,706)	(47,229)	(963,708)	(1,489,643)
Segment assets	6,081,011	618,365	108,506	6,807,882
Segment liabilities	1,110,896	50,000	363,566	1,524,462
Total net assets	4,970,115	568,365	(255,060)	5,283,420

30 SUBSEQUENT EVENTS

In the opinion of Directors there has not arisen any transaction or event that would materially effect the operations of the entity. The Group continues to explore all avenues of potential capital raising to develop the Gold tenements controlled by the Group. At the date of this report there has not been any confirmed capital raising or finance agreements entered into.

The Directors of Ausminerals Limited declare that:

- (a) in the directors' opinion, the financial statements and notes on pages 15 to 43, and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, set out on pages 4 to 9, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1;
- (c) the remuneration disclosures that are contained in the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*, the *Corporations Act 2001* and the *Corporations Regulations 2001*; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2009, required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors.

Dated 30 September 2009, Sydney



Erwin B Bouverie

Managing Director



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITORS' REPORT

To the members of Ausminerals Limited

Report on the Financial Report

We have audited the accompanying financial report of Ausminerals Limited, 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 for both Ausminerals Limited (the company) and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end and 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 controls 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(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditors' 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 judgement, 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.

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Independence

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

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the consolidated entity and company have recorded an operating loss of \$741,661 and \$618,677 respectively for the year ended 30 June 2009 and current liabilities of the consolidated entity and company exceed current assets by \$936,766 and \$518,110 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty about the entity and company's ability to continue as a going concern, and therefore whether the consolidated entity and company may realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the Financial Report.

Auditors' Opinion

In our opinion:

- (a) the financial report of Ausminerals Limited 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 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(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 8 of the directors' report 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.



Chartered Accountants
& Business Advisers

Auditors' Opinion

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

A stylized, handwritten signature in black ink that reads 'PKF'.

PKF

A handwritten signature in black ink that reads 'Bruce Gordon'.

Bruce Gordon
Partner

30 September 2009
Sydney

NSX Additional Information

Additional information required by the National Stock Exchange of Australia and not shown elsewhere in this report is as follows. The information is current as at 30 September 2009.

a) Distribution of equity securities

i) Ordinary share capital

45,022,492 fully paid ordinary shares are held by 59 individual shareholders.
All issued ordinary shares carry one vote per share and carry the rights to dividends.

ii) Options

There are no options issued.

The number of shareholders, by size of holding, in each class is:

Number of Ordinary Shares held	Number of shareholders
1 - 1000	-
1,001 - 5,000	-
5,001 - 10,000	-
10,001 - 50,000	19
50,001 - 100,000	13
100,001 and over	27
	<u>59</u>

b) Substantial shareholders

As at September 30, 2009 the name and holdings of substantial shareholders are as follows:

Name	Number	Fully paid % of total
Bouverie, Erwin Brian	25,387,200	72.1%
Wilson Investment Superannuation Trust	4,000,000	11.4%
The Carolan Superannuation Fund	3,316,667	9.4%
Mueller, Paul C	2,500,000	7.1%

c) Top 20 shareholders

As at September 30, 2009 the name and holdings of the top 20 shareholders are as follows:

Top 20 Shareholders as at August 31st, 2009		Fully Paid	
		Number	% of total
1 Bouverie, Erwin B		25,387,200	59.6%
2 Wilson Investment Superannuation Trust		4,000,000	9.4%
3 The Carolan Superannuation Fund (Craig Blake & James Carolan)		3,316,667	7.8%
4 Mueller, Paul C		2,500,000	5.9%
5 Chaplin, Trevor		1,093,750	2.6%
6 Kempny, Guy		1,019,375	2.4%
7 Ausfel Pty Ltd (Wayne Wilson)		1,000,000	2.3%
8 Yiu, Samson		680,000	1.6%
9 Solafiat Holdings Pty Limited		625,000	1.5%
10 Alabasha Investments Pty Ltd		500,000	1.2%
11 Dixon, Trevor John		468,750	1.1%
12 King, Geoffrey & Moira		350,000	0.8%
13 Ong, Yu-Phing		325,000	0.8%
14 Lee, Dr Astin K Y		312,500	0.7%
15 Castle Kitchens Pty Ltd		220,000	0.5%
16 Monteverde, Maria & Vince		184,500	0.4%
17 Paddle, Ken W & Joy L		160,000	0.4%
18 Snowshow Pty Ltd (Marcus Lovett & Mark Steven)		150,000	0.4%
19 Daxon, Philip		150,000	0.4%
20 Kelly, Joseph		140,000	0.3%
		<u>42,582,742</u>	