



ANNUAL REPORT

2009

MONO RESOURCES LIMITED

ACN 131 715 645

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Dear Shareholders

On behalf of the Board of Directors, I present the Mono Resources Limited inaugural Annual Report for the period ending 30th June 2009.

Mono Resources Limited ("Mono" or "the company") listed on the National Stock Exchange (NSX) in December 2008 after a successful initial public offering raising in excess of \$3.300M.

On the 29th April 2009 the company reached a significant milestone by acquiring 73.76% of the shares in Xtreme Resources Limited (Xtreme) an unlisted public company. Via its wholly owned subsidiary Garimperos Limited Xtreme controlled a substantial tin project and crushing mill in the Mt. Garnet area of North Queensland. After a lengthy evaluation process the company agreed to invest an amount of \$1.860M in the capital of Xtreme at a price of \$0.01247 per share. This resulted in an allotment to Mono Resources Limited of 149,142,777 fully paid pre-consolidation shares in the Company. On completion your Company became Xtreme's largest shareholder holding 73.76% of the shares or a total of 156,106,565 fully paid pre consolidation shares out of a total of 211,630,600 pre-consolidation shares. On the 14th August 2009 there was a consolidation of the Xtreme shares on the basis that every four (4) Shares on issue were consolidated into one (1) Share. As a result the company now holds an allotment of 39,026,641 shares in Xtreme.

The principal assets of Xtreme Resources Ltd comprise the tenements in the North Queensland Mt. Garnet district. ML 4349 which cover the Mt. Veteran Plant area as well as a hard rock tin mill & smelter and tailing disposal area. The area and project had been held on a care & maintenance basis and has existing power and water supply. MLA20547 covers an area which includes the historic Dalcouth, Extended, Tom Hood, Viking, Summer Hill, Mt. Veteran, May Day, Divine and other hard rock tin mines in the immediate proximity of the Xtreme's Mt. Veteran Plant together with EPM 16948 – which covers the area of Smiths Creek Tin mine. Although there are also extensive alluvial tin workings Xtreme intends to focus on hard rock tin at this time. The tenements include the Nymbool Gold Prospect, which was tested by drilling in 1980s. This acquisition has significantly strengthened our potential for long-term benefits from the exploitation of the tin mining operations. We look forward to Xtreme bringing the projects to realization and we continue to research other potential resource opportunities.

On behalf of the Board, I would like to thank you for your continuing support as shareholders and for the contribution by our management and employees towards the company's activities and the milestones already reached.



George Monemvasitis
Chairman
Dated: 29th September 2009

Principal activities

The consolidated entity's principal activities in the course of the financial year were identifying and negotiating with the holders of exploration and mining tenements in Australia and elsewhere to determine the potential viability of those projects and to provide seed capital and development capital to assist in determining the potential for further development and commercial exploitation.

Review of operations

The consolidated net profit for the financial year after providing for income tax and before minority interest was \$1,551,037.

Since the company's successful listing of its securities on the NSX the company acquired 73.76% of the issued shares in Xtreme Resources Limited (Xtreme), an unlisted public company with mineral interests in Queensland. The details of the Xtreme acquisition, its operations and future prospects are set out below. In addition, the company is conscious of preserving sufficient working capital to enable it to capitalise on future opportunities. The company continues to pursue its objective as set out in the prospectus to seek further investment opportunities in the resource sector.

XTREME RESOURCES LIMITED

Progress to Date

Exploration of Xtreme's Tenements is being undertaken by systematic research and networking relating to targets for which mineral rights have been secured:

Arrangement Resulting in Acquisition of a 73.76% Interest in Xtreme Resources Ltd.:

On the 29th April 2009 Mono Resources Limited invested an amount of \$1.860M in the capital of Xtreme Resources Ltd, at a price of \$0.01247 per share. This entailed the allotment to Mono Resources Limited of 149,142,777 fully paid pre-consolidation shares in the Company. Mono Resources Limited has since then taken a placement of the Company's shares for 6,963,788 pre-consolidation shares at \$0.01436 per share to raise \$100,000, making a total investment in Xtreme of \$1,960,000.00. As a result of these transactions Mono Resources Limited has become the Company's largest shareholder holding 73.76% of the shares or a total of 156,106,565 fully paid pre-consolidation shares out of a total of 211,630,600 pre-consolidation shares.

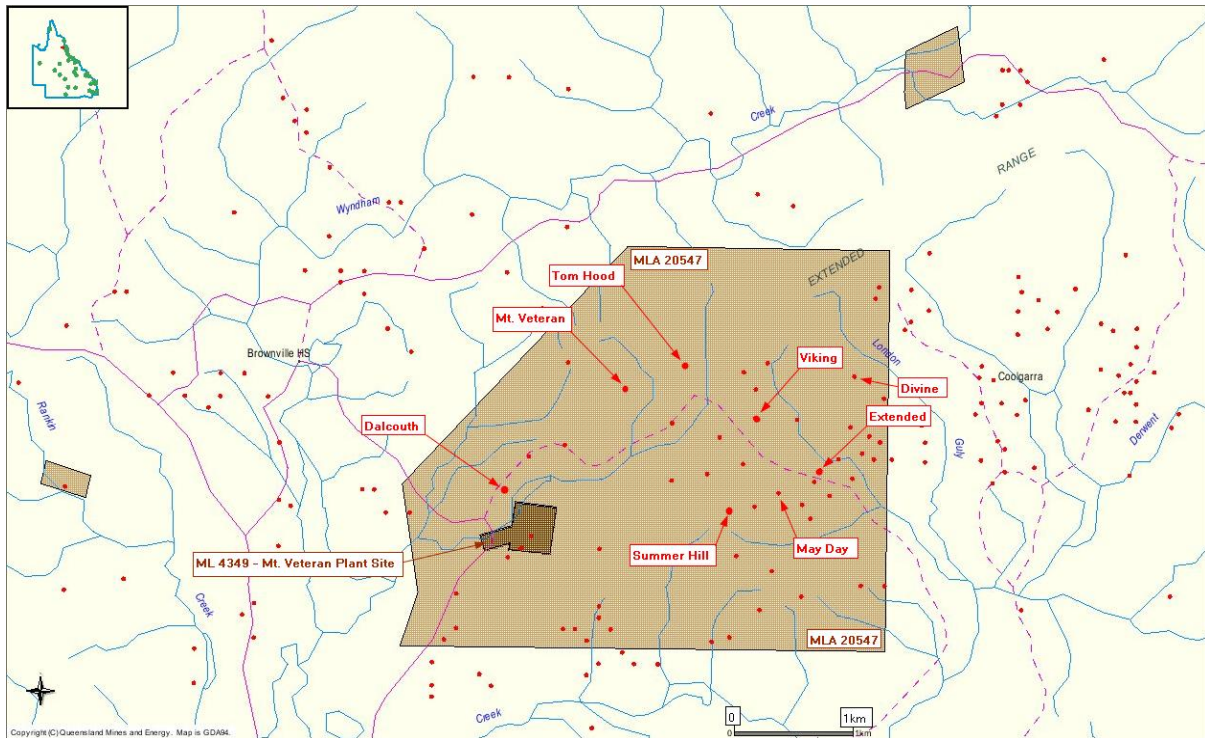
The shares in Xtreme Resources Ltd were consolidated in accordance with the resolution passed by shareholders. Accordingly, the number of shares held by the company in Xtreme is 39,026,641 of a total of 52,907,650 shares.

Xtreme is the owner of a number of tin and gold tenements, including EPM 16948 in the Smiths Creek area of the Mt. Garnet District, as well as 100% of the issued shares in Garimperos Limited, the owner of the Mt. Veteran Mill and Smelter and the owner of ML 4349, an area on which the smelter and mill are situated. It has also submitted an application for ML 20547 over the Summer Hill Tin Project area which includes the historic Dalcouth, Extended, Tom Hood, Viking, Summer Hill, Mt. Veteran, May Day, Divine and other hard rock tin mines in the immediate proximity of the Mt. Veteran Plant.

Since completion of the acquisition Xtreme has commenced drilling, additional exploration and minor upgrade work to the existing mill. It is anticipated that the mill will be fully functional by April 2010.

EPM 16948 (with Smiths Creek mine)

MLA 20547 and ML 4349 with historic mines from Dalcouth to Extended and Mt. Veteran Plant respectively (see detailed map below)



Queensland Government Map of Tenements in Mt. Garnet District, showing MLA 20547 and ML 4349 with historic mines from Dalcouth to Extended and Mt. Veteran Plant Site respectively

Brief Review of Background and Vision for the Future of Mt. Garnet District:

The Mt. Veteran Plant was established in 1980 to treat hard rock tin ores from deposits in the area now covered by MLA 20547, notably Viking, Dalcouth, Extended, Tom Hood, Summer Hill, Mt. Veteran, May Day and Divine. During the period 1984 – 2003 the tin price was low due to releases of metal from the Tin Council stockpile and US strategic stockpile, so that mining activity was at low levels. The Mt Veteran Plant was operating intermittently – mainly as a toll treatment plant.

With stockpiles depleted and demand for tin for a range of industrial uses, notably in electronic consumer goods on the increase, the time is right to reappraise these old projects and prospects.

Mt. Veteran Plant represents a unique opportunity to start production in the short term by proving up resources and ore reserves by drill testing hard rock mineralised zones with historic small scale high grade mines in MLA 20547 (0.3 – 3km radius from the Mt. Veteran Plant) and in EPM 16948 – notably in the historic Smiths Creek mine area which is 14km as the crow flies from the Mt. Veteran Plant.

The Mt. Veteran Plant could be upgraded to process in the order of 250,000 tonnes of ore per annum, however in the first stage the focus will be on mining and processing relatively high grade ore so that the initial production will be based on processing approximately 125,000 tonnes of ore per annum (based on assumption that the mill will operate 16 hours a day, 312 days a year (= 5000 hours per year); to process 125,000 tonnes per annum, the plant would process about 25 tonnes per hour).

In due course, as a company operating a hard rock tin plant processing ore from several open pit mines in the immediate vicinity, we will be in good position to make arrangements with other holders of tenements in the Mt. Garnet district and adjacent Irwinebank and Herberton districts to test and exploit additional hard rock tin deposits.

Results of First Metallurgical Tests:

A 100kg sample representing weathered oxidised ore obtained from Dalcouth open cut, has been processed by consultant Mr. Tony King at his laboratory at Wandeclea (near Herberton).

Average grade (determined on the basis of tin recovered in concentrates and tin in tailings) is 0.86% Sn. The grain size of cassiterite (tin oxide mineral) is in 10 – 350 micron range, with the bulk in 75 – 180micron range (relatively coarse grain size). Clean liberation of cassiterite is obtained at top grind size of 260 microns (a relatively favourable outcome). Recovery of tin to rougher concentrate was 67.2% and recovery to middlings concentrate was 9% for a total recovery of 76.3%.

Losses to tailings (23.7%) were mainly in minus 45 micron cassiterite grain size (there are specialist methods that can be used to recover such fine grained cassiterite because it is liberated but in this early stage it was not necessary to do further tests to see by how much improvement in recovery can be achieved, because a 76.3% recovery is a favourable outcome in comparison with hard rock tin deposits in other parts of Australia and overseas).

A 100kg sample has also been collected from the historic Smiths Creek mine dump; initial results are also favourable but a final report has not been received.

A 100kg sample representing weathered oxidised ore obtained from the Viking open cut area has also been processed. However the tin content is low (0.14% Sn based on fusion XRF assay) so that the testing has been cut short.

Drill Testing in July – August 2009 period:

Smiths Creek Target (in EPM 16948)

A near vertical mineralised zone with a width of the order of 10m has been selected on the basis of re-interpretation of old mine plans, sections and field observations (historic open cut, mineralised exposures in trenches and extensive historic alluvial workings down-slope). A total of 10 Reverse Circulation holes have been completed; details are as follows:

- (1) All holes were inclined scissor holes, intersecting the mineralised zone from both sides
- (2) The holes were drilled on 3 sections, which cover a 250m-strike extent of the mineralised zone
- (3) On each section two 50m holes were drilled
- (4) On two of the sections additional shallower holes were drilled to determine the tin content closer to the surface where mining would commence
- (5) The mineralised zone was intersected in all holes
- (6) Assay results are awaited

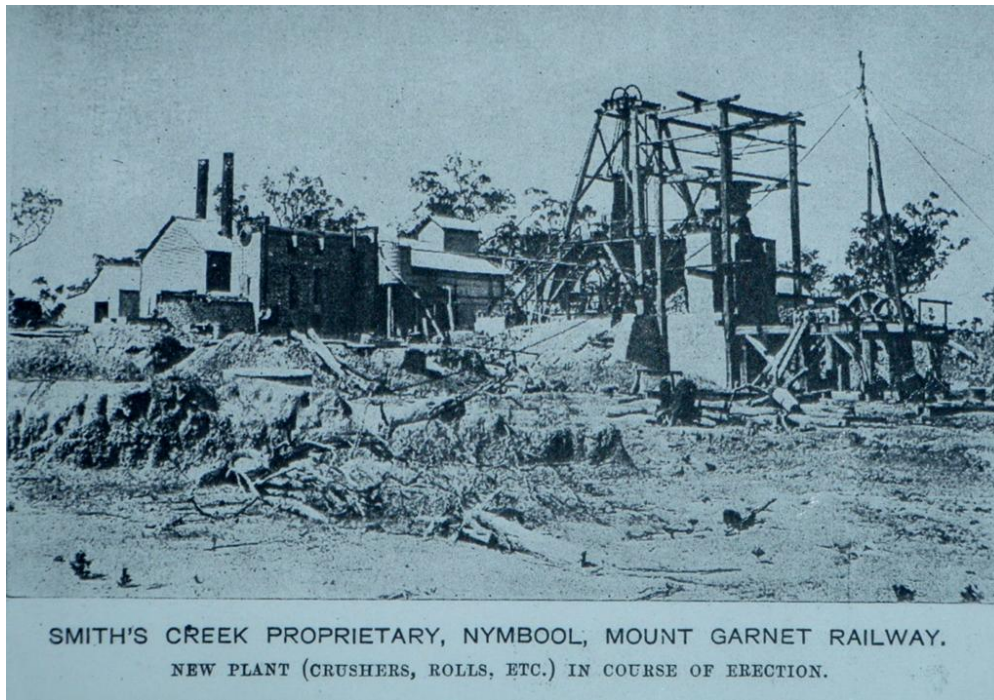
Depending on the results of the assays, a Mining Lease application may be lodged for the Smiths Creek area.



Drilling on Smiths Creek Target



Historic Smiths Creek Open Cut Mine (a 1m thick cemented sand cover visible on the right)



Smiths Creek Mine Site circa 1903



Smiths Creek Mine Site 2009

Dalcouth Group of Targets (in MLA 20547) – A set of several parallel mineralised zones with widths up to 20m – has been selected on the basis of historic small scale open cut and shallow underground workings, mineralised exposures in trenches and extensive historic alluvial workings down-slope on both sides of the ridge. A total of 40 Reverse Circulation holes have been completed. All holes were inclined scissor holes, intersecting the mineralised zone from both sides. Most of the holes were relatively short - in the order of 30m - because the weathered oxidised zone is being tested. Mineralisation was intersected in most holes and assay results are awaited.

The reasons for placing Dalcouth on top of the list of priorities are:

- (1) Located 0.3 – 0.7km from Mt. Veteran Plant currently in Mining Lease application which is expected to be granted in the next few months
- (2) Located relatively low in the terrain, near the contact of sediments with underlying granite where best mineralisation is expected
- (3) In an area with relatively high stream sediment tin assays which confirm above interpretation



Dalcouth Target – test trench exposing a 20m wide mineralised zone

Site of 100kg sample of mineralised sediment with quartz veining which averaged 0.86% Sn

Extended Target: (in MLA 20547) – A mineralised zone with a width of the order of 5m – has been selected on the basis of historic small scale open cut and shallow underground workings, mineralised exposures in trenches and extensive historic alluvial workings down-slope. A total of 8 Reverse Circulation holes have been completed. All holes were inclined scissor holes, intersecting the mineralised zone from both sides. Most of the holes were relatively short - in the order of 30m - because the weathered oxidised zone is being tested. Mineralisation was intersected in all holes and assay results are awaited.

The reasons for placing Extended on top of the list of priorities are:

- (1) Located 2.5km from Mt. Veteran Plant currently in Mining Lease application which is expected to be granted in next few months
- (2) Located relatively low in the terrain, near the contact of sediments with underlying granite where best mineralisation is expected

(3) In an area with relatively high stream sediment tin assays which confirm above interpretation

Tom Hood Target: (in MLA 20547) – A mineralised zone with a width up to 30m – has been selected on the basis of historic small scale open cut and shallow underground workings, mineralised exposures in trenches and some historic alluvial workings down-slope. A total of 7 Reverse Circulation holes have been completed. All holes were inclined scissor holes, intersecting the mineralised zone from both sides. Most of the holes were relatively short - in the order of 30m - because the weathered oxidised zone is being tested. Mineralisation was intersected in all holes and assay results are awaited. Based on field tests the results are not expected to be as good as those from other targets. The reasons for placing Tom Hood lower down the list of priorities, even though the strike extent of mineralised zone is about 800m, are as follows: (1) Located relatively high in the terrain, above the contact of sediments with underlying granite and (2) In an area with lower stream sediment tin assays which confirm above interpretation



Tom Hood Target – test trench exposing a 30m wide mineralised zone with quartz veining

Concluding Remarks:

If assays of samples from the drill holes are encouraging, additional drilling will be undertaken to better define the resources in the best of the targets tested to date. Samples for metallurgical testing will be taken from the best sector of the best target. Based on assumptions that the assay results from July-Aug 09 drilling for Smiths Creek will be more encouraging than those for Extended and Dalcouth, a more intense exploration and evaluation effort is proposed for the Smiths Creek mine area and surroundings and the whole of the Northern part of EPM 16948.

Due to the fact that the grant of MLA 20547 is in progress, initial mine production to supply Mt. Veteran Plant will probably be from Extended and / or Dalcouth. However, if and when ore with better grades (higher tin content and a gold credit) is proved up by drilling at Smiths Creek and a mining lease is granted for Smiths Creek, the production of ore from Smiths Creek can commence (and replace Extended / Dalcouth as the principal source of feed for the Mt. Veteran Plant).

Gold Exploration Projects in Xtreme Resources Ltd. Portfolio:

The following tenements with gold discovery potential are held by Xtreme Resources Ltd. (in each case 100%):

Pyramid EPM 12887

Yarrol EPM 8402

Mt Steadman EPM 12834

Gooroolba EPM 15426

Yarrol EPM 8402 and Mt Steadman EPM 12834

In the Yarrol gold district of SE Queensland, small gold resources have been defined and they may be of interest to owners of the nearby operating gold mine at Mt. Rawdon. Divestment of these tenements is planned.

Pyramid EPM 12887

In the Drummond gold district of East Queensland, in one of the targets – Gettysburg - high-grade drill intersections have been made:

Hole No.	From(m)	To(m)	Width(m)	g/t Au
MDRC031	0	8	8	18.08
MDRC033	52	76	24	4.96
MDRC034	28	44	16	2.48

Follow-up drill testing is warranted. Testing of other targets is also warranted. Discussions with companies exploring for and mining gold on adjacent tenements have been initiated with a view of arranging a farm-out Joint Venture.

Search for New Opportunities:

Mono Resources will also continue with the search for new opportunities (targets to be tested) by systematic research and networking in Australia and overseas.

In Australia, the focus is on base metals such as copper, zinc, lead and tin, primarily because some of the largest and highest-grade deposits of these metals have been found in Australia and potential for further discoveries of this nature remains.

The Directors of Mono Resources Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors reports as follows:

Information about the directors and senior management

The names of the Directors in office at any time during or since the end of the financial year are:

<u>Name</u>	<u>Particulars</u>
George Monemvasitis	Chairman, appointed 30 June 2008
Gary Kuo	Director, appointed 30 June 2008
Jonathan Paul Back	Non-Executive Director, appointed 04 September 2008
Xiao Long Zhang	Non-Executive Director, appointed 04 September 2008
Hai Jun Li	Non-Executive Director, appointed 14 April 2009

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

<u>Name</u>	
Richard Spanos	Non-Executive Director, appointed 30 June 2008 Resigned 04 September 2008.

Names, qualifications, experience and special responsibilities about the directors and senior management:

Mr George Monemvasitis (OMIE Aust, MAICD) - Chairman

Mr. George Monemvasitis is an Engineer and an investor. A graduate in Mechanical Engineering from the Institute of Technology, Sydney, Mr Monemvasitis has over 10 years experience in engineering analysis of resource sector capital raising both within Australia and China. A member of the Australian Institute of Company Directors, Mr Monemvasitis brings a wealth of technical knowledge and corporate governance.

Mr Gary Kuo – Managing Director

Mr. Gary Kuo was a contracted lecturer of computer application for 2 years at the University of Technology, Sydney in the faculty of Architecture, Building and Design. With more than 8 years

experience in international import & exporting, Gary was formerly a director of BAAO Mining Australia and Vice General Manager of BAAO (Tianjin) Mining which is a 50/50 JV company with Xiamen C&D Inc. in China. Gary has extensive experience in commodities trading, international business development and strategic alliance planning. Having bases in both Australia and China, Gary specializes in dealing with corporations in the mining & producing sector. Gary works closely with his wide network of corporate and governmental contacts in countries such as China, Taiwan, Hong Kong, Singapore, Malaysia and Indonesia.

Mr Jonathan Paul Back LLB, BCL - Non-Executive Director

Mr. Jonathan Back is a qualified solicitor in England and Wales. Prior to working as a lawyer, Jonathan graduated from Oxford University having won the Vinerian Scholarship for the best performance in the Bachelor of Civil Laws Degree. Jonathan has over 18 years of experience in law and finance internationally, having spent significant periods in Europe, Hong Kong and Australia. Jonathan first worked as a lawyer for the leading UK firm Linklaters for 4 years, specializing in large project finance transactions. This included the acquisition of the Gladstone Power Station in Queensland by a consortium expanding the Boyne Island aluminium smelter. Jonathan then worked for Schrodgers in the UK and in Hong Kong where he also focused on large infrastructure and energy projects including large power station projects in Portugal and the UK as well as port and energy projects across Australia and Asia. Following this Jonathan worked with Goldman Sachs in Hong Kong focusing on raising equity capital for telecoms and technology companies. Jonathan was then recruited by JPMorgan to join their equity team in Hong Kong, which he ran until 2007. During this time he worked on numerous transactions across different industries. Since leaving JPMorgan, Jonathan has been a principal in a partnership investing in a variety of businesses with the largest focus being on natural resources.

Mr. Xiao Long Zhang – Non-Executive Director

Mr. Xiao Long Zhang is currently the chairman of Baao Mining Australia and the General Manager of Baao (Tianjin) Mining which is a 50/50 JV company with Xiamen C&D Inc. in China. Xiao Long spent his youth in Australia and later returned to China to start his first company in the local base metal trading market. He has been living in China and involved in the Chinese metal supply industry for more than 10 years. Xiao Long later established Baao Mining Australia and has shifted his focus on importing base metal products from international suppliers and distributes these products via local regional channels. He had also successfully completed the 50/50 JV partnership of Baao(Tianjin) Mining Co., Ltd with Xiamen C&D Inc. which is a large scale state owned publicly listed company in China.

Mr. Li Hai Jun – Non- Executive Director

Mr Li holds a Bachelor of Mechanical Engineering degree from the Beijing Architecture Engineering University, China. He has worked as a Mechanical Engineer for the Beijing Engineering Research Institute and as a Project Manager for the China National Technical Import and Export Corporation (CNTIC). Since the 1950's, CNTIC has imported plant and equipment for more than 280 projects for the nation in the iron & steel sector, with the total contract value reaching 7.8 billion US Dollars. Large sized complete plants and equipment have been imported by CNTIC for 46 iron & steel works and 66 non-ferrous metal enterprises. CNTIC was the biggest importer at that time in charge of governmental purchasing in new production lines and know-how transfer from abroad during Mr Li's employment. Most notably he worked with the First Business division on over 30 key projects including Ma An Shan Steel. From 1990-1993 Mr Li worked as assistant to the Asia Pacific regional director for Thyssen Wagner in Germany and then moved to Inter Fx Service in Beijing. He also worked for Inter and Golden Mall in Singapore for several years as Managing Director.

At present Mr Li is General manager of Unico Development Limited in Beijing providing consulting services to clients globally. From 2006 Mr Li has represented Murchison Metals in China and he established Iron Ore offtake agreements for Murchison with Shougang International and assisted in establishing Murchison's relationship with Sinosteel.

Mr. Rado Jacob Rebek – Senior Consulting Geologist

Mr Rado Jacob Rebek is a graduate from the Faculty of Mining & Metallurgy of the University of Ljubljana Slovenia. Mr Rebek graduated in 1967 and was engaged in geological mapping in Slovenia and Algeria for several years before joining CRA Exploration in 1970.

During 34 years of employment with the Rio Tinto Group he was involved in field exploration in PNG and Australia and subsequently management of major exploration projects for the Group. From 1998 to 2000 Mr Rebek was the Exploration Director for Rio Tinto in South America based in Santiago, Chile involved in the review of iron ore potential in Brazil and the development of new copper and iron ore prospects and other base metals. From 2001 to 2004 he was responsible for new project generation based on field work in Western Australia, Eastern Australia, Brazil, Peru, Argentina, Chile, China, Mongolia, Iran and Russia.

After retiring from fulltime employment with Rio Tinto in May 2003 Mr Rebek completed a two year consulting contract with Rio Tinto, which terminated by mutual agreement in May 2005.

Since 2005 he has worked on a variety of projects in Australia and Chile for Mineral Securities Limited, Argonaut Resources NL and Hudson Resources Ltd

Company Secretary

Danielle Barbera held the position of company secretary of Mono Resources Limited at the end of the financial year. Danielle has held a secretarial position with a private organisation for over 20 years. During this time she acquired a broad range of secretarial skills with specific emphasis on financial management.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Mono Resources Ltd
	Fully paid ordinary shares Number
George Mono	8,600,001
Gary Kuo	7,500,000
Jonathan Paul Back	11,500,000
Xiao Long Zhang	7,500,000
Hai Jun Li	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in note 23 of the financial report.

Principal activities

The consolidated entity's principal activities in the course of the financial year were identifying and negotiating with the holders of exploration and mining tenements in Australia and elsewhere to determine the potential viability of those projects and to provide seed capital and development capital to assist in determining the potential for further development and commercial exploitation.

Review of operations

The consolidated net profit for the financial year after providing for income tax and before minority interest was \$1,551,037.

Since the company's successful listing of its securities on the NSX the company acquired 73.76% of the issued shares in Xtreme Resources Limited (Xtreme), an unlisted public company with mineral interests in Queensland. The details of the Xtreme acquisition, its operations and future prospects are set out below. In addition, the company is conscious of preserving sufficient working capital to enable it to capitalise on future opportunities. The company continues to pursue its objective as set out in the prospectus to seek further investment opportunities in the resource sector.

Changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosure of information regarding the likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental regulations

The operations and proposed activities of the consolidated entity are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the consolidated entity's activities are expected to have an impact on the environment. It is the consolidated entity's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws. Mining operations may have previously been conducted on some of the Company's project areas and old workings including tailings dumps may remain from these operations. There may be a liability to rehabilitate these areas.

Dividends

There were no dividends paid or declared during the financial year.

Indemnification of officers and auditors

The group has insured all of the Directors of Mono Resources and its controlled entities. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and the amount of the premium paid. The consolidated entity has not indemnified its auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Directors	Board of directors	
	Directors' meetings eligible to attend	Attended
George Monemvasitis	13	13
Gary Kuo	13	13
Jonathan Paul Back	11	11
Xiao Long Zhang	11	11
Hai Jun Li	3	2

Non-audit services

No non-audit services were performed by the auditors during the financial year ended 30 June 2009.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of these proceedings. The group was not party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration is included on page 26 of the financial report.

This directors' report has been made and signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



George Monemvasitis
Chairman

Dated: 29th September 2009

RISK MANAGEMENT

The following information outlines the Company's corporate Governance Policy and approach to risk management:

Roles and Responsibilities

All members of the Board are responsible for risk management and oversight of internal controls. The day-to-day responsibilities for internal controls and active risk management rest with the Chairman (appointed or acting).

The Managing Director (appointed or acting) reports on these matters, on an exception-reporting basis, to the Board of Directors as part of his monthly written report to the directors.

Internal Controls

The monthly report to the Board includes details of expenditure, compares actual expenditure to budget and includes items for discussion as board papers. This report may be augmented by operational reports from remote location personnel. The Board must first approve all major project expenditure.

The Company maintains a comprehensive suite of insurances including:

General insurance, office asset insurance and public liability insurance;
Worker's compensation;
Travel insurance;
Directors' and Officers' indemnity insurance; and
Liability insurance.

Insurances are reviewed annually.

Safety is a standing item addressed by the Managing Director (appointed or acting) in his periodical reports to the Board.

Operational Risk Management

The Company's financial status is not complex. To date, equity funds have been raised and utilized for the company's purposes including funding of exploration projects and business development. The level of current assets will not be allowed to fall to insolvency levels. If funds are likely to be insufficient to meet commitments, commitments must be reduced. Commitments will always be managed so that they can be reduced if necessary.

No business relationship or project acquisition will be entered into without thorough due diligence. Title and access to exploration projects are vital.

Management will ensure there are systems to properly maintain effective title to exploration properties, and to fulfil all expenditure and Joint Venture obligations.

Management will continuously monitor and manage all issues related to politics, bureaucracy, non-government organizations, traditional owners, community attitudes, civil unrest, contractor and services availability, and adverse weather, which could endanger title or fulfilment of commitments.

Mono Resources will not operate in a country where there is a serious systematic risk of illness or injury to personnel. All potential exposures to illness or injury will be managed.

The Company will not operate in situations where emergency evacuation is not possible. Company personnel will have a low tolerance for transport risks. If the vehicle, boat, plane or helicopter doesn't look right, they will not board. If directors and management are travelling together, where practical conditions permit, the group, and particularly the board members, should be split into at least two groups for transport.

This risk evaluation will be carried out by senior management and communicated to the Board before the proposal is approved.

Proposals regarded as significant include:

- major fundraising activities
- new business relationships
- new project acquisitions
- operating in a new country
- major capital procurement
- out-sourcing, partnering or shared service arrangements of functions.

The risk evaluation will be a document presented to the Board. It will describe the internal and external risks. Typical input would be the due diligence report on a proposed acquisition.

Evaluate the impact of the risks and include any necessary risk management plan. The plan will identify each risk, define acceptable thresholds, and detail action to be taken in the event these thresholds are exceeded. If, having regard for the risk analysis, the Board approves the proposal, senior management will monitor progress against the risk management plan, and promptly report significant exceeding of thresholds to the Board. Similar risk management plans may be created for ongoing operations e.g. in a particular country, or with a particular contractor.

Industry Risks

The mineral exploration and mining industry is subject to general risks and certain specific risks. In summary, exploration may fail, discoveries may not become mines, and operating mines can become uneconomic.

The following is a non-exhaustive list of some of the risk factors the Company may face. Some of these factors can be mitigated by the use of safeguards and appropriate systems and actions, but most are outside the control of the Company and cannot be mitigated.

Regulatory environment

Other than mining legislation and related regulations, the Company's business activities in various countries may not be subject to any industry specific or unusual company regulations or laws. However, this does not preclude the possibility of legislation being passed in future which may adversely affect the operations of the Company.

Application and approval risks

Secure title to exploration ground lies at the core of an exploration company's activities. However applications for title may be competitive, and/or granting may be at the discretion of the government. Retention conditions have to be complied with, and time extensions of tenure may not be granted. In the event that the Company and/or its subsidiaries is successful in discovering minerals, mining leases may not be automatically granted. Again, retention conditions have to be complied with. Exploration may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation, and other unforeseen contingencies.

The success of the Company also depends on securing and maintaining title to its exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities, the delineation of economically mineable reserves, access to required development capital and movement in the price of commodities. Exploration on the Company's existing exploration and mining tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration and mining tenements.

Weather conditions over a prolonged period can adversely effect exploration, mining and drilling operations and the timing of earning revenues. Revenue from projects undergoing exploration and development programs depends on the successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of grades and commodity prices affect successful project development, as does the design and construction of efficient processing facilities, competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants.

Native title

The effect of the present laws in respect of native title that apply in Australia is that mining tenement applications and existing tenements may be affected by native title claims or procedures. This may preclude or delay granting of exploration and mining tenements and considerable expenses may be incurred negotiating and resolving issues. The presence of Aboriginal sacred sites on tenements held by the Company may limit or preclude exploration or mining activity within the sphere of influence of those sites and delays and expenses may be experienced in obtaining clearances. Similar problems can be encountered in other countries.

Environmental risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws. Mining operations may have previously been conducted on some of the Company's project areas and old workings including tailings dumps may remain from these operations. There may be a liability to rehabilitate these areas.

General economic risks

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors, which contribute to that general economic climate, include:

- (a) contractions in the world economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
- (b) the level of direct or indirect competition against the Company;
- (c) international currency fluctuations;
- (d) new or increased government taxes or duties or changes in taxation laws; and
- (e) changes in government regulatory policy affecting the industry in which the Company operates and further regulation of the industry generally.

Commodity prices

Most of the Company's anticipated revenues may be derived from the sale of resource commodities. Consequently, the Company's earnings will be closely related to the price of these commodities and the terms of any off-take agreements which it enters into. Resource prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include fluctuation in world demand for precious and base metals, forward selling by producers and production cost levels in major producing regions.

Mining risk factors

In addition to factors already mentioned, mines can suffer specific impairment.

Factors include:

- (a) poor weather conditions over a prolonged period which might adversely affect mining activities and the timing of earning revenues;
- (b) unforeseen major failures, breakdown or repairs required to key items of mining plant and equipment or mine structure resulting in significant delays, notwithstanding regular programs of repair, maintenance and upkeep;
- (c) financial failure or default by a participant in any of the contractors used by the Company in its mining activities;
- (d) industrial disputation in Australia and overseas;
- (e) failure to deliver ore in correct quantity and to acceptable specifications;
- (f) failure to achieve economic grades of contained metal and/or discovery of untreatable contaminants within the ore;
- (g) failure of customers to take or pay for ore contracted.

Reliance on key personnel

In generating and exploring new project areas the Company relies on and will continue to rely upon the geological experience and expertise of directors and consultants. The unforeseen loss of key persons could have a materially adverse affect on the Company's performance.

Possible volatility of share price and other risks

The trading price of the shares and options could be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's operating results, announcements of innovations or new services by the Company or its competitors, changes in financial estimates by securities analysts, conditions or trends in the mining exploration industry, changes in market valuations of other mining exploration companies, announcements by the Company or its competitors or significant acquisitions, strategic partnerships, joint ventures or capital commitments, additions or departures of key personnel, sales of shares or other securities of the Company in the open market and other events or factors, including the outbreak of hostilities or war, many of which are beyond the Company's control.

In addition, broad market and industry factors may materially and adversely affect the market price of the shares and options, regardless of the Company's operating performance and may inhibit the ability of the Company to raise further capital on favourable terms.

Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of MONO Resources securities. Therefore shares and shares to be issued upon exercise of options carry no guarantee with respect to the payment of dividends, return of capital, or the market value of those securities.

Current and potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to invest in Mono Resources Limited shares.

REMUNERATION POLICY

It is intended that base salaries take into account market relativities, having regard to the need for Mono Resources Limited to attract, motivate and retain executives.

The Chairman decides the remuneration of the senior executives based on their direct accountability and responsibility for the operational management, strategic direction and decision-making for Mono Resources and demonstrated leadership. The Board decides the remuneration of the Chairman and the Managing Director, and considers whether any increase should be made to the base salary on an annual basis.

Non-Executive Directors are not paid a fee at this time.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

This declaration is in respect of Mono Resources Limited and its controlled entities during the period.

Duncan Dovico Chartered Accountants



Rosemary Megale

Partner

Sydney, 29th September 2009

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- (c) The directors' have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'G. Monemvasitis', with a long horizontal stroke extending to the right.

George Monemvasitis

Chairman

Dated: 29th September 2009

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

		Consolidated 2009	Company 2009
	Note	\$	\$
Revenue	4	79,437	86,816
Other income	5	1,886,365	95,248
Employee benefits expense		(113,357)	(113,075)
Depreciation expense		(10,330)	(1,149)
Consultancy expense		(67,207)	(23,622)
Other expenses		(223,871)	(141,111)
Profit /(loss) before tax	5	1,551,037	(96,893)
Income tax expense/(benefit)		-	-
Profit/(loss) for the year		1,551,037	(96,893)
Attributable to:			
Equity holders of the parent		1,513,465	(96,893)
Minority interest		37,572	-
		1,551,037	(96,893)
Earnings per share			
Basis (cents per share)	17	3.88	
Diluted (cents per share)	17	3.88	

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
BALANCE SHEET
AS AT ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$	Company 2009 \$
Current assets			
Cash and cash equivalents	21(a)	2,580,691	1,105,091
Trade and other receivables	7	47,790	10,424
Other financial assets	8	41,600	30,600
Total current assets		2,670,081	1,146,115
Non-current assets			
Other financial assets	8	-	2,082,470
Exploration and evaluation expenditure	9	2,110,964	-
Plant & Equipment	10	938,766	45,469
Total non-current assets		3,049,730	2,127,939
Total assets		5,719,811	3,274,054
Total liabilities			
Trade and other payables	11	167,230	48,615
Borrowings	12	8,313	8,313
Provisions	13	7,847	7,847
Total current liabilities		183,390	64,775
Non-current liabilities			
Borrowings	12	44,480	44,480
Total non-current liabilities		44,480	44,480
Total liabilities		227,870	109,255
Net assets		5,491,941	3,164,799
Equity			
Issued capital	14	3,255,092	3,255,092
Reserves	15	7,600	6,600
Retained earnings	16	1,513,465	(96,893)
Minority interest		715,784	-
Total equity		5,491,941	3,164,799

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

Consolidated

	Fully paid ordinary shares \$	Retained Earnings \$	Revaluation Reserve \$	Minority Interest \$	Total \$
Balance at 1 July 2008	-	-	-	-	-
Gain on available-for-sale investment			7,600		7,600
Net income recognised direct in equity			7,600		7,600
Profit for the period		1,513,465		37,572	1,551,037
Total recognised income and expense		1,513,465		37,572	1,551,037
Issue of shares	3,333,096				3,333,096
Share issue costs	(78,004)				(78,004)
Business combination				678,212	678,212
Balance at 30 June 2009	3,255,092	1,513,465	7,600	715,784	5,491,941

Company

	Fully paid ordinary shares \$	Retained Earnings \$	Revaluation Reserve \$	Total \$
Balance at 1 July 2008	-	-	-	-
Gain on available-for-sale investment	-	-	6,600	6,600
Net income recognised direct in equity	-	-	6,600	6,600
Loss for the period	-	(96,893)	-	(96,893)
Total recognised income and expense	-	(96,893)	-	(96,893)
Issue of shares	3,333,096	-	-	3,333,096
Share issue costs	(78,004)	-	-	(78,004)
Balance at 30 June 2009	3,255,092	(96,893)	6,600	3,164,799

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 \$	Company 2009 \$
Cash flows from operating activities			
Receipts from customers		-	5,850
Payments to suppliers and employees		(563,238)	(223,286)
Interest received		79,437	73,816
Net cash provided by/(used in) operating activities	21(b)	(483,801)	(143,620)
Cash flows from investing activities			
Payment for investment in subsidiary	20	(95,116)	(2,075,320)
Proceeds from sale of investment		182,917	182,917
Payment for investment in shares		(111,669)	(111,669)
Payment for property, plant & equipment		(41,906)	(1,167)
Payments for exploration costs		(123,684)	-
Net cash provided by/(used in) investing activities		(189,458)	(2,005,239)
Cash flows from financing activities			
Proceeds from issues of equity securities		3,255,092	3,255,092
Payment for lease liabilities		(1,142)	(1,142)
Net cash provided by/(used in) financing activities		3,253,950	3,253,950
Net increase in cash and cash equivalents		2,580,691	1,105,091
Cash at the beginning of the financial year		-	-
Cash at the end of the financial year	21(a)	2,580,691	1,105,091

1. Summary of significant accounting policies

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

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the group comply with international financial reporting standards.

(a) Basis of preparation

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out below. The application of this policy necessarily required management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, we conclude that we are unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mono Resources Limited ("company" or "parent entity") as at 30 June 2009 and entities controlled by the company for the year then ended. Mono Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Principles of consolidation (Cont.)

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statements. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statements and balance sheets respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Mono Resources Limited.

(c) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minorities proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

(d) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Interest income

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

(e) Income tax

Current tax

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

Deferred tax

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences.

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

Income tax (Cont.)

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

Current and deferred tax for the period

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

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(g) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Financial assets (Cont.)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

(h) Property, plant and equipment

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.

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.

Depreciation is calculated using the straight-line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, which the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

- | | |
|-----------------------|--------------|
| - Office equipment | 3 - 10 years |
| - Mine infrastructure | 3 – 5 years |
| - Motor Vehicle | 5 – 8 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.

(i) Leases

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

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

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

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

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

(j) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its 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).

(k) Exploration and evaluation of assets

Exploration and evaluation expenditure in relation to each separate area of interest are recognised as an exploration asset in the year in which they are incurred where the following conditions are satisfied:

- (i) The rights to tenure of the area of interest are current; and
- (ii) At least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation of assets (Cont.)

Exploration and evaluation assets are initially measured at cost and include acquisition rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. General and administrative costs are allocated to, and included in, the cost of an exploration and evaluation asset, but only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation of asset may exceed its recoverable amount.

(l) 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.

(m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Employee benefits

A liability is recognised 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.

Liabilities recognised 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.

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

(o) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers' use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has determined that segment reporting is not required for this report and as such has decided not to adopt AASB 8.

(ii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009.

New accounting standards and interpretations (Cont.)

(iii) Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs must be expensed. This is different to the Group's current policy.

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This statement does not apply to the Group's current accounting policy as all subsidiary companies are fully controlled by the parent.

The Group will apply the revised AASB 3 prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

2. Financial Risk Management

The consolidated group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Group.

The Group and the parent entity hold the following financial instruments:

	Consolidated 2009 \$	Parent entity 2009 \$
Financial assets		
Cash & cash equivalents	2,580,691	1,105,091
Trade & other receivables	47,790	10,424
Other financial assets	41,600	30,600
	2,670,081	1,146,115
Financial Liabilities		
Trade & other payable	167,230	48,615
Interest bearing liabilities	52,793	52,793
	220,023	101,408

Financial Risk Management (Continued)

a) Market Risk

i. Foreign exchange risk

Consolidated Group Sensitivity – foreign exchange risk

The consolidated entity has no foreign currency exposure risk as at reporting date.

Parent Entity Sensitivity – foreign exchange risk

The parent entity has no foreign currency exposure risk as at reporting date.

ii. Price Risk

The consolidated group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. Neither the Group nor the parent entity is exposed to commodity price risk.

The table below summarises the impact of increase/decrease of these two indexes on the Group's and the parent entity's post-tax profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased by 9%/decrease by 6% with all other variables held constant and all the Group's equity instruments moved according the historical correlation with the index.

Index	Impact on post-tax profit		Impact on other components of equity	
	Consolidated	Parent entity	Consolidated	Parent entity
	2009 \$	2009 \$	2009 \$	2009 \$
Increase 9%	-	-	2,080	1,530
Decrease 6 %	-	-	(2,080)	(1,530)

iii. Interest rate risk

The consolidated group's exposure to interest rate risk would arise from variable interest rates on borrowings as at 30 June 2009. The consolidated group did not have any exposure to variable interest rate.

The consolidated group is exposed to interest rate risk on its cash balances

	Weighted Average Effective Interest Rate	Non Interest Bearing	Floating Interest	Fixed Interest Rate	Total
	2009 %	2009 \$	2009 \$	2009 \$	2009 \$
<i>Financial Assets</i>					
Bank	4%	89,390	2,580,691	-	2,670,081
<i>Financial liabilities</i>					
Lease liabilities	10.99%	167,230	-	52,793	220,023

Consolidated Group Sensitivity – interest rate risk

The following sensitivity analysis has been based on the interest rate risk exposures in existence at 30 June 2009, had the variable interest rate on cash balances increased by 100 basis points and decreased by 50 basis points. The effect is calculated on year end balances and the impact on pre tax profit is outlined below.

	30 June 2009
	\$
Consolidated	
+ 1% (100 basis points)	25,807
-.5 % (50 basis points)	12,903

Parent Entity Sensitivity – interest rate risk

The parent entity is exposed to interest rate risk on its cash balances.

	Weighted Average Effective Interest Rate	Non Interest Bearing	Floating Interest	Fixed Interest Rate	Total
	2009 %	2009 \$	2009 \$	2009 \$	2009 \$
<i>Financial Assets</i>					
Bank	4%	41,024	1,105,091	-	1,146,115
<i>Financial liabilities</i>					
Lease liabilities	10.99%	48,615	-	52,793	101,408

The following sensitivity analysis has been based on the interest rate risk exposures in existence at 30 June 2009, had the variable interest rate on cash balances increased by 100 basis points and decreased by 50 basis points. The effect on pre tax profit is outlined below.

	30 June 2009
	\$
Parent	
+ 1% (100 basis points)	11,051
-.5 % (50 basis points)	5,525

b) Credit Risk

Credit risk is managed on a group basis and reviewed regularly. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, including outstanding receivables and committed transactions.

As at 30 June 2009 there were no trade receivable balances.

Credit risk from balances with banks and financial institutions is regularly monitored and reviewed by The Board. No material exposure is considered to exist as the consolidated group's policy is to invest its cash and cash equivalents with financial institutions having a credit rating of at least AAA.

Financial Risk Management (Continued)

	Consolidated	Parent entity
	2009	2009
	\$	\$
Cash at bank and short-term bank deposits	2,580,691	1,105,091

c) Liquidity Risk

Liquidity risk arises from the possibility that there will be sufficient funds available to make payment as and when required. The consolidated group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The tables below analyse the consolidated 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.

Financial Risk Management (Continued)

Group at 30 June 2009	Less than 6 Months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
<i>Non interest bearing</i> Accounts payable	167,230	-	-	-	-	167,230
<i>Fixed rate</i> Lease Liabilities	<u>4,042</u>	<u>4,271</u>	<u>9,274</u>	<u>35,206</u>	-	<u>52,793</u>
Total	171,272	4,271	9,274	35,206	-	220,023

Parent at 30 June 2009	Less than 6 Months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
<i>Non interest bearing</i> Accounts payable	48,615	-	-	-	-	48,615
<i>Fixed rate</i> Lease Liabilities	<u>4,042</u>	<u>4,271</u>	<u>9,274</u>	<u>35,206</u>	-	<u>52,793</u>
Total	51,657	4,271	9,274	35,206	-	101,408

3. Segment information

The Group operates predominantly in one business segment and one geographical segment being the mining industry in Australia.

No revenue from this activity has been earned to date as the Group is still in the exploration and evaluation stage.

	Consolidated 2009 \$	Company 2009 \$
4. Revenue		
An analysis of the Group's revenue for the year is as follows:		
Interest revenue:	79,437	73,816
Management Fee:	-	13,000
5. Profit for the year before tax		
(a) Gains and losses		
Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses:		
Gain on disposal of investment	95,248	95,248
Gains on acquisition of subsidiary	1,791,117	-
(b) Other expenses		
Accounting & Audit fee	40,370	25,370
Doubtful debts	801	-
Insurance	10,506	1,693
Marketing Expense	18,282	18,192
Telecommunication	8,260	7,100
Travel Expense	37,587	35,780
6. Income taxes		
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	-	-

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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	Consolidated 2009 \$	Company 2009 \$
6. Income taxes (Cont.)		
(a) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Profit/(loss) before income tax	1,551,037	(96,893)
Income tax expense calculated at 30%	465,311	(29,068)
Tax-effect of expenses that are not deductible in determining taxable profit:		
Accounting gain on acquisition	(537,335)	-
Entertainment	304	304
Timing difference	24,829	8,074
	(46,891)	(20,690)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary difference not recognised	46,891	20,690
	-	-
(b) Unused tax losses for which no deferred tax asset has been recognised	2,577,674	68,967
Temporary differences for which no deferred tax asset/(liability) has been recognised:	-	-
- Exploration expenditure and other	(2,110,941)	68,967
	466,733	68,967
Potential tax benefit at 30%	140,020	20,690
7. Trade and other receivables		
Prepayments	13,212	10,424
GST refund	34,578	-
	47,790	10,424
8. Other financial assets		
Investments carried at cost:		
<u>Non-current</u>		
Investments in subsidiaries	-	2,075,320
Available for sale investments carried at fair value:		
<u>Current</u>		
Shares	41,600	30,600
Loans carried at amortised cost:		
<u>Non-current</u>		
Loans to subsidiaries	-	7,150
	41,600	2,113,070

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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	Consolidated 2009 \$	Company 2009 \$
8. Other financial assets (Cont.)		
Disclosed in the financial statements as:		
Current other financial assets	41,600	30,600
Non-current other financial assets	-	2,082,470
	<u>41,600</u>	<u>2,113,070</u>

9. Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

Balance at the beginning of the year	-	-
Acquisitions through business combinations (i)	1,987,280	-
Expenditure incurred during the year	123,684	-
Balance at the end of the year	<u>2,110,964</u>	<u>-</u>

Expenditure incurred during the year related to:

(i) Exploration costs acquired on 29 April 2009.

10. Plant and Equipment

Consolidated	Office Equipment \$	Mine Infrastructure \$	Motor Vehicle \$	Total \$
At 30 June 2009				
Cost or fair value	45,731	841,824	76,905	964,460
Accumulated depreciation	(15,130)	(2,811)	(7,753)	(25,694)
Net book amount	<u>30,601</u>	<u>839,013</u>	<u>69,152</u>	<u>938,766</u>
Year ended 30 June 2009				
Balance at the beginning of the financial year:	-	-	-	-
Acquisitions through business combination	38,450	798,619	21,898	858,967
Acquisition	5,653	42,959	50,541	99,153
Disposals	(9,024)			(9,024)
Depreciation expense	(4,478)	(2,565)	(3,287)	(10,330)
Balance at the end of the financial year:	<u>30,601</u>	<u>839,013</u>	<u>69,152</u>	<u>938,766</u>

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10. Plant and Equipment (Cont.)

Company	Office Equipment	Motor Vehicle	Total
	\$	\$	\$
At 30 June 2009			
Cost or fair value	1,077	45,541	46,618
Accumulated depreciation	(525)	(624)	(1,149)
Net book amount	552	44,917	45,469
Year ended 30 June 2009			
Balance at the beginning of the financial year:	-	-	-
Additions	1,077	45,541	46,618
Disposals	-	-	-
Depreciation expense	(525)	(624)	(1,149)
Balance at the end of the financial year:	552	44,917	45,469

	Consolidated 2009 \$	Company 2009 \$
11. Trade and other payables		
Trade payables	51,232	31,921
Accrued expenses	115,998	15,000
Goods and services tax payable	-	1,694
	167,230	48,615

12. Borrowings

Secured – at amortised cost

Current

Finance lease liabilities 8,313 8,313

Non-current

Finance lease liabilities 44,480 44,480

52,793 52,793

Disclosed in the financial statements as:

Current borrows 8,313 8,313

Non-current borrowings 44,480 44,480

52,793 52,793

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	Consolidated 2009 \$	Company 2009 \$
13. Provisions		
<u>Current</u>		
Employee benefits	7,847	7,847
Disclosed in the financial statements as:		
Current provisions	7,847	7,847
Non-current provisions	-	-
	<u>7,847</u>	<u>7,847</u>

14. Issued capital

(a) Share capital		
48,750,426 fully paid ordinary shares	3,333,096	3,333,096
Capital raising costs	(78,004)	(78,004)
	<u>3,255,092</u>	<u>3,255,092</u>

	No of shares	Issue price	\$
(b) Movements in ordinary share capital			
1 July 2008 Opening balance	(i) 1	\$ 1	1
1 August 2008 Issue of shares	30,100,000	\$ 0.0001	3,010
14 August 2008 Issue of shares	4,000,000	\$ 0.1	400,000
12 December 2008 Issue of shares	14,650,425	\$ 0.2	2,930,085
Total:	<u>48,750,426</u>		<u>3,333,096</u>

(i) On 30 June 2008, the company has been set up with \$ 1 paid up capital.

	Consolidated 2009 \$	Company 2009 \$
15. Reserves		
Balance at beginning of financial year	-	-
Revaluation increments/(decrements)	7,600	6,600
Balance at end of financial year	<u>7,600</u>	<u>6,600</u>

16. Retained earnings

Balance at beginning of financial year	-	-
Net profit/(loss) attributable to members of the parent entity	1,513,465	(96,893)
Balance at end of financial year	<u>1,513,465</u>	<u>(96,893)</u>

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	Consolidated 2009	
17. Earnings per share	Cents per share	
Basis earning per share	3.88	
Diluted earnings per share	3.88	
Basis earning per share	\$	
The earning and weighted average number of ordinary share used in the calculation of basis earning per share are as follows:		
Net profit	1,513,465	
Earning used in the calculation of basic EPS from continuing operations	1,513,465	
	No.	
Weighted average number of ordinary shares for the purpose of basic earnings per share	38,995,576	
Diluted earnings per share	\$	
The earning and weighted average number of ordinary share used in the calculation of diluted earning per share are as follows:		
Net profit	1,513,465	
Earning used in the calculation of diluted EPS from continuing operations	1,513,465	
	No.	
Weighted average number of ordinary shares for the purpose of basic earnings per share	38,995,576	
	Consolidated 2009 \$	Company 2009 \$
18. Leases		
<u>Chattel Mortgage</u>		
Chattel Mortgage related to motor vehicle with lease term of 3 years.		
No later than 1 year	13,708	13,708
Later than 1 year and not later than 5 years	52,275	52,275
Later than five years	-	-
Minimum future lease payments	65,983	65,983
Less future finance charges	(13,190)	(13,190)
Present value of minimum lease payments	52,793	52,793
Disclosed in the financial statements as borrowing:		
- Current	8,313	8,313
- Non current	44,480	44,480
	52,793	52,793

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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	Consolidated 2009 \$	Company 2009 \$
Leases (Cont.)		
<u>Operation Leases</u>		
Operating leases related to office rented with an option to extend.		
Non-cancellable operating lease commitments		
No later than 1 year	4.400	4,400
Later than 1 year and not later than 5 years	-	-
Later than five years	-	-

19. Subsidiaries

Name of subsidiary	Country of incorporation	Ownership interest 2009 %
Xtreme Resources Limited	Australia	73.76%
Garimperos Limited (i)	Australia	100.00%

(i) Garimperos Limited is 100% owned by Xtreme Resources Limited

20. Acquisition of business

Name of business acquired	Principle activity	Date of Acquisition	Proportion of shares acquired	Cost of acquisition \$
Xtreme Resources Limited and its controlled entities	Exploration	10 February 2009	11.14%	100,000
		29 April 2009	62.62%	1,975,320
Total:			73.76%	2,075,320

Net assets acquired	Book value	Fair value adjustment	Fair value on acquisition
Current assets			
Cash	20,204	-	20,204
Trade & other receivable	14,403	-	14,403
Non current assets			
Investments	10,000	-	10,000
Exploration and evaluation assets	1,987,280	-	1,987,280
Fixed Assets	854,397	-	854,397
Current liabilities			
Trade & other payables	(301,635)	-	(301,635)
	2,584,649		2,584,649
Minority interest			(678,212)
Net identifiable assets acquired			1,906,437

20. Acquisition of businesses(Cont.)

	Company
	\$
Purchase consideration	
Fair value of identifiable net asset acquired	1,906,437
Fair value of additional share issued made to acquirer by acquire	1,960,000
Less Purchase consideration	2,075,320
Gain on acquisition of subsidiary	1,791,117

Net cash flow on acquisition:

Cost of acquisition	
Cash paid	1,960,000
Direct cost related to the acquisition	115,320
Total purchase consideration	2,075,320

Cash acquired as a result of acquisition	(i) 1,980,204
Outflow of cash paid on investment	95,116

- (i) As part of the acquisition of the subsidiary, \$1,960,000 was paid to the subsidiary in exchange for additional shares issued from the subsidiary to the parent company, effectively diluting the value of shares owned by the outside equity interest.

21. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents included cash on hand and in banks and investment in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	Company
	2009	2009
	\$	\$
Cash and cash equivalents	2,580,691	1,105,091
	2,580,691	1,105,091

MONO RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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21. Notes to the cash flow statement (Cont.)

21(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated 2009 \$	Company 2009 \$
Profit/(loss) for the year	1,551,037	(96,893)
<u>Non-cash flow items</u>		
(Gain)/loss on sale of shares	(95,248)	(95,248)
(Gain)/loss on acquisition of subsidiary	(1,791,117)	-
Depreciation expense	10,330	1,149
(Increase)/Decrease in current receivables	(33,387)	(17,574)
Increase/(Decrease) in trade creditors	52,374	31,921
Increase/(Decrease) in other creditors	(185,637)	25,178
Increase/(Decrease) in Provisions	7,847	7,847
Net cash from operating activities	<u>(483,801)</u>	<u>(143,620)</u>

22. Auditors remuneration

Audit services

Audit and review of financial reports	<u>30,000</u>	<u>15,000</u>
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23. Key management personnel disclosures

(a) Key management personnel compensation

2009	Short-term employee benefit Cash salary and Fees \$	Post- employment benefit Superannuation \$	Long-term benefits Long service leave \$	Share-based payments \$	Total \$
Non-executive directors					
J. Back	-	-	-	-	-
X. Zhang	-	-	-	-	-
H. Li	-	-	-	-	-
Key management personal compensation (Group)					
G. Monemvasitis	45,472	3,777	-	-	49,249
G. Kuo	35,564	3,201	-	-	38,765
D. Barbera	15,792	1,421	-	-	17,213
Total:	96,828	8,399	-	-	105,227

23.Key management personnel disclosures (Cont.)

(b) Share holdings

2009	Balance at the start of the year	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
Directors of Consolidated Group				
Ordinary shares				
G. Monemvasitis	1	-	8,600,000	8,600,001
G. Kuo	-	-	7,500,000	7,500,000
J. Back	-	-	11,500,000	11,500,000
X. Zhang	-	-	7,500,000	7,500,000
H. Li	-	-	-	-
Other key management personnel of the Group				
D. Barbera	-	-	-	-

Independent Auditor's Report to the members of Mono Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Mono Resources Limited and which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year ended 30 June 2009.

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 Interpretation) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

Auditor's Opinion

In our opinion:

- a) the financial report of Mono Resources Limited is 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 its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in note 23 for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

Duncan Dovico Chartered Accountants



Rosemary Megale

Partner

Sydney, 29th September 2009

The shareholder information set out below was applicable as at 29 September 2009

A. Distribution of equity securities

Analysis of numbers of equity security holder by size of holding:

Holding	Class of equity security			
	Ordinary shares		Redeemable preference shares	Convertible notes
	Shares	Options		
1 – 10,000	1	-	-	-
10,001 – 50,000	44	-	-	-
50,001 – 100,000	-	-	-	-
100,001 – 500,000	14	-	-	-
500,001 – 1,000,000	3	-	-	-
1,000,000 – 5,000,000	4	-	-	-
5,000,000 and over	4	-	-	-
	70	-	-	-

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary Shares	
	Number held	Percentage of issued shares
Iron Ore Trading Pty Ltd	8,600,000	17.64
Baao Investments Pty Ltd	7,500,000	15.38
Kuokai Pty Ltd	7,500,000	15.38
Jonathan Paul Back	6,500,000	13.33
Mr Jonathan Back	5,000,000	10.26
Pei Ying Yang	1,900,000	3.90
Ren Kui Li	1,600,000	3.28
Xiu Ying Lin	1,500,000	3.08
Alan Kai-yuan Cheng	1,500,000	3.08
Clive James McKerr	815,000	1.67
Panos Levendis	665,000	1.36
Constance Kyriazakos	502,425	1.03
Graeme Edward Johnston	500,000	1.03
Jenny Wan-Chen Cheng	500,000	1.03
Cary Chan	500,000	1.03
Mike Nicholas Levendis & Mrs Sylvia Levendis	375,000	0.77
Yang Zhang	360,000	0.74
Zhi Yong Ma	350,000	0.72
Mick Flynn Agencies Pty Ltd	250,000	0.51
Di Jia	250,000	0.51

C. Substantial holder

Substantial holders in the company are set out below:

Ordinary shares	Number held	Percentage
Jonathan Paul Back	11,500,000	23.59
Iron Ore Trading Pty Ltd	8,600,000	17.64
Kuokai Pty Ltd	7,500,000	15.38
Baao Investments Pty Ltd	7,500,000	15.38