Meridien Resources Limited

ABN 30 131 758 177

Annual Financial Report

for the year ended 30 June 2009

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Corporate Directory

DIRECTORS

Mr Kevin Good (Chairman)
Mr Kevin Shirlaw
Mr John MacFarlane

COMPANY SECRETARY

Mr Richard Hill

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AUDITORS

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SHARE REGISTRY

Registries Limited
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DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Company for the full financial year ending 30 June 2009.

PRINCIPAL ACTIVITIES

Meridien Resources Limited was incorporated on 20 June 2008 with the objective of listing on the National Stock Exchange.

The Company is an investment holding company with the predominant focus on investments in the securities of publicly listed "small cap" mining and resources companies.

As part of the Company's business development strategy it will from time to time look to secure mining or other resource based assets with the view to facilitating new listing opportunities. In such instances the extent of any direct investment will be generally limited to providing funds to meet the costs associated with the preliminary evaluation of projects.

OPERATING RESULTS AND REVIEW OF OPERATIONS

OPERATING RESULTS

The Company recorded a loss of $184,866 for the twelve month period to 30 June 2009. This compared to a loss of $10,000 for the corresponding period last year.

REVIEW OF OPERATIONS

During the 12 month period ending 30 June 2009 the Company focused on the development of a sustainable investment model and the finalisation of the prospectus to facilitate the listing of the Company on the National Stock Exchange of Australia.

A total of $448,250 of Pre-IPO funding was raised between 1 July 2008 and 19 June 2009 and the Company's prospectus was lodged with ASIC on 3 July 2009.

During the year the Company acquired a portfolio of listed shares in swap arrangements for Meridien Resources Limited shares and options. The value of this share portfolio, comprising 5,000,000 Vatakoula Gold Mines PLC (AIM listed) and 100,000 Diamond Corporation PLC (AIM listed), was £83,000 at the time of acquisition.

By financial year end, the Company had sold down its shareholding in Vatakoula Gold Mines to 2,250,000 and the value of the Company's portfolio of listed shares stood at £45,000.

During the year Meridien Resources Limited also acquired 105,682 shares in the unlisted Angkor Wat Resources Inc for $25,000. This company has mining interests in Cambodia and Indonesia and expects to list on the Toronto Stock Exchange in the near future.

On 2 July the Company entered into a contract to acquire Warrinen Pty Ltd, a single purpose company which had an option to secure the exploration rights to the Lucky Draw tailings dam (situated at Burraga, 3 hours west of Sydney) from John Love for $275,000.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

With respect to the contract to acquire Warrinen, Richard Hill was paid $60,000 and Dalua Pty Ltd, a company associated with Richard Hill was issued with 200,000 fully paid ordinary shares and 100,000 options in the Meridien Resources Limited in full consideration.

Subsequently a further amount of $50,000 was paid to Dalua Pty Ltd during the course of the financial year representing services provided in respect of the listing and regeneration of the terms of purchase of Warrinen and the Lucky Draw tailings tenement. A further 300,000 shares and 150,000 options were issued to Dalua Pty Ltd as part of this arrangement.

On 1 May 2009 John Love agreed to reduce the contracted acquisition cost of the Lucky Draw gold tailings tenement license from $275,000 to $132,000 (inclusive GST). Following payment John Love assigned his rights to the license to Warrinen Pty Ltd and Meridien Resources Limited.

Subsequently John Love lodged an application for the renewal of the current EL on 9 May 2009 and continuous to work with Warrinen and Meridien Resources to ensure its renewal.

Meridien Resources Limited intends to spend a maximum amount of $50,000 to verify the quantum and financial viability of recovering gold from the tailings dam. Should this assessment process result in a positive conclusion with respect to the economic viability of the project it is the Company's intention to transfer the operation to a new ASX or NSX listing.

FINANCIAL POSITION

The net assets of the Company increased from ($9,997) as at 30 June 2008 to $486,754 as at 20 June 2009. The increase reflects the proceeds from the pre IPO share issue totaling $796,751.

SIGNIFICANT CHANGES IN STATE OF AFFAIRES

Other than the activities referred to in the above Review of Operations, as at the date of this report, no transaction or event of a material and unusual nature has been finalised which is likely, in the opinion of the Directors, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIVIDENDS

No dividends were paid or declared by the company during the financial year or the prior year. The directors do not recommend the payment of a dividend.

DIRECTORS' REPORT

AFTER BALANCE DATE EVENTS

Subsequent to the balance date, the Company sold all 2,250,000 Vatukoula Gold Mines PLC for $47,329.22. Of this amount, $21,883.84 was used to fund the cost of drilling and associated expenses relating to the Lucky Draw tailings dam.

The Company lodged its Prospectus with ASIC on 3 July 2009 with an expectation that a listing on the NSX would be achieved by 17 August 2009.

Under the Prospectus, Meridien Resources Limited was offering subscriptions of 600,000 ordinary shares at an application price of $0.50 per share to raise a minimum $300,000, together with one attaching subscriber option for every two shares subscribed for. The Company had the right to accept oversubscriptions of up to a further 400,000 shares with one attaching subscriber option for every two shares subscribed for to raise an additional $200,000.

The closing date of the offer was subsequently extended on two occasions to facilitate a situation where the level of subscriptions could be maximized.

The offer closed on 30 September 2009 with total subscriptions of $497,500 and it is now expected that the Company will list on the NSX by 16 October 2009.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Other than the activities referred to in the other sections of the Directors' Report, as at the date of this report, there are no future developments or event of a material nature has been finalised which is likely, in the opinion of the Directors, to significantly affect the prospects of the Company, in future financial years.

ENVIRONMENTAL ISSUES

The Company is not subject to environmental regulation in the reporting period but will be in respect of its future exploration activities on exploration tenements.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2009:

	$
Independent Investigating Accountant's Report	22,000

INFORMATION ON DIRECTORS

Directors

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

Mr. K.J.Good (appointed 23 June 2008)
Mr. M.J Ivkovic (retired 12 November 2008)
Mr. K.R.Shirlaw (appointed 23 June 2008)
Mr. I MacFarlane(appointed 12 November 2008)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

Mr. K. J Good	—	Chairman (Executive)
Qualifications	—	Chartered Accountant (FCA, ACIS)
Experience	—	Appointed to the Board in 2008. Kevin is a past director of the financial services company, AAA Financial Group Limited. Kevin is also a past Director of the publicly listed North Queensland Resources NL and the Canadian, publicly listed Anzex Resources Limited.
Interest in Shares and Options	—	100,000 Ordinary Shares and 50,000 Options
Special Responsibilities	—	Executive Director
Directorships held in other listed entities during the three years prior to the current year	—	Current director of Meridien Capital Limited (NSX:MEK)

Mr. K. R. Shirlaw	—	Director (Executive)
Qualifications	—	Chartered Accountant (FCA, ACIS)
Experience	—	Appointed to the Board in 2008.Kevin has specialised in business recovery and insolvency since 1975. He was a senior partner of Horwath and Horwath from 1985 to 1998.
Interest in Shares and Options	—	100,000 Ordinary Shares and 50,000 Options
Special Responsibilities	—	Executive Director
Directorships held in other listed entities during the three years prior to the current year	—	Current director of Meridien Capital Limited (NSX:MEK)

Mr. J. Macfarlane	—	Director (Executive)
Qualifications	—	Fellow of the Financial Services Institute of Australia. Practitioner Member of the Securities and Derivatives Industry Association.
Experience		Appointed to the Board in 2008. John has been involved in Australian Stockbroking, Finance and Capital markets since 1964 with a particular emphasis on capital raising for resources and mining companies. He is formerly a member of the Stock Exchange of Melbourne and Australian Stock Exchange Limited.
Interest in Shares and Options	—	100,000 Ordinary Shares and 50,000 Options
Directorships held in other listed entities during the three years prior to the current year	—	Nil

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (continued)

Mr. M. Ivkovic	—	Director (Retired)
Qualifications	—	Bachelor of Commerce – University of New South Wales
Experience		Michael has extensive experience in the structured finance, funds management and investment banking industry in Australia and Asia. Michael was formerly the Chairman of Brick Securities Limited, Executive Chairman of NZI Securities Limited and NZI Investment Services Limited.
Interest in Shares and Options	—	500,000 Ordinary Shares and 250,000 Options
Directorships held in other listed entities during the three years prior to the current year	—	Nil

COMPANY SECRETARY

Richard Hill (Appointed 20 June 2008)

Mr Hill is a Chartered Accountant with more than 30 years experience in both Australia and Papua New Guinea. Mr Hill is a principal of DFK - Richard Hill Chartered Accountants and Business Advisors where he has provided secretarial, taxation, accounting and auditing services to a wide variety of clients including Santos Limited, Marengo Mining Limited, Drillsearch Limited, Great Artesian Oil and Gas Limited, Bounty Oil and Gas NL and Queensland Mining Corporation Limited. He is a member of the Australasian Institute of Chartered Accountants.

MEETINGS OF FIRECTORS

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
K Shirlaw	10	10
K Good	10	10
M Ivkovic	2	2
J. Macfarlane	8	8

DIRECTORS' REPORT

OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
30 Nov 2008	31 Oct 2013	$0.50	2,134,000
30 Apr 2009	31 Oct 2013	$0.50	782,500
12 Jun 2009	31 Oct 2013	$0.50	172,000
15 Jun 2009	31 Oct 2013	$0.50	8,000
			3,096,500

PROCEEDINGS ON BEHALF OF COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Sn 237 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 15.

CORPORATE GOVERNANCE

In recognising the need for the highest standard of corporate behaviour and accountability, the Directors of Meridien Resources support, and have adhered to, the principles of sound corporate governance.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each key management person of Meridien Resources Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Meridien Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Meridien Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the Company is as follows:

- All key management personnel receive the agreed salary or fee.
- The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board.

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The board determines payments to the non-executive directors. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Performance-based remuneration

Currently there is no performance-based component.

Key Management Personnel Remuneration Policy

The board's policy for determining the nature and amount of remuneration of key management for the Company is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company.

Employment Details of Members of Key Management Personnel and other executives

The Company has not entered into any material contracts with directors.

REMUNERATION REPORT

Table of Benefits and Payments for the Year Ended 30 June 2009

2009	SHORT-TERM BENEFITS			POST-EMPLOYMENT		SHARE-BASED		
	Cash and Salary Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Other	Shares/Units **	Options/ Rights ***	Total
	$	$	$	$	$	$	$	$
Directors								
Kevin Shirlaw	6,000	-	-	-	-	25,000	690	31,690
J MacFarlane	-	-	-	-	-	25,000	690	25,690
Kevin Good	-	-	-	-	-	25,000	690	25,690
Michael Ivkovic	-	-	-	-	-	-	-	-
Other Key management personnel								
Richard Hill*	4,950	-	-	-	-	-	-	4,950
Total	10,950	-	-	-	-	75,000	2,070	88,020

* Richard Hill, Company Secretary, is a partner of DFK Richard Hill Pty Ltd which provides accounting and company secretarial services to Meridien Resources Ltd. The contract between Meridien Resources Ltd and DFK Richard Hill Pty Ltd is based on normal commercial terms. A total of $ $47,796 (12 months ending 30 June 2008: $0) was charged by DFK Richard Hill Pty Ltd in relation to this contract for the year. The actual amount paid to DFK Richard Hill Pty Ltd for the year was $4,950 (12 months ending 30 June 2008: $0).

Shares and options issued as part of remuneration for the year ended 30 June 2009

During the reporting period, each of the three directors had been issued with 100,000 ordinary shares and 50,000 options as part of remuneration for the year. Value of the shares and options are included in the table above.

*** *Fair value of shares issued to Directors*

The assessed fair value at issue date of the 100,000 ordinary shares to each of the three Directors during the 12 months ended 30 June 2009 was $0.25 per share. The fair value at issue date is determined by the Board of Directors using with reference to the issue price charged to third party investments.

*** *Fair value of options granted*

The assessed fair value at grant date of the 150,000 options granted to the three Directors during the 12 months ended 30 June 2009 was $0.0138 per option. The fair value at grant date was independently determined using a modified Binomial option pricing model.

REMUNERATION REPORT

The model inputs for options granted during the year ended 30 June 2009 included:

- options are granted for no consideration, have a five year life, and vests and is exercisable after each of the first two anniversaries of the date of listing
- exercise price: $0.50
- grant date: 30 November 2008
- expiry date: 31 October 2013
- share price at grant date: $0.25
- expected price volatility of the Group's shares: 60%
- expected dividend yield: 0%
- risk-free interest rate: 3.8%

This report has been signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

For and on behalf of the directors

Kevin Shirlaw
Executive Director
Sydney

20 October 2009

Directors' Declaration

The directors' declare that:

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

(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

(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 s295(5) of the Corporations Act 2001.

On behalf of the directors

Kevin Shirlaw
Executive Director

Sydney, 20 October 2009

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Meridien Resources Limited for the year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J Hume
Partner

Sydney, New South Wales
Dated: 20 October 2009

MERIDIEN RESOURCES LIMITED
A B N 30 131 758 177

Income Statement
for the financial year ended 30 June 2009

	Notes	2009 $	2008 $
Revenue	2	44	-
Employee benefits expense		(84070)	-
Depreciation expense		(1,825)	-
Other expense		(99,015)	(10,000)
(Loss) before income tax	3	(184,866)	(10,000)
Income tax expense	4		
Loss for the year		(184,866)	(10,000)
Loss attributable to members of the company			
Basic loss per share (cents per share)	8	15.14	333,333
Diluted loss per share (cents per share)	8	NA	NA

Notes to the financial statements are included on pages 20 to 43

MERIDIEN RESOURCES LIMITED
ABN 30 131 758 177

Balance Sheet
as at 30 June 2009

	Notes	2009 $	2008 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	(2,028)	3
Trade and other receivables	10	46,451	-
Financial asset	11	110,178	-
TOTAL CURRENT ASSETS		154,601	3
NON-CURRENT ASSETS			
Property, plant and equipment	12	16,625	-
Other non current asset	13	370,450	-
Intangible Assets		680	680
TOTAL NON-CURRENT ASSETS		387,755	680
TOTAL ASSETS		542,356	683
CURRENT LIAIBLITIES			
Trade and other payables	14	55,602	10,680
TOTAL CURRENT LIABILITIES		55,602	10,680
NON-CURRENT LIABILITIES		-	-
TOTAL NON-CURRENT LIABILITIE		-	-
TOTAL LIABILITIES		55,602	10,680
NET ASSETS		486,754	(9,997)
EQUITY			
Issued Capital	15	674,720	3
Share option reserve	16	6,900	-
Accumulated losses		(194,866)	(10,000)
TOTAL EQUITY		486,754	(9,997)

Notes to the financial statements are included on pages 20 to 44

Statement of changes in equity
for the financial year ended 30 June 2009

	Attributable to equity holders			
	Issued capital	**Options Reserves**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**
Balance at 1 July 2007	-	-	-	-
Shares issued during the year	3	-	-	3
Transaction costs	-	-	-	-
Shares cancelled during the year	-	-	-	-
Loss for the period	-	-	(10,000)	(10,000)
Options Reserve	-	-	-	-
Balance at 30 June 2008	3	-	(10,000)	(9,997)
Shares issued during the year	889,864	-	-	889,861
Transaction costs	(215,144)	-	-	(215,144)
Shares cancelled during the year	-	-	-	-
Loss for the period	-	-	(184,866)	(136,867)
Options Reserve	-	6,900	-	6,900
Balance at 30 June 2009	674,720	6,900	(194,866)	486,754

Notes to the financial statements are included on pages 20 to 44

MERIDIEN RESOURCES LIMITED
ABN 30 131 758 177

Statement of cash flows
for the financial year ended 30 June 2009

	2009	2008
	$	$
Cash flows from operating activities		
Payment for purchase of held- for- sale financial assets	(102,598)	-
Receipts from sale of held -for- sale financial assets	149,364	-
Payments to suppliers and employees (inclusive of GST)	(29,358)	-
Interest received	44	-
Interest paid	-	-
Bank Interest Withholding tax	-	-
Taxes (paid) received- GST	2,932	-
Net cash inflow from operating activities	20,384	-
Cash flows from investing activities		
Payment for property, plant and equipment	(18,450)	-
Payment for Investments	(242,000)	-
Proceeds from sale of investment	-	-
Net cash (outflow) from investing activities	(260,450)	-
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	284,486	3
Payment of related parties loan	(46,451)	-
Net cash inflow from financing activities	238,035	3
Net increase in cash and cash equivalents	(2,031)	-
Cash at the beginning of the year	3	-
Cash at the end of the financial year	(2,028)	3

Notes to the financial statements are included on pages 20 to 44

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a.. **Property, Plant and Equipment**

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

Property, Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment	40-50%

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

b. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sales of the assets (ie Trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expenses to profit or loss immediately.

Classifcation and subsequent measurement

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

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In order circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition
b. less principal repayments
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
d. less any reduction for impairment

The effective interest method is used to allocate interest income or interest expenses over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs, and other premiums or discounts) through the expected life (or then this can not be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expenses in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

i. Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in fair value are included in profit or loss.

ii. *Loans and receivables*

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

iii. *Held-to-maturity investments*

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

iv. *Available-for-sale financial assets*

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

v. *Financial Liabilities*

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

c. **Fair value**

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

d. **Impairment**

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

Derecongnition

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

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

e. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

The company operates equity settled share-based payment employee share and option schemes. The fair values of the equity to which employee become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

f. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

h. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

Revenue relating to construction activities is detailed at Note 1(e).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST)

i. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

j. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. **Critical Accounting Estimates and Judgments**

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

The financial report was authorised for issue on 8 October 2009 by the board of directors.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

m. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New accounting standards interpretations

Certain Australian Accounting Standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. They have not been adopted in preparing the financial report for the year ended 30 June 2009 and are expected to impact the Group in the period of initial application. In all cases, the Group intends to apply these standards from the application date as indicated below.

(i) AASB 123 (revised June 2007) - Borrowing costs

Application date:
Periods on or after 1 January 2009.

Nature of change:
To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently, all borrowing costs for qualifying assets will have to be capitalised.

Impact on initial application:

The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

(ii) AASB 3 (reissued March 2008) - Business Combinations

Application date:
Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later.

Nature of change:
Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to b expensed instead of being recognised as part of goodwill.

Impact on initial application:
As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

(iii) AASB 127 (reissued March 2008) - Consolidated and Separate Financial Statements

Application date:
Periods commencing on or after 1 July 2009.

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

(iv) AASB 2008-3 (issued March 2008) - Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107.

Application date:
Periods commencing on or after 1 July 2009.

Nature of change:
Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of *AASB 3* and *AASB 127*, including to *AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures.*
When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under *AASB 139*, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.

Impact on initial application:
As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

(v) AASB 2008-1 (issued February 2008) - Amendments to AASB 2 - Share-based Payments - Vesting Conditions and Cancellations

Application date:
Periods commencing on or after 1 July 2009.

Nature of change:
The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share based payment expense and are treated in a manner similar to market conditions.

Impact on initial application:
To date, the entity has not issued any options to employees that include non-vesting conditions and as such, there will be no impact on the financial statements when this revised standard is adopted for the first time.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

(vi) AASB 2008-7 (issued July 2008) - Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Application date:
Periods commencing on or after 1 January 2009.

Nature of change:
Removal of the definition of the "cost method" in *AASB 127*, meaning that pre and post acquisition dividends n longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under *AASB 136* where there is an indicator for impairment.

Impact on initial application:
There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 July 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities.

(vii) AASB 8 (issued Feb 2007) - Operating Segments.

Application date:
Periods commencing on or after 1 January 2009.

Nature of change:
Replaces the disclosure requirements of *AASB 114: Segment Reporting.*

Impact on initial application:
As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

(viii) AASB 101 - Presentation of Financial Statements.

Application date:
Periods commencing on or after 1 January 2010.

Nature of change:
Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

Impact on initial application:
Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.

(ix) AASB 2009-2 (issued April 2009) - Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments.

Application date:
Periods commencing on or after 1 January 2009.

Nature of change:
Requires additional disclosures about financial instrument fair values and liquidity risk.

Impact on initial application:
As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.

(x) AASB 119 - Employee Benefits

Application date:
Periods commencing on or after 1 January 2009.

Nature of change:
Short term employee benefits now include compensation for absences that are due to be settled within 12 months rather than those that are expected to be settled within 12 months. Accordingly, long service leave provisions will be calculated and discounted based on the contractual due date rather than when the employee is expected to take the leave.

Impact on initial application:
Nil as currently Meridien Resources Limited has not provided for a long service provision in the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

(xi) AASB 136 - Impairment of Assets

Application date:
Periods commencing on or after 1 January 2010.

Nature of change:

Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8: Operating Segments before aggregation.

Impact on initial application:
There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010

NOTE 2: REVENUE

	Note	2009	2008
		$	$
Revenue			
Other revenue			
Interest received		44	-
		44	-

NOTE 3: LOSS FOR THE YEAR

Profit (Loss) from operations before income tax includes the following items of expense:

	2009	2008
	$	$
Loss for listed shares sales	3,230	-
Rent Expenses	20,112	-
Share Based Remuneration Expenses	77,070	-
Unrealised Loss on fair value of listed shares	10,089	-

NOTE 4: INCOME TAX EXPENSE

	Note	2009	2008
		$	$
Prima facie tax benefit on loss from ordinary activities before income tax at 30%		55,760	3,000
Add/(less):			
Tax effect of:			
Non-deductible expenditure			
- Accrued expenses		(14,968)	(3,000)
- Other subtract items		(11,725)	-
Other add-back items		36,629	-
		9,936	(3,000)
Tax effect of tax losses not brought to account as they do not meet the recognised criteria		(65,696)	-
Deferred tax asset in respect of tax losses not brought to account		-	
Income tax attributable to operating loss		-	-
Total income tax losses for which no deferred tax asset has been recognised		184,685	-

NOTE 5. INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the Remuneration Report contained in the Report of Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2009.

The totals of remuneration paid to KMP of the company and the Company during the year are as follows:

	2009	2008
	$	$
Short-term employee benefits	10,950	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	77,070	-
	88,020	-

a. Names and positions held of entity key management personnel in office at any time during the financial year are:

Key Management person	Position
Mr. Kevin Good	Chairman
Mr. Kevin Shirlaw	Executive Director
Mr. Michael Ivkovic	Director (retired)
Mr. John Macfarlane	Executive Director
Mr. Richard Hill	Company Secretary

b. KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2009	Balance 30.6.2008	Granted as Compensation	Options Exercised	Net Changes Other
Mr. Kevin Shirlaw	-	50,000	-	-
Mr. John Macfarlane	-	50,000	-	-
Mr. Kevin Good	-	50,000	-	-
Mr. Michael Ivkovic	-	-	-	250,000
Mr. Richard Hill	-	-	-	250,000
Total	-	150,000	-	500,000

30 June 2009	Balance 30.6.2009	Total Vested 30.6.2009	Vested and Exercisable 30.6.2009	Vested and Unexercisable 30.6.2009
Mr. Kevin Shirlaw	50,000	50,000	-	50,000
Mr. J. Macfarlane	50,000	50,000	-	50,000
Mr. Kevin Good	50,000	50,000	-	50,000
Mr. Michael Ivkovic (1)	250,000	250,000	-	250,000
Mr. Richard Hill (2)	250,000	250,000	-	250,000
Total	650,000	650,000	-	650,000

(1): Options are held by Michael Ivkovic indirectly through associated entity, Ivkovic Holdings Pty Ltd
(2): Options are held by Richard Hill indirectly through associated entity, Dalua Pty Ltd

NOTE 5. INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) continue

30 June 2008	Balance 30.6.2007	Granted as Compensation	Options Exercised	Net Changes Other
Mr. Richard Collinge	-	-	-	-
Mr. Adam Hill	-	-	-	-
Mr. Richard Hill	-	-	-	-
Total	-	-	-	-

30 June 2008	Balance 30.6.2008	Total Vested 30.6.2008	Vested and Exercisable 30.6.2008	Vested and Unexercisable 30.6.2008
Mr. Richard Collinge	-	-	-	-
Mr. Adam Hill	-	-	-	-
Mr. Richard Hill	-	-	-	-
Total	-	-	-	-

b. KMP Share Holdings

The number of ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2009	Balance 01.07.2008	Received as Compensation	Options Exercised	Net Changes Other	Balance 30.06.2009
Key Management Personnel					
Mr. Kevin Shirlaw	-	100,000	-	-	100,000
Mr. John Macfarlane	-	100,000	-	-	100,000
Mr. Kevin Good	-	100,000	-	-	100,000
Mr. Michael Ivkovic (1)	-	-	-	500,000	500,000
Mr. Richard Hill (2)	-	-	-	500,000	500,000
Total	-	300,000	-	1,000,000	1,300,000

(1): Shares are held by Michael Ivkovic indirectly through associated entity, Ivkovic Holdings Pty Ltd
(2):Shares are held by Richard Hill indirectly through associated entity, Dalua Pty Ltd

30 June 2008	Balance 01.07.2008	Received as Compensation	Options Exercised	Net Changes Other	Balance 30.06.2009
Key Management Personnel					
Mr. Richard Collinge	-	-	-	1	1
Mr. Adam Hill	-	-	-	1	1
Mr. Richard Hill	-	-	-	1	1
Total	-	-	-	3	3

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. For details of other transactions with KMP, refer to Note 6: Related Party Transactions

Note 6: RELATED PARTY TRANSACTIONS

Transactions with related parties:

a. Key Management Personnel

The aggregate amounts recongnised during the year relating to key management personnel and their related parties were as follows:

Mr. Michael Ivkovic

Loans to Michael Ivkovic. Refer to Note 10 ii)

Mr.Richard Hill

Richard Hill, Company Secretary, is a partner of DFK Richard Hill Pty Ltd which provides accounting and company secretarial services to Meridien Resources Ltd. The contract between Meridien Resources Ltd and DFK Richard Hill Pty Ltd is based on normal commercial terms. A total of $ $47,796(12 months ending 30 June 2008: $0) was charged by DFK Richard Hill Pty Ltd in relation to this contract for the year. The actual amount paid to DFK Richard Hill Pty Ltd for the year was $4,950 (12 months ending 30 June 2008: $0).

Dalua Pty Ltd, in which Richard Hill is the major shareholder, received $110,000 cash and a total of 500,000 Meridien Resource ordinary shares and 250,000 options for the sale of Warrinen Pty Ltd, which is also owned by Mr Richard Hill.

Mr.John MacFarlane

A company associated with Mr MacFarlane Collins Street Group Pty Ltd is entitled to receive an underwriting fee of $10,000 representing 10% of the amount underwritten. The Underwriter is entitled to further commissions equal to 8% of any amount directly raised by the Underwriter over and above the amount underwritten.

In addition Collins Street Group Pty Ltd has agreed to act as Nominated Advisor for a fee of $12,000 per annum. Collins Street Group Pty Ltd has been issued with 200,000 ordinary shares and 100,000 options. Mr MacFarlane has been issued with 100,000 ordinary shares and 50,000 options.

b. Other Related Parties

Loans to Meridien Capital Refer to Note 10 i).

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors interests existing at the year end.

Note 7: AUDITORS' REMUNERATION

	Note	2009	2008
		$	$
Remuneration of the auditor of the entity for:			
auditing or reviewing the financial report		5,000	-
Independent investigating accountants report		22,000	-

NOTE 8: EARNINGS PER SHARE

	Note	$	$
a. Reconciliation of earnings to profit and loss			
Loss		(184,866)	(10,000)
Losses used to calculated basic EPS		(184,866)	(10,000)
Losses used in the calculation of dilutive EPS		(184,866)	(10,000)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS			
Weighted average number of options outstanding		1,220,315	3
Weighted average number of converting prederence shares on issue		-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS		NA	NA

NOTE 9: CASH AND CASH EQUIVALENTS

	Note	2009	2008
		$	$
Cash at bank and in hand		(2,028)	3
		(2,028)	3
Reconciliation of cash			
Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the valance sheet as follows:			
Cash and cash equivalents		(2,028)	3

(a) The above figures are reconciled to cash at the of the financial year as shown in the statements of cash flow as follows:

Reconciliation to cash at the end of the year

	2009	2008
	$	$
Balances as above	(2,028)	3
Balances as per cash flow statement	(2,028)	3

(b) The company's exposure to interest rate risk is discussed in note 20.

NOTE 10: TRADE AND OTHER RECEIVABLES

	Note	2009	2008
		$	$
CURRENT			
Other receivables			
Amounts receivable from:			
Other related parties (unsecured)	i), ii),	46,451	
		46,451	

Fair value and credit risk

Due to the short-term nature of the above receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivables is insignificant as it is the fair value of any collateral sold or repledged

i) Meridien Capital Limited

As at 30 June 2009 an amount of $42,340.04 was owed to the Company by Meridien Capital Limited. This amount related to un-reconciled advances to Meridien Capital Limited in respect of fees and rent related to the company's role as adviser to the Meridien Resources Limited listing initiative.

Subsequent to 30 June 2009 further invoices for fees and rent were tendered in August and September thereby reducing the outstanding balance to $27,226.04 as at the date of this report. It has been agreed between the companies that this amount will be amortised against invoices from Meridien Capital Limited for administrative services and rent provided in the future with further repayments required by 31 December 2009.

ii) Michael Ivkovic

As at 30 June 2009, an amount of $4,111.16 was owed to the Company by Michael Ivkovic. This amount related to un-reconciled travel, communication and entertainment advances to Michael Ivkovic and this outstanding balance has been fully reconciled at the date of this report.

Michael Ivkovic is the Managing Director of Meridien Capital Limited and has over the past year incurred travel and sundry expenses related to Meridien Capital Limited's role in assisting Meridien Resources Limited with its listing initiative.

NOTE 11: Financial Assets

	Note	2009	2008
		$	$
Available-for-sale financial assets			
a. Available-for-sale Financial Assets Comprise			
Listed investments, at fair value			
shares in listed corporations		85,178	-
Option subscribed			
Unlisted investments, at cost		25,000	-
shares in other related parties			
Total Available-for-sale Financial assets		110,178	-

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
		$	$
Office equipment at cost		909	-
Less accumulated depreciation		-44	-
Total		865	-
Website design		17,541	-
at cost		-1781	-
Less accumulated depreciation		15,760	-
Total		16,625	-

NOTE 13. OTHER ASSETS

	Note	2009	2008
		$	$
CURRENT			
Deposit on option-Warrinen		242,000	-
Share based cost-Warrinen		128,450	-
		370,450	-

NOTE 14. TRADE AND OTHER PAYABLES

	Note	2009	2008
		$	$
CURRENT			
Sundry payables and accrued expenses		55,602	10,680
		55,602	10,680

NOTE 15. ISSUED CAPITAL

	2009	2008
	$	$
6,193,003 (2008: 3) fully paid ordinary shares	889,861	3
Less Issue Cost	(215,141)	
	706,720	
	No.	No.
a. Ordinary shares		
At the beginning of reporting period	3	
shares issued during the year		3
30 November 2008 (1)	4,268,000	-
30 April 2009 (2)	1,565,000	-
12 June 2009 (3)	344,000	-
15 June 2009 (4)	16,000	-
Shares cancelled during the year:		
27 June 2009	-	-
At reporting date	6,193,003	3

(1) On 30 November 2008, the company issued: 2,500,000 ordinary shares at nil consideration to founder shareholders of the company, 2,000,000 to Meridien Capital Limited and 500,000 to Ivkovic Family Trust; 500,000 ordinary shares to Fair Choice Limited for a total consideration of $130,094; 568,000 ordinary shares to Pre-IPO investors for a total consideration of $142,000; 200,000 ordinary shares to Dalua Pty Ltd for services relating to the purchase of the Warrinen option recorded at $50,000; 200,000 ordinary shares to Collins Street Group Ltd for acting as the company's nominated adviser recorded at $50,000; 300,000 ordinary shares issued to the directors as remuneration recorded at $75,000.

(2) On 30 April 2009, the company issued: 300,000 ordinary shares to Dalua Pty Ltd for a for further services realting to the acquisition of the Warrinen option recorded at $75,000; 400,000 ordinary shares to Harford Super Fund for a total consideration of $61,517; 865,000 ordinary shares to Pre-IPO investors for a total consideration of $216,250

(3) On 12 June 2009, the company issued: 344,000 ordinary shares to Pre-IPO investors for a total consideration of $86,000

(3) On 15 June 2009, the company issued: 16,000 ordinary shares to Pre-IPO investors for a total consideration of $4,000

All shares currently on issue are fully paid up. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up if the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Share issue as part of share based payment arrangements have been recognised at 25c per share issued.

b. Options

For information relating to share options issued to key management personnel during the financial year, refer to Remuneration Report.

c. Capital risk management

The company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

NOTE 15. ISSUED CAPITAL continue

	2009 $	2008 $
Total payables	55,602	-
Borrowings	2,028	-
Less: cash and cash equivalents	-	(3)
Net debt	57,630	(3)
Total equity	406,753	(9,997)
Total capital	464,384	(10,000)
Gearing ratio	12%	0.03%

The increase in the above ratio in 2009 resulted primarily from an increase in total equity. Cash and cash equivalents reduced to negative with increase in payables.

NOTE 16: EQUITY - RESERVES

	2009 $	2008 $
Reserves		
Share-based payments reserve	6,900	-
Movements		
Option Reserve		
Balance 1 July 2008	-	-
Option expense	6,900	-
Balance 30 June 2009	6,900	-

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued to employees, directors and suppliers.

NOTE 17: CASH FLOW INFORMATION

	2009	2008
	$	$
a. Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax		
Loss from ordinary activities after income tax	184,866	10,000
Non-cash flows in profit from ordinary activities		
Impairment		
Unrealised loss	10,089	-
Depreciation	1,825	-
Share based payments	77,070	-
Cost of share sold		
	95,883	10,000
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in debtors		
(Increase)/decrease in income tax paid		
(Increase)/decrease in other assets	71,344	
Increase/(decrease) in trade creditors and accruals	44,923	10,000
Increase/(decrease) in HP liability		
Cash flow from operations	20,384	-

Note 18. SEGMENT INFORMATION

The company operates in a single segment being the investment in Australian Listed and unlisted companies.

Note 19. SUBSEQUENT EVENTS

Subsequent to the balance date, the Company sold all 2,250,000 Vatukoula Gold Mines PLC for $47,329.22. Of this amount, $21,883.84 was used to fund the cost of drilling and associated expenses relating to the Lucky Draw tailings dam.

The Company lodged its Prospectus with ASIC on 3 July 2009 with an expectation that a listing on the NSX would be achieved by 10 August 2009.

Under the Prospectus, Meridien Resources Limited was offering subscriptions of 600,000 ordinary shares at an application price of $0.50 per share to raise a minimum $300,000, together with one attaching subscriber option for every two shares subscribed for. The Company had the right to accept oversubscriptions of up to a further 400,000 shares with one attaching subscriber option for every two shares subscribed for to raise an additional $200,000.

The closing date of the offer was subsequently extended on two occasions to facilitate a situation where the level of subscriptions could be maximized.

The offer closed on 30 September 2009 with total subscriptions of $400,000 and it is expected that the Company will list on the NSX by 9 October 2009.

Note 20. FINANCIAL RISK MANAGEMENT

a. Financial Risk Management Policies

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

No derivatives are being used by the Company during the financial year. The Company does not speculate in the trading of derivative instruments.

i. Treasury Risk Management

Due to the size of the company, a separate finance committee does not exist. The full Board considers credit risk policies and future cash flow requirements as required.

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

ii. Financial Risk Exposures and Management

The main risks the Company are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk credit risk and price risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2009 the only debt that is exposed to interest rate risk is the Lease Liabilities of which the interest is fixed at 9.29%.

Foreign currency risk

The Company is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Company's measurement currency.

Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities as required are maintained. The Company's operations may require it to raise capital as required.

Credit risk

Credit risk is managed on a Company basis and refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There are no collateral held as security at 30 June 2009.

Price risk

The Company is not exposed to any particular product or services price risk.

Note 20. FINANCIAL RISK MANAGEMENT continue

b. **Financial Instruments**

i. Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

2009	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	3-5 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Trade and other receivables	-	-	-	-	-	-	46,451	46,451
Other financial assets	-	-	-	-	-	-	398,600	371,557
							445,051	418,008
Financial liabilities	-	-	-	-	-	-	-	-
Trade and other payables	1		2,028				55,602	57,631
Lease liabilities	-	-	-	-	-	-	-	-
							55,602	57,631

2008	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	3-5 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	3	3
Trade and other receivables	-	-	-	-	-	-		-
Other financial assets	-	-	-	-	-	-		-
								3
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	10,680	10,680
Lease liabilities	--	-	-	-	-	-	-	-
		-	-	-	-	-	10,680	10,680

Note 20. FINANCIAL RISK MANAGEMENT continue

ii. **Net Fair Values**

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2008: net fair value).

iii. **Sensitivity Analysis**

Interest Rate Risk, Foreign Currency Risk and Price Risk

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

Interest Rate Sensitivity Analysis

At 30 June 2009 the effect on loss and equity as a result of 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by $600 (2008: $ 600) and an increase in equity by $600 (2008: $ 600).

Foreign Currency Risk Sensitivity Analysis

The Company is not exposed to any material foreign currency risk.

Price Risk Sensitivity Analysis

The Company is not exposed to any particular product or services price risk.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

MERIDIEN RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Meridien Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. .

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 opinions.

Independence

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

Auditor's Opinion

In our opinion:

(a) the financial report of Meridien Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company'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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial 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 Meridien Resources Limited for the financial year ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

C J Hume
Partner

Sydney, NSW
Dated: 20 October 2009