

Meridien Resources Limited

ABN 30 131 758 177

Annual Financial Report

for the year ended 30 June 2010

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Corporate Directory

DIRECTORS

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

COMPANY SECRETARY

Mr Richard Hill

REGISTERED OFFICE

Level 29
Chifley Tower,
2 Chifley Square
Sydney NSW 2000
Ph: (02) 9220 3581
Fax: (02) 9375 2121

SOLICITORS

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Suite 9, Level 5
137 -139 Bathurst Street
Sydney NSW 2000
Ph: (02) 9264 2216
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NOMINATED ADVISOR

Collins Street Group Pty Ltd
Level 13
350 Collins Street
Melbourne VIC 3000
Ph: (03) 9670 9030
Fax: (03) 9606 0267

AUDITORS

RSM Bird Cameron Partners
Level 12,60 Castlereagh St
Sydney NSW 2000
Ph: (02) 9221 0444
Fax: (02) 9221 5935

SHARE REGISTRY

Registries Limited
Level 7,207 Kent Street
Sydney NSW 2000
Ph: 1300737 760
Fax: 1300 653 459

SPONSORING BROKER

Martin Place Securities Pty Ltd
Level 3, 14 Martin Place
SYDNEY NSW 2000
Ph: (02) 9222 9111
Fax: (02) 8224 9699

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2010.

Board composition:

The Board is comprised of three directors, of which all directors are Executive Directors.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the directors' report. Because of the size of the company all directors are not independent directors. This situation will be monitored and reviewed from time to time. The names of the directors of the company in office at the date of this statement are:

Name	Position
Mr K. J. Good	Executive Chairman
Mr K. R. Shirlaw	Executive Director
Mr. J. Macfarlane	Executive Director
Mr. R. Hill	Company Secretary

When determining whether a non-executive director is independent the director must not fail any of the following materiality thresholds:

- Less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director;
- No shares are made to or purchases made from any entity or individual directly or indirectly associated with the director; and
- None of the directors' income or the income of an individual or entity directly or indirectly associated with director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the company's expense. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

The names of the members of the nomination committee and their attendance at meetings of the committee are detailed in the directors' report.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- Act honestly and in good faith;
- Exercise due care and diligence in fulfilling the functions of office;
- Avoid conflicts and make full disclosure of any possible conflict of interest;
- Comply with the law;
- Encourage the reporting and investigating of unlawful and unethical behaviour; and
- Comply with the share trading policy outlined in the Code of Conduct.

Directors are obliged to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Trading Policy

The company's policy regarding directors and employees trading in its securities, is set by the finance committee. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

CORPORATE GOVERNANCE STATEMENT

Audit committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

Performance Evaluation

An annual performance evaluation of the Board and all board members was conducted by the Board and facilitated by an independent consultant from TBC Consulting for the financial year ended 30 June 2010. The consultant developed a questionnaire for all board members and members of the senior management team to provide feedback on how they thought the Board had performed. The chairman also speaks to each director individually regarding their role as director. The results from the questionnaire were collated and developed into a series of recommendations to improve performance. This was presented to the Board at which time an action plan was developed to implement the recommendations and set the performance criteria and goals for the next year.

Board Roles and Responsibilities

The Board is first and foremost accountable to provide value to its shareholders through delivery of timely and balanced disclosures.

The Board sought external guidance to assist the drafting of its 'Board Governance Document' which has been made publicly available on the company's website. This document details the adopted practises and processes in relation to matters reserved for the Board's consideration and decision-making and specifies the level of authorisation provided to other key management personnel. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and receipt of annual and interim financial statements. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Meridien Resources Limited, to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the business's risk profile is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight. The effectiveness of these controls is monitored and reviewed regularly. The worsening economic environment has emphasised the importance of managing and reassessing key business risks.

Remuneration Policies:

The company does not presently operate a remuneration committee. The remuneration of all directors is determined by the Board.

All compensation arrangements for directors including the Managing Director are determined by the directors after taking into account the current competitive rates prevailing in the market.

The amount of remuneration for all directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive and Non Executive Directors, are detailed in the directors' report.

CORPORATE GOVERNANCE STATEMENT

Remuneration Policies Continued

Executives will receive base salary, superannuation, fringe benefits and in some cases, performance incentives. Executives and staff may be invited by the Board, to participate in the yet to be determined Meridien Resources Limited Directors' and Employee's Option Plan ("Employee's Option Plan"). These packages are reviewed on an ongoing basis and in most cases will be reviewed against predetermined performance criteria.

All remuneration to be paid to present or future executives will be valued at the cost to the company and expensed. Shares issued to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure that is implemented will result in the company being able to attract and retain the best executives to manage the economic entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value.

The Board can exercise its discretion in relation to approving incentives, bonuses and options. There are no schemes for retirement benefits other than statutory superannuation for non- executive directors.

Remuneration Committee

At this stage the company does not have a Remuneration Committee. The full Board makes the decision on remuneration.

Other Information

Further information relating to the company's corporate governance practices and policies has been made publicly available on the company's website at <<http://www.meridienresources.com.au/>>

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Company for the full financial year ending 30 June 2010.

PRINCIPAL ACTIVITIES

Meridien Resources Limited is an investment holding and exploration company which successfully listed on the National Stock Exchange on 29 October 2009.

Meridien Resources holds an exploration licence for the Lucky Draw gold tailings dam at Burruga, 3 hours west of Sydney. The Company has recently finalised agreements with the ASX listed Jaguar Minerals Limited giving it access to two additional gold tenements in central west, New South Wales.

OPERATING RESULTS AND REVIEW OF OPERATIONS

OPERATING RESULTS

The Company recorded a loss of \$540,060 for the twelve month period to 30 June 2010. This compared to a loss of \$184,866 for the corresponding period last year. The increase in losses was due to the changeover from a unlisted company to listed company.

REVIEW OF OPERATIONS

The Company's primary focus over the past twelve month period has been to better determine the quantum and average grade of the gold tailings at Lucky Draw. To this end drilling programs were initiated in May 2009 and again in May/June 2010.

The latest push-tube drilling program undertaken by NuMac Drilling was designed to measure density and confirm grade. The Company expects the interpretation of these results will be available early October and these are expected to confirm a substantially 'Measured' JORC-Compliant Resource.

A total of \$156,857 has been expended on exploration and evaluation activities in the 12 month period to 30 June 2010.

It is the Company's intention to engage the Orange based PYBAR Mining Services Pty Ltd as project manager to the Lucky Draw mining operation. Established in 1993, PYBAR has earned a strong reputation as a medium sized mining contractor with core competencies in underground mining, surface, civil and bulk earthworks.

On 3 June 2010, the Company signed an Option Agreement with Jaguar Minerals Limited to acquire an 80% interest in Springfield (EL 5991) located near Mudgee, 220km west of Sydney. The tenement covers 70km² and has a JORC inferred resource of 47,000 ounces of gold.

Concurrently, the Company signed a Farm-In Agreement with Jaguar Minerals Limited for Mt David (EL 5242) located near Bathurst, 140km west of Sydney. Tenement covers an area of 128km² and lies within the highly prospective Ordovician volcanic of the Rockley-Gulgong magmatic arc. The old Mt David Gold mine produced 27,000oz (@ 13g/t) in the late 19th and early 20th centuries.

On 30 June 2010, the Company paid a deposit of \$6,250 and entered in to a contract with Renison Limited to purchase the 93.41 hectares of land on which the Lucky Draw tailings dam is situated for \$125,000. After the balance date, the company paid a further deposit of \$12,500 and the contracts were exchanged. The balance is payable at settlement on 30 November 2010.

The Company is currently listed on the National Stock Exchange and intends to seek a listing on the Australian Stock Exchange during the fourth quarter of calendar year 2010. The Company expects that this initiative will give it broader access to capital markets for its future funding requirements.

DIRECTORS' REPORT

FINANCIAL POSITION

The net assets of the Company increased from \$486,754 as at 30 June 2009 to \$498,009 as at 20 June 2010. The increase reflects the proceeds from the pre IPO share issue totaling \$497,500 netted off the administrative expenditures for the financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the parent entity occurred during the financial year:

- ❖ The Company was successfully listed on the NSX on 29 October 2009 with total \$497,500 raised through the IPO at \$0.50 per share.
- ❖ On 11 February 2010, 30,000 ordinary shares were issued to an investor at \$0.50 per share.
- ❖ During June 2010, the company issued additional 447,142 ordinary shares to investors at the weighted average price of \$0.35 per share

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.

AFTER BALANCE DATE EVENTS

The Company was able to place 631,428 Ordinary shares at \$0.35 to raise a further \$221,000 of working capital.

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 subject to environmental regulation in respect of its exploration activities. However the Directors of the company believe that there are no significant environmental issue at this early stage of exploration.

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.

NON-AUDIT SERVICES

There have been no non-audit services acquired from the external auditors during the year ended 30 June 2010.

DIRECTORS' REPORT

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
Mr. K.R.Shirlaw
Mr. I MacFarlane

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

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)

MERIDIEN RESOURCES LIMITED
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DIRECTORS' REPORT

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	—	300,000 Ordinary Shares and 150,000 Options
Directorships held in other listed entities during the three years prior to the current year	—	Nil

COMPANY SECRETARY

R Hill

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 DIRECTORS

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
K Shirlaw	5	5
K Good	5	5
M Ivkovic (as invitee)	5	5
J. Macfarlane	5	5

MERIDIEN RESOURCES LIMITED
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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
			<hr/> 3,096,500 <hr/>
29 October 2009	31 Oct 2013	\$0.50	497,500
			<hr/> 3,594,000 <hr/>

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 2010 has been received and can be found on page 18.

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

Two key management personnel had received performance-based cash bonus during the financial year (See Table of Benefits and Payments for the Year Ended 30 June 2010 for more details)

Relationship between Remuneration Policy and Company Performance

At this stage there is no relationship between Remuneration Policy and Company Performances.

Performance Conditions Linked to Remuneration

There is no links between performance conditions and Remuneration.

REMUNERATION REPORT

Employment Details of Members of Key Management Personnel and Other Executives

The following table provided employment details of persons who where, during the financial year, members of key management personnel of the company. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position held as at 30 June 2010 and any changes during the year	Contract details (duration & termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
			Non-salary cash-based incentives %	Shares /Unites %	Options/Rights %	Fixed Salary/Fees %	Total %
Key Management Personnel							
Mr. K. J Good	Chairman (Executive)	No fixed term. 3 Month notice required to terminate.	N/A	N/A	N/A	100	100
Mr. K. R. Shirlaw	Director (Executive)	No fixed term. 3 Month notice required to terminate.	N/A	N/A	N/A	100	100
Mr. J. Macfarlane	Director (Executive)	No fixed term. 3 Month notice required to terminate.	N/A	N/A	N/A	100	100
Mr. M. Ivkovic	Advisor	No fixed term. 3 Month notice required to terminate.	100%	N/A	N/A	-	-
Mr. D. Ivkovic	General Manager	No fixed term. 3 Month notice required to terminate.	9%	N/A	N/A	91%	91%
Mr. R. Hill	Company Secretary	No fixed term. 3 Month notice required to terminate.	N/A	N/A	N/A	100	100

The employment terms and conditions of key management personnel and executives are yet to be formalised in contracts of employment.

REMUNERATION REPORT

Changes in Directors and Executives Subsequent to Year-end

There has been no changes in Directors and Executives Subsequent to Year-end

Remuneration Details for the Year Ended 30 June 2010

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Company and, to the extent different, the five Company executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the Year Ended 30 June 2010

2010	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*	25,000	-	-	-	-	-	-	25,000
J MacFarlane*	25,000	-	-	-	-	-	-	25,000
Kevin Good*	25,000	-	-	-	-	-	-	25,000
Other Key management personnel								
Richard Hill**	150,059	-	-	-	-	-	-	150,059
Michael Ivkovic***	-	10,000	-	-	-	-	-	10,000
David Ivkovic***	49,980	5,000	-	3,300	-	-	-	58,280
Total	275,039	15,000	-	3,300	-	-	-	293,339

2009	SHORT-TERM BENEFITS			POST-EMPLOYMENT		SHARE-BASED		
	Cash and Salary Fees	Cash bonus	Non-monetary benefits	Pension and Super-annuation	Other	Shares	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
Other Key management personnel								
Richard Hill**	47,796	-	-	-	-	-	-	47,796
Total	53,796	-	-	-	-	75,000	2,070	130,866

* The amount of \$25,000 for each of the directors was the Directors entitlements only. The Directors had received certain percentage of the entitlements during the year. The amounts owing as at the balance date are explained in Note 6 and Note 14.

REMUNERATION REPORT

** Richard Hill, Company Secretary, is a partner of DFK Richard Hill Pty Ltd which provides advisory, 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 \$150,059 (2009: \$47,796) was charged by DFK Richard Hill Pty Ltd in relation to this contract for the year, including \$63,250 (2009: \$42,000) which was still outstanding as at 30 June 2010 and included in Trade and Other Payables as per Note 14.

***The two key management personnel received performance-based cash bonus after the company was successfully listed on NSX.

Securities Received that are not Performance Related

Two key management personnel had received performance-based cash bonus during the financial year. However, the company currently has no intention to entitle any key management personnel to receive securities which are performance-based as part of their remuneration package.

Shares and options issued as part of remuneration for the year ended 30 June 2010

There were no shares and options issued as part of the remuneration for the year ended 30 June 2010. During the financial year ended 30 June 2009, 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.

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 Company's shares: 60%
- expected dividend yield: 0%
- risk-free interest rate: 3.8%

REMUNERATION REPORT

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
Director
Sydney

20 October 2010

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 19 to 53, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and the Company;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1; and
3. The Chief Executive Officer have declared that:
 - (a) the financial records of the company for the year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the IFRS and other Accounting Standards; and
 - (c) the financial statements and the notes for the financial year give a true and fair view;
4. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.
On behalf of the directors



Kevin Shirlaw
Director

Sydney, 20 October 2010

RSM Bird Cameron Partners

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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 2010, 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
Chartered Accountants


C J Hume
Partner

Sydney, NSW

Dated: 20 October 2010

Statement of Comprehensive Income
for the financial year ended 30 June 2010

		2010	2009
	Note	\$	\$
Revenue	2	929	44
Other Income	2	2,320	-
Employee benefits expense		(128,280)	(84,070)
Depreciation expense		(7,621)	(1,825)
Other expense		(407,408)	(99,015)
(Loss) before income tax	3	(540,060)	(184,866)
Income tax expense	4	-	-
Loss for the year		(540,060)	(184,866)
Loss attributable to members of the company		(540,060)	(184,866)
Losses per share			
Basic loss per share (cents per share)	8	7.66	15.14
Diluted loss per share (cents per share)	8	NA	NA
Loss for the year		(540,060)	(184,866)
Other comprehensive income:		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(540,060)	(184,866)

Notes to the financial statements are included on pages 23 to 53

MERIDIEN RESOURCES LIMITED
ABN 30 131 758 177

Statement of financial position
as at 30 June 2010

	Notes	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	35,169	(2,028)
Trade and other receivables	10	74,696	46,451
Financial asset	11	37,134	110,178
TOTAL CURRENT ASSETS		146,999	154,601
NON-CURRENT ASSETS			
Property, plant and equipment	12	9,004	16,625
Other non current assets	13	527,307	370,450
Intangible Assets		-	680
TOTAL NON-CURRENT ASSETS		536,311	387,755
TOTAL ASSETS		683,310	542,356
CURRENT LIABILITIES			
Trade and other payables	14	185,300	55,602
TOTAL CURRENT LIABILITIES		185,300	55,602
NON-CURRENT LIABILITIES			
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		185,300	55,602
NET ASSETS		498,010	486,754
EQUITY			
NET ASSETS			
Issued Capital	15	1,226,036	674,720
Share option reserve	16	6,900	6,900
Accumulated losses	16	(734,926)	(194,866)
TOTAL EQUITY		498,010	486,754

Notes to the financial statements are included on pages 23 to 53

MERIDIEN RESOURCES LIMITED
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Statement of changes in equity
for the financial year ended 30 June 2010

	Attributable to equity holders			
	Issued capital	Options Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 July 2008	3	-	(10,000)	(9,997)
Shares issued during the year	889,861	-	-	889,861
Transaction costs	(215,144)	-	-	(215,144)
Loss for the period	-	-	(184,866)	(184,866)
Options Reserve	-	6,900	-	6,900
Balance at 30 June 2009	674,720	6,900	(194,866)	486,754
Shares issued during the year	669,000	-	-	669,000
Transaction costs	(117,684)	-	-	(117,684)
Loss for the period	-	-	(540,060)	(540,060)
Options Reserve	-	-	-	-
Balance at 30 June 2010	1,226,036	6,900	(734,926)	498,010

Notes to the financial statements are included on pages 23 to 53

MERIDIEN RESOURCES LIMITED
ABN 30 131 758 177

Statement of cash flows
for the financial year ended 30 June 2010

	2010	2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(365,832)	(50,706)
Interest received	929	44
Interest paid	(396)	-
Taxes (paid) received- GST	(33,652)	2,932
Net cash inflow from operating activities	<u>(398,951)</u>	<u>(47,730)</u>
Cash flows from investing activities		
Payment for property, plant and equipment	(6,250)	(18,451)
Proceeds from sale of financial assets	47,329	149,365
Payment for purchase of financial assets	-	(81,250)
Payment for Exploration Assets	(156,857)	(242,000)
Net cash (outflow) from investing activities	<u>(115,778)</u>	<u>(192,336)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	551,315	284,486
Payment of related parties loan	611	(46,451)
Net cash inflow from financing activities	<u>551,926</u>	<u>238,035</u>
Net increase in cash and cash equivalents	37,197	(2,031)
Cash at the beginning of the year	(2,028)	3
Cash at the end of the financial year	<u>35,169</u>	<u>(2,028)</u>

Notes to the financial statements are included on pages 23 to 53

Notes to the financial statements

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.

Notes to the financial statements

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred losses of \$540,060 and had net cash out flows from operating activities of \$398,951 for the year ended 30 June 2010. As at that date the company had a deficiency of working capital of \$38,302 and capital commitments of \$178,750 as disclosed in Note 21.

These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern after consideration of the following mitigating factors:

- 1) The ability to issue securities to raise additional capital under the Corporations Act 2001;
- 2) The ability to dispose of current investments held in various companies and non-current assets;
- 3) The ability of the company to scale down its exploration activities to conserve cash;
- 4) The company has negotiated a deferral of the settlement for the land purchase to 30 November 2010 as disclosed in Note 21(b);
- 5) The Company is currently seeking to move its listing from the NSX to the ASX and in doing so raise up to \$5.0 Million in new capital. The Company expects to finalise a new prospectus by the end of October 2010 with the objective of completing the capital raising and ASX listing by 31 December 2010;
- 6) The company directors have agreed to defer the collection of their outstanding fees of \$50,600 included in creditors and accruals until such time as the company has successfully listed on the ASX and raised sufficient capital;
- 7) As disclosed in Note 19 the company has placed a further 631,428 Ordinary shares at \$0.35 to raise \$221,000 of working capital; and
- 8) The company has the ability to determine whether or not to proceed with some of the commitments disclosed in Note 21.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not contain any adjustments to the amounts or classification of recorded assets or liabilities which might be necessary if the company was not to continue as going concern.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Change in accounting policy

The company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current reporting period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

i. **Presentation of financial statements**

The company has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 January 2009. the revision of this standard now requires the company to present all non-owner changes to equity "comprehensive income" in the statement of comprehensive income. The group has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been re-presented to also comply with the revised AASB 101.

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. 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

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent values, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

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	5-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

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

c. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon that area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. 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, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expenses to profit or loss immediately.

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.

i. Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are 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.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

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.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

v. Financial Liabilities

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

e. 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.

f. 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 has arisen. Impairment losses are recognised in the income statement.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

g. De-recognition

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.

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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, The company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

i. 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 expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for service as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

j. 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.

k. 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 statement of financial position.

l. 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.

All dividend received shall be recognised as revenue when the right to receive a dividend has been established.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of 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)

m. Trade payables

Trade and other payables are stated at cost, which approximates fair value due to the short term nature of these liabilities.

Trade creditors and other payables, are recognised at the nominal transaction value without taking into account the time value of money.

n. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

o. 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.

p. 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.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

q. Comparative Figures

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

r. Critical Accounting Estimates and Judgments

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

Key estimates

Impairment

The company assesses impairment at the end of each reporting period by evaluation conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments

Exploration and Evaluation Expenditure

The company capitalised expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the period at \$527,307.

s. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, 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.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

New Accounting Standards for Application in Future Periods

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

- AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Company has not yet determined the potential impact on the financial statements.

The changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:
 - a) the objective of the entity's business model for managing the financial assets; and
 - b) the characteristics of the contractual cash flows.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Company.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 161 (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 1391 (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Company.

- AASB 2009-8: Amendments to Australian Accounting Standards - Company Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments clarify the accounting for Company cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Company.

- AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters (AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Company.

- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Company.

Notes to the financial statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continue

New accounting standards interpretations

- AASB 2009-12: Amendments to Australian Accounting Standards IAASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 10521 (applicable for annual reporting periods commencing on or after 1 January 2011).

This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Company.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 11 (applicable for annual reporting periods commencing on or after 1 July 2010)].

This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Company.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement (AASB Interpretation 14] (applicable for annual reporting periods commencing on or after January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situation where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Company.

The Company does not anticipate the early adoption of any of the above Australian Accounting Standards.

MERIDIEN RESOURCES LIMITED
ABN 30 131 758 177

Notes to the financial statements

NOTE 2: Revenue and Other Income

Note

	2010	2009
	\$	\$
Revenue		
Other revenue:		
- Interest received	929	44
	<u>929</u>	<u>44</u>
Other comprehensive income:		
- Gain on disposal of non-current investment	2,320	-
	<u>2,320</u>	<u>-</u>

NOTE 3: Loss for the Year

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

	2010	2009
	\$	\$
Loss on sale of listed shares	-	3,230
Rent Expenses	28,554	20,112
Share Based Remuneration Expenses	-	77,070
Unrealised Loss on fair value of listed shares	28,035	10,089

NOTE 4: INCOME TAX EXPENSE

Note

	2010	2009
	\$	\$
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	162,018	55,760
Add:		
Tax effect of:		
Blackhold expenses write off	19,970	-
Exploration & Evaluation expenses capitalised	35,313	-
Other non-allowable items	-	36,629
	<u>55,283</u>	<u>36,629</u>
Less:		
Tax effect of:		
Accrued expenses	27,482	14,968
Unrealised capital loss	8,411	
Other deductible items	7,355	11,725
	<u>43,248</u>	<u>26,693</u>
Tax effect of tax losses not brought to account as they do not meet the recognition criteria	(174,053)	(65,696)
	<u>-</u>	<u>-</u>
Income tax attributable to operating loss	-	-
Total income tax losses for which no deferred tax asset has been recognised	<u>239,749</u>	<u>65,696</u>

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Notes to the financial statements

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 Company's key management personnel for the year ended 30 June 2010.

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

	2010	2009
	\$	\$
Short-term employee benefits	275,039	53,796
Post-employment benefits	3,300	-
Other long-term benefits	-	-
Cash Bonus	15,000	
Termination benefits	-	-
Share-based payments	-	77,070
	293,339	130,866

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. John Macfarlane	Executive Director
Mr. Michael Ivkovic	Contractor/Advisor
Mr. David Ivkovic	General Manager
Mr. Richard Hill	Company Secretary

b. KMP Options and Rights Holdings

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

	Balance 30.6.2010	Granted as Compensation	Options Exercised	Net Changes Other
30 June 2010				
Mr. Kevin Shirlaw	50,000	-	-	-
Mr. John Macfarlane	50,000	-	-	-
Mr. Kevin Good	50,000	-	-	-
Mr. Michael Ivkovic	250,000	-	-	-
Mr. David Ivkovic	-	-	-	-
Mr. Richard Hill	250,000	-	-	-
Total	650,000	-	-	-

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Notes to the financial statements

NOTE 5. INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) – Continued

30 June 2010	Balance 30.6.2010	Total Vested 30.6.2010	Vested and Exercisable 30.6.2010	Vested and Unexercisable 30.6.2010
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. David Ivkovic	-	-	-	-
Mr. Richard Hill (2)	250,000	250,000	-	250,000
Total	650,000	650,000	-	650,000

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

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Notes to the financial statements

NOTE 5. INTEREST OF KEY MANAGEMENT PERSONNEL (KMP) – Continued

b. KMP Share Holdings

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

30 June 2010	Balance 01.07.2009	Received as Compensation	Options Exercised	Net Changes Other	Balance 30.06.2010
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. David Ivkovic	20,000	-	-	-	20,000
Mr. Richard Hill (2)	500,000	-	-	-	500,000
Total	1,320,000	-	-	-	1,320,000

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

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

Notes to the financial statements

Note 6: RELATED PARTY TRANSACTIONS

Transactions with related parties:

a. Key Management Personnel

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

Mr. Michael Ivkovic

A bonus of \$10,000 was paid to Michael in recognition of his contribution to the successful listing on the Company on the NSX on 29 October 2009.

Mr. David Ivkovic

A bonus of \$5,000 was paid to David in recognition of his contribution to the successful listing on the Company on the NSX on 29 October 2009.

David Ivkovic was appointed to the fulltime positing of General Manager on 1 December 2009 and his total remuneration to 30 June 2010 was 49,980.

ii) Fees payable to KMP(or related parties of KMP) as at 30 June 2010

Balance 30 June 2010

Key Management Personnel

Mr. Kevin Shirlaw	13,100
Mr. John Macfarlane	18,750
Mr. Kevin Good	18,750
Mr. Richard Hill (Advisory, accounting and Secretarial Fees)	63,250
Total *	113,850

To assist the cash flow of the company, on 8 September 2010, the Directors of the company agreed that they would not call on the amount outstanding and payable to them as at 30 June 2010 unless the company is listed on ASX.

Note 7: AUDITORS' REMUNERATION

Note

	2010	2009
	\$	\$
Remuneration of the auditor of the entity for:		
Auditing or reviewing the financial report	20,000	5,000
Independent investigating accountants report	-	22,000

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Notes to the financial statements

NOTE 8: EARNINGS PER SHARE

Note

	\$	\$
a. Reconciliation of earnings to profit and loss		
Loss	(540,060)	(184,866)
Losses used to calculated basic EPS	(540,060)	(184,866)
Losses used in the calculation of dilutive EPS	(540,060)	(184,866)
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	7,047,343	1,220,315
Weighted average number of options outstanding		
Weighted average number of converting preference shares on issue	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	N/A	NA

NOTE 9: CASH AND CASH EQUIVALENTS

Note

	2010 \$	2009 \$
Cash at bank and in hand	35,169	(2,028)
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	35,169	(2,028)

(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

	2010 \$	2009 \$
Balances as above	35,169	(2,028)
Balances as per cash flow statement	35,169	(2,028)

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

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Notes to the financial statements

NOTE 10: Trade and Other Receivables		Note	2010	2009
			\$	\$
CURRENT				
Other receivables			28,460	
Amounts receivable from:				-
Other related parties (secured)	i), ii),		32,781	42,340
Other related parties (unsecured)	i), ii),		13,455	4,111
			<u>74,696</u>	<u>46,451</u>

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 (MEK)

MEK is a listed company in NSX. It holds 2,000,000 ordinary shares in MRW.

As at 30 June 2010 an amount of \$32,781 is owed to the Company by Meridien Capital Limited.

Since 30 June 2010, the loan amount has been reduced to \$2,000 at 6 October 2010 and will be repaid in full by 31 October 2010

The loan is secured by a charge over Meridien Capital Limited's shares in Gold Crest Holdings Pty Ltd.

ii) Michael Ivkovic

As at 30 June 2010, an amount of \$13,059 was owed to the Company by Michael Ivkovic. This amount was repayable by 31 March 2010. Subsequently, the Company granted Mr Ivkovic an extension of time and the loan is now repayable by 31 December 2010.

Michael Ivkovic is the Managing Director of Meridien Capital Limited and has continued to act as an adviser to the Company since listing of the Company on the NSX on 29 October 2009.

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Notes to the financial statements

NOTE 11: Financial Assets

Note

	2010	2009
	\$	\$
Financial assets – Fair value through Profit & Loss		
Financial Assets Comprise		
Listed investments, at fair value		
shares in listed corporations	12,134	85,178
Unlisted investments, at cost	25,000	25,000
Total Financial assets	<u>37,134</u>	<u>110,178</u>

Note 12: Property, Plant and Equipment

Note

	2010	2009
	\$	\$
PLANT AND EQUIPMENT		
Office equipment at cost	909	909
Less accumulated depreciation	<u>(477)</u>	<u>(44)</u>
	432	865
Website design at cost	17,541	17,541
Less accumulated depreciation	<u>(8,969)</u>	<u>(1781)</u>
	8,572	15,760
Total plant and equipment	<u>9,004</u>	<u>16,625</u>
Total property, plant and equipment	<u>9,004</u>	<u>16,625</u>

NOTE 13. Other Non-Current Assets

Note

	2010	2009
	\$	\$
Non-CURRENT		
Deposit for Exploration Licence	4,000	

Exploration Licence

Tenement

6810 (13b)	Lucky Draw		
JV Farm-in option cost – Cape River Mining Pty Ltd (13c)	Tailings	498,307	370,450
5991 (13d)		15,000	-
	Springfield	10,000	-
Total Exploration and Evaluation expenditure (13a)		<u>527,307</u>	<u>370,450</u>
			<u>-</u>

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Notes to the financial statements

NOTE 13. Other Non-Current Assets – Continued

Note 13a:

- ❖ Recoverability of the carrying amount of Exploration and Exploration assets is dependent on the successful exploration and sale of gold.
- ❖ Capitalised costs amounting to \$156,857 (2009: \$242,000) have been included in cash flows from investing activities in the statement of cash flows.
- ❖ The \$370,450 for 30 June 2009 was classified as Other Assets. It captured the total share-based costs for the acquisition options for the Burruga gold mine. This has been restated as the cost of Exploration expenditure during year ended 30 June 2009 as the Directors believe this provides a better understanding of the asset of the company.

Note 13b: The key terms and conditions attached to tenement are outlined in Note 21.

Note 13c: The company has spent \$15,000 to obtain the farm-in option to acquire up to 40% of the mining interest held by Cape River Mining Pty Ltd. The company has until February 2011 to decide if the company want to go ahead with the farm-in. The company will have to spend \$300,000 for exploration and evaluation activities to earn the 40% interest if the company decided to go ahead.

Note 13d: The key terms and conditions attached to the farm in / option agreement are outlined in Note 21.

NOTE 14. TRADE AND OTHER PAYABLES

Note

	2010	2009
	\$	\$
CURRENT		
Trade payables and accrued expenses	185,300	55,602
	<hr/> 185,300	<hr/> 55,602

The Trade payables and accrued expenses is made up of:

	\$	\$
Payable to Key Management Personnel		
DFK Richard Hill Pty Ltd	63,250	42,000
Mr. Kevin Shirlaw	13,100	-
Mr. John Macfarlane	18,750	-
Mr. Kevin Good	18,750	-
Payable to supplies of services	71,450	13,602
	<hr/> 185,300	<hr/> 55,602

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Notes to the financial statements

NOTE 15. ISSUED CAPITAL

	2010	2009
	\$	\$
7,665,142 (2009: 6,193,003) fully paid ordinary shares	1,558,864	889,861
Less Issue Cost	<u>(332,828)</u>	<u>(215,141)</u>
	1,226,036	674,720
	No.	No.
a. Ordinary shares		
At the beginning of reporting period	6,193,003	3
shares issued during the year		
30 November 2008 (1)		4,268,000
30 April 2009 (2)		1,565,000
12 June 2009 (3)		344,000
15 June 200(4)9		16,000
01 October 2009 (5)	994,997	
11 February 2010 (6)	30,000	
30 June 2010 (7)	447,142	
At reporting date	<u>7,665,142</u>	<u>6,193,003</u>

(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 further services relating 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

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

(5) On 1 October 2009, the company issued: 994,997 ordinary shares to IPO investors for the total consideration of \$497,500. For Each two ordinary shares issued, one option was attached. Total options issued were 497,500. The options are exercisable at \$.50 on or before 31 October 2013.

(6) On 11 February 2010, the company issued: 30,000 ordinary shares to an investor for the total consideration of \$15,000.

(7) On 30 June 2010, the company issued: 447,142 ordinary shares to investors for a total consideration of \$156,500.

Notes to the financial statements

NOTE 15. ISSUED CAPITAL – Continued

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 Company 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.

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 is at its start-up stage and the management actively controls the capital of the company. The company has been seeking to raise more funds to meet operation needs and funding for further exploration activities. The attempt to list the company in ASX is progressing and the directors of the company believe it will provide stronger capital structure and funding to take the company to the next level.

NOTE 16: EQUITY - RESERVES

	2010	2009
	\$	\$
Reserves		
Share-based payments reserve	6,900	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.

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Notes to the financial statements

NOTE 17: CASH FLOW INFORMATION	2010	2009
	\$	\$
a. Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax		
Loss from ordinary activities after income tax	(540,060)	(184,866)
Non-cash flows in profit from ordinary activities		
Impairment	-	-
Unrealised loss	28,035	10,089
Depreciation	7,621	1,825
Share based payments	-	77,070
Cost of Sale of listed investments	-	152,594
Sale of listed investments	(47,329)	(149,365)
	<u>(551,734)</u>	<u>(92,653)</u>
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase/(decrease) in financial assets	45,009	-
(Increase)/decrease in debtors	-	-
(Increase)/decrease in income tax paid	-	-
(Increase)/decrease in other assets	680	-
Increase/(decrease) in trade creditors and accruals	107,093	44,923
Increase/(decrease) in HP liability	-	-
Cash flow from operations	<u>(398,951)</u>	<u>(47,730)</u>

b. Non-cash Financing and Investing Activities

❖ **Shares and options Issue**

In November 2008, 100,000 options and 200,000 shares issued to Dalua Pty Ltd for part of the acquisition cost of EL6810.

On 30 April 2009, further 300,000 ordinary shares and 150,000 options were issued to Dalua Pty Ltd as part of the acquisition cost of EL6810.

c. Other Non-cash Activities

- ❖ The Receivables from Meridien Capital Ltd have been offset by services invoices from the company. Total amount offset during the year was \$55,000 (2009: \$0). The balance of the Receivable as at 30 June 2010 will be further offset against future invoices charged by Meridien Capital Ltd.

Note 18. OPERATING SEGMENT

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

Note 19. EVENTS AFTER THE REPORTING PERIOD

The Company was able to place 631,428 Ordinary shares at \$0.35 to raise a further \$221,000 of working capital.

Notes to the financial statements

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 related parties 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 2010 there is no debt that is exposed to interest rate risk .

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. Currently the company is not exposed to any material foreign currency risk.

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 2010.

Price risk

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

Notes to the financial statements

Note 20. FINANCIAL RISK MANAGEMENT - continued

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.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FIXED MATURITY DATES					NON INTEREST BEARING \$	TOTAL \$
		VARIABLE INTEREST RATE \$	LESS THAN 1 YEAR \$	1-2 YEARS \$	2-3 YEARS \$	3-5 YEARS \$		
2010								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	35,169	35,169
Trade and other receivables	-	-	-	-	-	-	68,446	68,446
Financial assets at fair value through profit or loss – held for trade	-	-	-	-	-	-	37,134	37,134
							140,749	140,749
Financial liabilities								
Trade and other payables	1	-	-	-	-	-	304,051	60,602
							304,051	60,602

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Notes to the financial statements

Note 20. FINANCIAL RISK MANAGEMENT - continued

FIXED MATURITY DATES

2009	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE \$	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	-	-	-	-	-	-	51,451	51,451
Other financial assets (1)	-	-	-	-	-	-	110,178	110,178
							161,629	161,629
Financial liabilities								
Trade and other payables	-	-	2,028	-	-	-	60,602	62,630
			2,028	-	-	-	60,602	62,630

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 (2009: 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 2010 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 \$700 (2009: \$ 600) and an increase in equity by \$700 (2009: \$ 600).

Notes to the financial statements

Note 20. FINANCIAL RISK MANAGEMENT – continued

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.

Note 21. CAPITAL AND LEASING COMMITMENTS

a) Exploration and Evaluation Commitments

In order to maintain current rights of tenure to its exploration permits, the Company has certain obligations to perform work in accordance with the work programmes, as approved by the relevant statutory body, when the permits are granted. These work programmes form the exploration commitment which may be renegotiated, varied between permits, or reduced due to farm-out, sale, reduction of exploration area and/or relinquishment of non-prospective permits. Work in excess of the work programmes may also be undertaken.

The following discretionary exploration expenditure requirements have not been provided for in the accounts:

	2010	2009
	\$	\$
Payable		
- Not later than 1 year	40,000	-
- Later than 1 year but not later than 5 years	20,000	-
Sum Total	60,000	

The commitments at the balance date are outlined as followed:

- ❖ Permit EL6810: The key terms and conditions to maintain the permit is that the Company has a minimum annual expenditure requirement for the EL of \$5,000. The permit is due for renewal next year but the Directors believe that the annual commitment will most likely to stay the same.
- ❖ Permit EL5991: The key terms and conditions attached to the farm in / option agreement are:
 - 1) For a payment of \$35,000(\$10,000 cash, \$25,000 exploration expenditure) Meridien Resources was granted a 6 month Option to purchase 80% of the EL for the payment of a further \$100,000 cash and \$200,000 in the value of ordinary shares in Meridien Resources Limited.
 - 2) Meridien Resources paid the \$10,000 Option fee and has until 3 December 2010 to spend a further \$25,000 on exploration.

Notes to the financial statements

Note 21. CAPITAL AND LEASING COMMITMENTS – continued

3) The Head of Agreement will terminate if -

a) The Option payments or the Transfer Payment have not been made by the due date.

b) Meridien Notifies Jaguar at any time of such termination.

b) Other commitments

On 30 June 2010, the Company paid a deposit of \$6,250 and entered in to a contract with Renison Limited to purchase the 93.41 hectares of land on which the Lucky Draw tailings dam is situated for \$125,000. After the balance date, the company paid a further deposit of \$12,500 and the contracts were exchanged to extend the settlement date to 30 November 2010. The balance \$106,250 is payable at settlement expected on 30 November 2010. In the event the company elects not to proceed with the purchase the company will lose its deposit and may be liable to Renison for damages.

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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 statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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. 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 opinions.

RSM Bird Cameron Partners

Chartered Accountants

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 2010 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred losses of \$540,060 and had net cash out flows from operating activities of \$398,951 during the year ended 30 June 2010 and, as of that date, had a deficiency of working capital of \$38,302. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the financial year ended 30 June 2010. 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 2010 complies with section 300A of the *Corporations Act 2001*.


RSM BIRD CAMERON PARTNERS
Chartered Accountants


C J Hume
Partner

Sydney, NSW

Dated: 20 October 2010

Additional NSX Information

The following is additional information provided in accordance with the listing requirements of the National Stock Exchange Limited.

Shareholdings at 29 September 2010

(a) Substantial shareholders

As shown in the company's register of substantial shareholders is set below:

	Ordinary shares	%
MERIDIEN CAPITAL LTD	2,000,000	25.337
FAIRCHOICE LIMITED	500,000	6.334

(b) Distribution of shareholder's holdings as at 29 September 2010 is:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	17	71,000	0.899
5,001-10,000	7	64,000	0.811
10,001-100,000	67	2,765,857	35.039
100,001-99,999,999,999	11	4,992,856	63.251
Totals	102	7,893,713	100.000

(c) Stock exchange listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the NSX under the code MRW.

(d) Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(f) Restricted securities

At the date of this report there are no more securities subject to restrictions.

(g) Restricted securities

At the date of this report there are no more securities subject to restrictions.

(g) Use of cash

The company used cash and assets in a form readily convertible to cash in a manner that was consistent with its business objectives during the year ended 30 June 2010.

Additional NSX information (continued)

(h) Additional information

The company continues to comply with the NSX Listing Rules disclosure requirements and has not been queried by NSX since having listed. The company reports to NSX which makes available all reports to those who wish to access them. All NSX releases and other background information are posted regularly on the company's website. The company intends to post on its website its annual report and all other required notices to its shareholders.

The board reviews and receives advice on areas of operational and financial risks. Business risk management strategies are developed as appropriate to mitigate all identified risks of the business. The directors are aware of the guidelines for the content of a code of conduct to guide compliance with legal and other obligations to shareholders but have not formally established such a code. Where applicable to its activities, the directors ensure that the company is responsible to its shareholders, employees, contractors, advisers, individuals and the community.

(i) Top twenty shareholders as at 29-09-2010

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the NSX including the number and percentage held by those at 29 September 2010 are as follows:

Top 20 Holdings as at 30-09-2010

Holder Name	Balance at 29-09-2010	%
MERIDIEN CAPITAL LTD	2,000,000	25.337
FAIRCHOICE LIMITED	500,000	6.334
DALUA PTY LTD	500,000	6.334
IVKOVIC HOLDINGS PTY LTD <IVKOVIC FAMILY A/C>	500,000	6.334
MR PATRICK HARFORD <HARFORD SUPER FUND A/C>	480,000	6.081
COLLINS STREET GROUP LTD	200,000	2.534
AB OVERELL SHOES PTY LTD <SUPER FUND NO 2 A/C>	200,000	2.534
COMMON SENSE COMPUTING PTY LTD <COMMON SENSE A/C>	200,000	2.534
PROTO RESOURCES INVESTMENTS LTD	150,000	1.900
PROTO RESOURCES & INVESTMENTS LTD	142,856	1.810
SUPER 1136 PTY LTD	120,000	1.520
MR KEVIN GOOD	100,000	1.267
MR KEVIN SHIRLAW	100,000	1.267
SA CAPITAL FUNDS MANAGEMENT LIMITED <SACFM NO 1 FUND A/C>	100,000	1.267
MR JOHN MCFARLANE	100,000	1.267
MR MING SUN & MRS ALICE SUN	100,000	1.267
MR ANDREW JAMES DAVIE	100,000	1.267
MR GEOFFREY J ROBINSON	100,000	1.267
DIND HOLDINGS PTY LTD <DIND SUPER FUND A/C>	100,000	1.267
MR ANDREW KENNETH BRUCE MORTIMER	85,714	1.086
	5,878,570	74.472
Total Issued Capital	7,893,713	