ARAGON
RESOURCES LIMITED

ABN 63 114 714 662

FINANCIAL REPORT
30 JUNE 2009

ARAGON
RESOURCES LIMITED

CORPORATE DIRECTORY

Directors
Peter Cook (Chairman)
Paul Benson
Brian Thomas

Company Secretary
Fiona Van Maanen

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Securities Exchange
Listed on the Australian Securities Exchange
Code: AAG, AAGO

Domicile and Country of Incorporation
Australia

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DIRECTORS' REPORT

The Directors submit their report together with the financial report of Aragon Resources Limited ("Aragon" or "the Company") and of the Consolidated Entity, being the Company and its controlled entities, for the year ended 30 June 2009.

DIRECTORS

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

Names, Qualification, Experience and Special Responsibilities

Peter Gerard Cook – Non Executive Chairman

Mr Cook is a Geologist (BSc (Applied Geology)) and Mineral Economist (MSc (Min. Econ)) and is the Managing Director of Metals X Limited. In recent years he has been the Managing Director of Hill 50 Limited, the Chief Executive Officer of Harmony Gold Australia Pty Ltd, the Managing Director of Abelle Limited and the Chairman of Metals Exploration Limited. He has considerable experience in the fields of exploration and project and corporate management of mining companies.

During the past three years, Mr Cook has served as a Director of the following publicly listed companies:

- Metals X Limited * (Appointed 23 June 2004)
- Westgold Resources NL * (Appointed 19 March 2007)
- Metals Exploration Pty Ltd * (Appointed 14 June 2004)

Paul Garrett Benson - Executive Director/Chief Executive Officer

Mr Benson is a geologist (BSc (Geology), MAusIMM, MAICD) with over 17 years experience the mining industry. He has considerable experience in the exploration and development of gold and tin projects in Australia. Prior to joining Aragon Mr Benson was employed by Metals X Limited initially as the Geology Manager for the Collingwood Project, managing the geological and environmental aspects of the project since construction and since April 2006 as General Manager of the Collingwood Tin Project. Prior to joining Metals X, his previous roles include Exploration Geologist with Consolidated Gold at Davyhurst/Riverina WA, Underground Mine Geologist with Abelle at Gidgee WA, Project Geologist with Barrick at Lawlers WA and Senior Exploration Geologist with Westcoast Mining at Tuckabianna WA.

During the past three years, Mr Benson has served as a Director of the following publicly listed company:

- Vital Metals Limited * (Appointed 17 April 2009)

Brian David Thomas - Non Executive Director

Mr Thomas is a geologist (BSc, MBA, SA Fin, MAusIMM, MAICD) with more than 20 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas. This is complemented by 12 years in the Australian financial services sector working in corporate stock broking, investment banking, fund management and with an Australian commercial bank, sourcing mining finance opportunities. He is currently Managing Director of ASX listed Chrome Corporation Limited and was one of the founding directors of Aragon Resources Limited (formerly Navarre Resources Pty Ltd).

During the past three years, Mr Thomas has served as a Director of the following publicly listed companies:

- Chrome Corporation Limited * (Appointed 22 November 2004)
- Namibian Copper NL (Appointed 17 August 2007 – Resigned 30 March 2009)
- White Cliffs Nickel Limited * (Appointed 14 August 2007)

*denotes current directorship

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The relevant interest of each director in the shares and options issued by the Company or other related bodies corporate, as notified to the Australian Securities Exchange in accordance with S.205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Note	Fully paid ordinary shares	Options Expiring on 30 September 2011 exercisable at $0.25	Options Expiring on 31 May 2011 exercisable at $0.30	Options Expiring on 28 November 2010 exercisable at $0.35
Paul Benson		120,000	60,000	1,000,000	-
Peter Cook	(1)	7,754,135	3,877,068	-	1,000,000
Brian Thomas		740,000	360,000	250,000	-
Total		**8,614,135**	**4,297,068**	**1,250,000**	**1,000,000**

(1) Mr Cook is a Director of Metals X Limited which holds 7,661,858 fully paid ordinary shares and 3,830,929 listed options in the Company.

COMPANY SECRETARY

Fiona Van Maanen is a Certified Practising Accountant, holds a Bachelor of Business (Accounting) degree and a Graduate Diploma in Company Secretarial Practice. She has 17 years of accounting and financial management experience in the mining and resources industry.

Mrs Van Maanen is also the company secretary for Metals X Limited.

DIVIDENDS

No dividend was paid or declared by Aragon in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend.

PRINCIPAL ACTIVITIES

The principal activity during the year of entities within the Consolidated Entity was the exploration for minerals.

EMPLOYEES

The Consolidated Entity had 3 full-time employees as at 30 June 2009 (2008: 7 employees).

REVIEW OF OPERATIONS

Aragon was acquired by Westgold Resources Limited ("Westgold") on 3 November 2006. In April 2007 Westgold announced the proposal to spin out its West Australian gold, uranium and nickel assets into the new Australian Securities Exchange Limited ("ASX") listed company Aragon Resources Limited.

On 10 August 2007 Aragon listed on the ASX. Since listing on the ASX, Aragon has become an independent entity with Westgold being Aragon's largest shareholder with 25,000,000 shares (41.65%) in Aragon.

On 30 June 2008 the Company signed a Share Sale Agreement with Finching Pty Ltd, Mundena Holdings Pty Ltd and Arc De Triomphe Securities Pty Ltd ("the Vendors") to acquire all of the shares and interests in Territory Phosphate Pty Ltd. The agreement was approved by Aragon Resources Limited shareholders at a general meeting on 29 August 2008. Under the Agreement the Company acquired 100% of the issued capital of Territory and its interests in granted tenements EL25183, EL25184 and EL25185 for a consideration of 7,500,000 fully paid ordinary shares and 7,500,000 options over fully paid ordinary shares (convertible at $0.25 on or before 30 September 2010) in the Company, which were issued on 1 September 2008.

At the same general meeting the shareholders also approved the deferred consideration of 2,500,000 fully paid ordinary shares and 2,500,000 options over fully paid ordinary shares (convertible at $0.25 on or before 30 September 2010) in the Company which is to be issued upon the granting of exploration licence 24994 (ELA24994) and registration in the name of Territory Phosphate Pty Ltd. In the event that the ELA24994 is not granted by 30 June 2010, then the Company shall not be required to issue the deferred consideration securities to the Vendors and the Vendors will retain the full right, title and interest in the ELA24994.

REVIEW OF OPERATIONS (CONTINUED)

On 15 April 2009 the Company entered into a Funding Agreement ("Agreement") with Vital Metals Limited ("VML") to advance VML's tungsten project in Far North Queensland. Pursuant to the Agreement:

- On 17 April 2009 the Company took a 15% placement in VML being 17,450,000 ordinary fully paid shares at $0.025 per share ($436,250) giving the Company a 13.04% interest in VML;
- On 17 April Paul Benson was appointed a Non-Executive Director of VML.
- On 30 June 2009 the Company entered into a Convertible Note Deed with VML whereby, the Company will subscribe to a Convertible Note ("Note") in VML for $500,000. The Note is unsecured, has a term of three years, is not convertible in the first twelve months and carries a coupon rate of 6% payable quarterly in arrears. The Note is convertible at the higher of 4 cents per share or 80% of the volume weighted average price for the month prior to conversion. The Note was subject to VML shareholder approval; and
- On 3 July 2009 VML shareholders approved the issue of the Note to Aragon. The Note was issued on 7 July 2009.

On 15 June 2009 the Company announced that it had entered into a Joint Venture agreement with Alamar Resources Limited ("Alamar") over its non-core gold prospect at its Maitland tenement group in the Yandal Belt Western Australia. Under the agreement Alamar has the exclusive right to earn 51% interest over 24 months by spending a minimum of $200,000. Following this Alamar has the right to earn a further 24% joint venture interest by spending an additional $130,000 over 12 months. If Aragon elects not to contribute further after this stage then its interest will be diluted (and Alamar's interest increased) by 1% for every $10,000 of expenditure incurred by Alamar. If Aragon dilutes down to 10% then it may elect to convert its joint venture interest to a royalty. The royalty is equal to 1% of the gross proceeds of sale from minerals produced on the tenements. Alamar will be the sole manager of the Joint Venture and shall be entitled to remain the manager whilst it holds greater than 50% interest. The Maitland Prospect is located in the richly gold endowed Yandal Belt of Western Australia. The Yandal Belt is a major gold producing area with a number of major deposits like Jundee/Nimary, Bronzwing, Mt McClure and Darlot.

During the year Aragon has maintained its focus on gold exploration in the Yandal Belt of Western Australia and commenced drilling activities in the Northern Territory at the Ammaroo Phosphate Prospect. In Western Australia drilling activity occurred on the key gold prospects of Mission and Cables and at Capellis Find located west of Wiluna. Regional geochemistry surveys have also been completed in an area north of Corboys Find. The period has been dominated by an environment of global uncertainty in the financial markets. The resultant tightening of available credit across all sectors has resulted in a contraction of expenditure in many exploration companies. In response to these conditions Aragon has reviewed its operations in all areas so to increase its operational efficiency. As a result of the review staff cuts have been implemented, a tenement holding review has been conducted and future exploration cash burn rates have been revised so that when the markets stabilise Aragon is well placed to continue its core activities and take advantage of potential project acquisitions. Currently with a healthy cash reserve of $4,055,690 Aragon is in a good position to maintain prudent exploration in those areas of greatest potential. Aragon has completed the financial year with exploration activity focused as follows:

- RC drilling at the Cables Mission Prospect near Lake Darlot (32 RC holes for 3,845 metres) has successfully targeted structures and mineralisation within the primary magnetic dolerite. The drilling, consisting of infill and step out drilling along strike has continued to return encouraging results. The combined prospects cover at least a 2km by 3km area continues to show excellent potential for a significant gold deposit. The mineralisation at Mission/Cables occurs coincident with quartz veining within the sheared dolerite. The alteration assemblage within the mineralised shear zones appears as a bleached zone of silica, sericite, chlorite and epidote. These shear zones are extensive and remain an important exploration target for future activity.

  Highlight results:

  Cables Prospect - 2m @ 23.94g/t, 3m @ 6.63g/t (*including 1m @ 17.30g/t),* 7m @ 4.46g/t (*including 1m @ 17.35g/t),* 9m @ 1.58g/t (*including 1m @ 5.53g/t) and 1m @ 30.83g/t.*

  Mission Prospect - 7m @ 11.35g/t (*including 2m @ 33.62g/t),* 2m @ 9.45g/t (*including 1m @ 14.00g/t) and* 1m @ 72.42g/t

- At the Lake Lefroy Project the Company is primarily exploring for komatiite hosted nickel mineralisation similar to that found around Kambalda. Multiple anomalies have been identified from the completed SQUID EM Geophysical Survey. A detailed analysis of the data by Southern Geoscience Consultants has identified possible drill targets that are potentially associated with nickel mineralisation.

- Phosphate exploration at Ammaroo in the Northern Territory yielded excellent results which clearly show that significant mineralisation of phosphate exists at relatively shallow depths.

  Highlight results:

  Ammaroo Prospect - 20m @ 16.7% P_2O_5 from 34m, 19m @ 11.0% P_2O_5 from 35m, 13m @ 14.2% P_2O_5 from 23m and 11m @ 12.2% P_2O_5 from 25m

REVIEW OF OPERATIONS (CONTINUED)

Of the 46 holes drilled, 36 have returned significant phosphate mineralisation over 5% P2O5. This confirms the existence of extensive phosphatic sediments within the prospect. The most encouraging results cover an area of approximately 15 square kilometres. This main zone has an average thickness of 10.2m at a weighted average grade of 13.0% P2O5 with an average depth to the mineralisation at 37.7m making it amenable to an open pit mining scenario. Aragon intends to follow-up this drilling to further define the shallow highest grade zone and to test additional targets.

- Drilling at Capelli's Find west of Wiluna has targeted a zone of previously identified mineralisation with 8 RC drillholes that totaled 1,281m. The results returned low grades confined within narrow sheared zones of quartz veining and therefore downgrades this target as a significant gold system.
- Reconnaissance mapping and soil sampling has occurred over a number of areas north of the known Corboys Resource area during the period. A total of 1,444 surface geochemical samples were collected and submitted for analysis. A number of low order gold anomalies have been identified proximal to the New England historical working and over favourable stratigraphy. The Company has entered into a joint venture agreement with Alamar Resources Limited as previously mentioned for this group of tenements.
- During the period the Company announced that subject to a due diligence period it had entered into a Joint Venture agreement to farm-out a number of its Lake Violet non-core gold tenements in the Yandal Belt in Western Australia. Subsequently, the agreement was withdrawn by the joint venture partner. The Lake Violet tenements the subject of this agreement (being E53/948, E53/984, E53/1001, E53/1025, E53/1082, E53/1084 and E53/1148) are located in the richly gold endowed Yandal Belt of Western Australia. The Yandal Belt is a major gold producing area with a number of major deposits like Jundee/Nimary, Bronzewing, Mt McClure and Darlot. The Company is currently considering its options regarding this group of tenements and will seek to gain value from these by way of a risk sharing partner to progress with further exploration. Tenements that are unable to attract a partner or have been given low potential for success will be relinquished in due course.

REVIEW OF FINANCIAL POSITION

The loss for the year ended 30 June 2009, after income tax, amounted to $2,525,240 (2008: loss of $711,419). Losses in the current year are higher due to the write off of exploration and evaluation expenditure of $2,519,808 (2008: $473,264).

Cash and cash equivalents decreased from $6,257,062 to $4,055,690 a decrease of $2,201,372 (2008: Increase of $4,512,845). The increase in the previous year was due to Aragon being admitted to the official list of the ASX following an IPO of 35,000,000 ordinary shares to raise $8,750,000 (before capital raising costs). Funds raised have been used to advance the Consolidated Entity's exploration projects, resulting in a decrease in cash and cash equivalents in the current year. Total payment for exploration and evaluation expenditure for the year was $1,414,746 (2008: $2,109,125).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Total equity has decreased to $8,758,713 from $9,392,281 a decrease of $633,568 (2008: increase of $7,719,663) due to a write off of exploration and evaluation expenditure of $2,519,808 which has been partly offset by the acquisition of Territory Phosphate Pty Ltd of $1,500,000. The increase in the previous year was due to the initial public offering capital rasing of $8,750,000 before capital raising costs.

The acquisition of Territory Phosphate Pty Ltd and investment in Vital Metals Limited has further diversified the Consolidated Entity's asset base and strengthened its position in the resources industry.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 30 June 2009 the Company entered into a Convertible Note Deed with Vital Metals Limited whereby, the Company will subscribe to a Convertible Note ("Note") in VML for $500,000. The Note is unsecured, has a term of three years, is not convertible in the first twelve months and carries a coupon rate of 6% payable quarterly in arrears. The Note is convertible at the higher of 4 cents per share or 80% of the volume weighted average price for the month prior to conversion. On 3 July 2009 VML shareholders approved the issue of the Note to Aragon. The Note was issued on 7 July 2009.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Consolidated Entity will continue its exploration for minerals in Australia.

Further information on likely developments and the expected results are not included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is subject to significant environmental regulation in respect to its exploration activities.

The Consolidated Entity aims to ensure that appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Consolidated Entity are not aware of any breach of environmental legislation for the year under review.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 27,520,265 unissued ordinary shares under option (27,520,285 at the reporting date), refer to note 19(f) for further details.

There are no participating rights or entitlements inherent in the options and option holders are not entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options.

Shares issued as a result of exercising options

No shares were issued as a result of exercising options during the financial year, refer to note 19(g) for further details.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect to a contract of insurance to insure Directors and officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the Corporations Act 2001. Disclosure of the nature of the liabilities and the amount of the premium is prohibited under the conditions of the contract of insurance.

DIRECTORS' MEETINGS

The number of meetings held during the period each Director held office during the year and the number of meetings attended are as follows:

Director	Directors' Meetings	
	Attended	Eligible to attend
Peter Cook	6	6
Paul Benson	6	6
Brian Thomas	6	6

In view of the size of the Company the Directors do not consider it necessary to establish separate nomination, remuneration or audit committees to deal with subjects that the Board currently presides over.

AUDITOR INDEPENDENCE

The auditor's independence declaration for the year end 30 June 2009 is on page 13. This declaration forms part of this director's report.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

	$
Tax compliance services	4,000

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and other Key Management Personnel of the Company and the Consolidated Entity in accordance with the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel ("KMP") of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly. The Consolidated Entity did not have any other key management personnel other than its Directors and Company Secretary.

For the purposes of this remuneration report, the term 'executive' encompasses the Chief Executive Officer and Company Secretary of the Parent and the Consolidated Entity.

Details of Directors and Key Management Personnel

Name	Position	Date of appointment
Peter Cook	Non Executive Chairman	18 May 2007
Paul Benson	Executive Director/Chief Executive Officer	18 May 2007
Brian Thomas	Non Executive Director	10 June 2005
Fiona Van Maanen	Company Secretary	1 July 2008

Remuneration Philosophy

The performance of the Company depends upon the quality of its Directors and senior executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:
- Provide competitive rewards to attract high calibre executives; and
- Link executive rewards to shareholder value.

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Board members and senior executives of the Company. The Board remuneration policy is to ensure the remuneration package, which is not linked to the performance of the Company, properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and senior executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration is $200,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. Each Director receives a fee for being a Director of the company.

Non-executive Directors have been long encouraged by the Board to hold shares in the Company. The shares are purchased at the prevailing market share price. The non-executive directors are entitled to receive retirement benefits and to participate in any incentive program. There are currently no specific incentive programs.

The remuneration of non-executive Directors for the periods ending 30 June 2009 and 30 June 2008 is detailed in Table 1 and Table 2 respectively of this report.

Managing Director and Executive Remuneration Structure

Based on the current stage in the Company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Individual and Company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of Executives and the need to be flexible and multi-tasked, as the Company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

In determining the level and make-up of executive remuneration, the Board engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation, there are no non-monetary benefits); and
- Variable remuneration (share options).

The proportion of fixed remuneration and variable remuneration for each executive for the periods ending 30 June 2009 and 30 June 2008 are set out in Table 1 and Table 2 respectively of this report.

Fixed Remuneration

Objective

Fixed remuneration is reviewed annually by the Board. The process consists of a review of the Company, business unit and individual performance, relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. As noted above, the Board has access to external advice independent of management.

Structure

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component for executives for the periods ending 30 June 2009 and 30 June 2008 are set out in Table 1 and Table 2 respectively of this report.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth.

LTI grants to executives are delivered in the form of shares options under the Aragon Resources Limited Employee Option Scheme. The scheme has no direct performance requirements but has specified time restrictions on the exercise of options, which, indirectly has a market share price performance aspect to it. The granting of options is in substance a performance incentive which allows executives to share the rewards of the success of the Company. The share options will vest after one year and executives are able to exercise the share options for up to three years after vesting before the options lapse. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after six months of ceasing employment. Table 3 provides details of LTI options granted and the value of options granted, exercised and lapsed during the year.

The Company does not have a policy to prohibit executives from entering into arrangements to protect the value of unvested LTI awards.

The Consolidated Entity's performance is reflected in the following table:

	30 June 2008*	30 June 2009
Closing share price	$0.27	$0.11
Loss per share (cents)	1.24	3.81
Net tangible assets per share	$0.16	$0.13
Total Shareholder Return	6%	-58%

* The Company was listed on the ASX on 10 August 2007. The share price at the date of listing was $0.25.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Employment Contracts

Chief Executive Officer

The Chief Executive Officer, Mr Benson is employed under an annual salary employment contract. The current employment contract commenced on 1 June 2007. Under the terms of the present contract:

- Mr Benson receives a fixed remuneration of $185,000 (excluding superannuation) per annum.
- Mr Benson may resign from his position and thus terminate this contract by giving one month written notice. On resignation any unvested options will be forfeited.
- The Company may terminate this employment agreement by providing one month written notice or providing payment in lieu of notice period (based on the fixed component of Mr Benson's remuneration). On termination on notice by the Company, any LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

Other Executive Directors

Other Executive Directors are employed under an annual salary employment contract. The other terms of the employment contracts are:

- Executive Directors may resign from their position and thus terminate their contract by giving three months written notice. On resignation any unvested options will be forfeited.
- The Company may terminate the employment agreement by providing three months written notice or providing payment in lieu of notice period (based on the fixed component of the executive director's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be released. LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive director is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause by the Company, any LTI options that have vested will be released. LTI options that have not yet vested will be forfeited.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 1: Remuneration for the year ended 30 June 2009

	Short term employee benefits			Post employment benefits	Share Based Payment			
	Salary & fees	Non monetary benefits	Termination payments	Super-annuation	Options	Total	% Performance related	% of remuneration that consists of options
Non-executive directors								
Peter Cook	49,726	-	-	4,475	34,161	88,362	-	39%
Brian Thomas	35,441	-	-	3,190	-	38,631	-	-
Sub-total	**85,167**	**-**	**-**	**7,665**	**34,161**	**126,993**		
Executive directors								
Paul Benson	179,543	-	-	16,159	-	195,702	-	-
Sub-total	**179,543**	**-**	**-**	**16,159**	**-**	**195,702**		
Other key management personnel								
Fiona Van Maanen	23,423	-	-	2,108	-	25,531	-	-
Sub-total	**23,423**	**-**	**-**	**2,108**	**-**	**25,531**		
Total	**288,133**	**-**	**-**	**25,932**	**34,161**	**348,226**		

Table 2: Remuneration for the year ended 30 June 2008

	Short term employee benefits			Post employment benefits	Share Based Payment			
	Salary & fees	Non monetary benefits	Termination payments	Super-annuation	Options	Total	% Performance related	% of remuneration that consists of options
Non-executive directors								
Peter Cook	56,164	-	-	5,041	48,639	109,844	-	44%
Brian Thomas	43,491	-	-	3,591	21,896	68,978	-	32%
Sub-total	**99,655**	**-**	**-**	**8,632**	**70,535**	**178,822**		
Executive directors								
Paul Benson	209,144	-	-	17,184	87,580	313,908	-	28%
Sub-total	**209,144**	**-**	**-**	**17,184**	**87,580**	**313,908**		
Other key management personnel								
Andrew Chapman *	44,948	-	-	4,091	19,160	68,199	-	28%
Sub-total	**44,948**	**-**	**-**	**4,091**	**19,160**	**68,199**		
Total	**353,747**	**-**	**-**	**29,907**	**177,275**	**560,929**		

* Mr Chapman resigned on 1 July 2008. Mr Chapman should have been included in the 2008 Remuneration Report. He is deemed to be an executive in accordance with the Corporations Act 2001.

The Company did not have any other key management personnel for 2008 and 2009.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 3: Compensation options granted and vested during the year

	Terms and conditions for each grant								
30 June 2009	**Granted number**	**Grant date**	**Fair Value per Option at Grant Date**	**Exercise Price**	**Expiry date**	**First Exercise Date**	**Last Exercise Date**	**Vested Number**	**Vested %**
Directors									
Paul Benson	-	-	-	-	-	-	-	-	-
Peter Cook	-	28/11/2007	$0.08	$0.35	28/11/2010	28/11/2008	28/11/2010	1,000,000	100
Brian Thomas	-	-	-	-	-	-	-	-	-
Executives									
Fiona Van Maanen	-	-	-	-	-	-	-	-	
Total	**-**							**1,000,000**	

	Terms and conditions for each grant								
30-Jun-08	**Granted number**	**Grant date**	**Fair Value per Option at Grant Date**	**Exercise Price**	**Expiry date**	**First Exercise Date**	**Last Exercise Date**	**Vested Number**	**Vested %**
Directors									
Paul Benson	-	31/5/2007	$0.10	$0.30	31/5/2011	31/5/2008	31/05/2011	1,000,000	100
Peter Cook	1,000,000	28/11/2007	$0.08	$0.35	28/11/2010	28/11/2008	28/11/2010	-	-
Brian Thomas	-	31/5/2007	$0.10	$0.30	31/5/2011	31/5/2008	31/05/2011	250,000	100
Executives									
Fiona Van Maanen	-	-	-	-	-	-	-	-	
Total	**1,000,000**							**1,250,000**	

Options granted as part of remuneration

No compensation options were granted, exercised or lapsed during the year.

There were no shares issued on exercise of compensation options during the year.

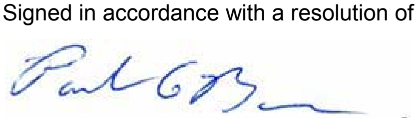
There were no alterations to terms and conditions of options granted as remuneration since their grant date.

There were no forfeitures during the period.

The maximum grant value, which will be payable assuming that all service and performance criteria are met, is equal to the number of options granted multiplied by the fair value at grant date. The minimum payable assuming that service and performance conditions are not met is zero.

For details on valuation of the options, including models and assumptions used, refer to note 23.

Signed in accordance with a resolution of the Directors.



PG Benson
Chief Executive Officer

Perth, 7 September 2009

AUDITOR'S INDEPENDENCE DECLARATION

ERNST & YOUNG

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11 Mounts Bay Road
Perth WA 6000 Australia
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Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
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Auditor's Independence Declaration to the Directors of Aragon Resources Limited

In relation to our audit of the financial report of Aragon Resources Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

G H Meyerowitz
Partner
Perth
7 September 2009

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Aragon Resources Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Aragon Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Aragon Resources Limited's key governance principles and practices.

1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the Australian Securities Exchange Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

For further information on corporate governance policies adopted by the Company, refer to the corporate governance section of our website: www.aragonresources.com.au

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 1	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
Principle 2	**Structure the Board to add value**		
2.1	A majority of the Board should be independent directors.	2(e)	No
2.2	The chair should be an independent director.	2(c), 2(e)	No
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
Principle 3	**Promote ethical and responsible decision-making**		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the company's integrity;		
	• the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or a summary.	4(b)	Yes
3.3	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
Principle 4	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
Principle 5	**Make timely and balanced disclosure**		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
Principle 6	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
Principle 7	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
Principle 8	**Remunerate fairly and responsibly**		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

2. THE BOARD OF DIRECTORS

2(a) Roles and Responsibilities of the Board

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately.
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

2(b) Board Composition

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of two non-executive Directors and one executive Director. Details of the members of the Board, their experience, expertise, qualifications, terms of office and independent status are set out in the Directors' Report of the Annual Report under the heading "Directors".

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Chief Executive Officer is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

2. THE BOARD OF DIRECTORS (CONTINUED)

2(c) Chairman and Chief Executive Officer

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

The Board does not comply with the ASX Recommendation 2.2 in that the Chairman, whilst a non-executive, is not an independent Director due to his substantial interest in the Company (refer to 2(e) Independent Directors). The Board has considered this matter and decided that the non-compliance does not effect the operation of the Company.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Consolidated Entity's business activities

The Board specifies that the roles of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

2(d) Nomination Committee

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board in accordance with the Company's "Selection of New Directors Policy".

2(e) Independent Directors

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Aragon Resources Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Company does not comply with ASX Recommendation 2.1, there is a majority of non-executive Directors but there is not a majority of independent Directors on the Board. In accordance with the definition of independence above, only one of the Directors (Mr BD Thomas) of the Company is considered to be independent.

The Board believes that the Company is not of sufficient size to warrant the inclusion of more independent non-executive Directors in order to meet the ASX recommendation of maintaining a majority of independent non-executive Directors. The Company maintains a mix of Directors from different backgrounds with complementary skills and experience.

2. THE BOARD OF DIRECTORS (CONTINUED)

2(e) Independent Directors (Continued)

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman must be a non-executive director.

2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

2(h) Review of Board performance

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Aragon Resources Limited. Directors whose performance is consistently unsatisfactory may be asked to retire.

3. BOARD COMMITTEES

3(a) Audit Committee

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as only two of the three members are non-executive Directors and none are considered to be independent Directors (refer 2(e)). The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Consolidated Entity's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Consolidated Entity and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

External Auditors

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Ernst & Young's policy to rotate engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

The directors are satisfied that the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The directors are satisfied that the provision of the non-audit services did not compromise the auditor's independence requirements of the Corporations Act because the services were provided by persons who were not involved in the audit and the decision as to whether or not to accept the tax planning advice was made by management.

3. BOARD COMMITTEES (CONTINUED)

3(b) Remuneration Committee

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration.

The remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

4. ETHICAL AND RESPONSIBLE DECISION MAKING

4(a) Code of Ethics and Conduct

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

4(b) Policy concerning trading in Company securities

The Company's "Dealings in Company Shares and Options Policy" applies to all Directors, officers and employees. This policy sets out the restrictions on dealing in securities by people who work for, or are associated with the Company and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities. The policy stipulates that the only appropriate time for a Director, officer or employee to deal in the Company's securities is when they are not in possession of price sensitive information that is not generally available to the market.

As a matter of practice, Company shares may only be dealt with by Directors and officers of the Company under the following guidelines:

- No trading is permitted in the period of 21 days prior to the announcement to the ASX of the Company's full year and half year results;
- Guidelines are to be considered complementary to and not replace the various sections of the Corporations Act 2001 dealing with insider trading; and
- Prior approval of the Chairman, or in his absence, the approval of two directors is required prior to any trading being undertaken.

5. TIMELY AND BALANCED DISCLOSURE

5(a) Shareholder communication

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company's "ASX Disclosure Policy" encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company's website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

5(b) Continuous disclosure policy

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

6. RECOGNISING AND MANAGING RISK

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

6(a) Board oversight of the risk management system

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

6. RECOGNISING AND MANAGING RISK (CONTINUED)

6(b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

6(c) Chief Executive Officer and Chief Financial Officer Certification

The Chief Executive Officer and Chief Financial Officer provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management an internal compliance and control system is operating efficiently and effectively in all material respects.

6(d) Internal review and risk evaluation

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
Interest revenue	5	243,365	501,488	243,365	501,488
Other income	5	39,245	66,791	39,245	66,791
Depreciation and amortisation expense	6(a)	(32,904)	(27,349)	(32,904)	(27,349)
Employee benefits expense	6(b)	(304,073)	(599,565)	(304,073)	(599,565)
Administration and other expenses	6(b)	(360,617)	(395,209)	(359,458)	(395,209)
Exploration and evaluation expenditure written off	16	(2,519,808)	(473,264)	(2,519,808)	(473,264)
Loss before income tax		(2,934,792)	(927,108)	(2,933,633)	(927,108)
Income tax benefit	7	409,552	215,689	409,552	215,689
Net loss attributable to the members of Aragon Resources Limited		(2,525,240)	(711,419)	(2,524,081)	(711,419)
Basic loss per share (cents per share)	8	3.81	1.24	3.81	1.24
Diluted loss per share (cents per share)	8	3.81	1.24	3.81	1.24

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

BALANCE SHEET AS AT 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	10	4,055,690	6,257,062	4,055,690	6,257,062
Trade and other receivables	11	44,275	100,661	44,275	100,661
Other assets	12	8,146	11,007	8,146	11,007
Total current assets		4,108,111	6,368,730	4,108,111	6,368,730
NON-CURRENT ASSETS					
Trade and other receivables	11	72,181	82,154	273,274	82,154
Investment in subsidiaries	13	-	-	1,504,650	-
Available-for-sale financial assets	14	959,750	-	959,750	-
Plant and equipment	15	127,156	157,529	127,156	157,529
Exploration and evaluation expenditure	16	3,768,816	3,570,549	1,939,546	3,570,549
Deferred tax assets	7	-	-	85,686	-
Total non-current assets		4,927,903	3,810,232	4,890,062	3,810,232
TOTAL ASSETS		9,036,014	10,178,962	8,998,173	10,178,962
CURRENT LIABILITIES					
Trade and other payables	17	204,280	512,187	204,280	512,187
Employee benefits provisions	18	34,021	25,735	34,021	25,735
Total current liabilities		238,301	537,922	238,301	537,922
CURRENT LIABILITIES					
Rehabilitation provisions	18	39,000	-	-	-
Deferred tax liabilities	7	-	248,759	-	248,759
Total non-current liabilities		39,000	248,759	-	248,759
TOTAL LIABILITIES		277,301	786,681	238,301	786,681
NET ASSETS		8,758,713	9,392,281	8,759,872	9,392,281
EQUITY					
Issued capital	19	11,792,853	10,597,162	11,792,853	10,597,162
Option premium reserve	20	554,570	225,605	554,570	225,605
Other reserves	20	(115,853)	(482,869)	(115,853)	(482,869)
Accumulated losses	21	(3,472,857)	(947,617)	(3,471,698)	(947,617)
TOTAL EQUITY		8,758,713	9,392,281	8,759,872	9,392,281

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Entity		Parent Entity	
		2009	2008	2009	2008
		$	$	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES					
Payments to suppliers and employees		(635,778)	(816,986)	(634,619)	(816,986)
Interest received		243,365	501,488	243,365	501,488
Other receipts		39,245	66,790	39,245	66,790
Net cash flows used in operating activities	10(a)	(353,168)	(248,708)	(352,009)	(248,708)
CASH FLOWS USED IN INVESTING ACTIVITIES					
Payments for exploration and evaluation		(1,414,746)	(2,109,125)	(1,129,126)	(2,109,125)
Payments for property, plant and equipment		(2,531)	(184,878)	(2,531)	(184,878)
Purchase of available-for sale financial assets		(436,250)	-	(436,250)	-
Costs incurred on acquisition of subsidiary		(4,650)	-	(4,650)	-
Net cash flows used in investing activities		(1,858,177)	(2,294,003)	(1,572,557)	(2,294,003)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from the issue of shares		-	8,757,439	-	8,757,439
Payment of share issue costs		-	(76,756)	-	(76,756)
Repayment of oversubscription		-	(1,592,974)	-	(1,592,974)
Loans to controlled entities		-	-	(325,779)	-
(Payment)/Repayment of security bonds		9,973	(32,154)	48,973	(32,154)
Net cash flows from/(used in) financing activities		9,973	7,055,555	(276,806)	7,055,555
Net increase/(decrease) in cash and cash equivalents		(2,201,372)	4,512,845	(2,201,372)	4,512,845
Cash at the beginning of the financial year		6,257,062	1,744,217	6,257,062	1,744,217
Cash and cash equivalents at the end of the year	10	4,055,690	6,257,062	4,055,690	6,257,062

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Consolidated Entity	Issued capital $	Option reserve $	Other reserves $	Accumulated losses $	Total equity $
2008					
At 1 July 2007	1,898,058	10,758	-	(236,198)	1,672,618
Loss for the year	-	-	-	(711,419)	(711,419)
Total expense for the period	-	-	-	(711,419)	(711,419)
Equity transactions					
Shares issued	8,757,438	-	-	-	8,757,438
Share-based payment	-	214,847	-	-	214,847
Tax consolidation adjustment	-	-	(482,869)	-	(482,869)
Share issue costs	(76,755)	-	-	-	(76,755)
Tax effect of share issue costs	18,421	-	-	-	18,421
At 30 June 2008	10,597,162	225,605	(482,869)	(947,617)	9,392,281
2009					
At 1 July 2008	10,597,162	225,605	(482,869)	(947,617)	9,392,281
Gain on available-for-sale financial assets	-	-	523,500	-	523,500
Tax effect on gain on available-for-sale financial assets	-	-	(156,484)	-	(156,484)
Total income and expense for the period recognised directly in equity	-	-	367,016	-	367,016
Loss for the year	-	-	-	(2,525,240)	(2,525,240)
Total income and expense for the period	-	-	367,016	(2,525,240)	(2,158,224)
Equity transactions					
Shares issued	1,200,000	-	-	-	1,200,000
Issue options - acquisition of subsidiary	-	300,000	-	-	300,000
Share-based payment	-	28,965	-	-	28,965
Tax effect of share issue costs	(4,309)	-	-	-	(4,309)
At 30 June 2009	11,792,853	554,570	(115,853)	(3,472,857)	8,758,713

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009 (CONTINUED)

Parent Entity	Issued capital $	Option reserve $	Other reserves $	Accumulated losses $	Total equity $
2008					
At 1 July 2007	1,898,058	10,758	-	(236,198)	1,672,618
Loss for the year	-	-	-	(711,419)	(711,419)
Total expense for the period	-	-	-	(711,419)	(711,419)
Equity transactions					
Shares issued	8,757,438	-	-	-	8,757,438
Share-based payment	-	214,847	-	-	214,847
Tax consolidation adjustment	-	-	(482,869)	-	(482,869)
Share issue costs	(76,755)	-	-	-	(76,755)
Tax effect of share issue costs	18,421	-	-	-	18,421
At 30 June 2008	10,597,162	225,605	(482,869)	(947,617)	9,392,281
2009					
At 1 July 2008	10,597,162	225,605	(482,869)	(947,617)	9,392,281
Gain on available-for-sale financial assets	-	-	523,500	-	523,500
Tax effect on gain on available-for-sale financial assets	-	-	(156,484)	-	(156,484)
Total income and expense for the period recognised directly in equity	-	-	367,016	-	367,016
Loss for the year	-	-	-	(2,524,081)	(2,524,081)
Total income and expense for the period	-	-	367,016	(2,524,081)	(2,157,065)
Equity transactions					
Shares issued	1,200,000	-	-	-	1,200,000
Issue options - acquisition of subsidiary	-	300,000	-	-	300,000
Share-based payment	-	28,965	-	-	28,965
Tax effect of share issue costs	(4,309)	-	-	-	(4,309)
At 30 June 2009	11,792,853	554,570	(115,853)	(3,471,698)	8,759,872

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Aragon Resources Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on 4 September 2009.

Aragon Resources Limited ("the parent entity") is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in the Director's Report.

The address of the registered office is Level 1, 168 Adelaide Terrace, East Perth, WA, 6004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial report has been prepared on a historical cost basis, except for available for sale financial assets carried at fair value.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the annual reporting period ending 30 June 2009. A full assessment has not yet been completed of the impact of all the new or amended Accounting Standards and interpretations issued but not effective. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 *Segment Reporting*, which adopts a management reporting approach to segment reporting.	1 January 2009	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	1 July 2009
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	1 July 2009

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	1 July 2009

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 [refer below AASB 2008-6].	1 January 2009	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity's separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	1 July 2009

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: ► quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); ► inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and ► inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of *Improving Disclosures about Financial Instruments (Amendments to IFRS 7)* by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	1 July 2009

Reference	Title	Summary	Application date of standard*	Application date for Company*
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's *Improvements to IFRSs*. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	1 July 2010
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	1 July 2009
Amendments to International Financial Reporting Standards**	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: ► the scope of AASB 2; and ► the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 *Consolidated and Separate Financial Statements*, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2—Group and Treasury Share Transactions*. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	1 July 2010

*	designates the beginning of the applicable annual reporting period unless otherwise stated

**	pronouncements that have been issued by the IASB and IFRIC but have not yet been issued by the AASB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Aragon Resources Limited and its controlled entities ('the Consolidated Entity').

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Controlled entities are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Investments in controlled entities are carried in the balance sheet of the Company at cost less any impairment losses, if any.

(e) Changes in accounting policy

The accounting policies used in the preparation of these financial statements are consistent with those used in previous years.

(f) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(g) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the Company is Australian dollars (A$).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

All exchange differences in the financial report are taken to the profit and loss statement.

(h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 5 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and;

i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale and/or;

ii) exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of 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. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the income statement or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(j) Available-for-sale investments

All available-for-sale investments are initially recognised at fair value plus directly attributable transaction costs.

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. Investments are designated as available for sale if they do not have fixed maturities and fixed and determinable payments and management intends to hold them for the medium to long term.

After initial recognition, available-for-sale investments are measured at fair value. Gains or losses are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date.

For investments with no active market, fair value is determined using valuation techniques. Such valuation techniques include using recent arm's length transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where fair value cannot be reliably measured for certain unquoted investments, these investments are measured at cost.

(k) Recoverable amount of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment, mine properties and development and exploration and evaluation expenditure is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the balance sheet.

(m) Trade and other receivables

Trade and other receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(o) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the income statement on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(q) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(r) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Consolidated Entity has one plan in place that provides these benefits. It is the Employee Share Option Plan (“ESOP”) which provides benefits to all employees including directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black & Scholes model. Further details of which are given in note 23.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Aragon Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award;

(ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being meet; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(u) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, expect where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (Continued)

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Tax consolidation legislation

Aragon Resources Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 September 2008. The head entity, Aragon Resources Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

(v) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(w) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Contributions made by the Consolidated Entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes, which would impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

ii) Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black & Scholes model, using the assumptions as discussed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

iii) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Consolidated Entity manages its exposure to key financial risks in accordance with the Consolidated Entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated Entity's financial targets while protecting future financial security.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Risk Exposures and Responses

(a) Interest rate risk exposure

The Consolidated Entity's exposure to market interest rates relates primarily to the Consolidated Entity's cash balances and short-term deposits. The Consolidated Entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk exposure (continued)

The Company's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

CONSOLIDATED	Floating interest rate		Fixed interest rate maturing in more than one year		Non-interest bearing		Total carrying amount as per the balance sheet	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Financial assets								
Cash and cash equivalents	4,055,690	6,257,062	-	-	-	-	4,055,690	6,257,062
Trade and other receivables	-	-	-	-	44,275	100,661	44,275	100,661
Security deposits	-	-	33,181	82,154	39,000	-	72,181	82,154
Total financial assets	4,055,690	6,257,062	33,181	82,154	83,275	100,661	4,172,146	6,439,877
Financial liabilities								
Trade and other payables	-	-	-	-	204,280	512,187	204,280	512,187
Total financial liabilities	-	-	-	-	204,280	512,187	204,280	512,187
Net financial assets/(liabilities)							3,967,866	5,927,690

PARENT	Floating interest rate		Fixed interest rate maturing in more than one year		Non-interest bearing		Total carrying amount as per the balance sheet	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Financial assets								
Cash and cash equivalents	4,055,690	6,257,062	-	-	-	-	4,055,690	6,257,062
Trade and other receivables	-	-	-	-	284,368	100,661	284,368	100,661
Security deposits	-	-	33,181	82,154	-	-	33,181	82,154
Total financial assets	4,055,690	6,257,062	33,181	82,154	284,368	100,661	4,373,239	6,439,877
Financial liabilities								
Trade and other payables	-	-	-	-	204,280	512,187	204,280	512,187
Total financial liabilities	-	-	-	-	204,280	512,187	204,280	512,187
Net financial assets/(liabilities)							4,168,959	5,927,690

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk exposure (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 30 June 2009, if interest rates had moved by a reasonably possible +1% or -1%, as illustrated in the table below, with all other variables held constant, post tax losses and equity would have been affected as follows:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Judgements of reasonably possible movements:				
Post tax loss				
+ 1.0% (100 basis points) (2008: +1%)	28,390	44,375	28,390	44,375
- 1.0% (100 basis points) (2008: -0.5%)	(28,390)	(22,187)	(28,390)	(22,187)
Equity				
+ 1.0% (100 basis points) (2008: +1%)	28,390	44,375	28,390	44,375
- 1.0% (100 basis points) (2008: -0.5%)	(28,390)	(22,187)	(28,390)	(22,187)

A sensitivity of +%1 or -1% has been selected as this is considered reasonable given the current level of short-term and long-term Australian dollar interest rates. The movements in losses are due to possible higher or lower interest income from cash balances. The sensitivity is higher in 2008 than 2009 because of the increase in cash balances following capital raised from the initial public offering in July 2007.

(b) Credit risk exposure

Credit risk arises from the financial assets of the Consolidated Entity, which comprise deposits with banks and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Balance Sheet represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Company's policy to securities it trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the Consolidated Entity.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and the Consolidated Entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The following table reflects all contractually fixed pay-offs and receivables for settlement, repayment and interest resulting from recognised financial assets and liabilities. For all obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June.

The remaining contractual maturities of the Consolidated Entity's and Parent Entity's financial assets and liabilities are:

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
6 months or less	3,895,685	5,845,536	4,135,778	5,845,536
6 - 12 months	-	-	-	-
1 - 5 years	72,181	82,154	33,181	82,154
Over 5 years	-	-	-	-
	3,967,866	5,927,690	4,168,959	5,927,690

Maturity analysis of financial assets and liabilities are based on management's expectations.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment, exploration costs and investments of working capital e.g. receivables. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the Consolidated Entity monitors its expected settlement of financial assets and liabilities on an ongoing basis.

CONSOLIDATED ENTITY

2009	<6 months	6-12	1-5 years	>5 years	Total
Financial assets					
Cash & equivalents	4,055,690	-	-	-	4,055,690
Trade and other receivables	44,275	-	72,181	-	116,456
	4,099,965	-	72,181	-	4,172,146
Financial liabilities					
Trade and other payables	204,280	-	-	-	204,280
	204,280	-	-	-	204,280
Net maturity	3,895,685	-	72,181	-	3,967,866

2008	<6 months	6-12	1-5 years	>5 years	Total
Financial assets					
Cash & equivalents	6,257,062	-	-	-	6,257,062
Trade and other receivables	100,661	-	82,154	-	182,815
	6,357,723	-	82,154	-	6,439,877
Financial liabilities					
Trade and other payables	512,187	-	-	-	512,187
	512,187	-	-	-	512,187
Net maturity	5,845,536	-	82,154	-	5,927,690

PARENT

2009	<6 months	6-12	1-5 years	>5 years	Total
Financial assets					
Cash & equivalents	4,055,690	-	-	-	4,055,690
Trade and other receivables	284,368	-	33,181	-	317,549
	4,340,058	-	33,181	-	4,373,239
Financial liabilities					
Trade and other payables	204,280	-	-	-	204,280
	204,280	-	-	-	204,280
Net maturity	4,135,778	-	33,181	-	4,168,959

2008	<6 months	6-12	1-5 years	>5 years	Total
Financial assets					
Cash & equivalents	6,257,062	-	-	-	6,257,062
Trade and other receivables	100,661	-	82,154	-	182,815
	6,357,723	-	82,154	-	6,439,877
Financial liabilities					
Trade and other payables	512,187	-	-	-	512,187
	512,187	-	-	-	512,187
Net maturity	5,845,536	-	82,154	-	5,927,690

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless other wise stated in the applicable notes.

5. INCOME

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Interest revenue	243,365	501,488	243,365	501,488
Other income	39,245	66,791	39,245	66,791
	282,610	568,279	282,610	568,279

6. EXPENSES AND LOSSES/(GAINS)

(a) Depreciation				
Depreciation of plant & equipment	32,904	27,349	32,904	27,349
	32,904	27,349	32,904	27,349
(b) Other expenses				
Employee benefits expense				
Wages and salaries	248,592	352,391	248,592	352,391
Superannuation expenses	21,495	28,645	21,495	28,645
Other employee benefits	5,021	3,682	5,021	3,682
Share based payments	28,965	214,847	28,965	214,847
Total employee benefits	304,073	599,565	304,073	599,565
Administration and other expenses				
Legal and professional fees	60,767	121,032	60,767	121,032
Administration expenses	299,850	274,177	298,691	274,177
Total administration and other expenses	360,617	395,209	359,458	395,209
Total other expenses	664,690	994,774	663,531	994,774

7. INCOME TAX

(a) Income tax expense				
The major components of income tax expense are:				
Income Statement				
Current income tax	(468,374)	(752,927)	(382,421)	(752,927)
Current income tax charge				
Adjustments in respect of current income tax of previous years	(5,676)	-	(5,676)	-
Carry forward tax losses not recognised	473,030	-	472,763	-
Deferred income tax				
Relating to origination and reversal of temporary differences	(408,532)	537,238	(494,218)	537,238
Income tax benefit reported in the income statement	(409,552)	(215,689)	(409,552)	(215,689)
(b) Amounts charged or credited directly to equity				
Share issue costs	(4,309)	18,421	(4,309)	18,421
Unrealised gain on available-for-sale financial assets	(156,484)	-	(156,484)	-
Income tax (benefit)/expense reported in equity	(160,793)	18,421	(160,793)	18,421

7. INCOME TAX (CONTINUED)

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
(c) Numerical reconciliation between aggregate tax expense recognised in the income tax statement and tax expense calculated per the statutory income tax rate				
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:				
Accounting loss before income tax	(2,934,792)	(927,108)	(2,933,633)	(927,108)
At the Parent Entity's statutory income rate 30% (2008: 30%)	(880,438)	(278,132)	(880,090)	(278,132)
Adjustments in respect of current year income tax				
Share-based payments	8,690	64,454	8,690	64,454
Non-deductible/(assessable) items	508	2,595	427	2,595
Deductible legal and capital raising items	(4,902)	(4,606)	(4,902)	(4,606)
Prior year deferred tax benefits recognised	(6,440)	-	(6,440)	-
Unrecognised tax losses	473,030	-	472,763	-
Income tax expense/(benefit) for the year	(409,552)	(215,689)	(409,552)	(215,689)

Consolidated Entity	Balance Sheet		Income Statement	
	2009	2008	2009	2008
	$	$	$	$
(d) Recognised deferred income tax assets and liabilities				
Deferred tax liabilities				
Unrealised gains on available-for-sale financial	(156,484)	-	-	-
Mine site establishment and refurbishment	(11,700)	-	11,700	-
Exploration	(633,261)	(1,041,165)	(407,904)	583,921
	(801,445)	(1,041,165)		
Deferred tax assets				
Accelerated depreciation for tax purposes	777	1,039	262	(1,039)
Equity raising costs	14,112	18,421	-	-
Legal costs	3,801	3,184	(617)	(3,184)
Accrued expenses	6,900	6,000	(900)	(6,000)
Provision for employee entitlements	10,144	9,854	(290)	(9,503)
Provision for fringe benefits tax	63	980	917	(980)
Provision for rehabilitation	11,700	-	(11,700)	-
Tax losses distributed to parent entity	-	-	-	(25,977)
	47,497	39,478		
Net deferred tax liabilities	(753,948)	(1,001,687)		
Recognised tax losses	753,948	752,928		
Net deferred tax liabilities	-	(248,759)		
Deferred tax (benefit)/expense			(408,532)	537,238

7. INCOME TAX (CONTINUED)

Parent Entity	Balance Sheet 2009 $	Balance Sheet 2008 $	Income Statement 2009 $	Income Statement 2008 $
(d) Deferred income tax assets and liabilities				
Deferred tax liabilities				
Unrealised gains on available-for-sale financial assets	(156,484)	-	-	-
Exploration	(551,864)	(1,041,165)	(489,301)	583,921
	(708,348)	(1,041,165)		
Deferred tax assets				
Investment in subsidiary	4,289	-	(4,289)	-
Accelerated depreciation for tax purposes	777	1,039	262	(1,039)
Equity raising costs	14,112	18,421	-	-
Legal costs	3,801	3,184	(617)	(3,184)
Accrued expenses	6,900	6,000	(900)	(6,000)
Provision for employee entitlements	10,144	9,854	(290)	(9,503)
Provision for fringe benefits tax	63	980	917	(980)
Tax losses distributed to parent entity	-	-	-	(25,977)
	40,086	39,478		
Net deferred tax liabilities	(668,262)	(1,001,687)		
Recognised tax losses	753,948	752,928		
Net deferred tax assets/(liabilities)	85,686	(248,759)		
Deferred tax (benefit)/expense			(494,218)	537,238

(e) Tax Consolidation

The Company and its 100% owned subsidiaries are a tax consolidated group with effect from 1 September 2008. Aragon Resources Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(f) Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of AASB 112 'Income Taxes'.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the controlled entities intercompany accounts with the tax consolidated group head company, Aragon Resources Limited. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

(g) Unrecognised losses

At 30 June 2009, there are unrecognised losses of $473,030 for the Consolidated Entity (2008: nil).

8. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and dilutive earnings per share computations. Details of options, which are not considered dilutive on nature, are set out in note 19 (f).

	Consolidated Entity		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Net loss attributable to ordinary equity holders	(2,525,240)	(711,419)	(2,524,081)	(711,419)
Net loss attributable to ordinary shareholders for diluted earnings per share	(2,525,240)	(711,419)	(2,524,081)	(711,419)
Basic loss per share (cents)	3.81	1.24	3.81	1.24
Fully diluted loss per share (cents)	3.81	1.24	3.81	1.24
Weighted average number of ordinary shares for basic earnings per share	66,255,782	57,247,334	66,255,782	57,247,334
Effect of dilution:				
Share options	-	-	-	-
	66,255,782	57,247,334	66,255,782	57,247,334
Weighted average number of ordinary shares adjusted for the effect of dilution	66,255,782	57,247,334	66,255,782	57,247,334

At 30 June 2009, the Company had on issue 27,520,285 (2008: 20,320,285) potential ordinary share (options) not considered to be dilutive for the periods presented.

9. DIVIDENDS PAID AND PROPOSED

No dividends have been paid or declared by the Company during the financial period or up to the date of this report.

The Company does not have any franking credits.

10. CASH AND CASH EQUIVALENTS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash at bank and in hand	4,055,690	6,257,062	4,055,690	6,257,062
Total	4,055,690	6,257,062	4,055,690	6,257,062

CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation of the net loss after income tax to net cash flows from operating activities

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Net loss after income tax	(2,525,240)	(711,419)	(2,524,081)	(711,419)
Depreciation	32,904	27,350	32,904	27,350
Exploration and evaluation expenditure written off	2,519,808	473,264	2,519,808	473,264
Share based payments	28,965	214,847	28,965	214,847
Income tax benefit	(409,552)	(215,689)	(409,552)	(215,689)
	(353,115)	(211,647)	(351,956)	(211,647)
Changes in assets and liabilities				
(Increase)/decrease in receivables	59,246	9,300	59,246	9,300
Increase/(decrease) in trade and other creditors	(67,585)	(70,608)	(67,585)	(70,608)
Increase/(decrease) in employee benefits provisions	8,286	24,247	8,286	24,247
Net cash from/(used in) operating activities	(353,168)	(248,708)	(352,009)	(248,708)

(b) Non-cash financing and investing activities

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Settlement of subsidiary purchase with equity	1,500,000	-	1,500,000	-

11. TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT				
Other receivables	29,743	90,097	29,743	90,097
Related party receivables (i)	14,532	10,564	14,532	10,564
	44,275	100,661	44,275	100,661
NON-CURRENT				
Security deposits	72,181	82,154	33,181	82,154
Loans to controlled entities	-	-	240,093	-
	72,181	82,154	273,274	82,154

(i) For terms and conditions relating to relating to related party receivables refer to note 29.

- Trade receivables and other debtors are non-interest bearing and are generally on 30-90 day terms.
- The carrying amounts disclosed represent the fair value.
- There are no past due not impaired receivables at 30 June 2009.

12. OTHER ASSETS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT				
Prepayments	8,146	11,007	8,146	11,007

13. INVESTMENTS IN SUBSIDIARIES

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NON CURRENT				
Investment in controlled entity at cost (refer to note 22)	-	-	1,504,650	-

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
NON CURRENT				
Shares - Australian listed	959,750	-	959,750	-

The Company has a 13.04% direct ownership interest in Vital Metals Limited (2008: nil), which is an ASX listed exploration company. The fair value of the listed available for sale investments in ordinary shares have been determined directly by reference to published price quotations in an active market.

15. PLANT AND EQUIPMENT

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant and equipment				
At cost	187,409	184,878	187,409	184,878
Accumulated depreciation	(60,253)	(27,349)	(60,253)	(27,349)
Net carrying amount	127,156	157,529	127,156	157,529
Total plant and equipment	127,156	157,529	127,156	157,529
Movement in plant and equipment				
Plant and equipment				
At 1 July net of accumulated depreciation	157,529	-	157,529	-
Additions	2,531	184,878	2,531	184,878
Disposals	-	-	-	-
Depreciation charge for the year	(32,904)	(27,349)	(32,904)	(27,349)
At 30 June net of accumulated depreciation	127,156	157,529	127,156	157,529

16. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of mining areas of interest

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Net carrying amount at cost	3,768,816	3,570,549	1,939,546	3,570,549
Movement in exploration and evaluation expenditure				
At 1 July net of accumulated impairment	3,570,549	1,624,146	3,570,549	1,624,146
Additions	1,213,425	2,419,667	888,805	2,419,667
Acquisition of a subsidiary	1,504,650	-	-	-
Disposals	-	-	-	-
Exploration and evaluation expenditure written off	(2,519,808)	(473,264)	(2,519,808)	(473,264)
At 30 June	3,768,816	3,570,549	1,939,546	3,570,549

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Company has an interest in certain exploration tenements and the amounts shown above include amounts expended to date in the acquisition and/or exploration of those tenements.

Impairment

During the year a review was undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation expenditure of $2,519,808 (2008: $473,264) was written off to the income statement. The major expenditure written off related to Violet and Maitland of Yandal Projects and the Kambalda Project. Management decided to abandon future exploration of these areas due to low potential from samples collected in the areas. Other smaller projects were also abandoned in line with Aragon's future focus, which is targeted at the Darlot/Yandal and Territory Phosphate areas.

17. TRADE AND OTHER PAYABLES

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
CURRENT				
Trade creditors (i)	202,032	450,641	202,032	450,641
Related party payables (ii)	2,248	61,546	2,248	61,546
	204,280	512,187	204,280	512,187

Terms and conditions

(i) Trade creditors are non-interest bearing and generally on 30 day terms.

(ii) For terms and conditions relating to related party payables refer to note 29.

18. PROVISIONS

CURRENT				
Provision for annual leave	28,864	22,149	28,864	22,149
Provision for long service leave	4,948	3,267	4,948	3,267
Provision for fringe benefits tax payable	209	319	209	319
	34,021	25,735	34,021	25,735

The nature of the provisions are described in note 2(o).

NON-CURRENT				
Rehabilitation	39,000	-	-	-

(a) Provision for Rehabilitation

Environmental obligations associated with the retirement or disposal and/or of exploration properties are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the Income Statement and an increase in the provision), and additional disturbances change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

(b) Movements in provisions

At 1 July	-	-	-	-
Arising during the year	39,000	-	-	-
Unwind of discount	-	-	-	-
At 30 June	39,000	-	-	-

19. CONTRIBUTED EQUITY

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
(a) Ordinary Shares				
Issued and fully paid	11,792,853	10,597,162	11,792,853	10,597,162

19. CONTRIBUTED EQUITY (CONTINUED)

	Number	$	Number	$
(b) Movements in ordinary shares on issue				
At 1 July 2007	25,000,000	1,898,058	25,000,000	1,898,058
Issued during the year	35,029,755	8,757,438	35,029,755	8,757,438
Share issue costs	-	(58,334)	-	(58,334)
At 30 June 2008	60,029,755	10,597,162	60,029,755	10,597,162
At 1 July 2008	60,029,755	10,597,162	60,029,755	10,597,162
Issued during the year	7,500,000	1,200,000	7,500,000	1,200,000
Share issue costs	-	(4,309)	-	(4,309)
At 30 June 2009	67,529,755	11,792,853	67,529,755	11,792,853

(c) Terms and conditions of contributed equity

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

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par share values. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

(d) Escrow restrictions

There are no current escrow restriction on the issued capital of the Company.

(e) Capital management

Capital managed by the Board includes shareholder equity, which was $11,792,853 at 30 June 2009 (2008: $10,597,162). The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business. The Board's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities. The Board monitors capital on the basis of the gearing ratio, however there are no external borrowings at balance date. There were no changes in the Consolidated Entity's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(f) Options on issue

Unissued ordinary shares of the Company under option at 30 June 2009 are as follows:

Type	Expiry Date	Exercise	Number of
Listed	30/09/2010	0.25	24,970,285
Unlisted**	31/05/2011	0.30	1,250,000
Unlisted**	1/07/2011	0.30	300,000
Unlisted**	28/11/2010	0.35	1,000,000
Total			27,520,285

The above options are exercisable at any time on or before the expiry date.
** These options were issued pursuant to the Company's Employee Option Scheme and can only be exercised pursuant to the scheme rules.

Share options carry no right to dividends and no voting rights.

(g) Shares issued on exercise of options

There were no shares issued on the exercise of options during the year.

20. RESERVES

	Option Premium Reserve	Net Unrealised Gains Reserve	Other Reserves	Total
CONSOLIDATED	**$**	**$**	**$**	**$**
At 1 July 2007	10,758	-	-	10,758
Tax consolidation adjustment	-	-	(482,869)	(482,869)
Share based payments	214,847	-	-	214,847
At 30 June 2008	225,605	-	(482,869)	(257,264)
At 1 July 2008	225,605	-	(482,869)	(257,264)
Tax consolidation adjustment	-	-	-	-
Share based payments	28,965	-	-	28,965
Fair value movement of available-for-sale financial assets	-	523,500	-	523,500
Tax effect of fair value movement of available-for-sale financial assets	-	(156,484)	-	(156,484)
Acquisition of subsidiary (refer to note 22)	300,000	-	-	300,000
At 30 June 2009	554,570	367,016	(482,869)	438,717
PARENT	**$**	**$**	**$**	**$**
At 1 July 2007	10,758	-	-	10,758
Tax consolidation adjustment	-	-	(482,869)	(482,869)
Share based payments	214,847	-	-	214,847
At 30 June 2008	225,605	-	(482,869)	(257,264)
At 1 July 2008	225,605	-	(482,869)	(257,264)
Tax consolidation adjustment	-	-	-	-
Share based payments	28,965	-	-	28,965
Fair value movement of available-for-sale financial assets	-	523,500	-	523,500
Tax effect of fair value movement of available-for-sale financial assets	-	(156,484)	-	(156,484)
Acquisition of subsidiary (refer to note 22)	300,000	-	-	300,000
At 30 June 2009	554,570	367,016	(482,869)	438,717

Nature and purpose of reserves

Other reserves

The income tax distribution reserve is used to recognise tax losses transferred to the former parent entity, Westgold Resources Limited, under the Australian tax consolidation regime.

Net unrealised gains reserve

This reserve records the movements in the fair value of available-for-sale investments.

Option premium reserve

The option reserve is used to record the value of options on issue.

The option premium reserve relates to the issue of:

Details of issue	**Number of**	**Fair value**	**Value**
Employee option scheme	1,250,000	$0.095	119,250
Employee option scheme	300,000	$0.096	28,740
Employee option scheme	200,000	$0.119	23,780
Employee option scheme	1,000,000	$0.083	82,800
Acquisition of a subsidiary	7,500,000	$0.040	300,000
	10,250,000		554,570

21. ACCUMULATED LOSSES

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
At 1 July	(947,617)	(236,198)	(947,617)	(236,198)
Net loss in current period attributable to members of the Company	(2,525,240)	(711,419)	(2,524,081)	(711,419)
At 30 June	(3,472,857)	(947,617)	(3,471,698)	(947,617)

22. ACQUISITION OF SUBSIDIARY

On 29 August 2008, Aragon Resources Limited acquired 100% of Territory Phosphate Pty Limited, an unlisted company based in Australia which has a significant portfolio of phosphate projects in the Georgina and Wiso Basins in the Northern Territory.

The total cost of the acquisition was $1,504,650 and comprised an issue of equity instruments, and costs of $4,650 directly attributable to the acquisition. The Company issued 7,500,000 ordinary shares with a fair value of $0.16 each and 7,500,000 quoted options with a fair value of $0.04 each, based on the quoted price of the shares and options of the Company at the date control was obtained. The quoted share options became exercisable on 1 September 2008.

The fair value of the identifiable assets of Territory Phosphate Pty Limited as at the date of acquisition are:

	Recognised on acquisition	Carrying value
	$	$
Exploration assets	1,504,650	22,687
	1,504,650	22,687
Fair value of identifiable assets	1,504,650	22,687
Cost of the acquisition:		
Shares issued at fair value	1,200,000	
Options issued at fair value	300,000	
Costs associated with the acquisition	4,650	
Total cost of the acquisition	1,504,650	

From the date of acquistion to balance date, Aragon Resources Limited has recognised a loss of $1,159 relating to Territory Phosphate Pty Ltd.

If the combination had taken place at the beginning of the period, the loss before tax for the Consolidated Entity would have been $2,547,827 and revenue would have been $282,610.

23. SHARE-BASED PAYMENTS

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

Expense arising from equity-settled share-based payment transactions	28,965	214,847	28,965	214,847

The share-based payment plan is described below. There have been no cancellations or modifications to the plan during 2009 and 2008.

23. SHARE BASED PAYMENTS (CONTINUED)

(b) Employee Share Option Plan

The Consolidated Entity has an Employee Share Option Plan ("ESOP") for the granting of options to staff members. Options issued under the ESOP vest as follows:

(i) 100% upon the expiration of 12 months from the date the options were issued;

Other relevant terms and conditions applicable to options granted under the ESOP include:

(a) Options issued pursuant to the plan will be issued free of charge.

(b) The exercise price of the options shall be as the Directors in their absolute discretion determine, provided the exercise price shall not be less than the weighted average of the last sale price of the Company's shares on ASX at the close of business on each of the 5 business days immediately preceding the date on which the Directors resolve to grant the options.

(c) Subject to the above, the options may be exercised at any time prior to the expiration of 60 months from the issue date.

(d) The Directors may limit the total number of options which may be exercised under the plan in any year.

(e) Options with a common expiry date may have a different exercise price and exercise date.

(f) Options shall lapse upon the earlier of:

(i) The expiry of the exercise period; and

(ii) The expiry of 30 days after the option holder ceases to be an employee by reason of dismissal, resignation or termination of employment, office or services for any reason, except the Directors may resolve within 30 days of such dismissal, resignation or termination, that the options shall lapse on other terms they consider appropriate.

(g) Upon exercise the options will be settled in ordinary shares of Aragon Resources Limited.

(c) Summary of options issued under the Employee Share Option Plan

The following table summarises the number and weighted average exercise price (WAEP) of, and movements in, share options issued during the year to employees other than to key management personnel which have been disclosed in note 28(c).

	2009 Number	2009 WAEP	2008 Number	2008 WAEP
Outstanding at the beginning of the year	2,850,000	0.319	1,250,000	0.300
Lapsed during the year	(300,000)	0.317	-	-
Granted during the year	-	-	1,600,000	0.334
Outstanding at the end of the year	2,550,000	0.320	2,850,000	0.319
Exercisable at the year end	2,550,000	0.320	1,250,000	0.300

The outstanding balance as at 30 June 2009 is represented by the following table:

Grant date	Vesting date	Expiry date	Exercise price	Options granted	Options lapsed/ cancelled	Options exercised	Number of options at end of period: On issue	Number of options at end of period: Vested
31/05/2007	31/05/2008	31/05/2011	30 cents	1,250,000	-	-	1,250,000	1,250,000
1/07/2007	1/07/2008	1/07/2011	30 cents	300,000	(200,000)	-	100,000	100,000
13/08/2007	13/08/2008	13/08/2011	30 cents	200,000	-	-	200,000	200,000
11/10/2007	11/10/2008	11/10/2011	35 cents	100,000	(100,000)	-	-	-
28/11/2007	28/11/2008	28/11/2010	35 cents	1,000,000	-	-	1,000,000	1,000,000
				2,850,000	(300,000)	-	2,550,000	2,550,000

23. SHARE BASED PAYMENTS (CONTINUED)

(d) Weighted average remaining contract life

The weighted average remaining contract life for the share options outstanding at the end of the year is 1.73 years (2008: 2.78).

(e) Weighted average fair value of options granted

The weighted average fair value for the share options outstanding at the end of the year is $0.092 (2008: $0.093).

(f) Range of exercise prices

The range exercise price for options outstanding at the end of the year was $0.30 to $0.35 (2008: $0.30 - $0.35).

(g) Option pricing model

The following table gives the assumptions made in determining the fair value of the options granted:

Grant date	November 2007	11 October 2007	13 August 2007	1 July 2007	31 May 2007
Dividend yield (%)	-	-	-	-	-
Expected volatility (%)	83.00	79.00	71.00	65.00	65.00
Risk-free interest rate (%)	6.47	6.49	6.29	6.36	6.18
Expected life of options (years)	2	2.5	2.5	2.5	2.5
Option exercise price ($)	0.35	0.35	0.30	0.30	0.30
Share price at grant date ($)	0.23	0.26	0.27	0.25	0.25

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

24. CAPITAL AND OTHER COMMITMENTS

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$

(a) Operating lease commitments - Company as lessee

The Company has entered into a commercial lease on office space which will expire in August 2010.

Future minimal rentals payable under non-cancellable operating lease as at 30 June:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Within one year	91,356	87,010	91,356	87,010
One year or later and no later than five years	15,226	101,512	15,226	101,512
	106,582	188,522	106,582	188,522

Operating lease commitments - Company as lesser

The Company has entered into a commercial sub-lease on the above mentioned office space which will expire in August 2010.

Future minimal rentals receivable under non-cancellable operating lease as at 30 June:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Within one year	11,420	10,876	11,420	10,876

(b) Exploration commitments

In order to maintain current rights of tenure to exploration permits, the entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report and are payable:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Within one year	1,660,115	1,349,950	1,046,711	1,349,950
After one year but not more than five years	2,393,188	2,627,402	673,976	2,627,402
	4,053,303	3,977,352	1,720,687	3,977,352

25. CONTINGENT ASSETS AND LIABILITIES

(a) At a general meeting held on 29 August 2008 shareholders of the Company approved the acquisition of 100% of the issued capital of Territory Phosphate Pty Ltd and its interests in granted tenements EL25183, EL25184 and EL25185 for a consideration of 7,500,000 fully paid ordinary shares and 7,500,000 options over fully paid ordinary shares (convertible at $0.25 on or before 30 September 2010) in the Company (refer to note 22).

At the same general meeting the shareholders also approved the deferred consideration of 2,500,000 fully paid ordinary shares and 2,500,000 options over fully paid ordinary shares (convertible at $0.25 on or before 30 September 2010) in the Company which is to be issued upon the granting of exploration licence 24994 (ELA24994) and registration in the name of Territory Phosphate Pty Ltd. In the event that the ELA24994 is not granted by 30 June 2010, then the Company shall not be required to issue the deferred consideration securities to the Vendors and the Vendors will retain the full right, title and interest in the ELA24994.

(b) As at 30 June 2008, the Consolidated Entity had a bank guarantee outstanding of $50,000 in favour of the Central Land Council over tenements in the Northern Territory which belong to Westgold Resources Limited. During the year the bank guarantee was transferred to Westgold Resources Limited.

(c) As at 30 June 2009, the Consolidated Entity had a bank guarantee outstanding of $39,000 (2008: nil) in favour of the Department of Regional Development over tenements in the Northern Territory. This guarantee will only be called upon if the Consolidated Entity fails to meet its environmental obligations in respect of certain mining leases, or if it fails to meet its obligations under the agreement with the Department of Regional Development. The bank guarantee is secured against a cash deposit with the bank that has issued the guarantee.

(d) AngloGold Ashanti Clawback Agreement

The tenements acquired by the Company are subject to potential clawback by AngloGold under certain conditions. The basic terms of the agreement are as follows:

Upon the Company announcing a JORC-compliant resource equivalent to 500,000 oz of gold or commencing a feasibility study, AngloGold has the option of taking a 75% interest in the project, leaving the Company a 25% interest.

- This will be for a “defined area of interest” of a maximum of 150 sq km.
- The Company may continue to explore and/or undertake a feasibility study.
- AngloGold may elect to exercise the option upon notification of a 500,000 oz resource or following the completion of a feasibility study.
- Should AngloGold elect to exercise its right to clawback on the resource, it will pay the Company the greater of either $5 million or three times the Company’s exploration expenditure incurred up to the Exercise Date associated with the “defined area of interest”.
- AngloGold will sole fund all costs and define a resource equivalent to 2.0 million oz of gold within two years and then may elect to complete a feasibility study to finally earn 75% in the defined area of interest.

The tenements subject to the AngloGold Ashanti Clawback Agreement are detailed in the following table:

Tenement	Area	Tenement	Area	Tenement	Area	Tenement	Area
P15/4869	Speedway	P36/1484	Darlot	E37/0804	Darlot	P53/1076	Violet
P15/4870	Speedway	P36/1485	Darlot	E37/0805	Darlot	P53/1077	Violet
P15/4871	Speedway	E37/0674	Darlot	E37/0807	Darlot	P53/1078	Violet
P15/4872	Speedway	E37/0742	Darlot	E37/0808	Darlot	P53/1079	Violet
P15/4873	Speedway	E37/0746	Darlot	E37/0810	Darlot	E53/1082	Violet
E26/0104	Hogans	E37/0747	Darlot	E53/0948	Violet	E53/1084	Violet
E36/0500	Darlot	E37/0763	Darlot	E53/0972	Violet	E53/1148	Violet
E36/0503	Darlot	E37/0764	Darlot	E53/0984	Violet	P53/1213	Violet
E36/0555	Darlot	E37/0770	Darlot	E53/1001	Violet	P53/1214	Violet
P36/1483	Darlot	E37/0803	Darlot	E53/1025	Violet		

(e) On 30 June 2009 the Company entered into a Convertible Note Deed with Vital Metals Limited whereby, the Company will subscribe to a Convertible Note (“Note”) in VML for $500,000. The Note is unsecured, has a term of three years, is not convertible in the first twelve months and carries a coupon rate of 6% payable quarterly in arrears. The Note is convertible at the higher of 4 cents per share or 80% of the volume weighted average price for the month prior to conversion. The Note is contingent upon VML shareholder approval of the issue of the Note to Aragon (refer to note 30).

26. AUDITOR'S REMUNERATION

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Amounts received or due and receivable by the auditor of the entity for:				
- an audit or review of financial reports of the entity	36,512	48,990	36,512	48,990
- other services in relation to the entity:				
- tax compliance	4,000	7,475	4,000	7,475
Total auditor remuneration	40,512	56,465	40,512	56,465

27. SEGMENT INFORMATION

The Consolidated Entity operates in one geographical area being Australia and one industry, being exploration for the year to 30 June 2009.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Details of Key Management Personnel

		Appointed	Resigned
P Benson	Executive Director/Chief Executive Officer	18 May 2007	-
P Cook	Non-Executive Chairman	18 May 2007	-
B Thomas	Non-Executive Director	10 June 2005	-

(b) Compensation of Key Management Personnel

	Consolidated Entity 2009 $	Consolidated Entity 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Short-term employee benefits	264,710	308,799	264,710	308,799
Post employment benefits	23,824	25,816	23,824	25,816
Share-based payment	34,161	158,115	34,161	158,115
	322,695	492,730	322,695	492,730

(c) Option holdings of Key Management Personnel

30 June 2009	Balance at beginning of period 1 July 2008	Granted as remuneration	Options exercised	Issued pursuant to IPO	Balance at end of period 30 June 2009	Not vested and not exercisable	Vested and exercisable
Directors							
P.Benson	1,060,000	-	-	-	1,060,000	-	1,060,000
P.Cook (i)	4,877,068	-	-	-	4,877,068	-	4,877,068
B.Thomas	610,000	-	-	-	610,000	-	610,000
Total	6,547,068	-	-	-	6,547,068	-	6,547,068

30 June 2008	Balance at beginning of period 1 July 2007	Granted as remuneration	Options exercised	Issued pursuant to IPO	Balance at end of period 30 June 2008	Not vested and not exercisable	Vested and exercisable
Directors							
P.Benson	1,000,000	-	-	60,000	1,060,000	-	1,060,000
P.Cook (i)	-	1,000,000	-	3,877,068	4,877,068	1,000,000	3,877,068
B.Thomas	250,000	-	-	360,000	610,000	-	610,000
Total	1,250,000	1,000,000	-	4,297,068	6,547,068	1,000,000	5,547,068

(i) Mr Cook is a Director of Metals X Limited which holds 3,830,929 listed options in the Company.

28. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

(d) Shareholdings of Key Management Personnel

30 June 2009	Balance held at 1 July 2008	Acquired	Disposed	Exercise of options	Net change other	Balance held at 30 June 2009
Directors						
P.Benson	120,000	-	-	-	-	120,000
P.Cook (i)	7,754,135	-	-	-	-	7,754,135
B.Thomas	740,000	-	-	-	-	740,000
Total	8,614,135	-	-	-	-	8,614,135

30 June 2008	Balance held at 1 July 2007	Acquired	Disposed	Exercise of options	Net change other	Balance held at 30 June 2008
Directors						
P.Benson	120,000	-	-	-	-	120,000
P.Cook (i)	7,754,135	-	-	-	-	7,754,135
B.Thomas	740,000	-	-	-	-	740,000
Total	8,614,135	-	-	-	-	8,614,135

All equity transactions with specified Directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(i) Mr Cook is a Director of Metals X Limited which holds 7,661,858 fully paid ordinary shares in the Company.

(e) Other transactions and balances with related parties

Mr PG Cook is a Director of Metals X Limited (Metals X). Metals X is a substantial shareholder of the Company. Metals X provides accounting, and administration services to the Consolidated Entity (refer to note 29(d)).

Mr PG Cook is also a Director of Westgold Resources Limited (Westgold). Westgold is also a substantial shareholder of the Company (refer to note 29(d)).

29. RELATED PARTY TRANSACTIONS

(a) Subsidiaries

The Consolidated financial statements include the financial statements of Aragon Resources Limited and the subsidiary listed in the following table:

Name	Country of incorporation	Ownership Interest		Investment ($)	
		2009	2008	2009	2008
Territory Phosphate	Australia	100%	-	1,504,650	-

(b) Ultimate parent

Aragon Resources Limited is the ultimate parent entity. There are no Class Orders in place at 30 June 2009.

(c) Key management personnel

Details of transactions with Key Management Personnel are disclosed in note 28.

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party trade receivables and payables at year-end, refer to notes 11 and 17 respectively):

	Consolidated Entity		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
(i) Amounts attributable to transactions with other related parties				
Amounts charged by Metals X Limited for accounting and financial services provided at cost*	2,263	98,945	2,263	98,945
Amounts charged to Westgold Resources Limited for expense reimbursement at cost**	60,237	107,530	60,237	107,530
Amounts charged by Westgold Resources Limited for accounting and financial services provided at cost**	-	51,879	-	51,879
Amounts charged by Westgold Resources Limited for expense reimbursement at cost**	9,536	61,546	9,536	61,546
Amounts charged by Aragon to Vital Metals Limited for services provided at cost***	9,302	-	9,302	-

* Metals X Limited has a 11.35% direct shareholding in Aragon (2008: 12.76%).

** Westgold Resources Limited has a 37.02% shareholding in Aragon (2008: 41.65%).

*** Aragon has a 13.04% shareholding in Vital Metals Limited of which Mr Paul Benson is a non-executive director.

All amounts are GST exclusive.

(e) Loans from related parties

There were no loans to related parties during the 2009 or 2008 financial year.

30. SUBSEQUENT EVENTS

On 30 June 2009 the Company entered into a Convertible Note Deed with Vital Metals Limited whereby, the Company will subscribe to a Convertible Note (“Note”) in VML for $500,000. The Note is unsecured, has a term of three years, is not convertible in the first twelve months and carries a coupon rate of 6% payable quarterly in arrears. The Note is convertible at the higher of 4 cents per share or 80% of the volume weighted average price for the month prior to conversion. On 3 July 2009 VML shareholders approved the issue of the Note to Aragon. The Note was issued on 7 July 2009.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Aragon Resources Limited, I state that:

(1) In the opinion of the Directors:

(a) the financial statements, notes and the additional disclosures included in the Directors' report designated as audited, of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with the Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

On behalf of the Board.

PG Benson
Chief Executive Officer

Perth, 7 September 2009

INDEPENDENT AUDIT REPORT

ERNST & YOUNG

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Perth WA 6000 Australia
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Independent audit report to members of Aragon Resources Limited

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Aragon Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Aragon Resources Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

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

Ernst & Young

G H Meyerowitz
Partner
Perth
7 September 2009

INTERESTS IN MINING TENEMENTS

Lease	Holder / Applicant	Grant Date	Expiry Date	Encumbrances	Aragon's Interest
E15/1152	Aragon Resources Ltd	In Application		Nil	100%
E36/707	Aragon Resources Ltd	In Application		Nil	100%
E53/1469	Aragon Resources Ltd	In Application		Objection 320296 Objection 320297	100%
E15/905	Aragon Resources Ltd	5/01/2007	4/01/2012	Nil	100%
E15/908	Aragon Resources Ltd	13/12/2006	12/12/2011	Nil	100%
E26/104	Aragon Resources Ltd	30/06/2005	29/06/2010	Nil	100%
E36/500	Aragon Resources Ltd	6/07/2005	5/07/2010	Nil	100%
E36/503	Aragon Resources Ltd	23/09/2005	22/09/2010	Nil	100%
E36/555	Aragon Resources Ltd	27/04/2006	26/04/2011	Nil	100%
E37/674	Aragon Resources Ltd	24/06/2005	23/06/2010	Nil	100%
E37/742	Aragon Resources Ltd	12/07/2005	11/07/2010	Nil	100%
E37/746	Aragon Resources Ltd	24/11/2005	23/11/2010	Nil	100%
E37/747	Aragon Resources Ltd	18/03/2005	17/03/2010	Nil	100%
E37/763	Aragon Resources Ltd	12/07/2005	11/07/2010	Nil	100%
E37/764	Aragon Resources Ltd	28/11/2005	27/11/2010	Nil	100%
E37/770	Aragon Resources Ltd	15/03/2005	14/03/2010	Nil	100%
E37/803	Navarre Resources Pty Ltd	8/05/2008	7/05/2013	Nil	100%
E37/804	Aragon Resources Ltd	5/08/2005	4/08/2010	Nil	100%
E37/805	Aragon Resources Ltd	19/10/2006	18/10/2011	Nil	100%
E37/807	Aragon Resources Ltd	24/11/2005	23/11/2010	Nil	100%
E37/808	Aragon Resources Ltd	24/11/2005	23/11/2010	Nil	100%
E37/810	Aragon Resources Ltd	27/10/2005	26/10/2010	Nil	100%
E37/928	Aragon Resources Ltd	7/04/2008	6/04/2013	Nil	100%
E53/1001	Aragon Resources Ltd	1/06/2005	31/05/2010	Nil	100%
E53/1025	Aragon Resources Ltd	1/06/2005	31/05/2010	Nil	100%
E53/1082	Aragon Resources Ltd	21/10/2005	20/10/2010	Nil	100%
E53/1084	Aragon Resources Ltd	16/12/2006	15/12/2011	Nil	100%
E53/1148	Aragon Resources Ltd	2/09/2005	1/09/2010	Nil	100%
E53/1152	Aragon Resources Ltd	16/09/2005	15/09/2010	Nil	100%
E53/1153	Aragon Resources Ltd	2/09/2005	1/09/2010	Nil	100%
E53/1195	Aragon Resources Ltd	24/07/2006	23/07/2011	Nil	100%
E53/1202	Aragon Resources Ltd	24/07/2006	23/07/2011	Nil	100%
E53/1237	Aragon Resources Ltd	19/04/2007	18/04/2012	Nil	100%
E53/1355	Aragon Resources Ltd	8/07/2009	7/07/2014	Nil	100%
E53/948	Aragon Resources Ltd	25/05/2005	24/05/2010	Nil	100%
E53/972	Aragon Resources Ltd	1/06/2005	31/05/2010	Nil	100%
E53/984	Aragon Resources Ltd	1/06/2005	31/05/2010	Nil	100%
P15/4869	Aragon Resources Ltd	13/03/2008	12/03/2012	Nil	100%
P15/4870	Aragon Resources Ltd	13/03/2008	12/03/2012	Nil	100%
P15/4871	Aragon Resources Ltd	13/03/2008	12/03/2012	Nil	100%
P15/4872	Aragon Resources Ltd	13/03/2008	12/03/2012	Nil	100%
P15/4873	Aragon Resources Ltd	13/03/2008	12/03/2012	Nil	100%

INTERESTS IN MINING TENEMENTS

Lease	Holder / Applicant	Grant Date	Expiry Date	Encumbrances	Aragon's Interest
P36/1683	Aragon Resources Ltd	30/06/2008	29/06/2012	Nil	100%
P36/1684	Aragon Resources Ltd	30/06/2008	29/06/2012	Nil	100%
P36/1685	Aragon Resources Ltd	14/10/2008	13/10/2012	Nil	100%
P37/6937	Aragon Resources Ltd	6/10/2006	5/10/2010	Nil	100%
P37/6938	Aragon Resources Ltd	6/10/2006	5/10/2010	Nil	100%
P37/6939	Aragon Resources Ltd	6/10/2006	5/10/2010	Nil	100%
P37/6940	Aragon Resources Ltd	6/10/2006	5/10/2010	Nil	100%
P37/7643	Aragon Resources Ltd	9/01/2009	8/01/2013	Nil	100%
P37/7644	Aragon Resources Ltd	9/01/2009	8/01/2013	Nil	100%
P37/7645	Aragon Resources Ltd	9/01/2009	8/01/2013	Nil	100%
P37/7646	Aragon Resources Ltd	9/01/2009	8/01/2013	Nil	100%
P53/1076	Aragon Resources Ltd	14/09/2004	13/09/2008	Nil	100%
P53/1077	Aragon Resources Ltd	14/09/2004	13/09/2008	Nil	100%
P53/1078	Aragon Resources Ltd	14/09/2004	13/09/2008	Nil	100%
P53/1079	Aragon Resources Ltd	14/09/2004	13/09/2008	Nil	100%
P53/1213	Aragon Resources Ltd	8/08/2005	7/08/2010	Nil	100%
P53/1214	Aragon Resources Ltd	8/08/2005	7/08/2010	Nil	100%
P53/1243	Aragon Resources Ltd	13/03/2007	12/03/2011	Nil	100%
P53/1244	Aragon Resources Ltd	13/03/2007	12/03/2011	Nil	100%
P53/1245	Aragon Resources Ltd	25/10/2007	24/10/2011	Nil	100%
P53/1247	Aragon Resources Ltd	13/03/2007	12/03/2011	Nil	100%
P53/1248	Aragon Resources Ltd	13/03/2007	12/03/2011	Nil	100%
P53/1249	Aragon Resources Ltd	23/05/2007	22/05/2011	Nil	100%
P53/1250	Aragon Resources Ltd	25/10/2007	24/10/2011	Nil	100%
P53/1283	Aragon Resources Ltd	23/05/2007	22/05/2011	Nil	100%
P53/1307	Aragon Resources Ltd	12/11/2008	11/11/2012	Nil	100%
P53/1468	Aragon Resources Ltd	12/06/2008	11/06/2012	Nil	100%
P53/1469	Aragon Resources Ltd	12/06/2008	11/06/2012	Nil	100%
EL/25183	Territory Phosphate Pty Ltd	19/04/2007	18/04/2013	Nil	100%
EL/25184	Territory Phosphate Pty Ltd	19/04/2007	18/04/2013	Nil	100%
EL/25185	Territory Phosphate Pty Ltd	19/04/2007	18/04/2013	Nil	100%
EL/24994	Territory Phosphate Pty Ltd	In Application		Nil	100%
EL/27053	Territory Phosphate Pty Ltd	In Application		Nil	100%
EL/27054	Territory Phosphate Pty Ltd	In Application		Nil	100%
EL/27055	Territory Phosphate Pty Ltd	In Application		Nil	100%
EL/27082	Territory Phosphate Pty Ltd	In Application		Nil	100%

Objections

Objection 320296 — Lodged 06 May 2009 by Nova Energy Ltd

Objection 320297 — Lodged 06 May 2009 by Oz Minerals Wiluna Pty Ltd

SHAREHOLDER INFORMATION AS AT 7 SEPTEMBER 2009

(a) Top 20 Quoted Shareholders

	%	Number of shares
Westgold Resources Limited	37.02	25,000,000
Metals X Limited	11.35	7,661,858
Bell Potter Nominees Limited <BB Nominees A/C>	6.38	4,310,562
Finching Pty Ltd	5.55	3,750,000
Fitel Nominees Limited	3.30	2,228,498
Arc De Triomphe Securities Pty Ltd	2.78	1,875,000
Mundena Holdings Pty Ltd	2.78	1,875,000
Robmar Investments Pty Ltd	1.42	956,409
Ms Sabina Marie Schlink <Hensman Family A/C>	1.10	740,000
Whittingham Securities Pty Ltd	1.04	700,000
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	0.72	484,985
Mr Joseph Edward Saunders & Mrs Helen Maree Saunders	0.64	433,283
Mr Michael Morawa	0.60	408,000
Ms Joan C Cook	0.59	400,000
Lost Ark Nominees Pty Ltd <RAS GFAM A/C>	0.59	400,000
Paksian Pty Ltd	0.59	400,000
Chu Wang	0.59	400,000
John R Keith Corporation Ltd	0.52	350,000
Rainbay Enterprises Pty Ltd	0.44	300,000
Fano Pty Ltd <Kim Hurley Superfund A/C>	0.38	258,594
Total	**78.38%**	**52,932,189**

(b) Distribution of quoted ordinary shares

Size of parcel	Number of share holders	Number of shares
1 to 1,000	13	1,195
1,001 to 5,000	29	98,917
5,001 to 10,000	223	1,794,763
10,001 to 100,000	228	8,172,293
100,001 to 25,000,000	46	57,462,607
Total	**539**	**67,529,775**

(c) Number of holders with less than a marketable parcel of ordinary shares	32	50,799

(d) Substantial Shareholders

	%	Number of shares
Metals X Limited	48.37	32,661,858
Westgold Resources Limited	37.02	25,000,000

SHAREHOLDER INFORMATION AS AT 7 SEPTEMBER 2009

(e) Top 20 Quoted Option Holders

	%	Number of options
Metals X Limited	15.34	3,830,929
Finching Pty Ltd	15.02	3,750,000
Arc De Triomphe Securities Pty Ltd	7.51	1,875,000
Mundena Holdings Pty Ltd	7.51	1,875,000
Paksian Pty Ltd	2.80	700,000
Bell Potter Nominees Limited <BB Nominees A/C>	2.80	700,000
Robmar Investments Pty Ltd	2.50	624,823
Red Summer Pty Ltd	2.14	534,751
Ms Sabina Marie Schlink <Hensman Family A/C>	1.48	370,000
Oaksouth Pty Ltd	1.40	350,000
Whittingham Securities Pty Ltd	1.40	350,000
Mr Jack Hondros	1.24	309,057
Merrill Lynch (Australia) Nominees Pty Ltd <Berndale A/C>	0.97	242,493
John R Keith Corporation Ltd	0.92	230,000
Mr Joseph Edward Saunders & Mrs Helen Maree Saunders	0.87	216,642
Red Summer Pty Ltd	0.84	209,756
Ms Joan C Cook	0.80	200,000
Lost Ark Nominees Pty Ltd <RAS GFAM A/C>	0.80	200,000
Mr Michael Morawa	0.80	200,000
Chu Wang	0.64	160,000
Total	**67.78%**	**16,928,451**

(f) Distribution of quoted options

Size of parcel	Number of option holders	Number of options
1 to 1,000	1	1,000
1,001 to 5,000	263	1,054,445
5,001 to 10,000	99	815,231
10,001 to 100,000	143	5,385,737
100,001 to 25,000,000	27	17,713,852
Total	**533**	**24,970,265**

(e) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares
Each ordinary shareholder is entitled to one vote for each share held.

Options
The holders of options have no rights to vote at a general meeting of the company.

(f) Unquoted Equity Securities

Number of Options	Exercise Price	Expiry Date	Number holders
1,250,000	30 cents	31/05/2011	2
100,000	30 cents	01/07/2001	1
200,000	30 cents	13/08/2011	1
1,000,000	35 cents	28/11/2011	1