



BLACKCREST RESOURCES LIMITED
(formerly Reco Financial Services Limited)
ABN 86 073 153 223

ANNUAL FINANCIAL REPORT 30 JUNE 2010

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CORPORATE INFORMATION

DIRECTORS

Mr A Crimmins
Mr G Cornelsen
Mr R Pritchard

COMPANY SECRETARY

Mr R Marusco

REGISTERED OFFICE

Level 2, Spectrum
100 Railway Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Level 2, Spectrum
100 Railway Road
Subiaco WA 6008

POSTAL ADDRESS

PO Box 8281
SUBIACO WA 6008

AUDITORS

RSM Bird Cameron Partners
Level 12
60 Castlereagh Street
Sydney NSW 2000

SOLICITORS

Steinepreis Paganin
Level 4 The Read Buildings
16 Milligan Street
Perth WA 6000

SHARE REGISTRY

Link Market Services Limited
Level 19
324 Queen Street
Brisbane QLD 4000

INTERNET ADDRESS

www.blackcrestresources.com.au

ASX CODES

Shares BCR

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the annual financial report of Blackcrest Resources Limited ("the Company") for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act, the directors report as follows:

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.

A Crimmins, BEng, ME, Dip Mark, MBA (Non-Executive Director)

Mr Crimmins was appointed director on 12 May 2010. He has a Master of Chemical Engineering and a Master of Business Administration Degree and his previous experience includes being a general manager, business development and project manager as well as a commercialiser of technology based products and services.

Mr Crimmins is currently a non executive director of the following ASX listed companies:

- FTD Corporation Limited
- RKS Consolidated Limited

During the past three years he has also served as a non executive director of the following ASX listed companies:

- DVM International Limited
- XState Resources Limited

G Cornelsen, BEc (Non-Executive Director)

Mr Cornelsen was appointed director on 20 June 2007. He is a former International Rugby Union Player with a business background. Mr Cornelsen has previously worked as a rural commodities trader within the Elders IXL Group and together with his involvement in small business in South East Queensland has developed an extensive network within the Australian business community.

Mr Cornelsen is currently a non executive director of the following ASX listed companies:

- Blu Glass Limited
- FTD Corporation Limited
- RKS Consolidated Limited

R Pritchard, BEng, Hons. (Civil), MIEAust, GAICD(Non-Executive Director)

Mr Pritchard was appointed director on 23 August 2010. He holds an Honours Degree in Civil Engineering and has had over 20 years experience in Civil Engineering and has been responsible for numerous infrastructure projects in the fields of telecommunications, transport, water, mining and energy.

Mr Pritchard is currently a non executive director of the following ASX listed company:

- Shell Villages and Resorts Limited

During the past three years he has also served as a non executive director of the following ASX listed company:

- WHL Energy Limited

R Kestel (Non-Executive Director)

Mr Kestel was appointed director on 15 June 2006 and resigned on 13 October 2010.

A Broome (Non-Executive Director)

Mr Broome was appointed director on 29 November 2009 and resigned on 13 May 2010.

D Bolling, (Non-Executive Director)

Mr Bolling was appointed director on 14 May 2008 and resigned on 24 November 2009.

R Cohen (Executive Director)

Mr Cohen was appointed director on 24 November 2009 and resigned on 12 February 2010.

DIRECTORS' REPORT (continued)

Company Secretary

R Marusco, B.Bus, CPA, SA Fin

Mr Marusco was appointed company secretary on 13 May 2010. He has been a Certified Practising Accountant for over 20 years and acts as a company secretary for a range of ASX listed companies in the resources and general business sectors.

Mr Marusco is not an executive of the Company.

J Clyne

Mr Clyne resigned as company secretary on 13 May 2010.

Interest in the Shares and Options of the Company

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares
G Cornelsen (appointed 20 August 2007)	100,000
A Crimmins (appointed 12 May 2010)	480,000
R Pritchard (appointed 23 August 2010)	1,259,660

Share Options

Unissued shares

As at the date of this report, there were no unissued ordinary shares under options (Nil at the reporting date).

Shares issued as a result of the exercise of options

The Company did not have any options on issue during the financial year so no options were exercised.

Dividends

No dividends were paid or recommended during the year.

Principal Activities

The Company's principal activity in the course of the financial period was to identify business opportunities that will assist in adding shareholder value.

Review of Operations

The principal activity during the course of the financial period was to identify business opportunities that will assist in adding Shareholder value.

In October 2008 the Company entered into a Consultancy Agreement and Loan Facility with Blackrest Resources (Singapore) Pty Ltd, which was engaged as a Consultant to assist with the introduction to the Company of coal projects in the region of Indonesia. In June 2009 the Consultancy Agreement and Loan Facility was transferred to Blackcairn Resources (Singapore) Pty Ltd.

On 25 November 2009 the Company lodged a Prospectus with the ASIC which was updated on 4 December 2009. The Prospectus was subsequently withdrawn on 16 February 2010 due to market conditions which prevented the Company from completing the capital raising and relisting by 25 February, being three (3) months after the date the Prospectus was lodged with ASIC.

The Directors subsequently resolved not to pursue the Indonesian Coal projects.

The Company continued to review investment opportunities.

Operating Results for the Year

The loss for the year was \$825,527 (2009: loss of \$975,121).

Financial Position

In the past year the Company has continued to explore the opportunities for new projects and for the year ended 30 June 2010 net assets decreased by \$825,527 (2009: \$975,121).

DIRECTORS' REPORT (continued)

The movement was largely the result of (a) employing a full-time Chief Executive Officer for a four (4) month period, (b) equity raising costs associated with a Prospectus and Supplementary Prospectus which were subsequently withdrawn and the recognition of bad debts relating to loan receivables during the year of \$160,351 (2009: Provision for doubtful debts \$710,706) in relation to the review of potential Indonesian Coal projects which the Directors subsequently resolved not to pursue.

Significant changes in the state of affairs

In November 2009 following the holding of the Annual General Meeting the Company was suspended from the ASX Official List to facilitate the consolidation of the Capital of the Company. 258,977,396 Fully Paid Ordinary Shares were consolidated on a one (1) for ten (10) basis.

Other than the Consolidation of the Company's Capital there was no Share Issues during the Financial Year.

Significant Events after Balance Date

In August 2010 the Company completed a Share Placement through the issue of 3,884,659 Fully Paid Ordinary Shares at an issue price of \$0.0175 to raise \$67,982 for working capital purposes.

The Company announced that it had entered into a binding agreement for the acquisition of Ark Mines Limited an Australian Public Company, to acquire 100% of its shareholding. ARK Mines Limited has defined a number of drill targets within its Exploration Licence areas.

The Company also entered into an Option Agreement with Vincent Resources Pty Ltd to acquire 100% of its Shareholding via a farm in based on the agreed expenditure by the Company on areas the subject of Exploration Licence Applications held by Vincent (Licences).

The acquisition of Ark Mines Limited and Farm In with Vincent Resources Pty Ltd is the subject of due diligence by the Company.

Mr Richard Pritchard was also appointed as a Non Executive Director in late August 2010. Mr Pritchard will be able to offer the Company business opportunities that it can consider to pursue.

The Company entered into a number of Convertible Loan Agreements to raise approximately \$256,000. The Company also received \$256,000 to a trust account should the Company decide to endorse the loan documents and accept the convertible loans.

Under the terms of the Agreement; the Lenders have agreed to provide a loan to the Company and subject to Shareholder approval; the Advance will be converted into Shares in the Company.

Mr Kestel, the Company's Chairman and Non Executive Director resigned on 13 October 2010.

Other than the above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Likely developments and future results

The Directors will continue to review and identify business opportunities that will assist in adding shareholder value.

It is not possible to estimate the future results at this stage.

Environmental Regulation and Performance

The Company is not subject to any environmental regulations or licences.

Indemnification of Officers and Auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Remuneration Report

This report outlines the remuneration arrangements in place for the directors of the Company.

DIRECTORS' REPORT (continued)

Remuneration Philosophy

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

Remuneration Committee

The Company does not have a formal Remuneration Committee. The full Board attends to the matters normally attended to by a Remuneration Committee.

Director Remuneration

Shareholder approval is obtained in relation to the overall limit set for directors' fees. The directors must set individual Board fees within the limit approved by shareholders.

The level of fees is not linked to the directors' or the Company's performance.

Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for directors is currently \$210,000.

Further, shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Remuneration of Directors and Named Executives

Table 1: Directors' remuneration for the year ended 30 June:

		Salary & Fees	Primary Benefits Cash STI	LTI	Non Monetary Benefits	Post Employment Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
R Kestel**** ^^^^	2009	30,000	-	-	-	-	-	-	-	30,000	-
Director	2010	42,329	-	-	-	-	-	-	-	42,329	-
G Cornelsen	2009	30,000	-	-	-	-	-	-	-	30,000	-
Director	2010	30,000	-	-	-	-	-	-	-	30,000	-
A Crimmins*	2009	-	-	-	-	-	-	-	-	-	-
Director	2010	5,000	-	-	-	-	-	-	-	5,000	-
A Broome** ^	2009	-	-	-	-	-	-	-	-	-	-
Director	2010	12,500	-	-	-	-	-	-	-	12,500	-
D Bolling*** ^^	2009	30,000	-	-	-	-	-	-	-	30,000	-
Director	2010	11,250	-	-	-	-	-	-	-	11,250	-
Total	2009	90,000	-	-	-	-	-	-	-	90,000	-
	2010	101,079	-	-	-	-	-	-	-	101,079	-

* Appointed 12 May 2010 ** Appointed 29 November 2009 and ^ Resigned 13 May 2010 ***Appointed 14 May 2008 and ^^Resigned 24 November 2009 ***** Appointed 15 June 2006 and ^^^^ Resigned 13 October 2010

Remuneration of directors and named executives

Table 2: Executive Directors' and named executives remuneration for the year ended 30 June:

		Salary & Fees	Primary Benefits Cash STI	LTI	Non Monetary Benefits	Post Employment Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
R Cohen**** ^^^	2009	-	-	-	-	-	-	-	-	-	-
Director	2010	82,000	-	-	6,000	7,380	-	-	-	95,380	-
Total	2009	-	-	-	-	-	-	-	-	-	-
	2010	82,000	-	-	6,000	7,380	-	-	-	95,380	-
Grand Total	2009	90,000	-	-	-	-	-	-	-	90,000	-
	2010	183,079	-	-	6,000	7,380	-	-	-	196,459	-

****Appointed 24 November 2009 and ^^^Resigned 12 February 2010

The only Company executive employed was Richard Cohen during the year ended 30 June 2010.

DIRECTORS' REPORT (continued)

Remuneration Report (continued)

Senior Management and Executives

The Company does not have any senior management or executives, and does not have any employment contracts in place. It is envisaged that if the acquisition of Ark Mines Limited and Vincent Resources Pty Ltd is completed successfully an executive management team will be employed.

Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number of Directors' Meetings attended	Number of Directors' Meetings eligible to attend
Mr R Kestel	6	6
Mr G Cornelsen	6	6
Mr A Crimmins	-	-
Mr A Broome	2	2
Mr D Bolling	2	3
Mr R Cohen	1	1

Committee Membership

As at the date of this report, the Company has no committees.

The Company is not at a size that justifies having separate committees. However, matters typically dealt with by various committees are dealt with by the Board.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Blackcrest Resources Ltd support the principles of corporate governance. The Company's corporate governance statement is contained after the directors' report on page 9.

Proceedings on Behalf of Company

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

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

Auditor's Independence Declaration and Non-Audit Services

The directors received the auditor's independence declaration on page 8 from the auditor of the Company.

No non-audit services were provided by the entity's auditor.

This declaration forms part of the directors' report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Tony Crimmins

Director

15 November 2010

RSM Bird Cameron Partners

Chartered Accountants

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www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Blackcrest Resources Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



C J HUME

Partner

Sydney, NSW

Dated: 15 November 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Blackcrest Resources Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

CORPORATE GOVERNANCE DISCLOSURES

The Board and management are committed to corporate governance and to the extent that they are applicable to the Company have followed the "Principles of Good Corporate Governance and Best Practice Recommendations" issued by the Australian Securities Exchange ("ASX") Corporate Governance Council.

In summary, the Company departs from the Guidelines in three (3) key areas:

- The Company does not have a separate Nomination Committee. This is a departure from Recommendation 2.4.
- The Company currently does not have a separate Audit Committee. This is a departure from Recommendation 4.1.
- The Company does not have a separate Remuneration Committee. This is a departure from Recommendation 8.1.

Also the Company does not have a Managing Director/Chief Executive Officer and/or Chief Financial Officer but all assurances as to the integrity of the Financial Accounts are provided by the externally appointed Chairman and Senior Accountant.

ROLE OF THE BOARD

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of 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. Further, 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, and that the Company's practice is consistent with, a number of guidelines, being:
 - Directors and Executive Officers Code of Conduct;
 - Dealings in Securities; and
 - Reporting and Dealing with Unethical Practices.
- Reporting to and advising shareholders.

Trading Policy

The Company has developed a policy regarding directors and employees trading in its securities. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

CORPORATE GOVERNANCE STATEMENT (continued)

Ethical Standards

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

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

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the Code of Conduct.

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

STRUCTURE OF THE BOARD

Directors of the Company 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 judgment.

An independent director is a non-executive director (i.e. is not a member of management) and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- is not a principal or employee of a professional adviser to the Company or its subsidiaries whose billings are a material amount of the adviser's total revenue;
- is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

In accordance with the definition of independence above, the following directors of the Company are considered to be independent:

Name	Position
G Cornelsen	Non-Executive Director
A Crimmins	Non-Executive Director
R Pritchard	Non-Executive Director

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

The term in office held by each director is as follows:

Name	Term
G Cornelsen	3 years
A Crimmins	4 months
R Pritchard	1 month

CORPORATE GOVERNANCE STATEMENT (continued)

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Remuneration and Nomination Committee will recommend to the Board a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Remuneration and Nomination Committee

The Board has not established a formal Remuneration or Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration or Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the Company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee. The auditors have a policy of rotating the audit partner at least every 5 years.

RISK MANAGEMENT

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value. The identification and management of risk by the Board will continue to be monitored. However, until such time as a business or project is acquired by the Company, specific risks related to that business or project are currently unknown.

The Company will undertake a comprehensive due diligence process, in consultation with its external legal and other advisors prior to making any acquisitions. The preparation of a comprehensive risk management matrix will be prepared once a suitable acquisition has been identified.

The equivalent of the CEO and CFO provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them 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 relation to financial reporting risks.

The assurances from the equivalent of the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website.

BEST PRACTICE RECOMMENDATION

Outlined below are the 8 Essential Corporate Governance Principles as outlined by the ASX and the Corporate Governance Council. The Company has complied with the Corporate Governance Best Practice Recommendations except as identified below.

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
<p>Principle 1 Lay solid foundation for management and oversight</p>	Adopted
<p>1.1 Formalise and disclose the functions reserved to the Board and those delegated to management.</p>	<p>The Company's Corporate Governance Polices includes a Board Charter, which discloses the specific responsibilities of the Board.</p>
<p>1.2 Disclose the process for evaluating the performance of senior executives.</p>	<p>The Board monitors the performance of senior management including measuring actual performance against planned performance.</p>
<p>1.3 Provide the information indicated in 'Guide to reporting on Principle 1'.</p>	<p>The Company will provide details of any departures from best practice recommendation Principle 1 in its Annual Report.</p>
<p>Principle 2 Structure the board to add value</p>	Adopted except for Recommendation 2.4
<p>2.1 A majority of the Board should be independent.</p>	<p>The Company is in compliance with this recommendation as all of the Directors are defined as being independent.</p>
<p>2.2 The chairperson should be an independent director.</p>	<p>The Company is in compliance with this recommendation as the Chairperson is an independent Director.</p>
<p>2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.</p>	<p>The Company is in compliance with this recommendation.</p>
<p>2.4 The board should establish a nomination committee.</p>	<p><i>No formal nomination committee or procedures have been adopted as yet given the size of the Company and the Board. The Board, as a whole, will serve as a nomination committee whilst the Company remains suspended.</i></p> <p><i>Where necessary, the nomination committee seeks advice of external advisers in connection with the suitability of applicants for Board membership.</i></p>
<p>2.5 Disclose the process for evaluating the performance of the board, its committees and the individual directors.</p>	<p>The Board will conduct an annual performance review of itself that compares the performance of the Board with the requirements of the Board Charter, critically reviews the mix of the Board and suggests and amendments to the Board Charter as are deemed necessary or appropriate.</p>
<p>2.6 Provide the information indicated in 'Guide to reporting on Principle 2'.</p>	<p>The Company will provide details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
<p>Principle 3 Actively promote ethical and responsible decision-making</p>	<p>Adopted</p>
<p>3.1 Establish a code of conduct and disclose the code or a summary of the code as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the Company's integrity</p> <p>3.1.2 the practices necessary to take into account their legal obligations and reasonable expectations of their stakeholders</p> <p>3.1.3 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices.</p> <p>3.2 Establish a policy concerning trading in Company securities by directors, senior executives and employees and disclose the policy or a summary of that policy.</p> <p>3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'.</p>	<p>The Company's Corporate Governance Policies include a Directors and Executive officers' Code of Conduct Policy, which provides a framework for decisions and actions in relation to ethical conduct in employment.</p> <p>The Company's Corporate Governance Policies includes Dealing in Securities which provides comprehensive guidelines on trading in the Company's securities.</p> <p>The Company will provide details of any departures from best practice recommendation Principle 3 in its Annual Report.</p>
<p>Principle 4 Safeguard integrity in financial reporting</p>	<p>Adopted except for Recommendation 4.1</p>
<p>4.1 The Board should establish an audit committee.</p> <p>4.2 Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none"> ▪ Only non-executive directors ▪ A majority of independent directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members. <p>4.3 The audit committee should have a formal operating charter.</p> <p>4.4 Provide the information indicated in the 'Guide to reporting on Principle 4'.</p>	<p><i>The Board considers that it is not of sufficient size at this stage to require a separate audit committee. Until the audit committee has been established, its functions, roles and responsibilities will be undertaken by the Board.</i></p> <p>The composition, roles and responsibilities of the audit committee when it is established will be set out in the Corporate Governance Plan.</p> <p>The Audit and Risk Committee will adopt a formal Charter when established.</p> <p>The Company will provide details of any departures from best practice recommendation Principle 4 in its Annual Report.</p>
<p>Principle 5 Promote timely and balanced disclosure</p>	<p>Adopted</p>
<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.</p> <p>5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'.</p>	<p>The Company has a Continuous Disclosure program in place which is designed to ensure compliance with the ASX Listing Rules requirements on disclosure and to ensure accountability at a board level for compliance and factual presentation of the Company's financial position.</p> <p>The Company will provide details of any departures from best practice recommendation Principle 5 in its Annual Report.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
<p>Principle 6 Respect the rights of shareholders</p> <p>6.1 Design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy</p> <p>6.2 Provide the information indicated in the 'Guide to reporting on Principle 6'.</p>	<p style="text-align: center;">Adopted</p> <p>The Company's Corporate Governance Policies includes a Shareholder Communications Policy which aims to ensure that the shareholders are informed of all material developments affecting the Company's state of affairs.</p> <p>The Company will provide details of any departures from best practice recommendation Principle 6 in its Annual Report.</p>
<p>Principle 7 Recognise and manage risk</p> <p>7.1 The Board or appropriate Board committee should establish policies on risk oversight and management.</p> <p>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.</p> <p>7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.</p> <p>7.4 Provide the information indicated in the 'Guide to reporting on Principle 7'.</p>	<p style="text-align: center;">Adopted</p> <p>The Company's Corporate Governance Policies includes a Risk Management Policy which aims to ensure that all material business risks are identified and mitigated.</p> <p>The Board determines and identifies the Company's "risk profile" and is responsible for overseeing and approving risk management strategies and policies, internal compliance and internal controls.</p> <p>The Board has designed and implemented continuous risk management and internal control systems. Reports as requested are provided at relevant times.</p> <p>The board seeks, at the appropriate times, the relevant assurances from the individuals appointed to perform the role of Chief Executive Officer and the Chief Financial Officer.</p> <p>The Company will provide details of any departures from best practice recommendation Principle 7 in its Annual Report.</p>
<p>Principle 8 Remunerate fairly and responsibly</p> <p>8.1 The Board should establish a remuneration committee</p> <p>8.2 Clearly distinguish the structure of non-executive directors' remuneration from that of executives</p>	<p style="text-align: center;">Adopted except for Recommendation 8.1</p> <p><i>The Company's remuneration committee comprises the Board acting without the affected director participating in the decision making process</i></p> <p>The Board will distinguish the structure of non executive director's remuneration from that of executive directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting.</p> <p>The Board is responsible for determining the remuneration of the Managing Director and senior executives (without the participation of the affected director).</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Corporate Governance Policy	Comment
8.3 Provide the information indicated in the 'Guide to reporting on Principle 8'.	The Company will provide details of any departures from best practice recommendation Principle 8 in its Annual Report.

Further information on the Corporate Governance Policies that have been adopted by the Company can be referenced at the Company's website: www.blackcrestresources.com.au

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Continuing Operations			
Revenue	2a)	7,904	43,300
Other expenses	2(b)	(833,431)	(1,018,421)
Loss before tax		(825,527)	(975,121)
Income tax expense	3	-	-
Loss from continuing operations		(825,527)	(975,121)
Loss for the year		(825,527)	(975,121)
Other comprehensive income			
		-	-
Total comprehensive income for the year		(825,527)	(975,121)
Loss for the year attributable to:			
Members		(825,527)	(975,121)
Non-controlling interest		-	-
		(825,527)	(975,121)
Total comprehensive income for the year attributable to:			
Members		(825,527)	(975,121)
Non-controlling interest		-	-
		(825,527)	(975,121)
Earnings per share			
	5		
From continuing operations			
Basic earnings per share (cents)		(0.60)	(0.38)
Diluted earnings per share (cents)		(0.60)	(0.38)

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	57,885	728,416
Trade and other receivables	7	12,781	5,342
Loan receivables	8	-	-
Other current assets	9	8,155	7,732
Total Current Assets		78,821	741,490
TOTAL ASSETS		78,821	741,490
LIABILITIES			
Current Liabilities			
Trade and other payables	11	198,273	35,415
Total Current Liabilities		198,273	35,415
TOTAL LIABILITIES		198,273	35,415
NET (LIABILITIES) ASSETS		(119,452)	706,075
EQUITY			
Issued capital	12(a)	13,505,283	13,505,283
Reserves	12(b)	922,217	922,217
Retained losses		(14,546,952)	(13,721,425)
		(119,452)	706,075
Equity attributable to members		(119,452)	706,075
Non-controlling interest		-	-
TOTAL EQUITY		(119,452)	706,075

The statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Note	Issued capital \$	Option reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2008		13,505,283	922,217	(12,746,304)	1,681,196
Loss attributable to members			-	(975,121)	(975,121)
Total comprehensive income for the year		-	-	(975,121)	(975,121)
At 30 June 2009		13,505,283	922,217	(13,721,425)	706,075
Balance at 1 July 2009		13,505,283	922,217	(13,721,425)	706,075
Loss attributable to members		-	-	(825,527)	(825,527)
Total comprehensive income for the year		-	-	(825,527)	(825,527)
At 30 June 2010		13,505,283	922,217	(14,546,952)	(119,452)

The statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Interest income		9,668	45,672
Payments to suppliers		(519,848)	(293,122)
Net cash flows used in operating activities	6	(510,180)	(247,450)
Cash flows from investing activities			
Loans to other entities		(160,351)	(710,706)
Net cash flows used in investing activities		(160,351)	(710,706)
Net decrease in cash and cash equivalents		(670,531)	(958,156)
Cash and cash equivalents at beginning of period		728,416	1,686,572
Cash and cash equivalents at end of period		57,885	728,416

The statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

This financial report includes the financial statements and notes of Blackcrest Resources Limited ("Company"). The Company is limited by shares, incorporated and domiciled in Australia.

1. 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 Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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

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

(b) Going Concern

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

As disclosed in the financial statements, the company incurred a loss of \$825,527 and had net cash outflows from operating activities of \$510,180 for the year ended 30 June 2010. As at that date the Company had net current liabilities of \$119,452 and net liabilities of \$119,452.

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

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

The Company raised \$67,982 from a Share Placement in August 2010 through the issue of 3,884,659 fully paid Ordinary Shares at an issue price of \$0.0175 per Share;

The Company has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001;

In September 2010, three Directors (including a former Director) agreed to defer outstanding Directors fees totalling \$59,495 until after 30 September 2011 or until such time as the company is in a financial position to make payment, and one former Director has agreed to defer his outstanding Directors fees totalling \$8,250 until after 31 March 2011 or until such time as the Company is in a financial position to make payment;

Subsequent to year end the Company is in the progress of finalising Converting Loan Agreements to raise up to \$300,000. As at the reporting date the Company had raised approximately \$260,000. The principal term of the Agreements is that the Lenders are able to advance funds at their discretion at an amount of not less than \$5,000 to the Company. Subject to the approval of the Company's shareholders at the 30 November 2010 Annual General Meeting, the advances will be converted into Shares in the Company at a price of \$0.06 per share immediately following the meeting. The loans will be unsecured and will attract interest at a rate of 10% per annum. In the event that shareholder approval is not obtained, the Company will repay to the Lender all advanced funds on the termination date. The issue of the Shares by the Company in compliance with the Agreement will be deemed to have satisfied the Company's obligations to repay the advanced funds and there will be no further recourse on the Company by the Lender; and

The Directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic and operational plans to ensure that adequate funding continues to be available for the Company to meet its business objectives.

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

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Financial Instruments

Recognition and Initial Measurement

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to the statement of comprehensive income immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Classification and Subsequent Measurement

i. *Loans and receivables*

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

ii. *Financial Liabilities*

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

(e) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statement of comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rate basis.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where the carrying amount of an asset is greater than its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. 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. The decrement in the carrying amount is recognised as an expense in the reporting period in which the impairment loss occurs.

(f) Intangibles

Database

An intangible asset exists comprising costs capitalised to create a client contact database for the Company to source future work. The database was originally purchased from the Knights Insolvency Partnerships. Future costs incurred in maintaining the database will be expensed as incurred. The balance is reviewed annually by the Directors' and any balance representing future benefits for which realisation is considered to be no longer probable will be written off.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Revenue and other income

Revenues are stated net of the amount of goods and services tax (GST) payable to the taxation authority.

Revenue from the provision of services is recognised when the services have been provided to the customer.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(j) Trade and other payables

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

(k) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive GST.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Comparative figures

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(m) Earnings per share

Basic earnings per share is calculated as net profit attributable to members, 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, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interests associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary 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.

(n) Critical accounting estimates and judgements

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

Key Estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No (2009: \$10,000) impairment has been recognised in respect of intangible assets for the year ended 30 June 2010.

\$160,351 (2009: \$710,706) impairment has been recognised in respect of loan receivables for the year ended 30 June 2010.

(o) Adoption of New and Revised Accounting

During the current year the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Blackcrest Resources Limited.

AASB 8: Operating Segments

In February 2007 the Australian Accounting Standards Board issued AASB 8 which replaced AASB 114: Segment Reporting. As a result, some of the required operating segment disclosures have changed with the addition of a possible impact on the impairment testing of goodwill allocated to the cash generating units (CGUs) of the entity. Below is an overview of the key changes and the impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 8: Operating Segments (continued)

Measurement impact

The adoption of the 'management approach' to segment reporting has resulted in the identification of reportable segments largely consistent with the prior year.

Under AASB 8, operating segments are determined based on management reports using the 'management approach', whereas under AASB 114 financial results of such segments were recognised and measured in accordance with Australian Accounting Standards.

Disclosure impact

AASB 8 requires a number of additional quantitative and qualitative disclosures, not previously required under AASB 114, where such information is utilised by the chief operating decision maker. This information is now disclosed as part of the financial statements.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Company's financial statements.

Disclosure impact

Terminology changes - the revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - the revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - the revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Company's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

(p) New Accounting Standards for Application in Future Periods

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

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

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

The changes made to accounting requirements include:

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

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

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

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

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

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

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

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

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

The financial report was authorised for issue on 15 November 2010 by the Board of Directors.

	2010 \$	2009 \$
2. REVENUE AND EXPENSES		
(a) Revenue from continuing operations		
Finance revenue – Bank interest	7,904	43,300
	<u>7,904</u>	<u>43,300</u>
(b) Other expenses		
Auditors remuneration	25,350	22,532
Directors' fees	101,079	90,000
Bad debts	160,351	-
Doubtful debts	-	710,706
Due diligence costs	68,036	26,911
Employee benefits	95,380	-
Impairment on intangible assets	-	10,000
Other administration expenses	383,235	158,272
	<u>833,431</u>	<u>1,018,421</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
3. INCOME TAX EXPENSE		
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie benefit on loss from ordinary activities (30%)	(247,658)	(292,536)
Add tax effect of non-allowable items	-	3,000
	(247,658)	(289,536)
Deferred Tax Asset (DTA) on temporary differences and tax losses not brought to account	247,658	289,536
Income tax expense for the year	-	-
<i>Deferred tax assets not brought to account at balance date</i>		
Tax losses not brought to account	247,658	289,536
Other temporary differences:		
Business capital costs	40,224	38,542
Bad debts	(48,105)	-
Doubtful debts	-	(213,212)
Due diligence costs	(20,412)	(8,073)
Sundry differences	1,752	(2,310)
	221,117	104,483

The DTA not brought to account will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) the company is able to meet the continuity of business tests and or continuity of ownership.

4. DIVIDENDS PAID AND PROPOSED

No dividends were paid or recommended during the year.

5. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders 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 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.

Share options with an exercise price above the average market price during the period have been excluded from the calculation of the diluted EPS. Diluted earnings per share are not reflected as the result is anti-dilutive in nature.

	2010 \$	2009 \$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Net loss attributable to ordinary equity holders	(825,527)	(975,121)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

EARNINGS PER SHARE (continued)

	2010 \$	2009 \$
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share	137,648,260	258,977,396
Effect of dilution:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	137,648,260	258,977,396

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	2010 \$	2009 \$
6. CASH AND CASH EQUIVALENTS		
Cash at bank and cash in hand	57,885	728,416
	57,885	728,416

Cash at bank earns interest at floating rates based on daily bank deposit rates. The entity has no credit standby arrangements, loan or overdraft facilities for the year's ended 30 June 2009 and 30 June 2010.

The fair value of cash and cash equivalents is \$57,885 (2009: \$728,416).

Reconciliation of cash flow from operations with loss after income tax

Loss after income tax	(825,527)	(975,121)
Add/(less) non-cash flows in loss from ordinary activities:		
(Increase)/decrease in prepayments	(423)	(68)
(Increase)/decrease in receivables	(7,439)	12,492
(Decrease)/increase in payables	162,858	(5,459)
(Decreased)/increase in provisions	160,351	720,706
Cash flows from operations	(510,180)	(247,450)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
7. TRADE & OTHER RECEIVABLES		
Current		
Accrued income	-	1,764
Other receivables (i)	12,781	3,578
	12,781	5,342

(i) Other receivables are non-interest bearing and expected to be received in 30 days.

8. LOAN RECEIVABLES		
Loan facility utilised	871,057	710,706
Provision for impairment	(871,057)	(710,706)
	-	-

The Company engaged a Consultant to identify and procure the introduction to Blackcrest to resource projects located in the region of Indonesia (primarily focussed on coal).

On the back of this the Company proposed to change its business activities to that of a Mining entity and sought Shareholder approval at the November 2009 Annual General Meeting. The Company also issued a Prospectus; for the purposes of ASX re-listing and the funding of the Indonesian Projects.

The Prospectus was subsequently withdrawn in February 2010 and as at current date the Company remains suspended from the ASX Official List; while it completes due diligence on other potential projects.

The Loan Facility has been written off in the accounts to reflect the fact that the Company will no longer be progressing with potential Projects in Indonesia and the loan is irrecoverable.

	2010 \$	2009 \$
9. OTHER CURRENT ASSETS		
Current		
Prepayments	8,155	7,732
	8,155	7,732
10. INTANGIBLE ASSETS		
Client Database at cost (refer note 1(e))	485,025	485,025
Client Database accumulated amortisation and impairment	(485,025)	(485,025)
Internet Site at cost	35,220	35,220
Accumulated amortisation and impairment	(35,220)	(35,220)
	-	-

11. TRADE & OTHER PAYABLES		
Current		
Unsecured Liabilities		
Trade payables (i)	170,624	162
Other payables	27,649	35,253
	198,273	35,415

(i) Trade payables are non-interest bearing and are normally settled on 60 day terms.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
12. ISSUED CAPITAL AND RESERVES		
(a) Issued capital		
Ordinary shares (i)	13,505,283	13,505,283
	13,505,283	13,505,283
<i>(i) Ordinary shares</i>		
Issued and fully paid	13,738,765	13,738,765
Less: equity raising costs	(233,482)	(233,482)
	13,505,283	13,505,283

Fully paid ordinary shares have the right to receive dividends as declared and entitle their holder to vote either in person or by proxy at a meeting of the Company.

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value. Accordingly the Company does not have authorised capital or par value in respect of its shares.

	Number	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2009	258,977,396	13,505,283
Share consolidation (10:1 on 18 December 2009)	(233,079,656)	
At 30 June 2010	25,897,740	13,505,283

	2010 \$	2009 \$
(b) Option Reserve		
Option reserve	922,217	922,217
	922,217	922,217

(c) Nature and purpose of reserves

The options reserve records items recognised as expenses on valuation of employee and director share options.

(d) Capital management

Management controls the capital of the economic entity in order to provide the shareholders with adequate returns and ensure that the economic entity can fund its operations and continue as a going concern.

The Company debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Company capital by assessing the Company financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the economic entity since the prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

13. OPERATING SEGMENTS

The company operated in one geographical segment, being Australia, during the year ended 30 June 2010. The company only operates in the review of opportunities in the areas of insolvency administration and turnaround solutions and does not have a secondary business segment.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise of cash and short-term deposits.

The main purpose of these financial instruments is to finance the Company's operations. The Company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Cash flow interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and short-term deposits. Since the Company does not have any long-term debt obligations, the Company's exposure to this risk is nominal.

Credit risk

The Company's policy is to trade only with recognised, creditworthy third parties.

It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Company.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and capital raising.

15. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments recognised in the financial statements.

The fair values of financial assets have been calculated using market interest rates.

	<i>Carrying amount</i>		<i>Fair value</i>	
	2010	2009	2010	2009
	\$	\$	\$	\$
<i>Financial assets</i>				
Cash	57,885	728,416	57,885	728,416
Trade and other receivables	12,781	5,342	12,781	5,342
<i>Financial liabilities on statement of financial position</i>				
Trade and other payables	198,273	35,415	198,273	35,415

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

15. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments:

Year ended 30/6/2010	<1 year \$	>1-<2 years \$	>2-<3 years \$	>3-<4 years \$	>4-<5 years \$	>5 years \$	Total \$	Weighted average effective interest rate %
FINANCIAL ASSETS								
<i>Floating rate</i>								
Cash assets	57,885	-	-	-	-	-	57,885	0.10%
Weighted average effective interest rate	0.10%	-	-	-	-	-		
<i>Fixed rate</i>								
Trade & other receivables	12,781	-	-	-	-	-	12,781	0.00%
Weighted average effective interest rate	0.00%	-	-	-	-	-	0.00%	
FINANCIAL LIABILITIES								
<i>Fixed rate</i>								
Trade & other payables	198,273	-	-	-	-	-	198,273	0.00%
Weighted average effective interest rate	0.00%	-	-	-	-	-		
Year ended 30/6/2009								
	<1 year \$	>1-<2 years \$	>2-<3 years \$	>3-<4 years \$	>4-<5 years \$	>5 years \$	Total \$	Weighted average effective interest rate %
FINANCIAL ASSETS								
<i>Floating rate</i>								
Cash assets	728,416	-	-	-	-	-	728,416	2.46%
Weighted average effective interest rate	2.46%	-	-	-	-	-		
<i>Fixed rate</i>								
Trade & other receivables	5,342	-	-	-	-	-	5,342	0.00%
Weighted average effective interest rate	0.00%	-	-	-	-	-	0.00%	
FINANCIAL LIABILITIES								
<i>Fixed rate</i>								
Trade & other payables	35,415	-	-	-	-	-	35,415	0.00%
Weighted average effective interest rate	0.00%	-	-	-	-	-		

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

16. RELATED PARTY DISCLOSURE

Other transactions with the Company or its controlled entities

The terms and conditions of transactions with Directors and Executives and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to Non-Director related entities on an arms length basis.

The aggregate amount recognised during the year to Specified Directors and Specified Executives and their related entities were as follows:

Mr R Kestel

Fees for accounting services of \$37,154 (2009: \$58,283) and corporate secretarial fees of \$56,493 (2009: \$40,709) were paid to Mr Kestel's related company, Nissen Kestel Harford, during the year. Amounts outstanding at the year end were \$51,085 (2009: \$4,883), including directors fees of \$20,995. Mr Kestel owns 13% of Nissen Kestel Harford.

Mr G Cornelsen

Amounts outstanding at the year end for directors fees were \$16,250 (2009: \$2,500).

Mr A Crimmins

Amounts outstanding at the year end for directors fees were \$5,250 (2009: Nil).

Mr A Broome

Amounts outstanding at the year end for directors fees were \$8,250 (2009: Nil).

17. EVENTS AFTER THE BALANCE DATE

In August 2010 the Company completed a Share Placement through the issue of 3,884,659 Fully Paid Ordinary Shares at an issue price of \$0.0175 to raise \$67,982 for working capital purposes.

The Company announced that it had entered into a binding agreement for the acquisition of Ark Mines Limited an Australian Public Company, to acquire 100% of its shareholding. ARK Mines Limited has defined a number of drill targets within its Exploration Licence areas.

The Company also entered into an Option Agreement with Vincent Resources Pty Ltd to acquire 100% of its Shareholding via a farm in based on the agreed expenditure by the Company on areas the subject of Exploration Licence Applications held by Vincent (Licences).

The acquisition of Ark Mines Limited and Farm In with Vincent Resources Pty Ltd is the subject of due diligence by the Company.

Mr Richard Pritchard was also appointed as a Non Executive Director in late August 2010. Mr Pritchard will be able to offer the Company business opportunities that it can consider to pursue.

The Company entered into a number of Convertible Loan Agreements to raise approximately \$256,000.

Under the terms of the Agreement; the Lenders have agreed to provide a loan to the Company and subject to Shareholder approval; the Advance will be converted into Shares in the Company.

Mr Kestel, Company Chairman and Non Executive Director resigned as at 13 October 2010.

Other than the above, there has not been any matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
18. AUDITORS' REMUNERATION		
The auditor of Blackcrest Resources Ltd is RSM Bird Cameron Partners.		
<i>Amounts received or due and receivable by RSM Bird Cameron Partners for:</i>		
▪ An audit or review of the financial report of the entity	25,350	22,532
	<u>25,350</u>	<u>22,532</u>

19. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8-Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Following adoption of AASB 8, the identification of the company's reportable segments has not changed. During the year, the company considers that it has only operated in one segment, being to identify business opportunities that will assist in adding shareholder value in Australia.

20. COMMITMENTS AND CONTINGENCIES

There are no capital or lease commitments and no contingent assets or liabilities since the last annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

21. KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

(i) Directors

G Cornelsen	(Non Executive Director)	Appointed 20 June 2007
A Crimmins	(Non Executive Director)	Appointed 12 May 2010
R Pritchard	(Non Executive Director)	Appointed 23 August 2010
R Kestel	(Non Executive Director)	Appointed 15 June 2006, resigned 13 October 2010
A Broome	(Non Executive Director)	Appointed 29 November 2009, resigned 13 May 2010
D Bolling	(Non Executive Director)	Appointed 14 May 2008, resigned 24 November 2009
R Cohen	(Executive Director)	Appointed 24 November 2009, resigned 12 Feb 2010

(ii) Company Executives

The only Company executive employed was Richard Cohen during the year ended 30 June 2010.

Remuneration of Directors and Named Executives

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2010.

The total remuneration paid to KMP of the Company during the year is as follows:

	2010	2009
	\$	\$
Short-term employee benefits	189,079	90,000
Post-employment benefits	7,380	-
Share-based payments	-	-
	<u>196,459</u>	<u>90,000</u>

(b) Compensation of directors

Remuneration Philosophy

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

Remuneration Committee

The Company does not have a formal Remuneration Committees. The full Board attends to the matters normally attended to by a Remuneration Committee.

Director Remuneration

Shareholder approval is obtained in relation to the overall limit set for directors' fees. The directors must set individual Board fees within the limit approved by shareholders.

The level of fees is not linked to directors' performance. Shareholders approve the maximum aggregate remuneration for non-executive directors. The maximum aggregate remuneration approved for directors is currently \$210,000.

Further, Shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

Senior Management and Executives

The Company does not have any senior management or executives, and does not have any employment contracts in place.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

21. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings of directors

Shares held in the Company (number)

	Balance at beginning of period 01-Jul-09	Net change Other	Balance at date of resignation	Balance at 30-Jun-10
30 June 2010				
R Kestel****^	-	-	-	-
G Cornelsen	1,000,000	(900,000)	-	100,000
A Crimmins*	-	480,000	-	480,000
A Broome ** ^	-	-	-	-
D Bolling*** ^^	-	-	-	-
R Cohen **** ^^^	-	-	-	-
Total	1,000,000	(420,000)	-	580,000
	Balance at beginning of period 01-Jul-08	Net change Other	Balance at date of resignation	Balance at 30-Jun-09
30 June 2009				
R Kestel	-	-	-	-
G Cornelsen	1,000,000	-	-	1,000,000
D Bolling*** ^^	-	-	-	-
Total	1,000,000	-	-	1,000,000

* Appointed 12 May 2010 ** Appointed 29 November 2009 and ^ Resigned 13 May 2010 *** Appointed 14 May 2008 and Resigned 24 November 2009 **** Appointed 24 November 2009 and ^^ Resigned 12 February 2010
***** Appointed 15 June 2006 and ^^^ Resigned 13 October 2010

(d) Option holdings of directors

Options held in the Company (number)

	Balance at beginning of period 01-Jul-09	Exercised options	Granted as remuneration	Net change Other	Balance at 30-Jun-10
30 June 2010					
R Kestel**** ^^^	-	-	-	-	-
G Cornelsen	-	-	-	-	-
A Crimmins*	-	-	-	-	-
A Broome ** ^	-	-	-	-	-
D Bolling*** ^^	-	-	-	-	-
R Cohen **** ^^^	-	-	-	-	-
Total	-	-	-	-	-
	Balance at beginning of period 01-Jul-08	Exercised options	Granted as remuneration	Net change Other	Balance at 30-Jun-09
30 June 2009					
R Kestel **** ^^^	-	-	-	-	-
G Cornelsen	500,000	-	-	(500,000)	-
D Bolling*** ^^	-	-	-	-	-
Total	500,000	-	-	(500,000)	-

* Appointed 12 May 2010 ** Appointed 29 November 2009 and ^ Resigned 13 May 2010 *** Appointed 14 May 2008 and ^^ Resigned 24 November 2009 **** Appointed 24 November 2009 and ^^^ Resigned 12 February 2010
***** Appointed 15 June 2006 and ^^^ Resigned 13 October 2010

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2010

21. KEY MANAGEMENT PERSONNEL (continued)

(e) Other transactions with directors

Other transactions with the Company or its controlled entities

The terms and conditions of transactions with Directors and Executives and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arms length basis.

The aggregate amount recognised during the year to Specified Directors and Specified Executives and their related entities were as follows:

Mr R Kestel

Fees for accounting services of \$37,154 (2009: \$58,283) and corporate secretarial fees of \$56,493 (2009: \$40,709) were paid to Mr Kestel's related company, Nissen Kestel Harford, during the year. Amounts outstanding at the year end were \$51,085 (2009: \$4,883), including directors fees of \$20,995 (2009: \$Nil). Mr Kestel owns 13% of Nissen Kestel Harford.

Mr G Cornelsen

Amounts outstanding at the year end for directors fees were \$16,250 (2009: \$2,500).

Mr A Crimmins

Amounts outstanding at the year end for directors fees were \$5,250 (2009: \$Nil).

Mr A Broome

Amounts outstanding at the year end for directors fees were \$8,250 (2009: \$Nil).

DIRECTORS' DECLARATION

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the financial position and performance of the company; and
 - (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;
- (b) the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

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

On behalf of the Board



Tony Crimmins
Director

15 November 2010

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BLACKCREST RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Blackcrest Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

RSM Bird Cameron Partners

Chartered Accountants

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Blackcrest Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of \$825,527 and had net cash outflows from operating activities of \$510,180 during the year ended 30 June 2010 and, as of that date, the company's current liabilities exceeded its total assets by \$119,452. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 7 of the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Blackcrest Resources Limited for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS

Chartered Accountants



C J HUME

Partner

Sydney, NSW

Dated: 15 November 2010

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is complete up to 29 October 2010.

(a) DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 29,782,475 fully paid shares held by 1,042 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

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

	Fully Paid Ordinary Shares
1 – 1,000	123,849
1,001 – 5,000	281,789
5,001 – 10,000	1,191,578
10,001 – 100,000	7,443,205
100,001 and over	20,742,054
	<u>29,782,475</u>

There were 889 holders of less than a marketable parcel of ordinary shares.

(b) Substantial Shareholders (fully paid shares)

	Fully Paid Number	Percentage %
Suburban Holdings Pty Ltd	1,590,500	5.34
	<u>1,590,500</u>	<u>5.34</u>

(c) Twenty largest holders of quoted equity securities (fully paid shares)

	Fully Paid Number	Percentage %
Suburban Holdings Pty Ltd <The Suburban Super Fund A/c>	1,590,500	5.34
Merrill Lynch (Australia) Nominees Pty Ltd	974,500	3.27
Nubey Trading Pty Ltd	943,746	3.17
Mr Joseph Charles Camuglia <J C C Investment Account>	750,000	2.52
Armelek Pty Ltd	730,000	2.45
Canemoon Investments Pty Ltd	730,000	2.45
Mr G Sim <Elm Unit A/c>	729,591	2.45
Mr Richard Wyn Pritchard	688,232	2.31
W A Halpin Investments Pty Ltd <Halpin Investments Unit A/c>	610,000	2.05
Mr Hao Gia Dang	571,429	1.92
Richard Pritchard & Robert Stock <Midas Super Fund A/c>	571,428	1.92
Mr Gregory Glenn Worth <Worth S/F A/c>	550,000	1.85
Sinbad Pty Ltd <Rock City Unit A/c>	500,000	1.68
Station Capital Pty Limited	500,000	1.68
Run It Pty Ltd <Super It A/c>	485,024	1.63
Mr Anthony Stephen Crimmins <The Crimmins A/c>	480,000	1.61
Mr Anthony Joseph Kirwan	454,128	1.52
ABN AMRO Clearing Sydney Nominees Pty Ltd <Settlement A/c>	406,745	1.37
Declan Nigel Pritchard	400,000	1.34
Mr Graham Robert Pouard & Mrs Barbara Elizabeth Sims	390,535	1.31
	<u>13,055,858</u>	<u>43.84</u>

(d) Voting Rights

All ordinary shares carry one vote per share without restriction.

ASX ADDITIONAL INFORMATION

(e) Restricted Securities

The Company has no restricted securities (Held in escrow) on issue.

(f) Business Objectives

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.