# Bondi Mining Limited

## ABN 21 120 723 426

## Financial Report

**for the year ended 30 June 2010**

# Contents to Financial Report

# Corporate Information

This annual report covers both Bondi Mining Limited (ABN 21 120 723 426) as an individual entity and the consolidated entity comprising Bondi Mining Limited and its subsidiary. The Group's functional and presentation currency is AUD $. The prior year comparatives of this financial report are for the year ended 30 June 2009.

A description of the Group's operations and principal activities is included in the review of operations and activities in the directors' report.

## Directors
Simon O'Loughlin (Chairman)
Dr Richard Valenta (Managing Director)
Creagh O'Connor
Darren Morcombe

## Company Secretary
Kerry Angel

## Registered Office
C/- HLB Mann Judd (SA) Pty Ltd
82 Fullarton Road
NORWOOD SA 5067

## Principal place of business
96 Stephens Road
SOUTH BRISBANE QLD 4101

## Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

## Legal Advisors
O'Loughlins Lawyers
Level 2, 99 Frome Street
ADELAIDE SA 5000

## Bankers
National Australia Bank
157-159 The Parade
NORWOOD SA 5067

## Auditors
PKF
139 Frome Street
ADELAIDE SA 5000

# Directors' report

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2010.

## DIRECTORS

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

| | | |
|---|---|---|
| Simon O'Loughlin | Non-Executive Chairman | |
| Richard Valenta | Managing Director | |
| Creagh O'Connor | Non-Executive Director | |
| Darren Morcombe | Non-Executive Director | Appointed 9 June 2010 |
| Simon Taylor | Non-Executive Director | Retired 1 March 2010 |
| Mark Dugmore | Non-Executive Director | Retired 20 August 2009 |
| Damien Reynolds | Non-Executive Director | Retired 19 August 2009 |

### Names, qualifications, experience and special responsibilities

**Mr Simon O'Loughlin**, **BA(Acc)** (Non-Executive Chairman)
Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practiced both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. Simon is the Chairman of Avenue Resources Ltd and Kagera Nickel Ltd and a Non-executive Director of Chesser Resources Limited, Petratherm Limited, Probiomics Limited, Living Cell Technologies Limited, WCP Resources Limited, Aura Energy Limited and Strzlecki Metals Ltd.

Simon has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX and National Stock Exchanges. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division). Mr O'Loughlin is also a member of the Audit Committee.

**Dr Richard Valenta**, **BSC,PhD, P.Geo (ON,NL) MAUSIMM** (Managing Director)
Dr Valenta has a wealth of experience in the resources sector having spent the last 25 years employed in various roles in North America, Central America and Australia. Most recently Dr Valenta joined the Board of Bondi Mining Limited and prior to this he played a key role with the highly successful, Canadian based, Fronteer Company, where he was Chief Operating Officer and Vice President Exploration of Fronteer Development Company ("Fronteer") and Chief Geoscientist of Aurora Energy Resources Inc ("Aurora"). During that time the approximate market capitalisations of these companies increased from CDN$11 million to CDN$980 million and CDN$216 million to CDN$1 billion respectively. This reflected the success of Dr Valenta's team in making significant new discoveries and increasing resources – from no resources to 2.1 million ounces of gold (in the case of Fronteer) and 96 million lbs of uranium (in the case of Aurora).

# Directors' report (continued)

Over the past 10 years, he has directed exploration expenditure of US$40 million, resulting in the discovery of resources with a total in-ground value of US$8 billion. He has carried out successful region selection and project generation on six continents, seeking a range of base metal, gold and uranium target styles and environments. He led the Central American exploration of a major Australian Mining Company (MIM), resulting in two important mineral discoveries. He has developed strong and productive relationships with community and indigenous stakeholders in Canada, Mexico and Australia leading to increased exploration access.
Dr Valenta will also continue in his role as Managing Director of Chesser Resources Limited.

**Mr Creagh O'Connor**, **BEc, LLB, ACA** (Non-Executive Director)
Mr O'Connor is a founding Director of specialist resource and energy investment bank, Gryphon Partners Advisory Pty Limited ("Gryphon"). Recent advisory assignments undertaken by Gryphon include: Citadel's recent A$250 million equity raising, OZ Resources' sale of the Martabe gold project for US$211 million, Beach Petroleum's sale of its Tipton West interest for up to $400 million, Oxiana Limited's merger with Zinifex Limited, Lion Selection Limited's successful defence of the Indophil Resources NL takeover, Oxiana Limited's A$265 million acquisition of the Golden Grove base and precious metals operation in Western Australia; Oxiana's $415 million takeover of Agincourt Resources; the initial public offering of (uranium company) Toro Energy Limited; the A$80 million acquisition of (gold company) Sedimentary Holdings Limited by AuSelect Limited; and Agincourt Resources Limited's US$80 million acquisition of (gold company) Sedimentary Holdings Limited by AuSelect Limited.

Prior to establishing Gryphon, Mr O'Connor was employed by the Normandy Mining Company in a variety of roles including Company General Manager of Business Development for Normandy Mining Limited having joined in 1993. Prior to this, he spent 13 years specialising in corporate finance, advisory roles and providing general financial advice in Australia and Europe. Mr O'Connor has held numerous directorships of resource companies and he is currently a Non-Executive Director of Chesser Resources Limited.

**Mr Darren Morcombe**, (Non-Executive Director)

Darren Morcombe has more than 20 years of professional experience in a variety of natural resource roles in Australia, Unites States and Switzerland. Commencing with over 10 years in senior roles with Normandy Mining and Newmont Mining Corp. in the areas of financing, treasury, mergers and acquisitions. He is the founder of Springtide Capital, which is a private investment company specialising in investments in micro cap listed companies, venture capital and resource orientated companies. He was Chairman and major shareholder of a refining and gold financing company European Gold Refineries SA, Europe's largest gold refinery, and Director of AGR Matthey, one of the largest gold refinery in the world. He retired from this position in 2008 and these businesses are now owned by Newmont Mining Corporation. Darren is a major shareholder of several public companies and also the Chairman of Foran Mining Corporation listed in Canada

# Directors' report (continued)

## COMPANY SECRETARY

**Ms Kerry Angel, B.Bus (Acc & Bus. Law), CPA**

Kerry has been an accountant for twenty years. She has experience working in the resource sector and with listed companies and is the Company Secretary for Bondi Mining Limited. Kerry was appointed Company Secretary on 9 June 2010.

## INTEREST IN SHARES AND OPTIONS OF THE COMPANY

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

| | Number of Ordinary Shares | Number of Options over Ordinary Shares |
|---|---:|---:|
| Simon O'Loughlin | 800,000 | 200,000 |
| Richard Valenta | 1,358,549 | 1,500,000 |
| Creagh O'Connor | 1,755,556 | 1,000,000 |
| Darren Morcombe | 12,742,500 | - |

* Held by directors and entities in which directors have a relevant interest.

## DIVIDENDS

No dividends were paid or declared since the start of the financial period to the date of this report. No recommendation for payments of dividends has been made.

## PRINCIPAL ACTIVITIES

The Group is a diverse exploration entity with a balanced portfolio of projects for the purpose of exploration, development and investment in the resources sector.

The principal activities of the Group during the financial year were to conduct mineral exploration of areas held and to rigorously search for new acquisitions and investments with a particular focus on the gold, copper, nickel and uranium sector.

There have been no significant changes in the nature of those activities during the period.

## OPERATING RESULT

The Group's loss after providing for income tax amounted to $2,563,046 (2009: $1,924,095).

## REVIEW OF OPERATIONS

A full review of operations carried out by the Group is provided in the 'review of operations' preceding this Director's report.

## AFTER BALANCE DATE EVENTS

No significant after balance day events have occurred.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant changes in the Group's state of affairs occurred during the financial year.

# Directors' report (continued)

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group intends to continue to undertake appropriate exploration and evaluation expenditure thereby enabling it to maintain good title to all its prospective mineral properties until proper decisions can be made to successfully develop and exploit, sell or abandon such properties. New projects will be sought and evaluated. Provision of any further information may result in unreasonable prejudice to the Group.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to significant environmental regulation under both Commonwealth and State Legislation in relation to its exploration and future mining and development activities. Exploration Licences and other tenements are issued subject to ongoing compliance with all relevant legislation.

There have been no recorded incidents of, or fines for non-compliance with any applicable regulations associated with environmental matters issued during the reporting period.

## SHARE OPTIONS

At the date of this report, the following unlisted options to acquire ordinary shares in the Company were on issue:

| Issue Date | Expiry Date | Exercise Price | Balance at 1 July 2009 | Net Issued/ (Exercised) during Year | (Lapsed) during Year | Balance at 30 June 2010 |
|---|---|---|---|---|---|---|
| 29/12/2006 | 28/12/2010 | $0.25 | 3,000,000 | - | - | 3,000,000 |
| 12/11/2007 | 11/11/2011 | $0.30 | 500,000 | - | - | 500,000 |
| 12/11/2007 | 11/11/2011 | $0.35 | 500,000 | - | | 500,000 |
| 12/11/2007 | 11/11/2011 | $0.40 | 500,000 | - | - | 500,000 |
| 21/11/2007 | 20/11/2009 | $0.60 | 5,000,000 | - | (5,000,000) | - |
| 22/09/2008 | 26/11/2012 | $0.30 | 224,000 | - | - | 224,000 |
| 22/09/2008 | 22/09/2013 | $0.15 | 50,000 | - | - | 50,000 |
| 01/03/2010 | 28/02/2015 | $0.12 | - | 65,000 | - | 65,000 |
| | | | 9,774,000 | 65,000 | (5,000,000) | 4,839,000 |

No option holder has any rights under the options to participate in any other share issue or dividends of the Group or any other entity.

### New options issued

During the financial year 65,000 options were issued to Employees of the Group under the Employee Share Option Plan.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent that is permitted by law, the Group has indemnified (fully insured) each director and the secretary of the Group for a premium of $11,072 (2009: $11,408. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

# Directors' report (continued)

# Corporate Governance Statement

## Introduction

The Board of directors is responsible for the corporate governance of Bondi Mining Ltd (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Group details below the corporate government practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

## Principle 1: Lay solid foundations for management and oversight

### Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Company and have overall responsibility for its operations. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Managing Director and ultimately to senior executives.

The key responsibilities of the board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the managing director and senior executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed;
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The board has not publicly disclosed a statement of matters reserved for the Board, or the Board charter and therefore the Group has not complied with recommendation 1.3 of the Corporate Governance Council. Given the size of the Group, the Board has not considered it necessary to formulate a Board charter.

# Directors' report (continued)

## Principle 2: Structure the board to add value

### Size and composition of the Board

At the date of this statement the board consists of three non-executive directors and one executive. Directors are expected to bring independent views and judgement to the Board's deliberations.

- Mr Simon O'Loughlin — Non-Executive Chairman
- Dr Rick Valenta — Managing Director
- Mr Creagh O'Connor — Non-Executive Director
- Mr Darren Morcombe — Non-Executive Director

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualifications and experience are set out in the Directors' Report of this Financial Report.

### Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Messrs O'Loughlin, O'Connor and Morcombe are considered independent directors as they have no other material relationship or association with the Company or its subsidiary other than their directorships. The Company therefore has three independent directors as that relationship is currently defined.

### Nomination, retirement and appointment of Directors

The Board has not established a nomination committee and therefore the Group has not complied with recommendation 2.4 of the Corporate Governance Council. Given the size of the Group and Board the Board does not consider a separate committee appropriate. The Board takes ultimate responsibility for these matters. The composition/membership of the Board is subject to review in a number of ways, as outlined below:

- The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

- Board composition is also reviewed periodically either when a vacancy arises or if it is considered that the board would benefit from the services of a new director, given the existing mix of skills and experience of the board which should match the strategic demands of the Group. Once it has been agreed that a new director is to be appointed, a search would be undertaken, sometimes using the services of external consultants. Nominations are subsequently received and reviewed by the board.

# Directors' report (continued)

**Evaluation of Board performance**
The Board continues to review performance and identify ways to improve performance. The Chairman is responsible for reviewing the Board performance on an annual basis.

**Board Committee's**
It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an audit, risk and compliance committee. At the present time no other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

The board has not publicly disclosed the process for evaluating the performance of the board, its committees and individual directors. Therefore, the Company has not complied with recommendation 2.5 of the Corporate Governance Council. Given the size of the Company, the board does not consider disclosure of the performance evaluation process necessary. The board takes ultimate responsibility for these matters.

## Principle 3: Promote ethical and responsible decision making

**Code of Conduct**
The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees. However, the Company has not publicly disclosed the code of conduct and therefore the Company has not complied with recommendation 3.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider disclosure of the code of conduct to be necessary. The board takes ultimate responsibility for these matters.

**Securities Trading Policy**
The Company's constitution permits directors to acquire securities in the Company, however Company policy prohibits directors and senior management from dealing the Company's securities at any time whilst in possession of price sensitive information and for 24 hours after:

- Any major announcements;
- The release of the Company's quarterly, half yearly and annual financial results to the Australian Securities Exchange; and
- The Annual General Meeting.

Directors must advise the chairman of the board before buying or selling securities in the Company. All such transactions are reported to the board. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the Exchange of any transaction conducted by directors in securities in the Company.
The Company has not established and publicly disclosed a policy concerning trading in company securities by directors, senior executives and employees other than as

# Directors' report (continued)

described above, and therefore has not complied with recommendation 3.2 of the Corporate Governance Council. Given the size of the Company, the board does not consider establishment or disclosure of a trading policy to be appropriate. The board takes ultimate responsibility for these matters.

## Principle 4: Safeguard integrity in financial reporting

The Group aims to independently verify and safeguard the integrity of their financial reporting through establishment of the following structure:

- Review and consideration of the financial statements by the audit committee;
- A process to ensure the independence and competence of the Group's external auditors.

### Audit Committee

The audit, risk and compliance committee comprises Mr Simon O'Loughlin (Chairman) who is also the non-executive chairman of the Company, Mr Creagh O'Connor a non-executive director and Ms Kerry Angel the Company Secretary who replaced Mr Pierre Van Der Merwe, Company Secretary retired 9 June 2010.The Board will annually confirm the membership of the committee.

The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

The Company has not complied with recommendation 4.2 of the Corporate Governance Council which states that the Chairman of the Company should not be the chair of the Audit Committee.

In addition, the board has not documented a formal committee charter and therefore the Company has not complied with recommendation 4.3 of the Corporate Governance Council.

Given the size of the Company the members of the audit committee have been chosen for their relative skills and experience. The board continues to monitor the composition of the committee and the roles and responsibilities of the members.

# Directors' report (continued)

## Principle 5: Make timely and balanced disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the board through the chair for all governance matters.

The Company has not publicly disclosed a formal disclosure policy and therefore has not complied with recommendation 5.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider a public disclosure policy to be appropriate. The board takes ultimate responsibility for these matters.

## Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the company's web site www.bondimining.com.au.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider design of, or disclosure of a communications policy to be appropriate. The board takes ultimate responsibility for these matters.

# Directors' report (continued)

## Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Managing Director and the Board. The Board has also established the audit, risk and compliance committee which addresses the risk of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

Management and the Board monitor the Group's material business risks and reports are considered at regular meetings.

### Managing Director and Company Secretary Declaration to the Board of Directors

The Managing Director and the Company Secretary will be required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Group's risk management and internal controls are operating efficiently and effectively.

The Company has not established or publicly disclosed a policy for the oversight and management of material business risks and therefore has not complied with recommendation 7.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider establishment or disclosure of a risk management policy to be appropriate. The board takes ultimate responsibility for these matters.

## Principle 8: Remunerate fairly and responsibly

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is $200,000. This amount cannot be increased without the approval of the Company's shareholders. Please refer to the remuneration report within the directors' report for details regarding the remuneration structure of the managing director and senior management.

The board has not established a remuneration committee or disclosed a remuneration committee charter and therefore the Group has not complied with recommendation 8.1 and 8.3 respectively of the Corporate Governance Council. Given the size of the Group, the board does not consider a separate committee appropriate. The board takes ultimate responsibility for these matters.

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

The required S300A remuneration and entitlement information is provided below.

# Directors' report – remuneration

## Key management personnel remuneration policy

The board is responsible for determining remuneration policies applicable to directors and other key management personnel of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the board to the Group's financial performance.

## Key management personnel remuneration and equity holdings

The board currently determines the nature and amount of remuneration for key management personnel of the Group. The policy is to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results.

The non-executive directors and other key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is expensed as incurred. Key management personnel are also entitled to participate in the company share option scheme. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

### Relationship between Remuneration Policy and Group Performance.

The development of remuneration policy and structure are considered in relation to the effect on Group performance and shareholder wealth. They are designed by the Board to align Director and Executive behavior with improving Group performance and ultimately shareholder wealth.

The Board considers that at this stage in the Group's development that share price growth itself is an adequate measure of total shareholder return.

Executives are currently remunerated by basis of remuneration and options. The options granted are considered by the Board to provide an alignment between the employees and shareholders' interests.

The options issued during the current and prior year have exercise prices of between 12 cents and 30 cents. At 30 June 2010 the Group's share price was 5 cents.

# Directors' report – remuneration (continued)

## Table 1: Director's remuneration for the period ended 30 June 2010

| | Short-term benefits | Post-Employment | Share-based payments | Total |
|---|---|---|---|---|
| | Salary & Fees | Superannuation | Value of Options | $ |
| Simon O'Loughlin | | | | |
| 2010 | 30,000 | - | - | **30,000** |
| 2009 | 25,000 | - | - | **25,000** |
| Richard Valenta | | | | |
| 2010 | 130,000 | - | - | **130,000** |
| 2009 | 117,250 | - | 88,447 | **205,697** |
| Creagh O'Connor | | | | |
| 2010 | 30,000 | - | - | **30,000** |
| 2009 | 25,000 | - | - | **25,000** |
| Darren Morcombe | | | | |
| 2010 | 2,019 | - | - | **2,019** |
| 2009 | - | - | - | **-** |
| Simon Taylor | | | | |
| 2010 | 18,333 | - | - | **18,333** |
| 2009 | 25,000 | - | - | **25,000** |
| Mark Dugmore | | | | |
| 2010 | 6,250 | - | - | **6,250** |
| 2009 | 25,000 | - | - | **25,000** |
| **Total** | | | | |
| **2010** | **216,602** | **-** | **-** | **216,602** |
| **2009** | **217,250** | **-** | **88,447** | **305,697** |

## Table 2: Key Management Personnel remuneration for the period ended 30 June 2010

| | Short-term benefits | Post Employment | Share-based payments | Total |
|---|---|---|---|---|
| | Salary & Fees | Superannuation | Value of Options | $ |
| **David Esser** | | | | |
| 2010 | 148,202 | 13,338 | 2,184 | **163,724** |
| 2009 | 140,910 | 12,682 | 4,825 | **158,417** |
| **Total** | | | | |
| **2010** | **148,202** | **13,338** | **2,184** | **163,724** |
| **2009** | **140,910** | **12,682** | **4,825** | **158,417** |

Dr Richard Valenta is the managing director of Proton Geoscience Pty Ltd (Consultant) which has been engaged by the Company from 1 July 2007 to advise the Company in all aspects of the business. The engagement may be terminated by either the Company or Consultant by giving to the other not less than 6 months notice.

# Directors' report – remuneration (continued)

## Table 3: Options issued as part of remuneration

Options over ordinary shares are issued to executives as part of their remuneration to attract and retain their services and to provide incentive linked to performance of the Company. The options issued will only be of benefit if executives perform to a level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criterion is not warranted. These options were valued using Black-Scholes method (Note 12). There are no vesting conditions.

| 30 June 2010 | Grant number | Grant date | Vesting date | Value per option at grant date | Exercise Price per option | Expiry date |
|---|---|---|---|---|---|---|
| David Esser | 40,000 | 1/3/2010 | 1/3/2011 | $0.0056 | $ 0.12 | 28/2/2015 |
| **Total** | **40,000** | | | | | |

## Table 4: Option holdings of Key Management Personnel

| 30 June 2010 | Balance at beginning of year | Options granted as remuneration | Balance at year end | Expiry Date | First exercise date | Last exercise date |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| S O'Loughlin | 200,000 | | 200,000 | 28/12/2010 | 29/12/2008 | 28/12/2010 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2007 | 11/11/2011 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2008 | 11/11/2011 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2009 | 11/11/2011 |
| C O'Connor | 1,000,000 | | 1,000,000 | 28/12/2010 | 29/12/2008 | 28/12/2010 |
| **Executives** | | | | | | |
| D Esser | 35,000 | | 35,000 | 26/11/2012 | 2/9/2008 | 26/11/2012 |
| D Esser | 35,000 | | 35,000 | 26/11/2012 | 27/11/2008 | 26/11/2012 |
| D Esser | 35,000 | | 35,000 | 26/11/2012 | 27/11/2009 | 26/11/2012 |
| D Esser | | 40,000 | 40,000 | 28/2/2015 | 1/3/2011 | 28/2/2015 |
| **Total** | **2,805,000** | **40,000** | **2,845,000** | | | |

# Directors' report – remuneration (continued)

| 30 June 2009 | Balance at beginning of year | Options granted as remuneration | Balance at year end | Expiry Date | First exercise date | Last exercise date |
|---|---|---|---|---|---|---|
| S O'Loughlin | 200,000 | | 200,000 | 28/12/2010 | 29/12/2008 | 28/12/2010 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2007 | 11/11/2011 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2008 | 11/11/2011 |
| R Valenta | 500,000 | | 500,000 | 11/11/2011 | 12/11/2009 | 11/11/2011 |
| S Taylor | 800,000 | | 800,000 | 28/12/2010 | 29/12/2008 | 28/12/2010 |
| C O'Connor | 1,000,000 | | 1,000,000 | 28/12/2010 | 29/12/2008 | 28/12/2010 |
| D Esser | | 35000 | 35,000 | 26/11/2012 | 2/9/2008 | 26/11/2012 |
| D Esser | | 35000 | 35,000 | 26/11/2012 | 27/11/2008 | 26/11/2012 |
| D Esser | | 35000 | 35,000 | 26/11/2012 | 27/11/2009 | 26/11/2012 |
| **Total** | **3,500,000** | **105,000** | **3,605,000** | | | |

* Held by directors and entities in which directors have a relevant interest.

### Table 5: Key Management Personnel shareholdings

| 30 June 2010 | Balance at beginning of period | On Exercise of Options | Net Change Other | Balance at end of period |
|---|---|---|---|---|
| **Directors** | | | | |
| S O'Loughlin | 800,000 | - | - | 800,000 |
| R Valenta | 1,355,864 | - | 2,685 | 1,358,549 |
| C O'Connor | 1,755,556 | - | - | 1,755,556 |
| D Morcombe | 12,162,500 | - | 580,000 | 12,742,500 |
| **Executives** | | | | |
| Nil | - | - | - | - |
| **Total** | **16,073,920** | **-** | **582,685** | **16,656,605** |

| 30 June 2009 | Balance at beginning of period | On Exercise of Options | Net Change Other | Balance at end of period |
|---|---|---|---|---|
| **Directors** | | | | |
| S O'Loughlin | 800,000 | - | - | 800,000 |
| R Valenta | 1,164,868 | - | 190,996 | 1,355,864 |
| C O'Connor | 2,900,000 | - | (1,144,444) | 1,755,556 |
| S Taylor | 425,000 | - | 55,556 | 480,556 |
| M Dugmore | 150,000 | - | 27,778 | 177,778 |
| **Executives** | | | | |
| Nil | - | | - | - |
| **Total** | **5,439,868** | **-** | **( 870,114)** | **4,569,754** |

* Held by directors and entities in which directors have a relevant interest.

# Directors' report (continued)

## DIRECTORS' MEETINGS

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

| | Directors' Meetings | | Audit | |
|---|---|---|---|---|
| **Number of meetings held** | 5 | | 2 | |
| | **Number of meetings eligible to attend** | **Number of meetings attended** | **Number of meetings eligible to attend** | **Number of meetings attended** |
| Simon O'Loughlin | 5 | 5 | 2 | 2 |
| Richard Valenta | 5 | 5 | | |
| Creagh O'Connor | 5 | 5 | 2 | 1 |
| Darren Morcombe | 1 | 1 | | |
| Simon Taylor | 3 | 2 | | |
| Mark Dugmore | - | - | | |
| Damien Reynolds | - | - | | |

## AUDIT COMMITTEE

The audit committee is comprised of Messrs Creagh O'Connor and Simon O'Loughlin, each of whom is a non-executive Director and Ms Kerry Angel who is the Company Secretary (Mr Pierre Van Der Merwe was the Company Secretary and member of the audit committee until he retired 9 June 2010), all of whom are free from any relationships which might, in the opinion of the Board, be construed as a conflict of interest. The board will annually confirm the membership of the committee.

## PROCEEDINGS ON BEHALF OF THE 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 period.

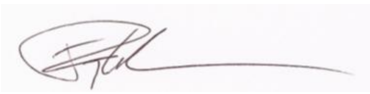
## NON-AUDIT SERVICES

PKF in its capacity as auditor of Bondi Mining Limited has not provided any non-audit services throughout the period. The board is satisfied that the auditor independence requirements of the Corporations Act 2001 have not been compromised during the year.

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the period ended 30 June 2010 has been received and can be found on the following page.

Signed in accordance with a resolution of the board of directors.



Dr Richard Valenta
Managing Director

Dated this 29th day of September 2010.

Chartered Accountants
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead engagement partner for the review of Bondi Mining Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

**PKF**
Chartered Accountants

**P J Whelan**
Partner

Signed in Adelaide this 29th day of September 2010

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adelaide@pkf.com.au | www.pkf.com.au
A South Australian Partnership | ABN 21 903 784 597
Level 2 | 139 Frome Street | Adelaide | South Australia 5000
GPO Box 2505 | Adelaide | South Australia 5001

# Consolidated Statement of Comprehensive Income
## FOR THE YEAR ENDED 30 JUNE 2010

| | | Consolidated | |
|---|---|---|---|
| | Note | 2010<br>$ | 2009<br>$ |
| Revenue | 3 (a) | 123,349 | 70,092 |
| Impairment of exploration assets | 3 (c) | (1,865,746) | (1,205,500) |
| Exploration expenses | | (190,181) | - |
| Employee benefits expense | 3 (d) | (265,419) | (452,664) |
| Depreciation expense | | (30,817) | (70,088) |
| Other expenses | 3 (b) | (334,210) | (265,935) |
| Financial costs | | (22) | - |
| **(Loss) before income tax** | | (2,563,046) | (1,924,095) |
| Income tax expense | 4 | - | - |
| **(Loss) for the year** | | (2,563,046) | (1,924,095) |
| | | | |
| **Total comprehensive income for the period** | | (2,563,046) | (1,924,095) |
| | | | |
| Total comprehensive income attributable to the owners of the parent entity | | (2,563,046) | (1,924,095) |
| | | | |
| **Earnings per share:** | 5 | Cents | Cents |
| Basic earnings/(loss) per share | | (3.10) | (1.75) |
| Diluted earnings/(loss) per share | | (3.10) | (1.75) |

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Financial Position
## AS AT 30 JUNE 2010

| | | Consolidated | |
|---|---|---|---|
| | Note | 2010 $ | 2009 $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 2,679,004 | 1,958,426 |
| Trade and other receivables | 7 | 91,203 | 85,067 |
| Other current assets | 8 | 182,521 | 75,822 |
| **TOTAL CURRENT ASSETS** | | 2,952,728 | 2,119,315 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | | 32,000 | 32,000 |
| Property, plant and equipment | 9 | 119,026 | 144,667 |
| Exploration and evaluation assets | 10 | 11,267,576 | 12,935,829 |
| **TOTAL NON-CURRENT ASSETS** | | 11,418,602 | 13,112,496 |
| **TOTAL ASSETS** | | 14,371,330 | 15,231,811 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 605,778 | 510,989 |
| Short term provisions | 13 | 11,856 | 8,911 |
| **TOTAL CURRENT LIABILITIES** | | 617,634 | 519,900 |
| **TOTAL LIABILITIES** | | 617,634 | 519,900 |
| **NET ASSETS** | | 13,753,696 | 14,711,911 |
| **EQUITY** | | | |
| Issued capital | 14 | 19,218,822 | 17,600,555 |
| Accumulated losses | | (6,453,519) | (3,855,444) |
| Reserves | 15 | 988,393 | 966,800 |
| **TOTAL EQUITY** | | 13,753,696 | 14,711,911 |

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Changes in Equity
## FOR THE YEAR ENDED 30 JUNE 2010

| | Note | Share Capital Ordinary $ | Accumulated Losses $ | Share Option Reserve $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2008** | | 16,499,233 | (1,911,066) | 865,598 | 15,453,765 |
| Loss for the year | | - | (1,924,095) | - | (1,924,095) |
| **Total comprehensive income for the period** | | - | (1,924,095) | - | (1,924,095) |
| Shares issued under Private Placement | | 795,150 | - | - | 795,150 |
| Options issued under employee share option plan | | - | - | 101,202 | 101,202 |
| Share Purchase Plan | | 353,500 | - | - | 353,500 |
| Transaction costs | | (67,611) | - | - | (67,611) |
| Issue Costs - tax benefit not recognised | | 20,283 | (20,283) | - | - |
| **Balance at 30 June 2009** | | 17,600,555 | (3,855,444) | 966,800 | 14,711,911 |

| | Share Capital Ordinary $ | Accumulated Losses $ | Share Option Reserve $ | Total $ |
|---|---|---|---|---|
| **Balance at 1 July 2009** | 17,600,555 | (3,855,444) | 966,800 | 14,711,911 |
| Loss for the year | - | (2,563,046) | - | (2,563,046) |
| **Total comprehensive income for the period** | - | (2,563,046) | - | (2,563,046) |
| Options issued under employee share option plan | - | - | 21,593 | 21,593 |
| Shares issued | 1,700,000 | - | - | 1,700,000 |
| Transaction costs | (116,762) | - | - | (116,762) |
| Issue Costs - tax benefit not recognised | 35,029 | (35,029) | - | - |
| **Balance at 30 June 2010** | 19,218,822 | (6,453,519) | 988,393 | 13,753,696 |

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Cash Flows
## FOR THE YEAR ENDED 30 JUNE 2010

| | | Consolidated | |
|---|---|---|---|
| | Note | 2010<br>$ | 2009<br>$ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 20,705 | 62,442 |
| Payments to suppliers and employees | | (969,699) | (565,169) |
| Interest received | | 75,041 | 41,495 |
| Interest paid | | (22) | - |
| **NET CASH USED IN OPERATING ACTIVITIES** | **6** | (873,975) | (461,232) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for exploration activities | | (1,715,456) | (2,018,495) |
| Joint venture receipts | | 1,552,400 | 1,703,549 |
| Government exploration related grants | | 179,546 | - |
| Purchase of property, plant and equipment | | (5,176) | (9,971) |
| **NET CASH USED IN INVESTING ACTIVITIES** | | 11,314 | (324,917) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | | 1,700,000 | 1,148,650 |
| Transaction costs of share issues | | (116,761) | (51,812) |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | | 1,583,239 | 1,096,838 |
| Net (decrease) in cash and cash equivalents | | 720,578 | 310,689 |
| Cash at the beginning of financial period | | 1,958,426 | 1,647,737 |
| **CASH AT THE END OF FINANCIAL YEAR** | **6** | 2,679,004 | 1,958,426 |

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

The financial report of Bondi Mining Ltd for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors dated 28 September 2010. Bondi Mining Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report of the Group complies with all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### a. Basis of preparation

The financial report has been prepared on an accrual basis and is based on historical costs, modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

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

*Presentation of Financial Statements*
The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

*Operating Segments*
The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change of reported segments (refer note 2). In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 1.a Basis of preparation (continued)

There has been no other impact on the measurement of the Group's assets and liabilities. Comparatives for 2009 have been restated.

*Business Combinations and Consolidation Procedures*
A revised AASB 3 Business combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition.

The changes were implemented prospectively from 1 July 2009 and did not have any impact on the Group.

## b. Principles of consolidation

The consolidated financial statements comprise the financial statements of Bondi Mining Limited and its subsidiary as at 30 June each year (the Group). A controlled entity is any entity Bondi Mining Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in note 22 to the financial statements.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The subsidiary is fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

## c. Significant assumptions

*Share-based payment transactions*
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, using the assumptions detailed in note 12.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 12.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### d. Critical accounting estimates and judgements
The directors evaluate estimates and judgements 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 Group.

*Key Estimates – Exploration and evaluation*
The Group's policy for exploration and evaluation is discussed in note 1(o). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the statement of comprehensive income.

### e. Business combinations
Business combinations occur where an acquirer obtains control over one or more businesses and result in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identifies as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall from the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### e. Business Combinations (continued)
or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

### f. Revenue Recognition
The Group recognises revenue when the amount of revenue can be reliably measures, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Interest revenue
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

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

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### h. Trade and other receivables
Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

A provision for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

### i. Financial Instruments
*Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the assets (i.e. trade date accounting is adopted).

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### i. Financial instruments (continued)

*Classification and Subsequent Measurement*

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

*Amortised cost* is calculated as:

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

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

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

(ii) *Loans and receivables*

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

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### i. Financial instruments (continued)

(iii) *Held-to-maturity investments*

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

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

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

(iv) *Available-for-sale financial assets*

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

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

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*Fair value*

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

*Impairment*

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### i. Financial instruments (continued)

*Financial guarantees*

Where material, financial guarantees issued, which require the issuer to make specified payments or reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

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 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 expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### j. Joint venture

Murphy Uranium Pty Ltd, a wholly-owned subsidiary of Bondi Mining Ltd, has entered joint ventures with Japan's JOGMEC to undertake uranium exploration on the Murphy project in Northern Territory and North Maureen project in Northern Queensland.

Under the Joint Venture Agreements with Murphy Uranium Pty Ltd, JOGMEC may contribute to Exploration Expenditure and thereby earn equitable interests in the Joint Venture Property and the right to share in the profits from the development and exploitation of any minerals discovered.

JOGMEC's interest in the Joint Venture Property may be converted into shareholdings of the same proportionate amount in the total issued capital of any Joint Venture Company formed in accordance with the Joint Venture Agreements.

JOGMEC has a cumulative right to an aggregate equitable interest of 51% in each joint venture providing it fulfils its commitments to contribute the required amount of exploration expenditure.

### k. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### k. Income tax (continued)
when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

### l. Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### l. Other taxes (continued)

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

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

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

### m. Plant and equipment

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

Plant and equipment

Plant and equipment is measured on the costs basis.

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

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

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

Depreciation

Depreciation of assets is calculated on the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

| Class of fixed asset | Depreciation rate |
|---|---|
| Plant and equipment | 13 – 50% |

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

# Notes to the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2010

### n. Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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

### o. Exploration and evaluation expenditure

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### o. Exploration and evaluation expenditure (continued)
Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to the basis that the restoration will be completed within one year of abandoning the site.

Contributions from Government and other organisations that relate directly to exploration and evaluation projects are offset against the asset.

### p. Trade and other payables
Trade payables and other payables are stated at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability.

### r. Contributed equity
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### s. 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), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### t. Employee leave benefits
*Wages, salaries and annual leave*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### u. Share-based payment transactions
The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the statement of comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to share capital.

### v. 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 Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group 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 commending on or after 1 January 2013).

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

The changes made to accounting requirements include:
- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value:
- Simplifying the requirements for embedded derivatives;
- Removing the tainting rules associated with held-to-maturity assets;
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return of investment can be recognised in profit or loss and there is no impairment or recycling or 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 entitiy'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 commending from 1 January 2010).

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### v. New Accounting Standards for Application in Future Periods (continued)

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 Group.

- 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 hare-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 Group.

- 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 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 Group.

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

These amendments clarify that rights, options or warrants to acquire a fixed number of an entitiy'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 Group.

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

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

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

### v. New Accounting Standards for Application in Future Periods (continued)

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting period 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 Group.

- AASB 2009-14: Amendments to Australian Interpretation 14 – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting period commencing on or after 1 January 2011).

This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions in a defined benefit pension plan. This standard is not expected to impact the Group

- AASB 2010-3: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139] (applicable for annual reporting periods commencing on or after 1 July 2010)

The subjects of the principal amendments to the Standards are set out below:

AASB 3 Business Combinations
- Measurement of non-controlling interests
- Unreplaced and voluntarily replaced share-based payment awards
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 (2008)

These amendments are not expected to impact the Group.

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 July 2011)

The subjects of the principal amendments to the Standards are set out below:

AASB 1 First-time Adoption of Australian Accounting Standards
- Accounting policy changes in the year of adoption
- Revaluation basis as deemed cost
- Use of deemed cost for operations subject to rate regulation

AASB 7 Financial Instruments : Disclosures
- Clarification of disclosures

AASB 101 Presentation of Financial Statements
- Clarification of statement of changes in equity

# Notes to the Financial Statements

## FOR THE PERIOD ENDED 30 JUNE 2010

### v. New Accounting Standards for Application in Future Periods (continued)

AASB 134 Interim Financial Reporting
- Significant events and transactions

Interpretation 13 Customer Loyalty Programmes
- Fair value of award credits

These amendments are not expected to impact the primary statements of the Group but may impact the related disclosures.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting period 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 Group

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

## 2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of projects in Australia and other exploration and evaluation activity.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

| 2010 | Murphy<br>$ | North Maureen<br>$ | Other Exploration & Evaluation<br>$ | Consolidated<br>$ |
|---|---|---|---|---|
| **Segment Performance** | | | | |
| Segment revenue | - | - | - | - |
| Impairment of exploration assets | | | (1,865,746) | (1,865,746) |
| Segment (Loss) before tax | - | - | (2,055,927) | (2,055,927) |
| | | | | |
| Amounts not included in segment result: | | | | |
| Depreciation and amortisation | | | | (30,817) |
| Revenue | | | | 123,349 |
| Employee expenses | | | | (265,419) |
| Finance costs | | | | (22) |
| Other expenses | | | | (334,210) |
| **Net loss before tax** | | | | **(2,563,046)** |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 2. SEGMENT INFORMATION (continued)

| 2009 | Murphy $ | North Maureen $ | Other Exploration & Evaluation $ | Consolidated $ |
|---|---|---|---|---|
| **Segment Performance** | | | | |
| Segment revenue | - | - | - | - |
| Impairment of exploration assets | | | (1,205,500) | (1,205,500) |
| Segment (Loss) before tax | - | - | (1,235,071) | (1,235,071) |
| Amounts not included in segment result: | | | | |
| Depreciation and amortisation | | | | (70,088) |
| Revenue | | | | 70,092 |
| Employee expenses | | | | (452,664) |
| Other expenses | | | | (236,364) |
| **Net loss before tax** | | | | **(1,924,095)** |

| 2010 | Murphy $ | North Maureen | Other Exploration & Evaluation $ | Consolidated $ |
|---|---|---|---|---|
| **Assets and liabilities** | | | | |
| Segment assets | 7,933,100 | 3,162,514 | 171,962 | 11,267,576 |
| Unallocated assets | | | | |
| Cash and cash equivalents | | | | 2,679,004 |
| Property, plant & equipment | | | | 119,026 |
| Other corporate assets | | | | 305,724 |
| **Consolidated total assets** | | | | **14,371,330** |

| 2009 | Murphy $ | North Maureen | Other Exploration & Evaluation $ | Consolidated $ |
|---|---|---|---|---|
| **Assets and liabilities** | | | | |
| Segment assets | 7,917,704 | 3,184,379 | 1,865,746 | 12,967,829 |
| Unallocated assets | | | | |
| Cash and cash equivalents | | | | 1,958,426 |
| Property, plant & equipment | | | | 144,667 |
| Other corporate assets | | | | 160,889 |
| **Consolidated total assets** | | | | **15,231,811** |

All revenues and non-current assets are derived from Australia.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | | Consolidated 2010 $ | 2009 $ |
|---|---|---|---|
| **3. REVENUE AND EXPENSES** | | | |
| **(a) Revenue** | | | |
| Interest received or receivable | | 87,227 | 33,375 |
| Equipment rental | | 19,800 | 18,000 |
| Other income | | 16,322 | 18,717 |
| | | 123,349 | 70,092 |
| **(b) Other expenses from ordinary activities** | | | |
| Professional fees | | 68,034 | 75,607 |
| Auditor's remuneration | 18 | 28,349 | 27,000 |
| Operating lease payments | | 30,850 | 26,433 |
| Insurance costs | | 21,949 | 20,625 |
| Other expenses | | 185,028 | 116,270 |
| | | 334,210 | 265,935 |
| **(c) Impairment of exploration assets** | | | |
| Capitalised tenement costs written off | | 1,865,746 | 1,205,500 |
| | | 1,865,746 | 1,205,500 |

The directors reviewed the tenement holdings and identified a number of holdings that were not going to be subject to ongoing exploration work. On reviewing the carrying value the directors determined that the Group would be unable to recover any amounts in relation to the tenements identified and therefore impaired the value to nil.

| | | 2010 $ | 2009 $ |
|---|---|---|---|
| **(d) Employee benefits expense** | | | |
| Cash settled share based payments | | 21,593 | 101,202 |
| Other employee benefits | | 555,060 | 970,268 |
| Capitalised to exploration and evaluation assets | | (311,234) | (618,806) |
| | | 265,419 | 452,664 |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 4. INCOME TAX

| | Consolidated 2010 $ | Consolidated 2009 $ |
|---|---|---|
| The components of tax benefit comprise: | | |
| Current tax | (290,158) | (380,281) |
| Deferred tax asset not realised as recognition criteria of AASB 112 not met | (290,158) | (380,281) |
| The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| Prima facie tax payable on loss from ordinary activities before income tax at 30% | (768,914) | (577,249) |
| Add: | | |
| Tax effect of: | | |
| - non-deductible items | 523,076 | 394,915 |
| - Accruals | 1,901 | 2,886 |
| | (243,937) | (179,429) |
| Less: | | |
| Tax effect of: | | |
| - establishment costs deducted | (42,046) | (36,518) |
| - accruals | - | 2,436 |
| - exploration assets | - | (166,770) |
| - interest receivable | (4,175) | - |
| | (290,158) | (380,281) |
| Income tax losses; | | |
| Deferred Tax Asset (DTA) arising from tax losses not recognised at reporting date as realisation of the benefit is not regarded as probable. | | |
| Temporary differences at 30% | (90,216) | (601,175) |
| Deferred tax asset not brought to account | 1,971,527 | 1,681,369 |
| | 1,881,311 | 1,080,194 |

The Group has tax losses arising in Australia of $6,571,756 (2009: $5,604,564) that are available indefinitely for offset against future taxable profits of the Group.

This future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Group in realising the benefit.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | Consolidated 2009 $ |
|---|---|---|

## 5. EARNINGS PER SHARE

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

The following reflects the income and share data used in the basic and diluted earnings per share computations:

| | Consolidated | |
|---|---|---|
| | 2010<br>$ | 2009<br>$ |
| Net loss attributable to ordinary equity holders of the parent | (2,563,046) | (1,924,095) |
| Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share | 82,794,314 | 59,698,781 |
| **Effect of dilution** | | |
| Share options | - | - |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 82,794,314 | 59,698,781 |

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account in 2009.

## 6. CASH AND CASH EQUIVALENTS

| | 2010 | 2009 |
|---|---|---|
| Cash at bank | 206,826 | 793,680 |
| Short-term deposits | 2,472,178 | 1,164,566 |
| | 2,679,004 | 1,958,426 |
| **Reconciliation of net loss after tax to net cash flows from operations** | | |
| Net (loss) | (2,563,046) | (1,924,095) |
| *Adjustments for non-cash items:* | | |
| Depreciation | 30,817 | 70,088 |
| Impairment of non-current assets | 1,865,746 | 1,205,500 |
| Share options expensed | 21,593 | 101,202 |
| *Changes in assets and liabilities* | | |
| (Increase) / Decrease in trade and other receivables | (4,407) | 72,354 |
| (Increase) in other assets | (108,428) | (8,392) |
| (Decrease)/increase in trade and other payables | (119,195) | 24,290 |
| Increase / (Decrease) in provisions | 2,945 | (2,179) |
| Net cash used in operating activities | (873,975) | (461,232) |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | 2009 $ |
|---|---|---|
| **7. TRADE AND OTHER RECEIVABLES** | | |
| **CURRENT** | | |
| Sundry receivables | 61,980 | 17,647 |
| Goods & Services Tax receivable | 29,223 | 67,420 |
| | 91,203 | 85,067 |
| **NON CURRENT** | | |
| Security deposit | 32,000 | 32,000 |
| **TOTAL TRADE AND OTHER RECEIVABLES** | 123,203 | 117,067 |

Trade receivables are all within trading terms and as such a provision for doubtful debts has not been recognised.

## 8. OTHER CURRENT ASSETS

| | 2010 $ | 2009 $ |
|---|---|---|
| **CURRENT** | | |
| Prepayments | 182,521 | 74,093 |
| Accrued income | - | 1,729 |
| | 182,521 | 75,822 |

## 9. PROPERTY, PLANT AND EQUIPMENT

| | 2010 $ | 2009 $ |
|---|---|---|
| **Plant and equipment** | | |
| **Cost** | | |
| Opening balance | 265,159 | 255,188 |
| Additions | 5,176 | 9,971 |
| | 270,335 | 265,159 |
| **Accumulated depreciation** | | |
| Opening balance | 120,492 | 50,404 |
| Depreciation expense | 30,817 | 70,088 |
| | 151,309 | 120,492 |
| **Total property, plant and equipment** | 119,026 | 144,667 |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | 2009 $ |
|---|---|---|
| **10. EXPLORATION AND EVALUATION ASSETS** | | |
| Capitalised exploration costs – exploration and evaluation phases | 11,267,576 | 12,967,829 |
| | 11,267,576 | 12,967,829 |

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

| Capitalised tenement expenditure movement reconciliation | Joint Venture* | Other | Total |
|---|---|---|---|
| Balance as at 1 July 2008 | 7,761,072 | 5,824,324 | 13,585,396 |
| Additions through expenditure capitalised | 1,678,740 | 367,831 | 2,046,571 |
| Reductions through joint venture contributions | (1,490,638) | - | (1,490,638) |
| Write off of tenements relinquished | - | (1,205,500) | (1,205,500) |
| Balance as at 30 June 2009 | 7,949,174 | 4,986,655 | 12,935,829 |
| | | | |
| Transfer on new joint venture | 3,152,909 | (3,152,909) | - |
| Additions through expenditure capitalised | 1,511,492 | 203,962 | 1,715,454 |
| Reductions through joint venture contributions and government subsidies | (1,517,961) | - | (1,517,961) |
| Write off of tenements relinquished | - | (1,865,746) | (1,865,746) |
| Balance as at 30 June 2010 | 11,095,614 | 171,962 | 11,267,576 |

JOGMEC's obligations to contribute to exploration expenditure in relation to the Murphy Project shall not exceed $3,000,000 payable over three Farm-in periods ending no later than 31 March 2013. Subsequently, JOGMEC and Murphy Uranium Pty Ltd shall fund exploration costs in proportion to their interests.

In accordance with the Joint Venture agreement JOGMEC has contributed $2,585,061 to exploration expenditure to 30 June 2010 (2009 - $1,703,550). This amount is offset against exploration expenditure incurred by the Group.

JOGMEC's obligations to contribute to exploration expenditure in relation to the North Maureen project shall not exceed $900,000 payable over three Farm-in periods ending no later than 31 March 2012. Subsequently, JOGMEC and Murphy Uranium Pty Ltd shall fund exploration costs in proportion to their interests.

In accordance with the Joint Venture agreement JOGMEC has contributed $252,973 to exploration expenditure to 30 June 2010. This amount is offset against exploration expenditure incurred by the Group.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | 2009 $ |
|---|---|---|
| **11. TRADE AND OTHER PAYABLES** | | |
| **CURRENT & UNSECURED** | | |
| Trade payables* | 141,059 | 206,236 |
| JV Income received in advance | 426,897 | 212,912 |
| Other payables | 37,822 | 91,841 |
| | 605,778 | 510,989 |

*Trade payables are non-interest bearing and are normally settled on 30-day terms.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 | Consolidated 2009 |
|---|---|---|
| | $ | $ |

## 12. SHARE-BASED PAYMENTS

The expense recognised in the statement of comprehensive income in relation to share-based payments is disclosed in note 3(c). The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued to director's during the year:

| | 2010 No. | 2010 WAEP | 2009 No. | 2009 WAEP |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 3,774,000 | 0.29 | 3,500,000 | 0.29 |
| Granted during the year | 65,000 | 0.12 | 274,000 | 0.27 |
| Outstanding at the end of the year | 3,839,000 | 0.29 | 3,774,000 | 0.29 |
| Exercisable at the end of the year | 3,774,000 | 0.29 | 3,216,000 | 0.28 |

The outstanding balance as at 30 June 2010 is represented by:

- A total of 2,000,000 options issued on 29 December 2006, vesting immediately and exercisable from escrow release date on 29 December 2008 until 28 October 2010 with a strike price of $0.25 and a fair value per option at grant date of $0.044.
- A total of 500,000 options issued on 12 November 2007, vesting immediately and exercisable until 11 November 2011 with a strike price of $0.30 and a fair value per option at grant date of $0.212.
- A total of 500,000 options issued on 12 November 2007, vesting on 12 November 2008 and exercisable until 11 November 2011 with a strike price of $0.35 and a fair value per option at grant date of $0.204.
- A total of 500,000 options issued on 12 November 2007, vesting on 12 November 2010 and exercisable until 11 November 2011 with a strike price of $0.40 and a fair value per option at grant date of $0.204.

A total of 108,000 options issued on 22 September 2008, vesting immediately and exercisable until 26 November 2012 with a strike price of $0.30 and a fair value per option at grant date of $0.052.

- A total of 58,000 options issued on 22 September 2008, vesting on 27 November 2008 and exercisable until 26 November 2012 with a strike price of $0.30 and a fair value per option at grant date of $0.052.
- A total of 58,000 options issued on 22 November 2008, vesting on 27 November 2010 and exercisable until 26 November 2012 with a strike price of $0.30 and a fair value per option at grant date of $0.052.
- A total of 50,000 options issued on 22 September 2008, vesting immediately and exercisable until 26 November 2012 with a strike price of $0.15 and a fair value per option at grant date of $0.056.
- A total of 65,000 options issued on 1 March 2010, vesting on 1 March 2011 and exercisable until 28 February 2015 with a strike price of $0.12 and a fair value per option at grant date of $0.0546.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | 2009 $ |
|---|---|---|

## 12. SHARE-BASED PAYMENTS (continued)

On the 1 March 2010 65,000 options were issued to employees under the Employee Option Plan.

The options vest on 1 March 2011 and are then exercisable over a four year period that expires on 28 February 2015. Options must be settled in cash.

The options lapse if an employee leaves the Group.

The options are issued for no consideration and carry no entitlements to voting rights or dividends of the Group.

*Contractual life of options*
The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 2.05 (2009: 1.90).

*Exercise price of options*
The exercise price for options outstanding at the end of the period was $0.29 (2009: $0.29).
*Fair value of options*
The weighted average fair value of options granted during the period was $0.0527 (2009: $0.0527). The fair value of the equity-settled share options granted under the option scheme is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the year ended 30 June 2010:

| | 2010 | 2009 |
|---|---|---|
| Weighted Average Volatility | 104.00% | 178.00% |
| Weighted Average Risk-free interest rate (%) | 5.13% | 5.62% |

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

## 13. PROVISIONS

| | 2010 $ | 2009 $ |
|---|---|---|
| **CURRENT** | | |
| Annual leave provision | | |
| Closing balance | 11,856 | 8,911 |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | Consolidated 2009 $ |
|---|---|---|

## 14. ISSUED CAPITAL

| | | |
|---|---|---|
| 88,662,807 fully paid and authorised ordinary shares (2009: 71,662,807) | 19,218,822 | 17,600,555 |
| | 19,218,822 | 17,600,555 |

| | 2010 Number | 2010 $ | 2009 Number | 2009 $ |
|---|---|---|---|---|
| **a. Ordinary shares** | | | | |
| Balance at beginning of year | 71,662,807 | 17,600,555 | 58,900,000 | 16,499,233 |
| Share Placement at $0.09 per share | | | 8,835,000 | 795,150 |
| Share Purchase Plan at $0.09 per share | | | 3,927,807 | 353,500 |
| Share Placement November 2009 at $0.10 per share | 17,000,000 | 1,700,000 | | |
| Transaction costs on shares issued | | (116,762) | | (67,612) |
| Tax portion of IPO costs | | 35,029 | | 20,284 |
| Balance at end of financial year | 88,662,807 | 19,218,822 | 71,662,807 | 17,600,555 |

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held.

Fully paid ordinary shares carry one vote per share and carry the right to dividends (in the event such a dividend was declared).

## 15. RESERVES

The share-option reserve records items recognised as expenses on valuation of employee share options and other equity settled transactions

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated 2010 $ | 2009 $ |
|---|---|---|
| **16. COMMITMENTS FOR EXPENDITURE** | | |
| **Commitments for expenditure** | | |
| Non-cancellable operating leases | | |
| Within one year | 66,000 | - |
| Within one to five years | 126,500 | - |
| | 192,500 | - |
| Capital commitments – Joint Venture Assets | | |
| Within one year | 984,675 | 864,250 |
| Within one to five years | 1,804,874 | 3,205,375 |
| | 2,789,548 | 4,069,625 |

Capital commitments are the minimum expenditure on exploration tenements on which the Group has title.

## 17. CONTINGENT ASSETS AND LIABILITIES

At the date of signing this report, the Group is not aware of any contingent asset or liability that should be disclosed in accordance with AASB 137.

## 18. AUDITOR'S REMUNERATION

| | 2010 $ | 2009 $ |
|---|---|---|
| Remuneration of the auditor for the parent entity for: | | |
| Audit or review of the financial report | 28,349 | 27,000 |
| | 28,349 | 27,000 |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

| | Consolidated | |
|---|---|---|
| | 2010 | 2009 |
| | $ | $ |

## 19. FINANCIAL INSTRUMENTS

**Capital risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in the notes to the financial statements.

Proceeds from share issues are used to maintain and expand the Groups exploration activities and fund operating costs.

**Categories of financial instruments**

| | Consolidated | |
|---|---|---|
| | 2010 | 2009 |
| | $ | $ |
| **FINANCIAL ASSETS** | | |
| Cash and cash equivalents | 2,679,004 | 1,958,426 |
| Trade and other receivables | 91,203 | 85,067 |
| **FINANCIAL LIABILITIES** | | |
| Trade and other payables | 605,778 | 510,989 |

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 19. FINANCIAL INSTRUMENTS (CONTINUED)

**Interest rate sensitivity analysis**

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net profit would increase or decrease by $4,360 which is mainly attributable to the Group's exposure to interest rates on its variable bank deposits.

**Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

**Liquidity and interest risk tables**

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

| | Consolidated | |
|---|---|---|
| | 2010<br>$ | 2009<br>$ |
| Non-interest Bearing maturing <1 year | 605,778 | 510,989 |

The following table details the Group's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

| Weighted average effective interest rate | | $ |
|---|---|---|
| **2010** | | |
| Non-interest Bearing maturing <1 year | | 91,203 |
| Variable interest rate maturing <1 year | 5.63% | 2,737,587 |
| | | 2,783,627 |
| **2009** | | |
| Non-interest Bearing maturing <1 year | | 85,067 |
| Variable interest rate maturing <1 year | 2.30% | 2,003,548 |
| | | 2,088,615 |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 20. RELATED PARTY DISCLOSURE

A number of related parties and key management personnel hold position in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

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

- Proton Geoscience Pty Ltd of which Dr Richard Valenta is a director received provided software maintenance services of $15,778 during the year (2009: $nil).
- O'Loughlins Lawyers of which Simon O'Loughlin is a partner received legal fees of $5,706 during the year (2009: $5,417).
- Geeland Pty Ltd of which Simon Taylor is a director provided consulting services during the year before his resignation amounting to $1,125 (2009: $11,485).
- HLB Mann Judd (SA) Pty Ltd of which Pierre Van Der Merwe the Company Secretary (resigned 9 June 2010) is a director provided accounting, taxation and secretarial services for the year of $70,985 (2009: $70,985).

Details of key management personnel's interests in shares and options of the Group and their remuneration can be found in the directors' report.

## 21. PARENT ENTITY INFORMATION

| a) Information relating to Bondi Mining Limited: | 2010<br>$ | 2009<br>$ |
|---|---|---|
| Current assets | 2,802,111 | 2,119,315 |
| Total assets | 11,142,323 | 15,231,811 |
| Current liabilities | 190,738 | 519,900 |
| Total liabilities | 190,738 | 519,900 |
| Issued capital | 19,218,822 | 17,600,555 |
| Accumulated losses | (6,453,519) | (3,855,444) |
| Reserves | 988,393 | 966,800 |
| Total shareholders' equity | 13,753,696 | 14,711,911 |
| | | |
| (Loss) of the parent entity | (2,563,045) | (1,924,055) |
| Total comprehensive income of the parent entity | (2,563,045) | (1,924,055) |

# Notes to the Financial Statements
## FOR THE PERIOD ENDED 30 JUNE 2010

## 22. SUBSIDIARY

| Name of entity | Country of incorporation | Ownership interest 2010 % | 2009 % |
|---|---|---|---|
| Parent entity | | | |
| Bondi Mining Limited | Australia | | |
| | | | |
| Subsidiaries of Bondi Mining Limited | | | |
| Murphy Uranium Pty Ltd | Australia | 100 | 100 |

## 23. AFTER BALANCE DATE EVENTS

No significant after balance day events have occurred.

## 24. COMPANY DETAILS

The registered office of the company is:
C/- HLB Mann Judd (SA) Pty Ltd
82 Fullarton Road
NORWOOD SA 5067

The principal place of business is:
96 Stephens Road
SOUTH BRISBANE QLD 4101

# Directors' Declaration

The directors of Bondi Mining Limited declare that:

(a) In the Directors' opinion the financial statements and notes and the Remuneration report in the Directors Report set out on pages 4 to 18, are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30June 2010 and of its performance, for the financial year ended on that date; and

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

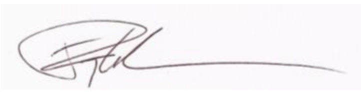
(b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board ( IASB) as disclosed in note 1; and

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

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the managing director and chief financial officer for the financial year ended 30June 2010

Signed in accordance with a resolution of the directors.

Dated at Brisbane this 29th day of September 2010



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Dr Richard Valenta
Managing Director

Chartered Accountants
& Business Advisers

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF BONDI MINING LIMITED**

**Report on the Financial Report**

We have audited the accompanying financial report of Bondi Mining Limited, which comprises the Consolidated Statement of Financial Position as at 30 June 2010, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date selected explanatory notes and the directors' declaration of Bondi Mining Limited (the consolidated entity). The consolidated entity comprises the entity and the entities it controlled at the year's end or from time to time during the financial year

*Directors' Responsibility for the Financial Report*

The directors of Bondi Mining Limited 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 controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with Australian Accounting 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

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

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A South Australian Partnership | ABN 21 903 784 597
Level 2 | 139 Frome Street | Adelaide | South Australia 5000
GPO Box 2505 | Adelaide | South Australia 5001

PKF
Chartered Accountants
& Business Advisers

*Auditor's Opinion*

In our opinion:

(a) the financial report of Bondi Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity'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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 14 to 17 of the directors' report for the 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 Bondi Mining Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Acts 2001*.

**PKF**
Chartered Accountants

**P J Whelan**
Partner

Signed at Adelaide this 29th day of September 2010

## ASX Additional Information

**For the financial year ended 30 June 2010**

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.

The information is current as at 29 September 2010.

**Use of cash and cash equivalents**

The Company has used all cash and cash equivalents for the purpose of carrying out its stated business objectives.

**Distribution of equity securities**

**Ordinary share capital**

88,662,807 fully paid ordinary shares are held by 556 individual shareholders, none of which are escrowed.

All issued ordinary shares carry one vote per share.

**Options**

4,839,000 unlisted options are held by 12 individual option holders.

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

| | Fully paid ordinary shares | Unquoted Options |
|---|---|---|
| 1 - 1,000 | 6,868 | - |
| 1,001 - 5,000 | 172,818 | - |
| 5,001 - 10,000 | 754,134 | - |
| 10,001 - 100,000 | 12,528,333 | 6 |
| 100,001 and over | 75,200,654 | 6 |
| | **88,662,807** | **12** |
| Holding less than a marketable parcel | Nil | |

**Holders of unquoted options with an interest greater than 20% of class**

| | Unquoted Options Number | Percentage |
|---|---|---|
| Taycol Nominees | 1,000,000 | 20.67% |
| Creagh O'Connor | 1,000,000 | 20.67% |
| Richard Valenta | 2,500,000 | 31.00% |

## Twenty largest holders of quoted equity securities

| | Number | Percentage |
|---|---|---|
| LAGUNA BAY CAPITAL PTY LTD | 13,392,317 | 15.10 |
| SPRINGTIDE CAPITAL PTY LTD <COCKATOO VALLEY INVEST A/C> | 12,242,500 | 13.81 |
| NATIONAL NOMINEES LIMITED | 8,643,810 | 9.75 |
| TAYCOL NOMINEES PTY LTD | 2,560,000 | 2.89 |
| AWJ FAMILY PTY LTD <A W JOHNSON FAMILY A/C> | 2,515,334 | 2.84 |
| MR ROBERT JAMES PULLAR + MRS REBECCA ANNE PULLAR <ROBERT PULLAR S/FUND A/C> | 2,055,556 | 2.32 |
| DR RICHARD KAREL VALENTA + MS ROSEMARY ANNE GALL <WATTLE CIRCLE S/F A/C> | 1,275,556 | 1.44 |
| CPO SUPERANNUATION FUND PTY LTD <C P O'CONNOR S/F A/C> | 1,255,556 | 1.42 |
| SOUTTAR SUPERANNUATION PTY LTD <GREENSLADE SUPERFUND A/C> | 1,255,556 | 1.42 |
| MR JEREMY TOBIAS | 1,000,000 | 1.13 |
| FORESIGHT PTY LTD | 920,000 | 1.04 |
| WADLEY BICKLE PTY LTD <WADLEY BICKLE INVEST A/C> | 914,211 | 1.03 |
| DORICA NOMINEES PTY LTD <SUPER FUND A/C> | 800,000 | 0.90 |
| MRS JANE GREENSLADE | 750,000 | 0.85 |
| CORPORATE PROPERTY SERVICES PTY LTD <K W SHARE A/C> | 710,976 | 0.80 |
| MICK WALKER SUPERANNUATION P/L <THE WALKER SUPER FUND A/C> | 645,000 | 0.73 |
| MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING <WHITING FAMILY S/F A/C> | 600,000 | 0.68 |
| MR ANGUS WILLIAM JOHNSON + MRS LINDY JOHNSON <DENA SUPER FUND A/C> | 562,500 | 0.63 |
| AMH CUSTODIAN PTY LTD | 560,000 | 0.63 |
| M P MANAGEMENT (AUST) PTY LTD | 555,556 | 0.63 |
| | **53,214,428** | **60.02** |