DVM INTERNATIONAL LIMITED

ABN 80 072 964 179

AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2009

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CORPORATE INFORMATION

DIRECTORS
Mr C Rowe (Chairman)
Mr I Burgess (Managing Director)
Mr H Dawson
Mr L Wale

COMPANY SECRETARY
Mr M Higginson

REGISTERED OFFICE &
PRINCIPAL PLACE OF BUSINESS
103 Abernethy Road
BELMONT WA 6104
Telephone: +61 (8) 9478 5399
Facsimile: +61 (8) 9277 6818

POSTAL ADDRESS
PO Box 566
BELMONT WA 6984

AUDITOR
Ernst & Young
11 Mounts Bay Road
Perth WA 6000

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: +61 (8) 9315 2333
Facsimile: +61 (8) 9315 2233

INTERNET ADDRESS
www.dvminternational.com

ASX CODES

Shares	DVM
Options	DVMO

COUNTRY OF INCORPORATION AND DOMICILE
Australia

A description of the Company's operations and its principal activities is included in the operating and financial review in the directors' report commencing on page 3. The directors' report is not part of the financial report.

CHAIRMAN'S LETTER

Dear Shareholder,

DVM is seeking to commercially exploit Australian and global oil and gas targets.

The Company's most advanced project is ATP-587-P located in onshore Queensland. This project has potential oil objectives located within the Cretaceous Eromanga Basin sequence and deeper Adavale Basin sediments which are of Devonian age.

The permit consists of twelve graticular blocks comprising an area of approximately 946 square kilometres. The majority of the permit is located within the Eromanga Basin, with the southeast section underlain by the north-eastern edge of the Cooper Basin, which in turn overlies the Barcoo Trough of the Devonian Adavale Basin.

The most advanced oil play is the Irriculla Prospect and the Company is hopeful of participating in a well over this structure during the 2010 calendar year. Information regarding ATP-587-P has been extensively reported to the ASX.

ATP-587-P is an onshore play where the geology is well understood and the various targets represent significant upside potential, should testing be successful.

On 8 February 2010, the Company announced to the ASX that it had reached agreement to acquire a 75% working interest and operatorship in the Tarfaya Offshore Block located in Morocco. This project contains multiple established targets and presents DVM with the opportunity to fast track exploration activity.

The Tarfaya Offshore Block provides DVM with a considerable data package, which is expected to enable the Company to work up and further define existing targets in a timely and cost effective manner. It is the intention of DVM to seek a joint venture partner for this project to assist in the evaluation and, if possible, the drilling of one well within the next 12 - 24 months.

DVM has also announced to the ASX that it has submitted a tender for W09-Special and NT09-Special, two adjacent permits covering the offshore Turtle and Barnet Oil Fields located in Western Australia and the Northern Territory respectively, which have not been produced from.

The tender decision is not expected until mid year, at the earliest, and there is no certainty that DVM will be awarded the permits.

The Company maintains a web site at www.dvminternational.com where copies of all market releases are posted. In addition, this site also contains details of the Company's projects.

Thank you for your support to date and we look forward to an exciting year ahead.

Yours faithfully,

Chris Rowe

Chairman

Dated 25 March 2010

DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2009.

DIRECTORS

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

C Rowe BA, MA Economics and Law (Non-Executive Chairman)

Mr Rowe has practised both as a Barrister and Solicitor both in the United Kingdom and in Western Australia before becoming a full time consultant to the mining and oil and gas industries. He has been Chairman or Deputy Chairman of a number of public listed mining and oil and gas related companies in Australia and North America holding both executive and non-executive positions. Board positions of listed public companies within the last three years are Advanced Healthcare Group Limited (from June 2006 to April 2007), Target Energy Limited (from January 2010 to present) and Northern Star Resources Limited (from February 2003 to present).

Mr Rowe was appointed director on 5 April 2008.

A I R Burgess BSc (Hon) **(**Managing Director)

Mr Burgess is a geologist with 30 years experience in the oil and gas industry. He has extensive successful experience in running both ASX and AIM (London) listed companies where he has held various management positions. He has a proven record of identifying quality projects and a number of these have lead to commercial discoveries. Mr Burgess has not held any other directorships in listed public companies in the last three years.

Mr Burgess was appointed Managing Director and chief executive officer on 5 November 2007.

H Dawson BSc (Geology), AFG, SFFINSIA (Non-Executive Director)

Mr Dawson had an 11 year career as a geologist before entering the securities industry as a research analyst in 1987. Over the subsequent 16 years he fulfilled a number of complimentary roles within the securities industry including research, corporate advisory, business development and senior management and equity partner for firms Hartley Poynton, McIntosh Securities, Merrill Lynch and ABN AMRO Morgan Limited. Mr Dawson is also currently a director of listed public companies Latin Gold Limited and Richmond Mining Limited. During the past 3 years Mr Dawson has also been a director of listed public companies Uranium King Limited (appointed 7 April 2006 and resigned 3 August 2007) and Catalyst Metals Limited (appointed 21 March 2006 and resigned 27 July 2007).

Mr Dawson was appointed director on 5 April 2008.

L Wale, BSc, MSc, GAICD (Non-Executive Director)

Mr Wale has a BSc and MSc and is a member of the Australian Association of Directors. He has extensive international and Australian experience in petrochemicals and the associated polymeric industries through the divisional management of various Hoechst metallurgical/chemical operations in Central America, general management of the Henkel affiliate Nopco production operation in Columbia employing 120 personnel and as Chairman of Bounty Oil and Gas, a Perth based oil and gas explorer. Mr Wale has not held any other directorships in listed public companies in the last three years.

Mr Wale was appointed director on 5 April 2008.

COMPANY SECRETARY

M Higginson, B.Bus Finance & Administration (appointed 12 June 2009)

Mr Higginson is the holder of a Bachelor of Business degree with majors in Finance and Administration and has accumulated in excess of 20 years experience in public company administration.

M Stein, B.Bus, CA, ACIS (appointed 7 May 2008 and resigned 12 June 2009)

Mr Stein is a Chartered Accountant and Chartered Secretary experienced in the financial management and company secretarial functions of ASX listed entities.

INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY

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

	Number of ordinary shares	Number of options over ordinary shares
C Rowe	796,843*	-
A I R Burgess	298,376	142,857
H Dawson	206,400*	-

* Held indirectly.

DIVIDENDS

No dividends were paid or recommended during the year.

PRINCIPAL ACTIVITIES

The principal activity during the year of the Company was oil and gas exploration and the continued review of opportunities available to the Company.

OPERATING AND FINANCIAL REVIEW

Tarfaya Offshore Block – Morocco 75%

In December 2009 the Company reached agreement with the Kingdom of Morocco to acquire a 75% working interest and operatorship in the large and highly prospective Tarfaya Offshore Block located in Morocco.

Pursuant to the agreement the Office Nationales des Hydrocarbures et des Mines ("ONHYM"), the hydrocarbon company of the Kingdom of Morocco, retains a 25% carried interest through the exploration stage. ONHYM has the option to convert this carried interest into a 25% working interest in any hydrocarbons that are developed.

The Moroccan tax regime is favourable with a zero tax rate for the first ten years of each field development and a royalty rate not exceeding 10% for oil and 5% for gas.

The Tarfaya Block, which comprises eight individual contiguous exploration permits totalling more than 15,000 square kilometres, is situated approximately 600 kilometres southwest of Morocco's capital city, Rabat. These permits lie between Morocco and the Canary Islands and extend from the Moroccan coast to water depths of up to about 800 metres.

Under the terms of the agreement, DVM is committed to spend $US 1 million over the next two years and six months, with no upfront cash consideration being payable. As part of the agreement, the Company has committed to sample onshore oil shale and source rocks, analyse and undertake geochemistry on collected samples together with selected materials from existing wells, submit selected seismic data for reprocessing, analyse past wells to determine why they were unsuccessful, reprocess 2,000 kilometres of 2D seismic data and 250 square kilometres of 3D seismic data that has already been acquired over the permit area and acquire, process and interpret 500 square kilometres of seismic.

Each of the eight permits within the Tarfaya agreement have an eight year life comprising an initial period of 2 years and 6 months, followed by a first extension period of an additional 2 years and then a second extension period of an additional 3 years and 6 months.

If DVM elects to enter into the first extension period, then it is committed to the drilling and evaluation of one exploration well at an estimated cost of US $20 million.

If DVM elects to enter into the second extension period, then it is committed to the drilling of 2 additional exploration wells and the acquisition, processing and interpretation of 500 square kilometres of seismic at an estimated cost of US $40 million.

The Tarfaya Block has seen extensive exploration investment already, with large 2D and 3D seismic databases available. With only four exploration wells drilled to date however, (a density of one well per 3,750 square kilometres), the Block is underexplored. The permits were relinquished by the former owners in the wake of the global financial crisis.

DVM will be working to mature a number of prospects that have been mapped by previous explorers and other structures not previously defined by seismic mapping.

DVM will actively seek a joint venture partner to participate in the drilling of a well in one of the permits within the next 12-24 months.

A proven source system exists in the area and the permits are only around 23 kilometres from the Cap Juby Oil Field, which is reserved in the same geological intervals as the mapped prospects within the Tarfaya Block.

Morocco shares a southern boundary with Mauritania, where a number of juniors with Australian links experienced success just a few years ago by taking early acreage positions and then attracting the attention of the majors and independents to shoulder the majority of the required expenditure.

The Company considers that the acquisition of the Tarfaya Block permits has the potential to transform DVM into a resource company of real significance. With an existing modern data base and large existing structural and stratigraphic targets, DVM has the opportunity to fast track the exploration of the Tarfaya Block for the mutual benefit of our shareholders and ONHYM.

APT-587-P Cooper/Eromanga/Adabale Basins onshore Queensland

During the year ended 31 December 2009, the Company continued the marketing of ATP-587-P for a joint venture partner. DVM hopes to be in a position to drill a well in this permit during 2010.

ATP-587-P is a multiple play onshore oil and gas permit located to the south of Longreach in Queensland.

The permit consists of twelve blocks comprising an area of approximately 946 square kilometres. The majority of the permit is located within the Eromanga Basin with the southeast section underlain by the north-eastern edge of the Cooper Basin, which in turn overlies the Barcoo Trough of the Devonian Adavale Basin.

During the year, interpretation of 544 kilometres of reprocessed seismic data was completed.

Evaluation of well data continued with DVM investigating the cost alternatives of drilling a new hole (Irriculla 2) or re-entering Irriculla 1 and drilling a deviation from this existing well.

Oil shows have been encountered in the Eromanga Basin section in several wells in the area and the Irriculla 1 well, drilled in 1997, is interpreted to have penetrated a reverse fault above a basal Jurassic sand which exhibited oil shows on the downthrown side. DVM believes there is a strong possibility of an oil accumulation in this sand on the up thrown side of the fault.

A second target to the south of Irriculla is the Cattle Creek structure, with Eromanga sediments draping a faulted basement domal anticline.

The Carella Creek 1 well intersected a good oil show in a Birkhead sand and a subsequent well, Carella Creek North 1 showed that the structure was tilted down to the north with respect to seismic isochrons. A mapped high to the south (Carella Creek South) is, therefore, up dip of the oil show in Carella Creek 1 and a matured drilling target.

With good well control on reservoir parameters, potential reserves for the above Eromanga targets range at the median level from 2 to 12 million barrels of oil in place, with an upside at Irriculla of 35 million barrels of oil.

In the southeast of the tenement is situated the large Braidwood Anticline. This is an undrilled prospect with 60 square kilometres of mapped closure within the Devonian. Approximately 60% of this structure is contained within ATP-587-P and has the potential for a gas accumulation exceeding 500 BCF.

The targets within ATP-587-P have been generated on the basis of various technical undertakings, including but not limited, to geological mapping, geophysical surveys and in certain cases drilling.

The potential quantities of these targets are, however, conceptual in nature and there is no guarantee that further exploration will result in commercial discoveries.

ATP-587-P is an advanced onshore play where the geology is well understood and the various targets represent significant upside potential, should testing be successful.

The following table sets out the potential reserves of the Eromanga targets and the Braidwood Anticline:

Prospect	**P90**	**P50**	**P10**	**Mean**
Potential Oil in Place	**mmbbl**	**mmbbl**	**mmbbl**	**mmbbl**
Irriculla basal Jurassic	3.5	12.8	34.6	16.4
Carella Creek South Evergreen	3.5	10.4	18	10.8
Carella Creek South Birkhead	1.0	2.0	3.2	2.0
Cattle Creek basal Jurassic	0.9	2.7	8.6	3.9
Total Eromanga	**8.9**	**27.9**	**64.4**	**33.1**
Gas in Place	**BCF**	**BCF**	**BCF**	**BCF**
Braidwood Deep	**320**	**575**	**950**	**610**

The previous joint venture partners retain a small overriding royalty interest of 2.5%.

Turtle and Barnett Oil Fields

DVM has continued to advance its knowledge of both fields and has assembled a near complete data set of work carried out over the past two decades. With the contacts and data base assembled DVM considers it is in one of the best positions to assess the economics of near term production from the Turtle and Barnett fields since their discovery 20 years ago.

In December 2009, the Company (90%) made application with its Joint Venture partner (10%) to the Western Australian and Northern Territory joint authorities under the joint authorities' tender process for the permits covering both fields.

The results of this tender are expected to be made available by mid 2010.

Bonaparte Basin Application

During the year the Company unsuccessfully lodged an application for a gazetted block in the Bonaparte Basin.

Project acquisition

DVM manage an active evaluation programme for the acquisition of additional projects for the Company.

As a priority the Company is seeking production assets or those with the potential to commence production within the short to medium term.

In addition, the Company is actively reviewing projects that have advanced exploration plays or where there is an opportunity for DVM to add value prior to the permits being joint ventured.

During 2009 a considerable number of projects, in all categories, were evaluated and a number of offers made.

The acquisition of the Tarfaya Offshore Block in Morocco was a direct consequence of this process and a successful offer being made.

Liquidity and capital resources

The cash flow statement illustrates that there was a decrease in cash and cash equivalents in the year ended 31 December 2009 of $836,502 (2008: $1,086,762). The decrease in cash outflow in comparison with the prior year is caused primarily through expenditure on oil and gas exploration and evaluation activity in 2009.

Risk management

The Company's Board recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Company.

Procedures have been established at the Board level, which are designed to safeguard the assets and interests of the Company, and to ensure the integrity of reporting.

Some of the benefits identified in establishing and maintaining risk management procedures are as follows:

- More effective strategic planning;
- Better cost control;
- Enhancing shareholder value by minimising losses and maximising opportunities;
- Increased knowledge and understanding of exposure to risk;
- A systematic, well-informed and thorough method of decision making;
- Increased preparedness for outside review;
- Minimised disruptions;
- Better utilisation of resources;
- Strengthening culture for continued improvement; and
- Creating a best practice and quality organisation.

Operating Results

The loss for the year was $864,990 (2008: $1,972,792).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Total equity was $1,609,338 (2008: $2,474,328), a reduction of $864,990. The reduction in total equity is the result of the net loss attributable for the period of $864,990.

On 17 February 2009, the Company finalised an Unmarketable Parcel Share Buyback. 794,773 ordinary fully paid shares were bought back from 2,282 shareholders that took part in the Unmarketable Parcel scheme at a price of 3.1 cents per share. As a result of the scheme, the number of shareholders on the Company's share register reduced to 738, which provides a much more cost efficient and manageable share register for a Company the size of DVM.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

In January 2010, the Company established a wholly owned Moroccan subsidiary called DVM International SARL.

On 8 February 2010, the Company lodged with the Australian Securities & Investments Commission and ASX a prospectus for the purpose of facilitating a 1 for 1 non renounceable rights issue of 35,621,547 ordinary fully paid shares at an issue price of $0.04 per share to raise a total of $1,424,862 (the "Issue"). The Issue closing date being 19 March 2010.

DIRECTORS' REPORT (continued)

On 24 March 2010, the Company advised ASX that the number of shares accepted pursuant to the Issue was 12,124,305, raising a total of $484,972. In accordance with the ASX Listing Rules, the Company anticipates placing the shortfall of 23,497,242 shares within 3 months of the closing date.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Likely future developments in the operations of the Company are referred to in the Director's report. Other than those factors referred to in that report, further information as to likely developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations and proposed activities of the Company are subject to state and federal laws and regulations concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company's current activities are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 4,104,297 ordinary shares under options. Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

At the beginning of the financial year, there were 4,104,297 options on issue. During the financial year no options were issued. No options have been exercised to acquire fully paid ordinary shares in the Company. Since the end of the financial year, no options have been issued or exercised.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company does not currently have a policy in place for Directors and Officers insurance. During the year ended 31 December 2008, the Company paid premiums in respect of a contract insuring the Directors and Officers of the Company against liabilities incurred as Directors or Officers to the extent permitted by the Corporations Act 2001. Due to a confidentially clause in the contract, the amount of the premium has not been disclosed.

REMUNERATION REPORT (Audited)

This report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the single executive of the Company receiving the highest remuneration.

Details of Key Management Personnel

Executive Directors

A I R Burgess, BSc (Hon) (Managing Director) – appointed 5 November 2007

Non-Executive Directors

C Rowe (Non-Executive Chairman) – appointed 5 April 2008

H Dawson (Non-Executive Director) – appointed 5 April 2008

L Wale (Non-Executive Director) – appointed 5 April 2008

Company Secretary

M Higginson – appointed 12 June 2009

M Stein – appointed 7 May 2008, resigned 12 June 2009

DIRECTORS' REPORT (continued)

There were no changes in key management personnel after reporting date and before the date the financial report was authorised for issue.

Remuneration Philosophy

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

Remuneration Policy

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company bases its remuneration of employees and consultants on industry standards.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The achievement of this aim has been through the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

The recipients of options are responsible for growing the Company and increasing shareholder value. If they achieve this goal the value of the options granted will also increase. The options, therefore, provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

Due to the phase of the business that the Company is in, there is no performance conditions on the options granted.

Remuneration Committee

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

Director Remuneration

Shareholder approval is obtained in relation to the overall limit set for directors' fees. The directors must set individual Board fees within the limit approved by shareholders. The maximum aggregate remuneration approved for directors is currently $150,000, set at a previous Annual General Meeting of the Company.

Non Executive Director Compensation

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities.

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

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

Executive Director Compensation

The remuneration of executive Directors is consistent with the Board's plan to have a portion of the executive Directors total remuneration as long term variable remuneration in the form of share options. This provides a direct link between the increasing wealth of shareholders and executive Directors.

Hedging of Equity Awards

The Company does not have a policy in place prohibiting executives from entering to arrangements to protect the value of equity awards.

Executive Contractual Arrangements

The Company's Managing Director is paid $16,667 per month, plus 9% superannuation. No executive employment contract is in place.

There are no contracts in place for the other directors.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Directors and Named Executives

Table 1: Non-Executive Directors' remuneration for the year ended 31 December 2009:

		Primary Benefits				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
C Rowe Director	2009	50,000	-	-	-	-	-	-	-	50,000	-
	2008	32,667	-	-	-	-	-	-	-	32,667	-
H Dawson Director	2009	40,000	-	-	-	-	-	-	-	40,000	-
	2008	30,000	-	-	-	-	-	-	-	30,000	-
L Wale Director	2009	40,036	-	-	-	-	-	-	-	40,036	-
	2008	30,000	-	-	-	-	-	-	-	30,000	-
A S Crimmins* Director	2009	-	-	-	-	-	-	-	-	-	-
	2008	7,500	-	-	-	-	-	-	-	7,500	-
S Nicols* Director	2009	-	-	-	-	-	-	-	-	-	-
	2008	7,500	-	-	-	-	-	-	-	7,500	-
R Marusco* Director	2009	-	-	-	-	-	-	-	-	-	-
	2008	7,500	-	-	-	-	-	-	-	7,500	-
Total	**2009**	**130,036**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,036**	**-**
	2008	**115,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115,167**	**-**

* Resigned 5 April 2008

The amounts disclosed above do not include insurance premiums paid in relation to directors' and officers' liability insurance as the terms of the insurance policy preclude disclosure of these amounts.

Table 2: Executive Directors' remuneration for the year ended 31 December 2009:

		Primary Benefits				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options ^	Other	Total	% Performance Related
A I R Burgess Executive Director	2009	183,333	-	-	-	18,000	-	-	-	201,333	-
	2008	200,000	-	-	-	18,000	-	8,948	-	226,948	-
Total	**2009**	**183,333**	**-**	**-**	**-**	**18,000**	**-**	**-**	**-**	**201,333**	**-**
	2008	**200,000**	**-**	**-**	**-**	**18,000**	**-**	**8,948**	**-**	**226,948**	**-**

^ The equity options have an exercise price of $0.35 per share. The equity options provide an incentive to Mr Burgess to increase the share price of the Company, and therefore, increasing the value of the underlying equity option. The only executive director employed by the Company was Mr Burgess, who was appointed as Managing Director on 5 November 2007.

REMUNERATION REPORT (continued)

Table 3: Other Executive remuneration for the year ended 31 December 2009:

		Primary Benefits				Post Employment					
		Salary & Fees	Cash STI	LTI	Non Monetary Benefits	Super-annuation	Retirement	Equity Options	Other	Total	% Performance Related
S Headon Company Secretary	2009 2008	- 11,261	- -	- -	- -	- -	- -	- -	- -	- 11,261	- -
M Stein* Company Secretary	2009 2008	27,390 40,350	- -	- -	- -	- -	- -	- -	- -	27,390 40,350	- -
M Higginson Company Secretary	2009 2008	20,800 -	- -	- -	- -	- -	- -	- -	- -	20,800 -	- -
Total	**2009** **2008**	**48,190** **51,611**	**-** **-**	**-** **-**	**-** **-**	**-** **-**	**-** **-**	**-** **-**	**-** **-**	**48,190** **51,611**	**-** **-**
Grand Total Non-Executive Directors, Executive Directors and Other Executives	**2009** **2008**	**361,559** **366,778**	**-** **-**	**-** **-**	**-** **-**	**18,000** **18,000**	**-** **-**	**-** **8,948**	**-** **-**	**379,559** **393,726**	**-** **-**

* Fees were paid to a company of which Mr Stein has a financial interest.

Table 4: Compensation options granted and vested for the year ended 31 December 2009:

2009	Granted		Terms & Conditions of Each Grant					Vested	
Name	No.	Grant date	Fair value per option	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
Directors									
-	-	-	-	-	-	-	-	-	-
Executives									
-	-	-	-	-	-	-	-	-	-

No options lapsed during the 2009 year.

REMUNERATION REPORT (continued)

Table 5: Compensation options granted and vested for the year ended 31 December 2008:

2008	Granted		Terms & Conditions of Each Grant					Vested	
Name	**No.**	**Grant date**	**Fair value per option**	**Exercise price per option**	**Expiry date**	**First exercise date**	**Last exercise date**	**No.**	**%**
Directors									
I Burgess	142,857	23 April 2008	$0.06	$0.35	1 November 2010	23 April 2008	1 November 2010	142,857	100
Executives									
-	-	-	-	-	-	-	-	-	-

DIRECTORS' REPORT (continued)

Options granted as part of remuneration

There were no compensation options exercised during the financial year.

Shares issued on exercise of compensation options

There were no compensation options exercised during the financial year.

END OF REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Audit Committee	
Number of meetings held	4		1	
Number of meetings attended:	Eligible	Attended	Eligible	Attended
Mr C Rowe	4	4	1	1
Mr I Burgess	4	4	-	-
Mr H Dawson	4	4	1	1
Mr L Wale	4	4	-	-

COMMITTEE MEMBERSHIP

As at the date of this report the Company does not have a Remuneration or Nomination Committee and the role is completed by the full Board. The Company does have an Audit Committee comprised of Mr Rowe, Mr Dawson and Mr Higginson.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of DVM International Limited support the principles of corporate governance. The Company's corporate governance statement and disclosures are contained in the annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 13 from the auditor of the Company. This declaration forms part of the directors' report.

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

Signed in accordance with a resolution of the directors.

Ivan Burgess
Director
Dated: 25 March 2010

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Auditor's Independence Declaration to the Directors of DVM International Limited

In relation to our audit of the financial report of DVM International Limited for the financial year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R J Curtin
Partner
25 March 2010

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 $	2008 $
Revenue	3(a)	71,304	181,641
Other expenses	3(b)	(936,294)	(2,154,433)
Loss before income tax		(864,990)	(1,972,792)
Income tax expense	4	-	-
Net loss attributable to members of the parent		(864,990)	(1,972,792)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(864,990)**	**(1,972,792)**
Basic and diluted loss per share (cents)	5	(2.4)	(6.7)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	2009 $	2008 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	1,656,020	2,492,522
Other receivables	7	31,334	70,520
Total Current Assets		1,687,354	2,563,042
Non-Current Assets			
Plant and equipment	8	7,105	11,546
Total Non-Current Assets		7,105	11,546
TOTAL ASSETS		1,694,459	2,574,588
LIABILITIES			
Current Liabilities			
Trade and other payables	9	85,121	100,260
Total Current Liabilities		85,121	100,260
TOTAL LIABILITIES		85,121	100,260
NET ASSETS		1,609,338	2,474,328
EQUITY			
Contributed equity	10(a)	32,698,390	32,698,390
Reserves	10(c)	320,783	320,783
Accumulated losses	10(d)	(31,409,835)	(30,544,845)
TOTAL EQUITY		1,609,338	2,474,328

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Issued capital $	*Option premium reserve $*	*Retained earnings $*	*Total equity $*
Balance at 1 January 2008	**31,834,487**	**311,835**	**(28,572,053)**	**3,574,270**
Total comprehensive income for the year, net of tax	-	-	(1,972,792)	(1,972,792)
Shares issued in the year	962,290	-	-	962,290
Share based payments	-	8,948	-	8,948
Equity raising costs	(98,387)	-	-	(98,387)
Balance At 31 December 2008	**32,698,390**	**320,783**	**(30,544,845)**	**2,474,328**
Balance at 1 January 2009	**32,698,390**	**320,783**	**(30,544,845)**	**2,474,328**
Total income and expense for the period recognised directly in equity	-	-	-	-
Total comprehensive income for the year, net of tax	-	-	(864,990)	(864,990)
Shares issued in the year	-	-	-	-
Share based payments	-	-	-	-
Equity raising costs	-	-	-	-
Balance At 31 December 2009	**32,698,390**	**320,783**	**(31,409,835)**	**1,609,338**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 $	2008 $
Cash flows from operating activities			
Interest received		93,261	134,993
Payments to suppliers		(518,548)	(878,574)
Payments for exploration and evaluation activities		(409,968)	(1,023,408)
Net cash flows used in operating activities	6	(835,246)	(1,766,989)
Cash flows from investing activities			
Payments for plant and equipment		(1,256)	(13,675)
Net cash flows used in investing activities		(1,256)	(13,675)
Cash flows from financing activities			
Proceeds from issue of shares		-	792,288
Share issue costs		-	(98,386)
Net cash flows from financing activities		-	693,902
Net decrease in cash and cash equivalents		(836,502)	(1,086,762)
Cash and cash equivalents at beginning of year		2,492,522	3,579,284
Cash and cash equivalents at end of year	6	1,656,020	2,492,522

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

1. CORPORATE INFORMATION

The financial report of DVM International Limited (the Company) for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors.

DVM International Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the year was the review and exploration of oil and gas opportunities available to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

(b) Compliance with IFRS

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

(c) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009:

- AASB 1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations* effective 1 January 2009.
- AASB 7 *Financial Instruments: Disclosures* effective 1 January 2009
- AASB 8 *Operating Segments* effective 1 January 2009

- AASB 101 *Presentation of Financial Statements (revised 2007)* effective 1 January 2009
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual improvements Project* effective 1 January 2009
- AASB 2009-6 *Amendments to Australian Accounting Standards* operative for periods beginning on or after 1 January 2009 that end on or after 30 June 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

AASB 8 Operating Segments

This standard requires disclosure of information about the Company's operating segments and replaces the requirements to determine primary and secondary reporting segments of the Company. Adoption of this Standard did not impact the financial position or performance of the Company. The Company determined that the operating segments were the same as previously identified under AASB 114 – Segment Reporting. Additional disclosures are shown in note 16.

AASB 101 Presentation of Financial Statements

This revised Standard separates owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the Statement of Comprehensive Income. It presents all items of recognised income and expenditure, either in one single statement or in two linked statements. The Company has elected to present one statement.

(ii) Accounting Standards and Interpretations issued by not yet effective

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 31 December 2009. The impact of these new or amended Standards and Interpretations is not expected to give rise to material changes in the Company's financial statements, other than additional disclosures.

Reference	**Title**	**Summary**	**Application date of standard**	**Impact on Company financial report**	**Application date for Company**
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to other Australian Accounting Standards	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split offs or demergers and in-specie distributions.	1 July 2009	No impact.	1 January 2010

Reference	Title	Summary	Application date of standard	Impact on Company financial report	Application date for Company
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	The Company has not yet assessed the impact of adoption, including which accounting policy to adopt	1 January 2010
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control) – such a transaction will be accounted for as an equity transaction.	1 July 2009	No Impact	1 January 2010
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	No impact	1 January 2010
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	No impact	1 January 2010

Reference	Title	Summary	Application date of standard	Impact on Company financial report	Application date for Company
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	This Standard makes amendments to Australian Accounting Standards AASB 2 Share-based Payment and AASB 138 Intangible Assets and AASB Interpretations 9 Reassessment of Embedded Derivatives and 16 Hedges of a Net Investment in a Foreign Operation. These amendments are as a consequence of the annual improvements project. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to Interpretation 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment.	1 July 2009	No impact	1 January 2010
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	These comprise editorial amendments and are expected to have no major impact on the requirements of the amended pronouncements.	1 July 2009	No impact	1 January 2010

Reference	Title	Summary	Application date of standard	Impact on Company financial report	Application date for Company
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	No impact	1 January 2011

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of DVM International Limited is Australian dollars ($).

(ii) Transactions and balances

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Dividends

Revenue is recognised when the Company's right to receive the payment is established.

(f) Exploration and Evaluation Expenditure

Expenditure on exploration and evaluation is expensed as incurred.

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(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.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of non-financial assets

The Company 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 Company 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 groups 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 exceeds its recoverable amount, the asset 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.

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. 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.

(j) Income tax

Current 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 based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred Tax

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

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

- when the deferred income tax liability arises from the initial recognition of 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 differences can be controlled and it is probable that the temporary differences 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 assets and unused tax losses can be utilised except,

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

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

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

Deferred 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.

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

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

(k) Other taxes

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

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

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

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

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

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Earnings per share

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

Diluted EPS is calculated as net profit attributable to members, adjusted for:

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

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

(n) Contributed equity

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Share-based payment transactions

(iii) Equity settled transactions:

The Company measures the cost of equity-settled transactions with outsiders by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes formula with the assumptions detailed in note 15. The Company considers that the Black-Scholes formula gives a reliable measure due to the very short exercise period of the options issued as the fair value of the services received could not be reliably measured. The fair value of the options issued is amortised over the vesting period of the options.

(q) Plant and equipment

Each class of plant and equipment is carried at cost or recoverable amount less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is recognised at fair value on initial recognition and subsequently on the cost basis.

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

Depreciation

Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Computer Equipment	2 to 5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the income statement.

(r) Interest-bearing liabilities

All interest-bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method.

(s) Provisions and employee benefits

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

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

All other long-term employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

2.1 Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Company's accounting policies the following significant accounting judgements have been required.

(ii) Significant accounting estimates and assumptions

The company has performed an option valuation on options issued to the Executive Director during the year using the Black Scholes option valuation model. Significant assumptions have been used in determining the inputs to this model.

NOTES TO THE FINANCIAL STATEMENTS

		2009 $	2008 $
3.	**REVENUES AND EXPENSES**		
(a)	**Revenue**		
	Interest income	71,304	181,641
		71,304	181,641
(b)	**Other expenses**		
	Exploration and evaluation (including acquired and farm-in licenses and new project evaluation)	377,299	1,227,727
	Auditors remuneration	36,050	30,000
	Salaries and wages	59,173	58,173
	Superannuation	20,837	20,362
	Option issue expense	-	8,948
	Directors fees	124,953	306,219
	Legal expenses	4,073	128,475
	Impairment loss on investment	-	1
	Corporate and professional expenses	60,867	237,239
	General and administration expenses	253,042	137,289
		936,294	2,154,433

4. INCOME TAX

(a) The components of tax expense comprise:

Current Tax	-	-
Deferred Tax	-	-
Income tax expense reported in the income statement	-	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss from continuing operations before income tax expense	(864,990)	(1,972,792)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2008: 30%)	(259,497)	(591,837)
Tax effect of:		
Non assessable items	-	26,132
	(259,497)	(565,705)

Deferred Tax Asset (DTA) on temporary differences and tax losses not brought to account	259,497	565,705
Income tax expense for the year	-	-

	2009 $	2008 $
(c) Deferred income tax as at 31 December 2009		
Deferred tax liabilities	-	-
Deferred tax assets	992,702	797,254
Deferred tax assets not recognised on temporary differences and tax losses	(992,702)	(797,254)
Net deferred tax assets/(liabilities)	-	-

The Company has unutilised tax losses for which no deferred tax asset is recognised on the balance sheet of $3,309,008 (2008: $2,476,449) which are available indefinitely for offset against future tax gains subject to continuing to meet relevant statutory tests.

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

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) the Company is able to meet the continuity of business tests and or continuity of ownership.

5. LOSS PER SHARE

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

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

	2009 $	2008 $
Net loss	(864,990)	(1,972,792)
Weighted average number of ordinary shares for basic and diluted loss per share before share consolidation	35,621,547	29,386,291
Weighted average number of ordinary shares for basic and diluted loss per share after share consolidation	35,621,547	29,386,291

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss making position.

At balance date 4,104,297 options (2008: 4,104,297) representing potential ordinary shares that were not considered dilutive were on issue.

NOTES TO THE FINANCIAL STATEMENTS

	2009 $	2008 $
6. CASH AND CASH EQUIVALENTS		
(a) Cash details		
Cash at bank and cash in hand	1,656,020	2,492,522
	1,656,020	2,492,522
(b) Reconciliation of net loss after tax to net cash flows from operations		
Net loss	(864,990)	(1,972,792)
Adjustments for:		
Impairment loss	-	1
Exploration expenditure via issue of shares	-	170,000
Depreciation	5,697	2,129
Share based payments	-	8,948
Changes in assets and liabilities		
Decrease/(increase) in other receivables	39,186	16,744
Increase/(decrease) in trade and other payables/creditors	(15,139)	7,981
Net cash used in operating activities	(835,246)	(1,766,989)

	2009 $	2008 $
7. OTHER RECEIVABLES		
Current		
Accrued interest income	24,691	46,648
Goods and Services Tax (GST) receivable	6,643	18,322
Prepayments	-	5,550
	31,334	70,520

(a) Allowance for impairment loss

Receivables past due but not considered impaired are nil (2008: Nil).

8. PLANT AND EQUIPMENT

	2009 $	2008 $
Cost – opening	13,675	-
Additions	1,256	13,675
Disposal	-	-
Cost – closing	14,931	13,675
Accumulated depreciation - opening	(2,129)	-
Disposals	-	-
Depreciation	(5,697)	(2,129)
Accumulated depreciation - closing	(7,826)	(2,129)
Net book value – closing	7,105	11,546

9. TRADE AND OTHER PAYABLES

Current		
Trade payables (i)	29,386	36,031
Other payables	55,735	64,229
	85,121	100,260

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

	2009 $	2008 $
10. CONTRIBUTED EQUITY AND RESERVES		
(a) Ordinary Shares		
Ordinary shares (i)	32,698,390	32,698,390
	32,698,390	32,698,390
(i) Ordinary shares		
Issued and fully paid	33,975,192	33,975,192
Less: equity raising costs	(1,276,802)	(1,276,802)
	32,698,390	32,698,390

	Number	*$*
Movement in ordinary shares on issue		
At 1 January 2008	**191,361,058**	**31,834,488**
Consolidation of shares on 16 April 2008	(164,022,380)	-
Issued on 23 April 2008	71,429	-
Issued on 14 July 2008	3,750,000	750,000
Issued on 10 November 2008	211,440	42,288
Issued on 16 December 2008 to acquire a 100% interest in license ATP-587-P	4,250,000	170,000
Transaction costs on share issue	-	(98,386)
At 1 January 2009	**35,621,547**	**32,698,390**
Movement during the year	-	-
At 31 December 2009	**35,621,547**	**32,698,390**

(b) Options

At 1 January 2008	-	-
Issued on 23 April 2008 (exercisable at $0.35 and expiring on 1 November 2010)	142,857	-
Issued on 14 July 2008 (exercisable at $0.20 and expiring on 30 June 2010)	3,750,000	-
Issued on 10 November 2008 (exercisable at $0.20 and expiring on 30 June 2010)	211,440	-
At 1 January 2009	**4,104,297**	-
Movement during the year	-	-
At 31 December 2009	**4,104,297**	-

10. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Options Reserve

	2009 $	2008 $
Movement in option reserve		
Balance at 1 January 2009	320,783	311,835
142,857 options issued to Ivan Burgess as remuneration for services	-	8,948
Balance at 31 December 2009	320,783	320,783

(d) Accumulated Losses

Accumulated Losses	2009 $	2008 $
Movements in accumulated losses were as follows:		
Balance at 1 January	(30,544,845)	(28,572,053)
Net loss for the year	(864,990)	(1,972,792)
Balance at 31 December	(31,409,835)	(30,544,845)

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may consider it appropriate to return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2009 no dividends were paid (2008: nil).

Subsequent to year end, management has announced a 1:1 non renounceable rights issue of ordinary fully paid shares at an issue price of $0.04 per share to raise an additional $1,424,862. Management does not intend to increase its external debt (except for trade and other payables).

	2009 $	2008 $
Total borrowings*	78,478	81,938
Less cash and cash equivalents	(1,656,020)	(2,492,522)
Net cash	(1,577,542)	(2,410,584)
Total equity	1,609,338	2,474,328
Total capital	31,796	63,744

**Includes interest bearing loans, and borrowings and trade and other payables*

The capital managed by the Company consists of the shareholder's equity.

The Company is not subject to any externally imposed capital requirements.

10. CONTRIBUTED EQUITY AND RESERVES (continued)

(f) Options Reserve

The options reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees.

(g) Options on Issue

There is no specific share option plan.

The fair value of the equity-settled share options granted 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.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main purpose of these financial instruments is to finance the Company's operations. The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash and any cash on deposit. Since the Company does not have any long-term debt obligations, the Company's exposure to this risk is minimal. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities.

At balance date:	2009 $	2008 $
Financial Assets		
Cash and cash equivalents (all cash and cash equivalents held have maturity dates of less than 1 year from the balance date)	1,656,020	2,492,522
Other receivables	24,691	46,648
Net exposure	**1,680,711**	**2,539,170**

Credit risk

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

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

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company except for cash & cash equivalents held in reputable major banks in Australia.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 31 December 2009.

	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
Year ended 31 December 2009					
Liquid financial assets					
Cash and cash equivalents	1,656,020	-	-	-	1,656,020
Other receivables	31,334	-	-	-	31,334
	1,687,354	**-**	**-**	**-**	**1,687,354**
Financial Liabilities					
Trade and other payables	(85,121)	-	-	-	(85,121)
Net inflow/(outflow)	**1,602,233**	**-**	**-**	**-**	**1,602,233**

	≤ 6 months	6-12 months	1-5 years	> 5 years	Total
Year ended 31 December 2008					
Liquid financial assets					
Cash and cash equivalents	2,492,522	-	-	-	2,492,522
Other receivables	70,520	-	-	-	70,520
	2,563,042	**-**	**-**	**-**	**2,563,042**
Financial Liabilities					
Trade and other payables	(100,260)	-	-	-	(100,260)
Net inflow/(outflow)	**2,462,782**	**-**	**-**	**-**	**2,462,782**

Interest Rate Risk Sensitivity Analysis

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

At 31 December 2009, the effect on loss and equity as a result of a 2% decrease in the interest rate, with all other variables remaining constant would be an increase in loss by $25,400 (2008: $38,500) and a decrease in equity by $25,400 (2008: $38,500).

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

At 31 December 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements:	*Post tax profit higher / (lower)*		*Equity higher / (lower)*	
	2009 $	2008 $	2009 $	2008 $
+2% (200 basis points)	25,400	$38,500	25,400	$38,500
-2% (200 basis points)	($25,400)	($38,500)	($25,400)	($38,500)

The movements in profit are due to higher/lower interest rates on cash balances. A 2% movement in the cash rate has been considered as a reasonable possibility in the current economic climate.

12. FINANCIAL INSTRUMENTS

(a) Fair values

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

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values determined in accordance with accounting policies disclosed in Note 2.

13. RELATED PARTY DISCLOSURE

(a) Transactions with related parties

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

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

- Fees for office rent, telephone, administration and support costs of $38,933 (2008: $29,103) were paid on a cost recovery basis to Discovery Capital Limited, a company of which Mr Dawson is a director and has a financial interest; and
- On 29 May 2009, the Company paid Richmond Mining Limited, a company of which M Dawson is a director and has a financial interest, $1,000 to secure the lifetime usage of a satellite phone owned by Richmond Mining Limited.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 15.

14. KEY MANAGEMENT PERSONNEL

(a) Compensation for Key Management Personnel	2009 $	2008 $
Short-term employee benefits	313,369	315,167
Post-employment benefits	18,000	18,000
Other long-term benefits	-	-
Share-based payment	-	8,948
	331,369	342,115

The prior year numbers do not include insurance premiums paid in relation to directors' and officers' liability insurance as the terms of the insurance policy preclude disclosure of these amounts. No Directors and Officers Liability insurance was paid for the year ended 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

14. KEY MANAGEMENT PERSONNEL (continued)

(b) Option holdings of Key Management Personnel

2009					Vested at 31 December 2009		
	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Exercisable	Not Exercisable	Total
Executive Directors							
I Burgess	142,857	-	-	142,857	142,857	-	142,857
Non-Executive Directors							
C Rowe	-	-	-	-	-	-	-
H Dawson	-	-	-	-	-	-	-
L Wale	-	-	-	-	-	-	-
Total	**142,857**	**-**	**-**	**142,857**	**142,857**	**-**	**142,857**

2008					Vested at 31 December 2008		
	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Exercisable	Not Exercisable	Total
Executive Directors							
I Burgess	-	142,857	-	142,857	142,857	-	142,857
Non-Executive Directors							
C Rowe	-	-	-	-	-	-	-
H Dawson	-	-	-	-	-	-	-
L Wale	-	-	-	-	-	-	-
R Marusco	-	-	-	-	-	-	-
A Nicols	-	-	-	-	-	-	-
S Crimmins	-	-	-	-	-	-	-
Total	**-**	**142,857**	**-**	**142,857**	**142,857**	**-**	**142,857**

NOTES TO THE FINANCIAL STATEMENTS

14. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings of key management personnel

Shares held in the Company (number)

31 December 2009	*Balance at beginning of period 01-Jan-09*	*Exercised options*	*Net change Other*	*Balance at 31-Dec-09*
C Rowe *	587,224	-	1,284,773	1,871,997
I Burgess	298,376	-	-	298,376
H Dawson *	206,400	-	-	206,400
L Wale	-	-	-	-
Total	**1,092,000**	**-**	**1,284,773**	**2,376,773**

* Held indirectly

31 December 2008	*Balance at beginning of period 01-Jan-08*	*Exercised options*	*Net change Other*	*Balance at 31-Dec-08*
C Rowe *	-	-	587,224	587,224
S Nicols	8,888,666	-	(8,888,666)	
A S Crimmins	3,533,334	-	(3,533,334)	-
I Burgess	-	-	298,376	298,376
R Marusco	-	-	-	-
H Dawson *	-	-	206,400	206,400
L Wale	-	-	-	-
	12,422,000	**-**	**(11,330,000)**	**1,092,000**

* Held indirectly

(d) Loans to Key Management Personnel

There are no loans between the entity and key management personnel.

(e) Other transactions with Key Management Personnel and their related parties

There are no other transactions between the entity and KMP and their related parties except as disclosed in Note 14(b).

15. SHARE BASED PAYMENTS

	2009 $	2008 $
(a) Recognised share based payment expenses		
The expense recognised for employee services received during the year is show in the table below:		
Expense arising from equity-settled share-based payment transactions	-	8,948

(b) Terms and conditions of options granted

The Company does not currently have a share option plan. The terms and conditions of options granted during the year are described below.

(i) Terms and conditions of $0.35 Options

- Each option entitles the Option Holder to subscribe for one fully paid ordinary share in the Company at the exercise price of $0.35.
- No price is payable on the grant of the options.
- All options expire on the 1st November 2010.
- All shares issued upon exercise of these options rank pari passu in all respects with the Company's existing shares.
- Application for official quotation of the shares issued will be made upon exercise of the $0.35 options.
- In the event of any reorganization/reconstruction of the issued capital of the Company, the rights of the Option

holders may be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

(c) Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued as share based payments during the year:

	2009 No.	2009 WAEP	2008 No.	2008 WAEP
Outstanding at the beginning of the year	142,857	$0.35	-	-
Granted during the year	-	-	1,000,000	$0.05
Effect of share consolidation	-	-	(857,143)	$0.30
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**142,857**	**$0.35**	**142,857**	**$0.35**
Exercisable at the end of the year	142,857	$0.35	142,857	$0.35

The outstanding balance as at 31 December 2009 is represented by:

- 142,857 options over ordinary shares with an exercise price of $0.35 each. The options were exercisable immediately and expire on 1 November 2010.

d) Weighted average remaining contractual life

The weighted average remaining contractual life of the share options outstanding as at 31 December 2009 is 0.83 years (2008: 1.83 years)

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was $0.35 (2008: $0.35).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was nil (2008: $0.06)

(g) Option pricing model

The fair value of the equity-settled share options granted 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 31 December 2008. Nothing has changed for the year ended 31 December 2009:

	2008
Dividend yield (%)	0%
Expected volatility (%)	75%
Risk free interest rate (%)	6.24%
Expected life of the option (years)	2.68 years
Option exercise price ($)	$0.05 (pre-share consolidation)
Share price at grant date ($)	$0.21 (pre-share consolidation)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. SEGMENT INFORMATION

Identification of reportable segments
For management purposes, the Company operates under one reportable operating segment based on the operations of the Company entirely being performed in the oil and gas exploration industry throughout the year.

Management monitors the operating results of the reporting operating segment for purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Types of products and services
The Company currently has no revenue from products or services.

Major customers
The Company has no reliance on major customers.

Geographical areas
All non-current assets are located in Australia.

17. COMMITMENTS AND CONTINGENCIES

In December 2009, the Company entered into an agreement with the Office National Des Hydrocarbure et Des Mines (ONHYM) of Morocco for the exploration and exploitation of the Tarfaya Offshore Block. Pursuant to that agreement, the Company is required to establish in favour of ONHYM an irrevocable bank guarantee for US$1,000,000 in order to guarantee the fulfilment of the minimum exploration work programme. The guarantee will expire no later than 1 October 2012.

The entity does not have any other commitments or contingencies.

18. EVENTS AFTER THE BALANCE DATE

In January 2010, the Company established a wholly owned Moroccan subsidiary called DVM International.

On 8 February 2010, the Company lodged with the Australian Securities & Investments Commission and ASX a prospectus for the purpose of facilitating a 1 for 1 non renounceable rights issue of 35,621,547 ordinary fully paid shares at an issue price of $0.04 per share to raise a total of $1,424,862 (the "Issue"). The Issue closing date being 19 March 2010.

On 24 March 2010, the Company advised ASX that the number of shares accepted pursuant to the Issue was 12,124,305, raising a total of $484,972. In accordance with the ASX Listing Rules, the Company anticipates placing the shortfall of 23,497,242 shares within 3 months of the closing date.

19. AUDITORS' REMUNERATION

The auditor of the company is Ernst & Young

	2009 $	2008 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
▪ An audit or review of the financial report of the Company	36,050	30,000
	36,050	30,000

DIRECTORS' DECLARATION

In accordance with a resolution of the directors, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Company's financial position as at 31 December 2009 and of its performance for the year ended on that date; and

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

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

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 31 December 2009.

On behalf of the Board

Ivan Burgess
Director

Dated 25 March 2010

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Independent auditor's report to the members of DVM International Limited

Report on the Financial Report

We have audited the accompanying financial report of DVM International Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of DVM International Limited is in accordance with the *Corporations Act 2001*, including:
   - (i) giving a true and fair view of the financial position of DVM International Limited at 31 December 2009 and of its performance for the year ended on that date; and
   - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of DVM International Limited for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R J Curtin
Partner
25 March 2010