NGM RESOURCES LIMITED

ABN 27 107 131 653

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2010

NGM RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN 27 107 131 653

Financial Report for the year ended 30 June 2010

Contents

Directors

GD Loftus-Hills
RE Kirtlan
SJ Chadwick

Company Secretary

GI Smith

Registered Office and Business Address

Suite 4 Level 3 The South Shore Centre
83 – 85 South Perth Esplanade
South Perth 6151
Western Australia

Communication Address

PO Box 859
South Perth 6951
Western Australia

Telephone	+61 8 9367 6471
Facsimile	+61 8 9367 2355
Website	www.ngmresources.com.au

Auditor

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Solicitor

Norton Rose
108 St Georges Terrace
Perth 6000
Western Australia

Banker

National Australia Bank Limited
Level 1, 88 High Street
Fremantle 6160
Western Australia

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth 6000
Western Australia

Stock Exchange

ASX: NGM

Dear Fellow Shareholder

Your Company has had a very busy year as we were able to introduce a reasonable amount of capital to the Company in August 2009 which has financed two robust drilling and exploration programs at our Niger permits, and some limited work in Madagascar. More recently Paladin Energy Limited has made a takeover offer for the Company.

The exploration programs were conducted in the second and final quarters of the financial year. We had numerous encouraging results without identifying a new major discovery carrying the higher grade uranium mineralisation we pursue and for which the Niger region in which we work is famous. We drilled approximately 10,000 metres during these programs and also flew aerial surveys and conducted large field programs. The culmination was a low grade inferred resource estimate of 11Mlbs at 210ppm Uranium. This resource requires further work and is certainly not economic at current uranium prices.

In Madagascar we have conducted some limited field programs at the Mahanoro iron ore prospect. Based upon initial results we believed there to be potential for a large deposit of mid grade itabirite iron ore. Subsequent follow up work has caused us to review size expectations and we will look to undertake further programs such as magnetics to determine the potential size and characteristics of the banded iron formation.

Regarding the takeover offer, Paladin has been a strong financial supporter of your Company since March 2009. They have invested approximately $3.3m directly into the Company for use in exploring the Niger permits. Although we have not yet had the success we wish for, Paladin has elected to make this offer on the basis that it wishes to put further capital into this exploration but corporately is inhibited in doing so.

On 24 September 2010, Paladin advised the Company that certain conditions of its takeover offer had become incapable of being fulfilled as a result of a kidnapping incident that occurred in Arlit, 230kms north of the Company's base in Agadez, and that as Paladin does not intend to free its offer from those conditions, its takeover offer will lapse on 8 October 2010. Your Board does not agree with this view and has applied to the Takeovers Panel to determine the status of the relevant conditions to Paladin's takeover offer for NGM. At the time of finalising this report, the outcome of the Company's application to the Takeovers Panel, and the status of Paladin's takeover offer for the Company, is uncertain.

If the offer is successful this may perhaps be my last communication to shareholders. If this is the case I would like to take the opportunity to thank all shareholders for their support over the years. Many, like I and my fellow Board member Rob Kirtlan, have been with us since our float in 2004 and have seen our forays in Australia, China, the Philippines, Niger and Madagascar. We have always attempted to identify exploration targets of an advanced nature in the hope that we are the luckier ones who have a discovery and create wealth, the sort that possibly only resource investors can understand. At the same time it is a very risky business and success is rare.

If the offer does lapse be assured your Board and management team will continue to aggressively work on the Niger and Madagascan assets.

In closing I thank you again for your support over the years and wish you every success in the future.

Yours

Geoff Loftus-HIlls
Chairman

Niger Uranium Project

The Company conducted two major drilling and field work programs during the period named Phase Two (October – December 2009) and Phase Three (April – June 2010) to follow up on the Phase One program conducted in July 2009 and reported on in the 2009 Annual Report. Approximately 10,400 metres of drilling was undertaken during the three programs.

All work was undertaken without incident and operationally the Company had few problems in achieving its goals during these programs.

In June 2010 the Ministry of Mines advised the Company that Indo Energy Limited, the holder of the permits, had been granted a 27 month extension to its three permit terms to account for the *force majeure* period encountered during the MNJ period of instability in the Agadez-Arlit region. This effectively extends the permits to December 2012. The Company is well advanced expenditure commitment wise on all three permits.

Phase Two Program (October – December 2009)

A total of 3,370 metres was drilled during the Phase Two Program. The principal target was shallow mineralisation located in the Takardeit area. Takardeit is located just 20km from the Company's base in Agadez and provided a good first area to work in both logistically and financially.

The area hosts major outcropping uranium occurrences which can be best described as supergene in nature. A shallow low grade inferred resource estimate of 11Mlbs at 210ppm uranium was delineated at Takardeit itself called Takardeit Main Zone (see Figure 1). This inferred resource estimate will require substantial infill drilling to move the estimate from inferred to the proven and probable category and at the same time will also require a much higher uranium price to prove economically viable for mining.

Drill testing was also done in the area surrounding the Takardeit Main Zone at locations called Takardeit East and Takardeit North. Most drilling encountered uranium mineralisation with some higher grade results however, as with the Takardeit Main Zone, the mineralisation was discrete in nature without producing continuity in size which is required for commercialising uranium deposits.

In conjunction with the drilling program detailed aerial surveys were flown for radiometrics and magnetics. Results from the surveys were interpreted during the January to March period and produced new leads for the Phase Three Program.

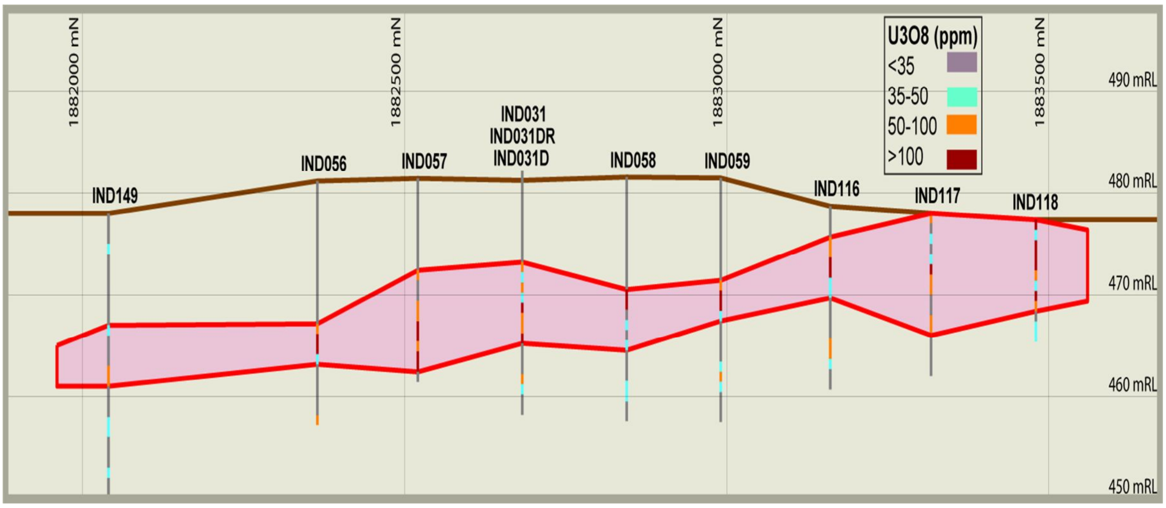


Figure 1: Takardeit Main Zone Cross Section showing the resource from surface to not more than 30m depth

Phase Three Program (April – June 2010)

The Phase Three program set out to follow up on new targets generated by the aerial survey, structural interpretation and field mapping programs. Whereas the Phase Two program concentrated on shallower targets (less than 50m) in the T1 sandstone unit, Phase Three principally targeted the Carboniferous unit which is host to the significant high grade deposits being mined north of the Company's ground in the Arlit region. A total of 5,201m was drilled.

Results were mixed. At Takardeit no mineralisation was encountered in the Carboniferous which countered a view that the surface mineralisation could potentially have the Carboniferous as its source. In the northern concessions and on the eastern flank of the Company's permits some success was achieved. The Aouligen prospect yielded some encouraging results before drilling was suspended due to lack of appropriate rig availability. Aouligen drilling was generally less than 70m (see Figure 2).

Drilling on the Eastern flank of the permits was undertaken as it reduced drilling costs with most holes being less than 150m. Drilling of the Western flank of the permits still remains to be done as the holes are deeper, being up to 300m.

Drilling at Takardeit East yielded a blind mineralised discovery (no outcropping surface mineralisation) and some extension and stacking of channels identified in the Phase Two Program. Testing of these unfortunately resulted in the mineralised systems lacking extension and consequently size which is required for commercial exploitation.

At Takardeit North a new region styled Takardeit North-East yielded 3.6m @ 1.53% eU_3O_8. This high grade channel has been closed off to the North however remains open to the South albeit for an interpreted 50-100m. Drilling to the South was suspended due to lack of appropriate rig availability.

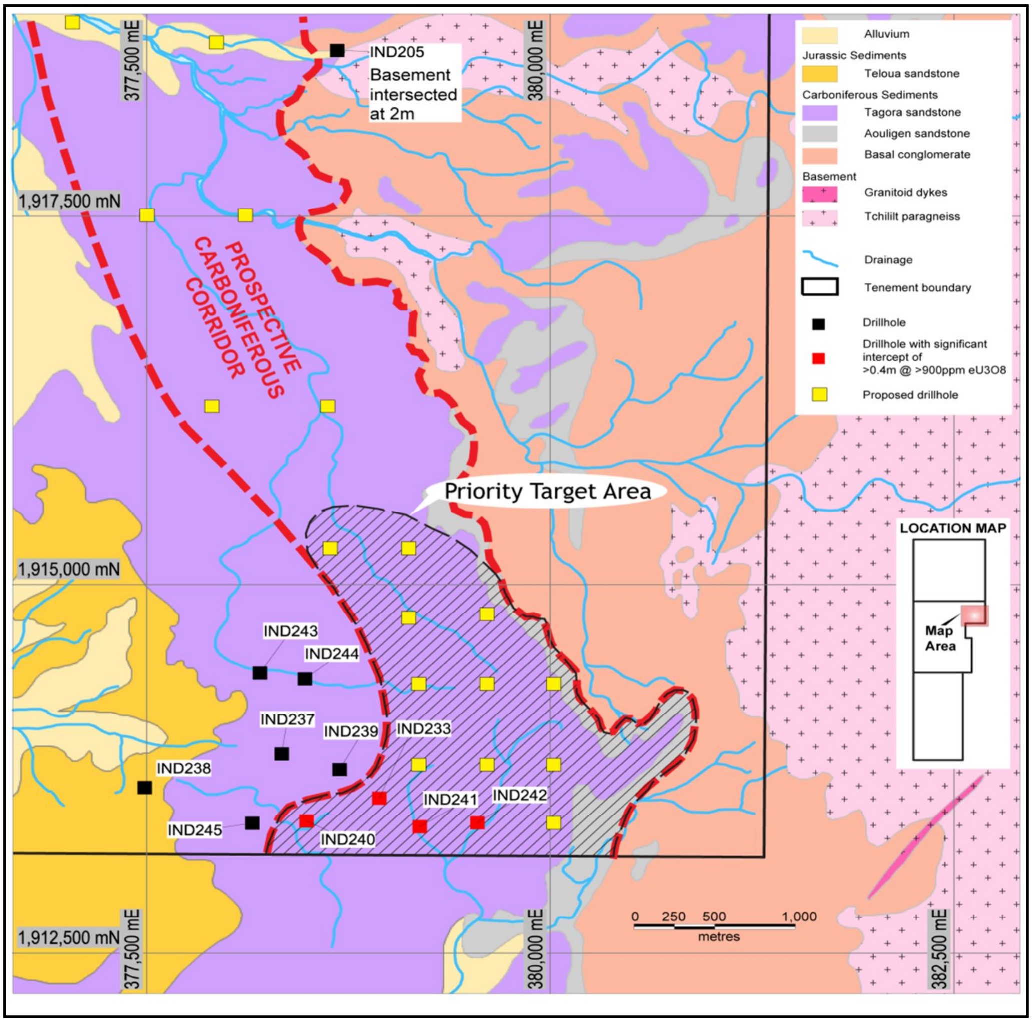


Figure 2: Aouligen Target Area

Madagascar

A sampling and mapping program was undertaken during the first half of the financial year. On the basis of the information supplied, the Company believed a significant deposit of medium grade itabirite ore may exist at the Mahanoro location.

A follow up program was undertaken utilizing a specialist iron ore consultant which resulted in a down grade to expectations. That said, the prospect is still of interest and being located right on the East coast of Madagascar has logistical advantages. Future programs are required and would include magnetics and sampling to determine the prospectivity of the itabirite banded iron formation.

No work was undertaken on the Company’s mineral sand prospect.

The Board of Directors present its report on NGM Resources Limited ("the Company", "NGM") and controlled entities ("Group") for the year ended 30 June 2010.

1. Directors

(i) Names, qualifications, experience and special responsibilities

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

Dr Geoffrey Dean Loftus-Hills, B.Sc. (Melb), B.Sc.(Hons), Ph.D. (Tas), FAusIMM
Non-Executive Chairman **69 years**

Dr Loftus-Hills joined the company on 10 February 2004, has 40 years mining industry experience, including 28 years with Western Mining Corporation and Normandy Mining Ltd (held the position of General Manager - Services). He previously spent 5 years teaching at the University of Tasmania, during which time he completed a Ph.D. in sulphide geochemistry.

With Western Mining Corporation he held positions in regional exploration management and as Chief Geologist Kambalda Nickel Operations, Chief Scientist, General Manager Mineral Exploration (Australasia), and General Manager Corporate Services. Dr Loftus-Hills is a Fellow of The Australasian Institute of Mining and Metallurgy.

Presently Dr Loftus-Hills serves on the Audit and Nomination and Remuneration Committees.

During the past three years Dr Loftus-Hills has not served as a director of any other listed company.

Robert Edward Kirtlan
Executive Director **51 years**

Mr Kirtlan joined the company on 21 November 2003, has over 15 years company management experience and spent 7 years in Australian and global mining investment banking in Perth, Sydney and New York working for major global investment banks with a specialist role in the mining and natural resources sector. He has a background in finance and management with small companies. He was a founding shareholder and director of Cooper Energy Limited, an exploration and production oil and gas company, and is a substantial shareholder and director of Aviva Corporation Limited.

Presently Mr Kirtlan serves on the Audit and Nomination and Remuneration Committees of the Group.

Mr Kirtlan is currently a director of the following listed companies:-

- Aviva Corporation Limited (ASX Listed) (8.3 years)

During the past three years Mr Kirtlan has not served as a director of any other listed company.

Steven John Chadwick,
Non-Executive Director **57 years** **Appointed 22 January 2010**

Mr Chadwick is the Principal of Spectrum Metallurgical Consultants a Perth, Western Australia based specialist consultancy to the minerals industry. He is a metallurgical graduate from the WA School of Mines and has 30 years experience in the mining industry, incorporating technical, operating and management roles in gold and base metals mining and processing. Mr Chadwick served as Executive Technical Director of ASX listed junior gold company Northern Gold NL from August 1995 to October 2005.

Mr Chadwick is currently a director of the following listed companies:-

- BC Iron Limited (ASX Listed)

During the past three years Mr Chadwick has not served as a director of any other listed company.

Gregory Alan Corner, Dip Ins Ad, B.Bus, CPA, FCIS
Executive Director and Company Secretary **55 years** **Resigned 22 January 2010**

Mr Corner was appointed Company Secretary on 1 April 2005 and Director on 30 November 2008. He had in excess of 10 years experience as a Company Secretary in the resources industry in both the mineral and petroleum sectors with projects located in Australia, Africa and New Zealand. In addition his work experience also encompassed the insurance, manufacturing, hospitality and transport sectors.

During the past three years Mr Corner did not serve as a director of any other listed company.

Graeme Ian Smith, BEc, MBA, MComLaw, FCPA, FCIS, MAusIMM
Company Secretary **Appointed 22 January 2010**

Mr Smith has over 20 years experience in accounting and company administration. He has held CFO and Company Secretary positions with other Australian mining and mining service companies.

(ii) Interests in the shares and options of the company

	Shares	Incentive shares (i)	Management options expiring 31 Dec 2011	Series A options(ii) expiring 31 Dec 2010	Directors and consultants options expiring 31 Dec 2012
GD Loftus-Hills	1,190,000	-	1,000,000	-	500,000
RE Kirtlan	11,971,772	3,420,000	2,000,000	3,080,000	1,000,000
SJ Chadwick	-	-	-	-	-
GA Corner	850,000	450,000	1,000,000	300,000	750,000
Totals	**14,011,272**	**3,870,000**	**4,000,000**	**3,380,000**	**2,250,000**

(i) Incentive Shares were issued on 17 August 2007 as part of the acquisition of Indo Energy Ltd. These shares have no material rights and may be converted to ordinary fully paid shares upon NGM's first decision to mine one of the concessions or if NGM is subject to takeover or merger. Incentive shares do not form part of the directors remuneration as they were issued to the directors as part of the acquisition of Indo Energy Limited.

(ii) Series A options are unquoted equity securities, issued on 17 August 2007 as part of the acquisition of Indo Energy Ltd. The options have an exercise price of $1.00, expire on 31 December 2010 and vest immediately. Series A options do not form part of the directors remuneration as they were issued to the directors as part of the acquisition of Indo Energy Limited.

(iii) Directors and consultants options were issued on 29 October 2009 to directors and consultants, with an exercise price of $0.15 expiring on 31 December 2012. Upon being issued the options vested immediately.

2. Principal Activities

The principal activity during the year of the consolidated entity was mineral exploration.

3. Operating Results for the Year

The net consolidated profit for the year after income tax amounted to $11,393,812 (2009: loss of $2,203,882).

The significant component in the 2010 consolidated profit was the reversal of impairment of the exploration and evaluation expenditure in Niger of $13,302,006 from 2008 and 2009 relating to the Niger project.

4. Dividends

No dividend has been declared or paid by the Company since the end of the previous financial year and the directors do not at present recommend a dividend.

5. Review of Operations

Throughout the year the Consolidated Entity predominantly explored and evaluated mineral projects in Niger (uranium) and Madagascar (iron ore and mineral sands). A full review of the operations is set out in the Review of Operations section of the 2010 Annual Financial Report.

6. Likely Developments, Expected Results and future business strategies

The company will continue the evaluation of its mineral projects and undertake generative work to identify and acquire new resource projects. Other than as referred to in this report, due to the nature of the business, future information as to likely developments in the operations of the company and likely results of those operations in future financial years would, in the opinion of the directors, be speculative.

7. Significant Changes in the State of Affairs

At 30 June 2008, under the Australian Accounting Standards, the Group was required to assess the effect of the mise en garde (state of alert) in Niger and in accordance with the Standard, the Group recognised an impairment of $12,392,080 with respect to the Group's exploration and evaluation expenditure in Niger. Under certain conditions this impairment may be reversed, when the Government of Niger removes the mise en garde and when the tenure on the mining tenements is current. The mise en garde was lifted by the Government of Niger in November 2009 and the tenure on the mining tenements was renewed in June 2010, as such the impairment loss previously recognised for the period 2007-2009 has been reversed in this financial year in the amount of $13,302,006.

8. Significant Events After Balance Date

On 21 July 2010 Paladin Energy Limited (Paladin) announced that it intended to bid for all shares it does not already own in NGM Resources Limited. At the time of Paladin's announcement the offer valued the Company at $27m. The consideration to be offered to shareholders is one Paladin share for every 23.9 NGM shares.

NGM Resources Limited has sent its target's statement to Paladin in response to the bidder's statement sent to it by Paladin on 2 September 2010 in relation to a bid to acquire all of the ordinary fully paid shares in NGM.

8. Significant Events After Balance Date (continued)

On 24 September 2010, Paladin advised the Company that certain conditions of its takeover offer had become incapable of being fulfilled as a result of a kidnapping incident that occurred in Arlit 230kms north of the Company's base in Agadez, and that as Paladin does not intend to free its offer from those conditions, its takeover offer will lapse on 8 October 2010. Your Board does not agree with this view and has applied to the Takeovers Panel to determine the status of the relevant conditions to Paladin's takeover offer for NGM. At the time of finalising this report, the outcome of the Company's application to the Takeovers Panel, and the status of Paladin's takeover offer for the Company, is uncertain.

Since the end of the financial year no other matter or circumstance has occurred that has or may significantly affect the operations or the state of affairs of the Company and the consolidated entity in subsequent financial years.

9. Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of NGM Resources Limited and controlled entities, and for the executives receiving the highest remuneration 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 group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and controlled entities, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the executive in the Company and controlled entities receiving the highest remuneration.

Details of key management personnel

(i) Directors	
GD Loftus-Hills	Chairman, Non-executive director
RE Kirtlan	Executive Director
SJ Chadwick	Non-executive director – appointed 22 January 2010
GA Corner	Executive Director and Company Secretary – resigned 22 January 2010
(ii) Executive	
GI Smith	Company Secretary – appointed 22 January 2010

The current Company Secretary GI Smith is not considered key management personnel as he does not have the authority and responsibility for planning, directing and controlling the major activities of the Company and controlled entities. However, under the Corporations Act 2001, Mr Smith meets the definition of a company executive.

There are no other changes to the key management personnel after reporting date and before the date the financial report was authorised for issue.

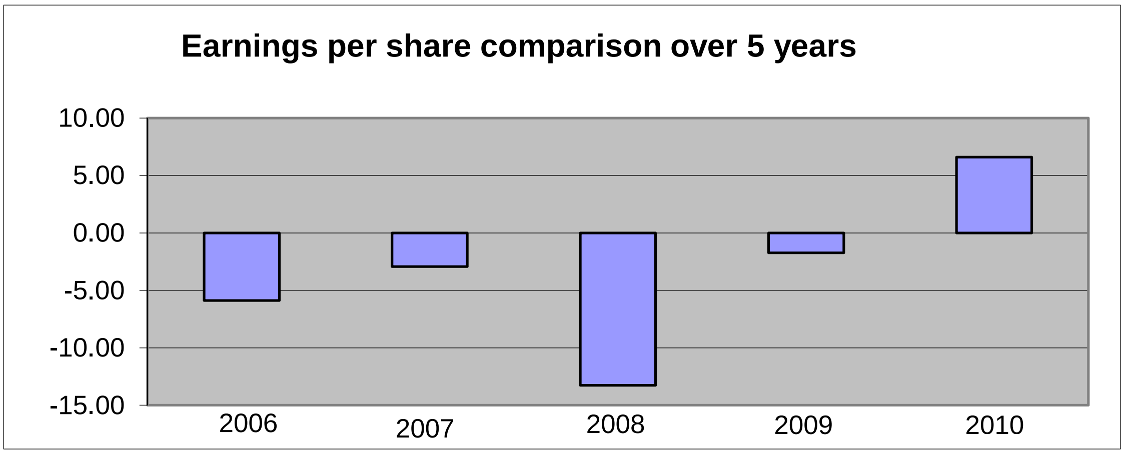
Nomination and Remuneration committee

The Nomination and Remuneration committee of the Board of Directors is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Nomination and Remuneration committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

Remuneration policy

The remuneration policy of NGM Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives (e.g. options). The board of NGM Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.



Remuneration policy (continued)

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. The Committee has access to external advice independent of management.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and superannuation contribution. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of executives is detailed in table 1.

Executive and non-executive directors and other key management personnel have been granted options to acquire ordinary shares of the Company. The board believes that options are an effective remuneration tool which preserves cash reserves of the Company whilst providing valuable remuneration. Under the Employees and Executives Options Plan options may be cancelled at any time during the option term should the Company terminate his employment for reasons of serious misconduct.

The Nomination and Remuneration Committee considers that equity participation by way of the grant of options to members of the Board and other employees is appropriate to attract the high quality Board members that are required to assist with the development of the Company in addition to contributing to the preservation of the consolidated entity's cash reserves. The options granted have no direct performance requirements but have an indirect performance incentive which allows executives to share the rewards of the success of the Company.

As part of the terms and conditions of employment, the Company prohibits executives and directors from entering into arrangements to protect the value of unvested options and shares awards. This includes entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package. Adherence to this policy is monitored on an annual basis.

Non-executive director's remuneration

The Board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration regularly.

Directors and consulting fees were reinstated in October 2009, after the directors resolved in November 2008 to defer payment of director fees and consulting fees, together with a reduction in the fees payable to the Company Secretary until such time as the Company is financially capable of making good such payment.

The maximum aggregate amount of director's fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting. The latest determination was at the annual general meeting held on 16 November 2007 when shareholders approved an aggregate remuneration of $100,000 per year.

Executive and key management personnel remuneration

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned and their role within the organisation. The contracts of service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the near future.

Employment contracts

Other executives
All executives have rolling contracts.

The Company may terminate the employment agreement by providing three months written notice or providing payment in lieu of the notice period plus leave entitlements.

The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Remuneration of key management personnel and the highest paid executives of the Company and consolidated entity

Table 1: Remuneration for the year ended 30 June 2010

Key management personnel and position	**Short-term benefits**		**Share based payment**	**Post employment benefit**	**Total**	**Options as % of total ***
	Salary and fees **$**	**Non monetary benefits (A)** **$**	**Options** **$**	**Superannuation** **$**	**$**	
GD Loftus-Hills *Chairman*	77,400	2,465	52,200	-	132,065	39%
RE Kirtlan *Executive Director*	170,000	2,465	104,400	-	276,865	38%
SJ Chadwick *Non-executive Director* (1)	12,900	2,465	-	-	15,365	-
GA Corner *Executive Director* (2) *and Company Secretary*	39,000	2,465	78,300	-	119,765	65%
GI Smith *Company Secretary* (3)	4,743	2,465	-	-	7,208	-
Totals	**304,043**	**12,325**	**234,900**	**-**	**551,268**	

(1) Appointed on 22 January 2010
(2) Resigned on 22 January 2010
(3) Appointed on 22 January 2010
(A) Represents Directors & Officers insurance costs for the year.

Table 2: Remuneration for the year ended 30 June 2009

Key management personnel and position	**Short-term benefits**		**Share based payment**	**Post employment benefit**	**Total**	**Options as % of total ***
	Salary and fees **$**	**Non monetary benefits (A)** **$**	**Options** **$**	**Superannuation** **$**	**$**	
GD Loftus-Hills *Chairman*	17,661	6,539	-	1,589	25,789	-
RE Kirtlan *Executive Director*	25,000	6,539	-	-	31,539	-
SR Penney (1) *CEO, Executive Director*	90,748	6,539	-	9,679	106,966	-
GA Corner *Executive Director* (2) *and Company Secretary*	36,000	6,539	-	-	42,539	-
KG Shugg (3) *Exploration Manager*	89,234	-	-	9,485	98,719	-
			-			
Totals	**258,643**	**26,156**	-	**20,753**	**305,552**	-

(1) Resigned on 30 November 2008
(2) From date of appointment – 30 November 2008
(3) Resigned on 3 February 2009
(A) Represents Directors & Officers insurance costs for the year.

* There is no performance-related component to remuneration. The nature of options granted to key management personnel serves to align the interests of the key management personnel with the interests of the shareholders.

Options granted as part of remuneration

On 29 October 2009, 2,250,000 options were issued to directors, with an exercise price of $0.15, expiring on 31 December 2012. Upon being issued the options vested immediately.

Shares issued on exercise of compensation options

For the year ended 30 June 2010, there were no shares issued on exercise of options.

End of Audited Remuneration Report.

Auditor Independence and Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditors' independence for the following reasons:

- all material non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure that they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES110 *Code of Ethics for Professional Accountants*.

The following fees for non-audit services were paid to the external auditors during the year ended 30 June 2010:

- Tax Compliance Services $12,000.

10. Auditors' Independence Declaration

The auditors' independence declaration for the year ended 30 June 2010 has been received and can be found on page 45 and forms part of the Directors' report.

11. Share Options

At the date of this report 33,350,000 options to acquire ordinary shares in NGM Resources were on issue as follows:-

Number	Expiry Date	Exercise Price	Transferable/Non-Transferable
20,000,000	31 December 2010	$1.00	Series A options
7,500,000	31 December 2011	$1.00	Management options
4,850,000	31 December 2012	$0.15	Directors and consultants options
1,000,000	31 December 2012	$0.25	Directors and consultants options

No options were exercised during the year or in the period up to the date of this report.

12. 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 is as follows:

Director	Directors' Meetings		Nomination and Remuneration Committee		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
G Loftus-Hills	7	7	1	1	2	2
R Kirtlan	7	7	1	1	2	2
SJ Chadwick [(a)]	4	4	-	-	-	-
G Corner [(b)]	3	3	-	-	-	-

(a) From date of appointment - 22 January 2010 (b) Resigned on 22 January 2010

In addition certain other business was dealt with by circular resolutions on five occasions during the year.

13. Insurance and Indemnity of Officers

The Company has in respect of any person who is or has been a director or officer of the Company, paid a premium in respect of a contract insuring all directors and officers against a liability to the extent permitted by the Corporations Act 2001. The Company maintains insurance policies for the benefit of the relevant director or officer for the term of their appointment. The Company incurred an insurance premium of $12,325 for the year.

14. Environmental Regulations and Performance

The Company is required to carry out the exploration and evaluation of its mining tenements in accordance with various country and state Government's Acts and Regulations.

In regard to environmental considerations, the Company is required to obtain approval from various country and state regulatory authorities before any exploration requiring ground disturbance is carried out. It is normally a condition of such regulatory approval that any area of ground disturbed during the Company's activities is rehabilitated in accordance with various guidelines.

There have been no significant breaches of these guidelines.

This report is made in accordance with a resolution of the Board of Directors.

RE Kirtlan
Director
Perth 29 September 2010

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

		Consolidated Entity		Parent Entity	
	Notes	2010	2009	2010	2009
		$	$	$	$
Revenue		95,967	11,393	95,967	11,386
Other income		19,075	96,129	19,075	-
Directors and employees benefits expense	5(a)	(810,105)	(274,710)	(810,105)	(274,710)
Depreciation and amortisation expense	5(b)	(37,446)	(40,860)	(16,471)	(12,311)
Business development expense		(1,280)	(45,274)	-	(45,274)
Reversal of impairment / (impairment) of exploration expenditure	13	13,302,006	(625,971)	10,558,000	-
Exploration expenditure written off	13	(190,712)	(938,897)	-	(137,500)
Occupancy expenses	5(c)	(97,113)	(82,771)	(97,113)	(82,771)
Professional services expense		(323,185)	(118,769)	(295,668)	(118,769)
Allowance for doubtful debt on loan to controlled entity	10	-	-	2,476,572	(1,439,167)
Travel expense		(125,239)	-	(125,239)	-
Other expenses		(438,156)	(184,152)	(399,999)	(101,274)
Profit/(loss) before income tax		**11,393,812**	**(2,203,882)**	**11,405,019**	**(2,200,390)**
Income tax expense	6	-	-	-	-
Profit/(loss) for the year		**11,393,812**	**(2,203,882)**	**11,405,019**	**(2,200,390)**
Othe comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the year, net of tax		**11,393,812**	**(2,203,882)**	**11,405,019**	**(2,200,390)**
Earnings per share (cents per share)					
Basic earnings / (loss) per share (cents per share)	7	6.60	(1.74)		
Diluted earnings/(loss) per share (cents per share)	7	6.60	(1.74)		

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

		Consolidated Entity		Parent Entity	
		2010	2009	2010	2009
ASSETS	**Note**	**$**	**$**	**$**	**$**
Current assets					
Cash and cash equivalents	8	1,511,980	491,436	1,436,942	451,640
Trade and other receivables	10	33,530	26,365	33,530	26,365
Prepayments	9	38,549	32,863	38,549	32,863
Total current assets		**1,584,059**	**550,664**	**1,509,021**	**510,868**
Non-current assets					
Trade and other receivables	10	-	-	5,627,142	132,278
Other assets	11	-	-	10,558,002	1
Plant and equipment	12	179,477	130,929	41,982	39,748
Deferred exploration and evaluation costs	13	16,069,054	93,657	-	
Total non-current assets		**16,248,531**	**224,586**	**16,227,126**	**172,027**
Total assets		**17,832,590**	**775,250**	**17,736,147**	**682,895**
LIABILITIES					
Current liabilities					
Trade and other payables	14	303,366	196,027	288,070	196,026
Provisions	15	2,697	-	2,697	-
Total current liabilities		**306,063**	**196,027**	**290,767**	**196,026**
Total liabilities		**306,063**	**196,027**	**290,767**	**196,026**
NET ASSETS		**17,526,527**	**579,223**	**17,445,380**	**486,869**
Equity					
Equity attibutable to equity holders of the parent					
Contributed equity	16	27,966,317	22,937,625	27,966,317	22,937,625
Reserves	17	2,711,050	2,186,250	2,711,050	2,186,250
Accumulated losses	18	(13,150,840)	(24,544,652)	(13,231,987)	(24,637,006)
TOTAL EQUITY		**17,526,527**	**579,223**	**17,445,380**	**486,869**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2010

	Note	Consolidated Entity				Consolidated Entity			
	Note	Contributed Equity 2010 $	Share Based Payments Reserve 2010 $	Accumulated Losses 2010 $	Total Equity 2010 $	Contributed Equity 2009 $	Share Based Payments Reserve 2009 $	Accumulated Losses 2009 $	Total Equity 2009 $
At 1 July		22,937,625	2,186,250	(24,544,652)	579,223	22,141,784	2,186,250	(22,340,770)	1,987,264
Other comprehensive income		-	-	-	-	-	-	-	-
Profit/(loss) for period		-	-	11,393,812	11,393,812	-	-	(2,203,882)	(2,203,882)
Total comprehensive income/(loss) for year ended 30 June		-	-	11,393,812	11,393,812	-	-	(2,203,882)	(2,203,882)
Issue of ordinary shares	16	5,290,104	-	-	5,290,104	799,600	-	-	799,600
Share based payment - Issue of Management options	22	-	524,800	-	524,800	-	-	-	-
Costs of issue		(261,412)	-	-	(261,412)	(3,759)	-	-	(3,759)
At 30 June		**27,966,317**	**2,711,050**	**(13,150,840)**	**17,526,527**	**22,937,625**	**2,186,250**	**(24,544,652)**	**579,223**

	Note	Parent Entity				Parent Entity			
	Note	Contributed Equity 2010 $	Share Based Payments Reserve 2010 $	Accumulated Losses 2010 $	Total Equity 2010 $	Contributed Equity 2009 $	Share Based Payments Reserve 2009 $	Accumulated Losses 2009 $	Total Equity 2009 $
At 1 July		22,937,625	2,186,250	(24,637,006)	486,869	22,141,784	2,186,250	(22,436,616)	1,891,418
Other comprehensive income		-	-	-	-	-	-	-	-
Profit/(loss) for period		-	-	11,405,019	11,405,019	-	-	(2,200,390)	(2,200,390)
Total comprehensive income/(loss) for year ended 30 June		-	-	11,405,019	11,405,019	-	-	(2,200,390)	(2,200,390)
Issue of ordinary shares	16	5,290,104	-	-	5,290,104	799,600	-	-	799,600
Share based payment - Issue of Management options	22	-	524,800	-	524,800	-	-	-	-
Costs of issue		(261,412)	-	-	(261,412)	(3,759)	-	-	(3,759)
At 30 June		**27,966,317**	**2,711,050**	**(13,231,987)**	**17,445,380**	**22,937,625**	**2,186,250**	**(24,637,006)**	**486,869**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
for the year ended 30 June 2010

		Consolidated Entity		Parent Entity	
		2010	2009	2010	2009
	Note	$	$	$	$
Cash Flows from Operating activities					
Interest received		95,967	10,793	95,967	10,786
Payments to suppliers and employees		(1,199,082)	(427,782)	(1,111,282)	(452,311)
Payments of interest to third parties		(2,851)	(804)	(2,851)	(804)
Payments for business development		(1,280)	(45,274)	-	(45,274)
Net cash flows used in operating activities	19	**(1,107,246)**	**(463,067)**	**(1,018,166)**	**(487,603)**
Cash Flows from Investing activities					
Receipts from controlled entities		-	-	-	55,995
Receipts from other entities		-	307,158	-	-
Advances to controlled entities		-	-	(3,018,291)	(526,815)
Receipts from sale of property plant and equipment		-	96,129	-	-
Payments to acquire plant and equipment		(85,994)	(3,261)	(18,705)	-
Payments for exploration and evaluation expenditure		(2,864,102)	(925,666)	-	-
Net cash flows used in investing activities		**(2,950,096)**	**(525,640)**	**(3,036,996)**	**(470,820)**
Cash Flows from Financing activities					
Proceeds from issue of ordinary shares		5,290,104	799,600	5,290,104	799,600
Transaction costs of share issues		(261,412)	(3,759)	(261,412)	(3,759)
Net cash flows from financing activities		**5,028,692**	**795,841**	**5,028,692**	**795,841**
Net increase/(decrease) in cash and cash equivalents		**971,350**	**(192,866)**	**973,530**	**(162,582)**
Cash and cash equivalents at beginning of period		491,436	695,499	451,640	613,778
Foreign exchange gain/(loss) on bank balances		49,194	(11,197)	11,772	444
Cash and cash equivalents at end of period	8	**1,511,980**	**491,436**	**1,436,942**	**451,640**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The financial report of NGM Resources Limited ("the Company" or "NGM") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 29 September 2010.

NGM is a company limited by shares, incorporated in Australia, and whose shares are publicly traded on the Australian Securities Exchange.

The nature of operations and the principal activity of the consolidated entity is mineral exploration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial report is presented in Australian dollars.

The consolidated entity has adopted ASIC Class Order 10/654 and continues to provide parent entity financial statements in this financial report of NGM Resources Limited.

(b) Compliance with IFRS

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

(c) New accounting standards and interpretations issued but not yet effective

(i)Adoption of new accounting standards

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

The Consolidated Entity has adopted all new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009, including:

- *AASB 7 Financial Instruments: Disclosures effective 1 January 2009* - The Consolidated Entity has complied with the requirements of this accounting standard. The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. - Refer to Note 23 for further details
- *AASB 8 Operating Segments effective 1 January 2009* - The Consolidated Entity has complied with the requirements of this accounting standard. AASB 8 adopts a management reporting approach to segment reporting. AASB 8 disclosures are shown in Note 4, including the related revised comparative information.
- *AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009* - the Consolidated Entity has complied with the requirements of this accounting standard. The 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 in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.
- *AASB 2008-1 Amendments to Australian Accounting Standards – Share Based Payments: Vesting Conditions and Cancellations* – the Consolidated Entity has complied with the requirements of this accounting standard – Refer to Note 21 and Note 22 for further details

(d) New accounting standards and interpretations issued but not yet effective (continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Consolidated Entity for the annual reporting period ending 30 June 2010, outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.	1 January 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2009-5 (con't)	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities. The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; bears the credit risk.The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.	1 January 2010	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 2009-8	Amendments to Australian Accounting Standards – Consolidated Entity Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Consolidated Entity and Treasury Share Transactions. The amendments clarify the accounting for Consolidated Entity cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the Consolidated Entity settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	1 July 2010
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	1 July 2010

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
AASB 9 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]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	1 July 2011

Reference	Title	Summary	Application date of standard	Application date for Consolidated Entity
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]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntary) i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB Revised is not restated. Eliminates the requirements to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	1 July 2010
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and quality AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present and analysis of other comprehensive income for each components of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2013	1 July 2013

The Directors have not yet determined the impact that the adoption of the above Australian Accounting Standards and Interpretations in future periods will have on the financial performance and position of the Company or the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of NGM and its subsidiaries as at 30 June each year (the Group).

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

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are 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.

(e) Operating segments

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

The company operates in a single operating segment, in three geographical locations. The operations of the consolidated entity consist of mineral exploration, within Australia, Niger and Madagascar.

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is NGM Resources' functional and presentation currency.

(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 statement of financial position 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.

(g) Cash and cash equivalents

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

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 are generally paid on 30 day settlement terms and are recognised and carried at original invoice amount less an allowance for impairment. Trade receivables are non-interest bearing. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified.

(i) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired.

(j) Investments and other financial assets (continued)

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity 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 is calculated using a straight line method to allocate their cost over their estimated useful lives. The expected useful lives are detailed in Note 13.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments and incentives are recognised as an expense in the income statement on a straight-line basis over the lease term.

(l) Provisions and employee benefits

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

When the consolidated entity 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 income statement net of any reimbursement.

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

Employee leave benefits

(i) Wages, salaries and annual leave

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

(ii) Long service leave

The liability of long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

(m) Provisions and employee benefits (continued)

(iii) Equity settled transactions
The Group provides benefits to its directors and employees in the form of share-based payments, whom may receive as a performance incentive, shares or rights over shares (equity-settled transactions) in the Company, subject to terms and conditions such issue may have imposed upon them.

The cost of these equity-settled transactions with employees is measured by reference to the fair value to the Company of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, on a straight-line basis, over the period in which the vesting and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant directors and employees become fully entitled to the options (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement reflects:

(i) the grant date fair value of the options;
(ii) the current best estimate of the number of options that will ultimately vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of vesting conditions being met, based on best available information at balance date; and
(iii) the extent to which the vesting period has expired.

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

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

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

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

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

(m) 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.

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

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

(o) Income tax and other taxes

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 statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position 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 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 statement of financial position 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 statement of financial position 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 statement of financial position date.

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.

Tax consolidation legislation

The Company and its wholly-owned Australian controlled entity formed a tax consolidated group on 30 June 2004. The consolidated entity has applied the stand alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, NGM Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have not entered into a tax funding agreement and as no current tax assets or liabilities or deferred tax assets are recognised in relation to tax losses or unused tax credits, no contributions or distributions are required to be made under UIG 1052 Tax Consolidation Accounting.

(p) Income tax and other taxes (continued)

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.

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 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 is classified as operating cash flows.

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

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

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

- costs of servicing equity (other than 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.

(r) Exploration and evaluation expenditure
Expenditure on exploration and evaluation is accounted for in accordance with the ‘area of interest' method. Exploration and evaluation expenditure is capitalised provided the rights to tenure of the area of interest are current and either:

- the exploration and evaluation activities are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

Similarly where an asset or cash generating unit has an estimated recoverable amount above its carrying amount impairment losses can be reversed and are recognised in the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities and contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Impairment of capitalised exploration and evaluation expenditure

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

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

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

(ii) Share based payment transactions

The consolidated entity measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial Option Pricing Model, with the assumptions detailed in note 22. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amounts of the assets and liabilities within the next annual reporting period but may impact income and expenses.

4. SEGMENT INFORMATION

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

The Group operates throughout the world and prepares reports internally by geographical locations. The following are the current geographical locations;

Australia - Administration and business development of potential mineral resources.
Niger - Exploration and evaluation for uranium.
Madagascar -Exploration and evaluation for iron and mineral sands.

Other prospective opportunities outside of these geographical locations are also considered from time to time, and if they are secured, will then be attributed to the geographical location where they are located.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Cash on hand and interest revenue
- Corporate expenses
- Share based payments
- Accounts receivable
- Prepaid expenses

The following table presents revenue and profit information for reportable segments for the years ended 30 June 2010 and 30 June 2009.

	Australia $	Niger $	Madagascar $	Unallocated $	Total $
Year ended 30 June 2010					
Segment Revenue	19,075	-	-	95,967	115,042
Segment Expenses	(1,051,812)	(76,071)	(202,570)	(692,783)	(2,023,236)
Segment profit/(loss) (before income tax)	**(1,032,737)**	**(76,071)**	**(202,570)**	**(596,816)**	**(1,908,194)**
Reversal of impairment of exploration expenditure	-	13,302,006	-	-	13,302,006
Segment Result (before income tax)	**(1,032,737)**	**13,225,935**	**(202,570)**	**(596,816)**	**11,393,812**
Assets and liabilities					
Segment assets	41,982	16,183,234	26,858	1,580,516	17,832,590
Segment liabilities	290,766	15,297	-	-	306,063
Non-current assets	41,982	16,183,234	23,315	-	16,248,531
Other segment information					
Capital expenditure	18,705	2,834,336	97,055	-	2,950,096
Depreciation	16,472	17,191	3,783	-	37,446
Exploration assets written off	-	-	190,712	-	190,712

	Australia $	Niger $	Madagascar $	Unallocated $	Total $
Year ended 30 June 2009					
Segment Revenue	-	-	-	11,393	11,393
Segment Expenses	(856,049)	(551,189)	(808,036)	-	(2,215,274)
Segment profit/(loss) (before income tax)	**(855,449)**	**(551,189)**	**(808,036)**	**10,793**	**(2,203,882)**
Assets and liabilities					
Segment assets	98,976	101,800	122,834	451,640	775,250
Segment liabilities	196,027	-	-	-	196,027
Non-current assets	39,748	64,083	120,755	-	224,586
Other segment information					
Capital expenditure	-	-	3,261	-	3,261
Depreciation	12,311	25,081	3,468	-	40,860
Impairment of assets	-	625,971	-	-	625,971
Exploration assets written off	141,045	-	797,842	-	938,897

		Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
5. EXPENSES					
(a) Directors and employee benefits expense					
Director fees, wages and salaries		264,900	222,870	264,900	222,870
Workers' compensation costs		4,930	4,930	4,930	4,930
Directors' and officers' insurance costs		12,325	26,156	12,325	26,156
Post employment benefit expense		3,150	20,754	3,150	20,754
Share based payments costs	Note 22	524,800	-	524,800	-
		810,105	**274,710**	**810,105**	**274,710**
(b) Depreciation expense					
Motor vehicles		8,554	20,673	-	-
Plant and equipment		28,892	20,187	16,471	12,311
		37,446	**40,860**	**16,471**	**12,311**
(c) Lease payment included in statement of comprehensive income					
Minimum lease payments		**97,113**	**82,771**	**97,113**	**82,771**
6. INCOME TAX					
(a) Numerical reconciliation of accounting loss to tax expense					
A reconciliation between tax expense and the accounting loss before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:					
Accounting profit/(loss) before income tax		11,393,812	(2,203,882)	11,405,019	(2,200,390))
At the consolidated entity's statutory income tax rate of 30% (2009: 30%)		3,418,143	(661,165)	3,421,506	(660,117)
▪ Expenditure not allowed for income tax purposes		153,322	441,217	149,959	450,129
▪ Adjustment in respect of impairment/(reversal)		(3,617,400)	319,770	(3,617,400)	594,040
▪ Adjustment in respect to prior period tax losses not recognised		45,935	(319,770)	45,935	(594,040)
Income tax benefit not recognised		-	219,948	-	209,988
Aggregate income tax expense		-	-	-	-

	Consolidated Entity 2010 Opening balance $	Charged to income $	Charged to equity $	Closing balance $
(b) Recognised deferred tax assets and liabilities				
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets:				
Provisions	-	-	-	-
Losses available for offset against future taxable income	2,513,589	(94,608)	-	2,418,981
Capital raising expenses	20,376	49,605	-	69,981
Other	8,887	21,209	-	30,096
	2,542,852	**(23,794)**	**-**	**2,519,058**
Deferred tax liabilities:				
Exploration and evaluation expenditure	-	-	-	-
	-	**-**	**-**	**-**
Net deferred tax assets	**2,542,852**	**(23,794)**	**-**	**2,519,058**
Less unrecognised net deferred tax asset	(2,542,852)	23,794	-	(2,519,058)
Net recognised deferred tax assets	**-**	**-**	**-**	**-**

6. INCOME TAX (Continued)

	Consolidated Entity 2009			
	Opening balance $	Charged to income $	Charged to equity $	Closing balance $
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets:				
Provisions	15,791	(15,791)	-	-
Losses available for offset against future taxable income	1,994,702	518,887	-	2,513,589
Capital raising expenses	36,214	(14,720)	(1,118)	20,376
Other	10,343	(1,456)	-	8,887
	2,057,050	**486,920**	**(1,118)**	**2,542,852**
Deferred tax liabilities:				
Exploration and evaluation expenditure	(68,390)	68,390	-	-
	(68,390)	**68,390**	**-**	**-**
Net deferred tax assets	**1,998,660**	**555,310**	**(1,118)**	**2,542,852**
Less unrecognised net deferred tax asset	(1,988,660)	(555,310)	1,118	(2,542,852)
Net recognised deferred tax assets	-	-	-	-

	Parent Entity 2010			
	Opening balance $	Charged to income $	Charged to equity $	Closing balance $
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets:				
Provisions	-	-	-	-
Losses available for offset against future taxable income	2,513,589	(94,608)	-	2,418,981
Capital raising expenses	20,376	49,605	-	69,981
Other	8,887	21,209	-	30,096
	2,542,852	**(23,794)**	**-**	**2,519,058**
Deferred tax liabilities:				
Exploration and evaluation expenditure	-	-	-	-
	-	**-**	**-**	**-**
Net deferred tax assets	**2,542,852**	**(23,794)**	**-**	**2,519,058**
Less unrecognised net deferred tax asset	(2,542,852)	23,794	-	(2,519,058)
Net recognised deferred tax assets	**-**	**-**	**-**	**-**

6. INCOME TAX (Continued)

	Parent Entity 2009			
	Opening balance $	Charged to income $	Charged to equity $	Closing balance $
Deferred tax balances				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets:				
Provisions	15,791	(15,791)	-	-
Losses available for offset against future taxable income	1,720,432	793,157	-	2,513,589
Capital raising expenses	36,214	(14,720)	(1,118)	20,376
Other	10,343	(1,456)	-	8,887
	1,782,780	**761,190**	**(1,1118)**	**2,542,852**
Deferred tax liabilities:				
Exploration and evaluation expenditure	(41,250)	41,250	-	-
	(41,250)	**41,250**	**-**	**-**
Net deferred tax assets	**1,741,530**	**802,440**	**(1,118)**	**2,542,852**
Less unrecognised net deferred tax asset	(1,741,530)	(802,440)	1,118	(2,542,852)
Net recognised deferred tax assets	-	-	-	-

	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
(d) Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as follows:				
Tax losses – revenue	2,519,058	2,542,852	2,519,058	2,542,852
Tax losses – capital	23,113	23,113	23,113	23,113
Temporary differences	30,096	-	30,096	-

(e) Tax consolidation

NGM Resources Limited and its wholly-owned Australian controlled entity formed a tax consolidated group on 30 June 2004. The consolidated entity has applied the stand alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, NGM Resources Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Members of the tax consolidated group have not entered into a tax funding agreement and as no current tax assets or liabilities or deferred tax assets are recognised in relation to tax losses or unused tax credits, no contributions or distributions are required to be made under UIG 1052 Tax Consolidation Accounting.

	Consolidated Entity	
	2010 $	2009 $
7. EARNINGS PER SHARE		
The following reflects the result used in the basic and diluted earnings per share computations.		
(a) Earnings used in calculating earnings per share		
For basic and diluted loss per share:		
Net profit/(loss) attributable to ordinary shareholders of the parent	**11,393,812**	**(2,203,882)**
Basic profit/(loss) per share (cents per share)	**6.60**	**(1.74)**
Diluted profit/(loss) per share (cents per share)	**6.60**	**(1.74)**

(b) Weighted average number of shares	**2010 Number**	**2009 Number**
For basic and diluted loss per share:		
Weighted average number of ordinary shares for basic earnings per share	172,672,584	126,833,372
Effect of dilution of share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**172,672,584**	**126,833,372**

At 30 June 2010 the company has 20,000,000 series A options, 7,500,000 managements options and 5,850,000 directors and consultant options (2009: 20,000,000 series A options and 7,500,000 managements options) on issue exercisable on or before 31 December 2010, 31 December 2011 and 31 December 2012 respectively. These options are not considered to be dilutive for the periods presented. In addition, there are 30,000,000 incentive shares on issue at the reporting date (refer to note 22).

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

	Consolidated Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	511,980	491,436	436,942	451,640
Short-term deposits	1,000,000	-	1,000,000	-
	1,511,980	**491,436**	**1,436,942**	**451,640**
9. CURRENT ASSETS - PREPAYMENTS				
Prepayments	**38,549**	**32,863**	**38,549**	**32,863**
10. TRADE AND OTHER RECEIVABLES				
Current assets				
Other receivables	**33,530**	**26,365**	**33,530**	**26,365**

(a) Terms

Other receivables are from the ATO are non-interest bearing and are generally paid on 30 day settlement terms. Other receivables are neither past due nor impaired at 30 June 2010.

(b) Fair value

Due to the short term nature of the other receivables, their carrying value is assumed to approximate their fair value.

10. TRADE AND OTHER RECEIVABLES	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Non-current assets				
Loans to controlled entities	-	-	7,786,406	4,768,115
Impairment of loans to controlled entities	-	-	(2,159,264)	(4,635,837)
	-	**-**	**5,627,142**	**132,278**
Reconciliation of movement in impairment				
At 1 July	-	-	4,635,837	3,196,670
(Reversal of impairment) / impairment of loans to controlled entities	-	-	(2,476,572)	1,439,167
At 30 June	**-**	**-**	**2,159,265**	**4,635,837**

(a) Terms

These loans are unsecured, non-interest bearing and repayable on demand.

(b) Allowance for impairment

An allowance for impairment loss is recognised when there is objective evidence that an individual loan is impaired. An net impairment reversal of $2,476,572 has been recognised in the current period, compared to the net impairment loss of $1,439,167 in the prior period. An impairment assessment is undertaken each financial year by examining the financial position of the controlled entities to determine whether there is objective evidence that the loans to controlled entities are impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss. The impairment reversal in the current year is due to the reversal of previously impaired exploration and evaluation expenditure in the subsidiary Indo Energy Ltd.

11. NON-CURRENT ASSETS – OTHER ASSETS	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Shares in controlled entities	**-**	**-**	**10,558,002**	**1**
Shares in controlled entities at cost (gross carrying amount)	-	-	11,758,002	11,758,001
Impairment of investment in Indo Energy Ltd (i)	-	-	-	(10,558,000)
Impairment of investment in North Gasgoyne Mining Pty Ltd	-	-	(1,200,000)	(1,200,000)
Net carrying amount	**-**	**-**	**10,558,002**	**1**

(i) During the year ended 30 June 2008, the Group suspended its activities in Niger, West Africa due to political unrest in Niger. As a result, the Company's investment in its subsidiary Indo Energy Ltd, which holds Niger tenements, was fully impaired.

During the year ended 30 June 2010, the political situation in Niger stabilised and the Government renewed Indo Energy Ltd's tenure over the Niger tenements. As a result, previously recognised impairment in respect of the investment has been reversed.

12. NON-CURRENT ASSETS – PLANT AND EQUIPMENT	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Motor vehicles at cost	38,019	38,019	-	-
Accumulated depreciation	(23,530)	(14,976)	-	-
Net carrying amount	**14,489**	**23,043**	**-**	**-**
Plant and equipment at cost	227,771	141,790	80,278	61,572
Accumulated depreciation	(62,783)	(33,904)	(38,296)	(21,824)
Net carrying amount	**164,988**	**107,886**	**41,982**	**39,748**
Total cost	265,790	179,809	80,278	61,572
Accumulated deprecation	(86,313)	(48,880)	(38,296)	(21,824)
Net carrying amount	**179,477**	**130,929**	**41,982**	**39,748**

12. NON-CURRENT ASSETS – PLANT AND EQUIPMENT (continued)	**Consolidated Entity 2010 $**	**Consolidated Entity 2009 $**	**Parent Entity 2010 $**	**Parent Entity 2009 $**
Motor vehicles				
At 1 July , net of accumulated depreciation	23,043	126,389	-	-
Additions	-	-	-	-
Disposals	-	(82,673)	-	-
Depreciation charge for the year	(8,554)	(20,673)	-	-
	14,489	**23,043**	**-**	**-**
Plant and equipment				
At 1 July, net of accumulated depreciation	107,886	139,611	39,748	34,012
Additions	85,994	3,261	18,705	22,964
Disposals	-	(11,799)	-	(4,917)
Depreciation charge for the year	(28,892)	(20,187)	(16,471)	(12,311)
	164,988	**107,886**	**41,982**	**39,748**
Total				
At 1 July, net of accumulated depreciation	130,929	263,000	39,748	34,012
Additions	85,994	3,261	18,705	22,964
Disposals	-	(94,472)	-	(4,917)
Depreciation charge for the year	(37,446)	(40,860)	(16,471)	(12,311)
Net carrying amount	**179,477**	**130,929**	**41,982**	**39,748**

No provision has been made for the impairment of plant and equipment as the directors consider the net carrying amount of these assets to be lower than their recoverable amount.

The useful life of the assets was estimated as follows:

Motor vehicles	5 years
Plant and equipment	3 to 15 years

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION COSTS	**Consolidated Entity 2010 $**	**Consolidated Entity 2009 $**	**Parent Entity 2010 $**	**Parent Entity 2009 $**
Exploration and evaluation costs	**16,069,054**	**93,657**	**-**	**-**
Reconciliation of carrying amount				
Beginning of financial year	93,657	732,859	-	137,500
Expenditure incurred	2,864,103	925,666	-	-
Reversal of impairment / (impairment) of exploration and evaluation (i)	13,302,006	(625,971)	-	-
Exploration expenditure written off (ii)	(190,712)	(938,897)	-	(137,500)
Net carrying amount	**16,069,054**	**93,657**	**-**	**-**

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(i) During the year ended 30 June 2008 previously capitalised exploration and evaluation expenditure relating to the Group's interests in Niger, West Africa was fully impaired as a result of political unrest in Niger, during which the Government declared a mis en garde (state of alert). Expenditure in respect of the Group's interests in Niger was also impaired during the year ended 30 June 2009 due to the ongoing state of alert.

During the year ended 30 June 2010, the Government has lifted the state of alert and the Group's tenure over the Niger mining tenements has been renewed for a further period of two years. The Group has also recommenced its exploration activities in respect of the Niger tenements. As a result, the Group has reversed the previously recognised impairment losses in respect of the Niger tenements. The impairment reversal is supported by the value of the takeover offer made by Paladin Energy Limited subsequent to year-end (refer note 25).

(ii) During the year ended 30 June 2010, the carrying value of the exploration asset was reviewed for impairment. As a result of that review the directors consider that the exploration and evaluation expenditure relating to the tenements held in Madagascar is unlikely to be recovered in full from successful development or by sale. Since 30 June 2009 the Group has not committed substantial expenditure to the tenements and no further substantial expenditure is planned on these tenements. Accordingly, $190,712 in impairment losses has been recognised in Statement of Comprehensive Income for the year ended 30 June 2010.

	Consolidated Entity		Parent Entity	
14. CURRENT LIABITLIES – TRADE AND OTHER PAYABLES	**2010 $**	**2009 $**	**2010 $**	**2009 $**
Trade and other payables	215,366	176,027	200,070	176,026
Accrued expenses	88,000	20,000	88,000	20,000
	303,366	**196,027**	**288,070**	**196,026**

Terms

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Trade and other payables are non interest bearing and are normally settled on 30 day terms.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
15. CURRENT LIABITLIES – PROVISIONS				
Annual leave	**2,697**	**-**	**2,697**	**-**
16. CONTRIBUTED EQUITY				
Ordinary shares	**27,966,317**	**22,937,625**	**27,966,317**	**22,937,625**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Consolidated Entity	
	Number of shares	**$**
Movement in ordinary shares on issue		
At 1 July 2008	**120,900,001**	**22,141,784**
Share issue – March 2009	18,135,000	453,375
Share issue – April 2009	1,865,000	46,625
Share issue – May 2009	4,280,000	299,600
Transaction costs	-	(3,759)
At 30 June 2009	**145,180,001**	**22,937,625**
Share issue – August 2009	16,800,308	2,520,046
Share issue – October 2009	18,467,050	2,770,058
Transaction costs	-	(261,412)
Total at 30 June 2010	**180,447,359**	**27,966,317**

On 20 August 2009 the Company announced to the ASX that it had successfully completed a placement of 35,267,358 ordinary shares at an issue price of 15 cents per share raising $5,290,104 (before costs) to a number of sophisticated investors, led by Paladin Energy Limited. The shares were issued in two tranches, 16,800,308 shares were issued on 26 August 2009 and tranche 2 of 18,467,050 shares were issued on 8 October 2009. In addition, there are 30,000,000 incentive shares on issue at the reporting date (refer to note 22).

	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
17. RESERVES				
Share based payment reserve	**2,711,050**	**2,186,250**	**2,711,050**	**2,186,250**
Movement in share based payment reserves				
Balance at the beginning of the financial year	2,186,250	2,186,250	2,186,250	2,186,250
On 29 October 2009, 4,850,000 options were issued to directors and consultants with an expiry date of 31 December 2012. They have been valued using a binomial option pricing model.	487,600	-	487,600	-
On 16 March 2010, 1,000,000 options were issued to a consultant with an expiry date of 31 December 2012. They have been valued using a binomial option pricing model.	37,200	-	37,200	-
Balance at the end of the financial year	**2,711,050**	**2,186,250**	**2,711,050**	**2,186,250**

Nature and purpose of reserve

The share based payments reserve records the value of share options issued to the company's directors, employees and other parties.

	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
18. ACCUMULATED LOSSES				
Accumulated losses	**(13,150,840)**	**(24,544,652)**	**(13,231,987)**	**(24,637,006)**
Movement in accumulated losses				
Balance at the beginning of the financial year	(24,544,652)	(22,340,770)	(24,637,006)	(22,436,616)
Net profit/(loss) attributable to members of NGM Resources Limited	11,393,812	(2,203,882)	11,405,019	(2,200,390)
Balance at the end of the financial year	**(13,150,840)**	**(24,544,652)**	**(13,231,987)**	**(24,637,006)**

19. CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations

	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Profit/(loss) from ordinary activities after income tax	**11,393,812**	**(2,203,882)**	**11,405,019**	**(2,200,390)**
Adjustments for :				
Depreciation	37,446	40,860	16,471	12,311
Net loss/(profit) on disposal of fixed asset	-	(1,657)	-	4,917
Reversal of impairment of investment	-	-	(10,558,000)	-
(Reversal)/Impairment of exploration expenditure	(13,302,006)	625,971	-	-
Exploration assets written off	190,712	938,897	-	137,500
Share based payments	524,800	-	524,800	-
(Reversal)/Impairment of loan to controlled entities	-	-	(2,476,572)	1,448,824
Foreign exchange gain/(loss)	(49,194)	11,197	(11,772)	(444)
Changes in assets and liabilities:				
Decrease / (increase) in trade and other receivables	(7,164)	15,739	(7,164)	(763)
Decrease / (increase) in prepayments	(5,686)	4,136	(5,686)	4,136
Increase / (decrease) in trade and other payables	107,337	158,310	92,041	158,944
Increase / (decrease) in provisions	2,697	(52,638)	2,697	(52,638)
Net cash flows used in operating activities	**(1,107,246)**	**(463,067)**	**(1,018,166)**	**(487,603)**

20. RELATED PARTY DISCLOSURES

(a) Ultimate parent

The ultimate Australian parent entity and the ultimate parent of the consolidated entity is NGM Resources Limited.

(b) Subsidiaries

The subsidiaries of NGM are listed in the following table:

Name	Country of incorporation	Equity interest 2010 %	Equity interest 2009 %	Investment 2010 $	Investment 2009 $
Indo Energy Limited	British Virgin Islands	100	100	10,558,000	-
North Gasgoyne Mining Pty Ltd	Australia	100	100	-	-
Malagasy Exploration and Mining Ltd	Australia	100	-	2	-
NGM Universal Limited (i)	British Virgin Islands	100	100	-	-
Universal Exploration Madagascar SARL (ii)	Madagascar	100	100	-	-
				10,558,002	**-**

(i) Became a wholly owned subsidiary of Malagasy Exploration and Mining Ltd during the year, previously a wholly owned subsidiary of NGM.

(ii) A wholly owned subsidiary of NGM Universal Limited

21. DIRECTORS AND KEY MANAGEMENT PERSONNEL

Compensation for key management personnel	Consolidated Entity 2010 $	Consolidated Entity 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
Short term employee benefits	299,300	284,799	299,300	284,799
Post employment benefits	9,860	20,753	9,860	20,753
Share based payments	234,900	-	234,900	-
	544,060	**305,552**	**544,060**	**305,552**

(a) Option holdings of Key Management Personnel (Consolidated)

30 June 2010	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2010 Exercisable	Vested at 30 June 2010 Not exercisable
Directors						
GD Loftus-Hills	1,000,000	500,000	-	1,500,000	1,500,000	-
SJ Chadwick (1)	-	-	-	-	-	-
RE Kirtlan	5,080,000	1,000,000	-	6,080,000	6,080,000	-
GA Corner (2)	1,300,000	750,000	-	2,050,000	2,050,000	-
	7,380,000	**2,250,000**	**-**	**9,630,000**	**9,630,000**	**-**

(1)Appointed on 22 January 2010
(2)Resigned on 22 January 2010

30 June 2009	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period	Vested at 30 June 2009 Exercisable	Vested at 30 June 2009 Not exercisable (held in escrow)
Directors						
GD Loftus-Hills	1,000,000	-	-	1,000,000	1,000,000	-
SR Penney (1)	3,000,000	-	(3,000,000)	-	-	-
RE Kirtlan	5,080,000	-	-	5,080,000	5,080,000	-
GA Corner (2)	1,300,000	-	-	1,300,000	1,300,000	
Executives						
KG Shugg (3)	-	-	-	-	-	-
	10,380,000	**-**	**(3,000,000)**	**7,380,000**	**7,380,000**	**-**

(1)Resigned on 30 November 2008
(2) Executive until appointed a director – 30 November 2008
(3)Resigned on 3 February 2009

21. DIRECTORS AND KEY MANAGMENT PERSONNEL (continued)

(b) Shareholdings of Key Management Personnel (Consolidated)

30 June 2010	Balance at beginning of period	Granted as remuneration	Net change other	Balance at end of period
Directors				
GD Loftus-Hills	1,190,000	-	-	1,190,000
SJ Chadwick (1)	-	-	-	-
RE Kirtlan	11,971,772	-	-	11,971,772
GA Corner (2)	850,000	-	-	850,000
Total	**14,011,772**	**-**	**-**	**14,011,772**

(1) Appointed on 22 January 2010
(2) Resigned on 22 January 2010

(c) Shareholdings of Key Management Personnel (Consolidated)

30 June 2009	Balance at beginning of period	Granted as remuneration	Net change other(4)	Balance at end of period
Directors				
GD Loftus-Hills	690,000	-	500,000	1,190,000
SR Penney (2)	1,027,500	-	(1,027,500)	-
RE Kirtlan	8,971,772	-	3,000,000	11,971,772
GA Corner (1)	550,000	-	300,000	850,000
Executives				
KG Shugg (3)	-	-	-	-
Total	**11,239,272**	**-**	**2,772,500**	**14,011,772**

(1) Executive until appointed a director – 30 November 2008
(2) Resigned on 30 November 2008
(3) Resigned on 3 February 2009
(4) All equity transactions with KMP other than those arising from the exercise of remuneration options have been the result of on-market transactions or as a result of termination of tenure.

22. SHARE BASED PAYMENTS

	Consolidated Entity		Parent Entity	
Share based payment plan	**2010**	**2009**	**2010**	**2009**
(a) Recognised share based payments	**$**	**$**	**$**	**$**
Expense arising from equity settled share based payment transactions	524,800	-	524,800	-
Total	**524,800**	**-**	**524,800**	**-**

(b) Option pricing model

Equity settled transactions

The fair value of the equity settled share options granted were estimated as at the date of grant using a binomial option pricing model.

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

	March 2010	March 2010	October 2009	October 2009
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk-free interest rate (%)	4.88%	4.88%	4.69%	4.69%
Expected life of options (years)	1.2 ~ 2.2	1.2 ~ 2.2	1.2 ~ 2.2	1.2 ~ 2.2
Options exercise price ($)	$0.15	$0.25	$0.15	$0.25
Weighted average share price at grant date ($)	$0.105	$0.105	$0.185	$0.185

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

On 29 October 2009, 4,850,000 options were issued to directors and consultants, with an exercise price of $0.15 (4,350,000 options) and $0.25 (500,000 options), expiring on 31 December 2012. Upon being issued the options vested immediately.

22. SHARE BASED PAYMENTS (continued)

Equity settled transactions (continued)

On 16 March 2010, 1,000,000 options were issued to a consultant, with an exercise price of $0.15 (500,000 options) and $0.25 (500,000 options), expiring on 31 December 2012. Upon being issued the options vested immediately.

(c) Share based payment plan

Management Option Plan

An employees and executives option plan has been established and was refreshed in November 2007 where NGM Resources Limited may, at the discretion of management, grant options over the ordinary shares of NGM Resources Limited to directors, executives, employees and consultants to the consolidated entity. The options, issued for $nil consideration, are granted in accordance with guidelines established by the directors of NGM Resources Limited, although the management of NGM Resources Limited retains the final discretion on the issue of options. The contractual life of each option granted is variable. The vesting period is pre-determined by the Company without considering the performance conditions. There are no cash settlement alternatives.

The options may be forfeited if the Company initiates the termination of the employee due to serious misconduct. The options cannot be transferred and will not be quoted on the ASX.

Series A Options

The options were issued as part of the acquisition of Indo Energy Limited for nil consideration. The material terms and conditions of the Series A options are as follows:

(i) each option entitles the holder, when exercised, to one share;

(ii) it is not currently intended that the Company will make an application to ASX for official quotation of the options;

(iii) the exercise price of the options is A$1.00 each and they are exercisable on or before 31 December 2010; and

(iv) the options are transferrable subject to the Corporation's Act, ASX Listing Rules, the Company's Constitution and any other applicable laws.

(d) Summary of options granted

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2010		2009	
Management Options	**Number**	**WAEP**	**Number**	**WAEP**
Outstanding at the beginning of the year	7,500,000	1.00	7,500,000	1.00
Granted during the year (directors and consultants options)	5,850,000	0.17	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**13,350,000**	**0.64**	**7,500,000**	**1.00**
Series A Options				
Outstanding at the beginning of the year	20,000,000	1.00	20,000,000	1.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	**20,000,000**	**1.00**	**20,000,000**	**1.00**

(e) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding at 30 June 2010 is 1.54 years (2009: 1.77 years).

(f) Range of exercise price and weighted average share price at the date of exercise

The range of exercise prices for options outstanding at the end of the year was $0.15, $0.25 and $1.00 (2009: $1.00). There were no options exercised during the year.

(g) Weighted average fair value

The weighted average fair value of options granted during the year was $0.969 (2009: Nil).

22. SHARE BASED PAYMENTS (continued)

Other

On 17 August 2007, the Company acquired 100% interest of Indo Energy Ltd, an unlisted public company incorporated in the British Virgin Islands. Indo Energy Ltd had been granted three exploration concessions in Niger, West Africa.

The following securities were issued in connection with the acquisition of Indo Energy Ltd:

- 30,000,000 ordinary shares
- 30,000,000 incentive shares
- 20,000,000 series A options having an exercise price of A$1.00 expiring on 31 December 2010

The holders of the incentive shares will become entitled to make application for the conversion of the incentive shares to ordinary shares in the Company, on the first to occur of:-

- Board approval to proceed to the development of a mine for the economic exploitation on a commercial scale (not including bulk sampling or trial mining) of an ore body contained on the concessions or any further concessions in Niger acquired by Indo Energy Ltd either outright or by joint venture, within a period of two years from the date of grant of the first concession; or
- A takeover bid (as defined in the Corporations Act 2001), is made for the Company and the holders of at least half of the bid class securities to which the offer under the takeover bid relates, and which are not subject to escrow having accepted the offer; or
- Approval of the Court at the second Court hearing to a scheme of arrangement under Part 5.1 of the Corporations Act 2001.

The acquisition of Indo Energy Limited was accounted for as an acquisition of assets.

The total cost of the acquisition was $10,558,000 and comprised of an issue of equity instruments. The Group issued 30 million ordinary shares with a fair value of $0.30 each based on the quoted price of the shares of NGM Resources Limited at the date of exchange, and issued 20 million options at a fair value of $0.0729 each at the date of acquisition. The value recognised of the Incentive Shares as the date of their issue was not significant and the above conditions for conversion have not been met.

23. FINANCIAL RISK MANAGEMENT

The consolidated entity's principal financial instruments comprise cash, short-term deposits, receivables and payables.

The consolidated entity has a policy not to participate in debt financing, derivatives or hedging activity. As a result the consolidated entity has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the consolidated entity change its position in the future, a considered summary of these policies will be disclosed at that time.

The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessment of market forecasts for interest rates and foreign exchange. The credit risk is managed by only dealing with recognized, creditworthy, third parties and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Interest rate risk

The consolidated entity's current exposure to the risk of changes in market interest rates relate primarily to cash assets and is managed by the Board.

During the financial year the Group has managed its cash assets by entering into fixed interest bank bills to maximise its cash balance and minimise investment risk.

The following table summarises the impact of reasonably possible changes on interest rates for the consolidated entity and the Company at 30 June 2010. The sensitivity is based on the assumption that interest rate changes by 80 basis points (2009: 80 basis points) with all other variables held constant. The 80 basis points sensitivity is based on reasonably possible changes over a financial year, using the observed range of actual historical rates for the preceding 3 year period. The analysis is performed on the same basis for the comparative period.

The exposure to interest rate risk on post-tax loss arises from higher or lower interest income from cash and cash equivalents. The Company's main interest rate risk arises from cash and cash equivalents with variable interest rates.

	Consolidated Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
Financial assets				
Cash and cash equivalents	**1,511,980**	**491,436**	**1,436,942**	**451,640**

	Post tax loss		Equity	
	2010 $	2009 $	2010 $	2009 $
Consolidated Entity				
80 basis point increase	8,647	2,752	8,467	2,752
80 basis point (decrease)	(8,647)	(2,752)	(8,467)	(2,752)
Parent Entity				
80 basis point increase	8,047	2,259	8,047	2,529
80 basis point (decrease)	(8,047)	(2,259)	(8,047)	(2,259)

The difference in the impact on post tax loss is due to higher interest revenue from cash and cash equivalents. The sensitivity is higher in 2010 than in 2009 because of an increase in cash balances due to a capital raising and a decrease in payments to suppliers and employees, and payment for exploration and evaluation expenditure during the year.

Foreign currency risk

The consolidated entity transacts and reports in Australian dollars and does not participate in the use of derivative financial instruments. Minor exposure to foreign exchange transactions may occur as a result of the consolidated entity's activities in other jurisdictions arising from variations in the Australian exchange rate on historically low bank balances maintained in those locations. The impact of these foreign exchange differences are not material, therefore the consolidated entity considers there is minimal foreign exchange risk present.

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The consolidated entity is exposed to credit risk from its operating activities and financing activities including deposits with banks.

The credit risk control procedures adopted by the consolidated entity are to assess the credit quality of the institution with which funds are deposited or invested, taking into account its financial position and past experiences. Any credit concerns are highlighted to senior management.

As the consolidated entity is yet to commence mining operations it has no significant exposure to customer credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets in the statement of financial position.

	S&P Credit rating				
	AAA	**A1+**	**A1**	**A2**	**Unrated**
	$	**$**	**$**	**$**	**$**
30 June 2010					
Cash and cash equivalents	52,790	1,436,740	-	-	22,451
Trade and other receivables	-	33,530	-	-	-
Number of counterparties	3	4			3
Largest counterparty (%)	99%	95%	-	-	58%
30 June 2009					
Cash and cash equivalents	1,927	451,639	-	-	37,870
Trade and other receivables	-	26,365	-	-	-
Number of counterparties	3	6			3
Largest counterparty (%)	95%	91%	-	-	78%

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors.

The consolidated entity manages liquidity risk by maintaining sufficient cash to meet the operating requirements of the business and investing excess funds in highly liquid, high security short term investments. The consolidated entity's liquidity needs can be met through a variety of sources, including cash generated from operations and issue of equity instruments.

The following table details the Company's and consolidated entity's financial liabilities according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	Less than 6 months $	**6 months to 12 months $**	**1 to 2 years $**	**Greater than 2 years $**
Consolidated entity at 30 June 2010				
Trade and other payables	303,366	-	-	-
Consolidated entity at 30 June 2009				
Trade and other payables	196,027	-	-	-
Parent at 30 June 2010				
Trade and other payables	288,070	-	-	-
Parent at 30 June 2009				
Trade and other payables	196,026	-	-	-

23. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management
Management defines capital as contributed shareholder equity $27,966,317 (2008: $22,937,625).

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.

In order to maintain or adjust the capital structure, the entity may return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2010 and no dividends are expected to be paid in 2011.

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The consolidated entity is not subject to any externally imposed capital requirements.

24. COMMITMENTS

	Consolidated Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
Estimated commitments for which no provisions were included in the financial statements are as follows:				
(a) Operating lease commitments				
Not later than one year	83,669	64,461	61,505	64,461
Later than one year and not later than five years	7,821	-	-	-
	91,490	**64,461**	**61,505**	**64,461**
(b) Exploration expenditure commitments (i)				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	**-**	**-**	**-**

(i) All exploration expenditure commitments are non-binding, in respect of outstanding expenditure commitments, in that the company has the option to relinquish these licences or its contractual commitments at any stage, at the cost of its cumulative expenditure up to the point of relinquishment.

25. EVENTS AFTER BALANCE DATE

On 21 July 2010 Paladin Energy Limited (Paladin) announced that it intended to bid for all shares it does not already own in NGM Resources Limited. At the time of Paladin's announcement the offer valued the Company at $27m. The consideration to be offered to shareholders is one Paladin share for every 23.9 NGM shares.

NGM Resources Limited has sent its target's statement to Paladin in response to the bidder's statement sent to it by Paladin on 2 September 2010 in relation to a bid to acquire all of the ordinary fully paid shares in NGM.

On 24 September 2010, Paladin advised the Company that certain conditions of its takeover offer had become incapable of being fulfilled as a result of a kidnapping incident that occurred in Arlit 230kms north of the Company's base in Agadez, and that as Paladin does not intend to free its offer from those conditions, its takeover offer will lapse on 8 October 2010. Your Board does not agree with this view and has applied to the Takeovers Panel to determine the status of the relevant conditions to Paladin's takeover offer for NGM. At the time of finalising this report, the outcome of the Company's application to the Takeovers Panel, and the status of Paladin's takeover offer for the Company, is uncertain.

Since the end of the financial year no other matter or circumstance has occurred that has or may significantly affect the operations or the state of affairs of the Company and the consolidated entity in subsequent financial years.

	Consolidated Entity		Parent Entity	
	2010 $	2009 $	2010 $	2009 $
26. AUDITORS' REMUNERATION				
The auditor of NGM Resources Limited is Ernst & Young Australia.				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
An audit or review of the financial report of the Company and any other entity in the consolidated group	33,990	36,350	33,990	36,350
Other services in relation to the Company and any other entity in the consolidated group for tax compliance	12,000	11,100	12,000	11,100
	45,990	**47,450**	**45,990**	**47,450**

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

i. In the opinion of directors:

(a) the financial statements and notes and the additional disclosures included in the Directors' Report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

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

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

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b); 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.

ii. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

On behalf of the Board

RE Kirtlan
Director
Perth
29 September 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 NGM Resources Limited

In relation to our audit of the financial report of NGM Resources Limited for the financial year ended 30 June 2010, 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

Ernst & Young

T S Hammond
Partner
Perth
29 September 2010

TH;HG;NGM;020

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 NGM Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of NGM Resources Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

TH;HG;NGM;019

Auditor's Opinion

In our opinion:

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

   i giving a true and fair view of the financial position of NGM Resources Limited and the consolidated entity at 30 June 2010 and of their performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 11 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 NGM Resources Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth
29 September 2010

TH:HG:NGMRESOURCES:019

NGM Resources Limited's ("NGM Group") Corporate Governance Statement is structured with reference to the "Corporate Governance Principles Recommendations" promulgated by the ASX Corporate Governance Council in August 2007:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect rights of shareholders
Principle 7	Recognise and manage risks
Principle 8	Remunerate fairly and responsibly.

The following statement includes explanation of variations from the recommendations, following the "if not, why not" protocol.

References to the company's website in this Corporate Governance Statement means: www.ngmresources.com.au.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The role of the Board and management team
The role of the Board is to oversee and guide the management of NGM Group with the aim of protecting and enhancing the interests of its shareholders, taking into account the interests of other stakeholders, including employees, (future) customers, suppliers and the wider community.

The responsibilities of the Board include:
- appointing and removing the Chief Executive Officer;
- approving the company's strategic and operating objectives, and monitoring their implementation by senior management;
- reviewing and approving the company's financial position, reporting mechanisms, systems of risk management and internal compliance and control, code of conduct, and legal compliance;
- capital management, and approving and monitoring the progress of major capital expenditure, and acquisitions and divestments;
- approving the appointment and remuneration of directors, senior management and the external auditor;
- ratifying the process of evaluating the performance of the Board, the Committees and the directors; and
- carrying out the above evaluation process.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the NGM Group, including the review of senior executive's performance and remuneration.

The roles and responsibilities of the company's Board and management are consistent with those set out in ASX Principle 1.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board structure
The Board has a majority of non-executive independent directors and a non-executive independent Chairman (with different persons filling the roles of Chairman and Chief Executive Officer).

The Board is currently comprised of three directors, with:
- one non-executive director (Chairman)
- one non-executive director; and
- one executive director.

The directors in office, the year of each director's appointment, and each director's status as an independent, non-executive or executive director are set out in the Directors' Report within the Annual Financial Report.

Director independence
All directors are expected to bring independent views and judgment to the Board's deliberations.

In assessing whether a director is classified as independent, the Board considers the independence criteria in ASX Principle 2 and other facts, information and circumstances deemed by the Board to be relevant. The Board assesses the independence of new directors and of all directors at other times as appropriate.

The Board considers Dr Loftus-Hills and Mr Steven Chadwick to be an independent director in accordance with the criteria set out in ASX Principle 2.

Retirement and re-election
The company's constitution requires one third of the directors to retire from office at each annual general meeting. Directors who have been appointed by the Board during the year (as a casual vacancy or as an addition to the Board) are required to retire from office at the next annual general meeting.

Directors cannot hold office for a period in excess of three years or beyond the third annual general meeting following their appointment without submitting themselves for re-election.

Retiring directors are eligible for re-election by shareholders. Board support for directors retiring by rotation and seeking re-election is not automatic.

Nomination and appointment of new directors
Recommendations of candidates for appointment as new directors are made by the Board's Nomination and Remuneration Committee for consideration by the Board as a whole. If it is necessary to appoint a new director to fill a vacancy on the Board or to complement the existing Board, a wide base of candidates is considered.

If a candidate is recommended by the Nomination and Remuneration Committee, the Board assesses the qualifications of the proposed new director against a range of criteria including background, experience, professional skills, personal qualities, the potential for the candidate's skills to augment the existing Board, and the candidate's availability to commit to the Board's activities. If these criteria are met and the Board appoints the candidate as a director, that director (as noted previously) must retire at the next annual general meeting and will be eligible for election by shareholders at that meeting.

Knowledge, skills and experience
All directors are expected to maintain the skills required to discharge their obligations to the company. Directors are provided with papers and briefings on NGM Group activities.

Directors are also encouraged to undertake continuing education and training relevant to the discharge of their obligations as directors of the company. To assist them to maintain an appropriate level of knowledge of company activities, directors may undertake site visits.

Board access to information and independent advice
All directors have unrestricted access to employees of the NGM Group and, subject to the law, access to all company records and information held by NGM Group employees and external advisers. The Board receives regular detailed financial and activity reports from senior management to enable it to carry out its duties.

Consistent with ASX Principle 2, each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board committee. The company will reimburse the director for the reasonable expenses of obtaining that advice.

Conflicts of interest
Directors are required to advise the company of any relationships that may result in a conflict of interest. Directors are required to avoid conflicts of interest and immediately inform their fellow directors should a conflict of interest arise.

Where a matter in which a director has a material personal interest is being considered by the Board, unless all of the other directors have passed a resolution to enable that director to do so, that director must not be present when the matter is being considered. Regardless, the director shall not vote on that matter.

Committees of the Board
The Board has established an Audit Committee and a (joint) Nomination and Remuneration Committee as standing committees to assist the Board in the discharge of its responsibilities.

These committees review matters on behalf of the Board and (subject to the terms of the committee's Charter):
- refer matters to the Board for decision, with a recommendation from the committee (where the committee acts in an advisory capacity); or
- determine matters (where the committee acts with delegated authority), which it then reports to the Board.

Audit Committee
Further information about the Audit Committee is provided in this statement under Principle 4: Safeguard Integrity in Financial Reporting.

Nomination and Remuneration Committee
NGM Group has combined the composition, operation and responsibilities of a standard Remuneration Committee and Nomination Committee into a joint committee. This is consistent with ASX Principle 2.

Further information about the Remuneration Committee is provided in this statement under Principle 8: Remunerate fairly and responsibly.

Review of performance
The Board conducts a performance review covering itself, its standing committees, and individual directors. The results will be considered by the Board as part of its annual planning session.

The criteria used include:
- attendance record and participation;
- professional knowledge, competence and maintenance thereof;
- contribution toward the achievement of Company strategic objectives;
- timeliness in discharging responsibilities;
- general conduct.

The process involves written submissions to the Chairman, who collates them, and tables them for discussion. The Annual Report will state whether the review occurred, and whether it followed the process.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Conduct and ethics
The Board has adopted a code of conduct which addresses the company's legal and ethical obligations to its stakeholders. The Code applies equally to all employees, directors and officers ("members") of the company.

In summary, employees and directors are expected to respect the law, properly use group assets, maintain confidentiality, avoid conflicts of interest, contribute to the company's reputation as a good corporate citizen and act in the best interests of shareholders.

The Board's code of conduct is consistent with ASX Principle 3 and a copy is published on the company's website.

Share trading policy
The company's Share Trading Policy reinforces the requirements of corporate laws in relation to insider trading. The policy states that all employees and directors of the company are expressly prohibited from trading in the company's securities if they are in possession of unpublished information that could be considered to have a material effect on the price of the company's securities.

Prior to instituting a securities transaction, directors and senior management are required to seek approval from the Chairman. The Chairman has the absolute discretion to approve the transaction and apply a time constraint or other condition as he deems fit.

All directors and senior management must immediately advise the company secretary that trading has occurred.

Each director has entered into an agreement with NGM Group under which the director must notify the company of any trade in the company's securities within three business days.

The company's Share Trading Policy is consistent with ASX Principle 3 and a copy is published on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit Committee
As set out in the Audit Committee Charter (a copy is published on the Company's website), the Audit Committee monitors internal control policies and procedures designed to safeguard company assets and to maintain the integrity of both internal and external financial reporting, which is consistent with ASX Principle 4.

The members of the Audit Committee are:
- RE Kirtlan (Chairman)
- GD Loftus-Hills

The company secretary, the external auditor (Ernst & Young), and any other persons considered appropriate, attend meetings of the Audit Committee by invitation.

The committee also meets from time to time with the external auditor in the absence of management.

Departure from the recommendations
Because the company is not one of the S&P All Ordinaries Top 300 Companies, it is exempt under Listing Rule 12.7 from maintaining an Audit Committee and thus compliance with Recommendation 4.1. However the Company continues to have an Audit Committee as a principle of best practice.

Until such time as the company appoints an additional independent director, the company is unable to comply with Corporate Governance Council Recommendation 4.3 which requires the structure of the Audit Committee to include a majority of independent directors, an independent chairperson (not being the chairman of the Board) and at least three members.

The current membership of the Audit Committee includes non-independent director, Mr Robert Kirtlan who has past experience in financial management and financial reporting. The Board considers the present structure of the Committee is sufficient for the present time given the nature and scope of the Company's activities.

Details of meeting attendance for committee members are set out in the Directors' Report in the Annual Financial Report.

Financial reporting
CEO and CFO declaration
Consistent with ASX Principle 4, and in accordance with section 295A of the Corporations Act 2001, the company's financial report preparation and approval process for each financial period under review involves both the Chief Executive Officer and Chief Financial Officer or equivalent providing a written statement to the Board that, in their opinion:
- the company's financial report presents a true and fair view of the company's financial condition and operating results and is in accordance with applicable accounting standards; and
- the company's financial records for the financial period have been properly maintained in accordance with section 286 of the Corporations Act 2001.

Independence of the External Auditor
Appointment of auditor
The company's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor are reviewed by the Audit Committee. If it becomes necessary to replace the external auditor for performance or independence reasons, the Audit Committee will establish the procedure and policy for the selection and appointment of a new auditor.

Independence declaration
Corporate law requires the external auditor to make an annual independence declaration, addressed to the Board, declaring that the auditor has maintained its independence in accordance with the law and the professional accounting body. Ernst & Young has provided an independence declaration to the Board in prior financial periods and the independence declaration forms part of the Directors' Report to the Annual and Half Year Financial Reports.

Non-audit services by external auditors
The Board considers the nature of the non-audit services provided by the external auditor and determines whether the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by corporate law to ensure that the auditor's independence has not been compromised.

Attendance of external auditors at annual general meetings
In accordance with ASX Principle 6 and the Corporations Act 2001, Ernst & Young attend and are available to answer questions at the company's annual general meetings. In addition to the right to ask questions at annual general meetings, shareholders may submit written questions for the external auditors to the company secretary no later than five business days before an annual general meeting.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous disclosure
The company understands and respects that timely disclosure of price sensitive information is central to the operation of an efficient securities market and ensures:

- timely announcements are made to the ASX;
- prevention of selective or inadvertent disclosure;
- conduct of investor and analysts briefings; and
- media communications.

The company secretary is the designated disclosure officer and has responsibility for overseeing and coordinating the disclosure of information by the company to the ASX and for referring matters relating to disclosure to the Board.

The company's Continuous Disclosure monitoring is consistent with ASX Principle 5 and a copy of the Policy is published on the company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Communications with shareholders
The company places considerable importance on effective communications with shareholders.

The company's communications strategy promotes the communication of information to shareholders through the annual report, half-year report, quarterly activities and cash-flow reports, announcements to the ASX and the media regarding changes in its business, and the Chairman's address at general meetings.

The company regularly reviews its communication strategy and underlying policies and processes to ensure effective communication with shareholders is maintained.

Annual general meeting
The company's annual general meeting is a major forum for shareholders to ask questions about the performance of the NGM Group. It is also an opportunity for shareholders to provide feedback to the company about information provided to shareholders.

Election to receive an electronic notification about the annual report
Following recent changes to the Corporations Act 2001, the company has offered shareholders the option of receiving an email about the release of future annual reports instead of receiving a hard copy report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk identification and management
Consistent with ASX Principle 7, the company is committed to the identification; monitoring and management of risks associated with its business activities and has embedded, in its management and reporting systems, a number of risk management controls, that are published on the company's website.

The risk management controls adopted by the company include:

- guidelines and limits for approval of capital expenditure and investments;
- a program of approved guidelines covering safety, risk identification and reporting;
- a comprehensive annual insurance program;
- annual budgeting and monthly reporting to monitor progress against projections; and
- appropriate due diligence procedures for corporate actions and project acquisition.

Management is ultimately responsible to the Board for the group's system of internal control and risk management. The Audit Committee assists the Board in relation to risk management receives reports on risks associated with environment, health and safety.

Risk management and integrity of financial reporting
In accordance with ASX Principle 7, the Chief Executive Officer and Chief Financial Officer or equivalent have provided the Board with a written statement for the financial period that:
- the statement given with respect to the integrity of the financial statements (referred to under the heading "Financial reporting" in Principle 4: Safeguard Integrity in Financial Reporting) was founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the company's risk management and internal compliance and control system was operating efficiently and effectively in all material respects.

The Risk Management Policy is published on the company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Board remuneration

Remuneration pool
The current annual remuneration pool for non-executive directors is $100,000. Details of director and senior executive remuneration are set out in the Remuneration Report, which forms part of the Directors' Report in the Annual Financial Report.

The Remuneration Report also sets out details of remuneration practices and policies of the NGM Group.

Nomination and Remuneration Committee
The specific responsibilities of the Nomination and Remuneration Committee reflect the requirements of ASX Principles 2 and 8.

The members of the Nomination and Remuneration Committee are:
- GD Loftus-Hills (Chairman)
- RE Kirtlan

Details of meeting attendance for committee members are set out in the Directors' Report to the Annual Financial Report.

Departure from the recommendations
Until such time as the Company appoints an additional independent director, the Company is unable to comply with Corporate Governance Council Recommendation 8.2 which recommends the structure of the Remuneration Committee consist of three members with a majority on independent directors. Dr Loftus-Hills is the sole independent director of the company.

The Board considers the present structure of the Committee is sufficient for the present time given the nature and scope of the company's activities.

Details of meeting attendance for committee members are set out in the Directors' Report in the Annual Financial Report.

The Nomination and Remuneration Committee Charter is published on the company's website.

The Australian Securities Exchange Corporate Governance best practice recommendations specify that options should not be granted to non-executive directors.

Non-executive directors have been granted options with the approval of shareholders at general meetings as the payment of monetary fees alone is not an adequate reward and does not provide an adequate incentive to enable the company to attract and keep non-executive directors of the requisite level of experience and qualifications.

Substantial shareholders

As at 28 September 2010, the name of the substantial shareholders in the company, the number of equity securities to which the substantial shareholder and substantial holder's associates have a relevant interest, as disclosed in substantial holding notice given to the company:

Name	Number of Ordinary Shares	%
PALADIN ENERGY LIMITED	40,373,574	22.37
MR ROBERT KIRTLAN	11,971,772	6.63
HARBOUR NOMINEES PTY LTD	11,817,687	6.55

(ii) Number of holders of each class of equity securities and the voting rights attached

Class of Security	Number of Holders	Voting rights attached
Ordinary	1,765	Each shareholder is entitled to one vote per share without restriction.
Series A Options	9	There are no voting rights or dividend attached to these options.
Management Options	15	There are no voting rights or dividend attached to these options.
Incentive Shares	9	There are no voting rights or dividend attached to these Incentive Shares.

(iii) Distribution schedule of the number of holders in each class of equity security as at 28 September 2010

	Holders of Ordinary Shares	Number of Ordinary Shares	%
1 - 1,000	831	271,827	0.15
1,001 - 5,000	297	770,818	0.43
5,001 - 10,000	136	1,121,344	0.62
10,001 - 100,000	389	15,212,644	8.43
100,001 and over	112	163,070,726	90.37
	1,765	**180,447,359**	**100.0**

(iv) Marketable Parcel

The number of shareholders with less than marketable parcel is 1,050

(v) Twenty largest holders of quoted ordinary shares

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 28 September 2010) is as follows:

	Name	Number of ordinary shares	%
1	PALADIN ENERGY LIMITED	40,373,574	22.37
2	PAN AUSTRALIAN NOMINEES PTY LTD <CONDITIONAL TAKEOVER A/C>	19,995,330	11.08
3	MR ROBERT KIRTLAN	11,971,772	6.63
4	HARBOUR NOMINEES PTY LTD <SL A/C>	11,817,687	6.55
5	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED <BERNDALE A/C>	8,922,664	4.94
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,895,826	3.82
7	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	6,799,301	3.77
8	HEADLAND CAPITAL PTY LIMITED	6,714,114	3.72
9	ANZ NOMINEES LIMITED <CASH INCOME A/C>	6,399,368	3.55
10	ROCKFACE CONSULTING GROUP	6,250,000	3.46
11	CITICORP NOMINEES PTY LIMITED	4,054,044	2.25
12	CS FOURTH NOMINEES PTY LTD <CORPORATE ACTIONS A/C>	4,000,000	2.22
13	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	3,216,803	1.78
14	ARREDO PTY LTD	2,597,866	1.44
15	PAN AUSTRALIAN NOMINEES PTY LIMITED	1,910,000	1.06
16	CADEX PETROLEUM PTY LIMITED	1,500,000	0.83
17	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,329,330	0.74
18	GLOBAL MINEX VENTURES LIMITED	1,200,000	0.67
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,000,000	0.55
20	MR MARK RAYMOND NOONAN	915,000	0.51
	Total	**147,862,679**	**81.94**

(vi) Unquoted equity securities
The company has the below listed unquoted equity securities on issue:

Number of securities	Number of holders	Type of security
20,000,000	9	Series A Options, $1.00 exercise price, expiry 31 December 2010
30,000,000	9	Incentive Shares, a new class with restricted rights attached
7,500,000	5	Management Options, $1.00 exercise price, expiry 31 December 2011
4,850,000	7	Directors and Consultants Options, $0.15 exercise price, expiry 31 December 2012
1,000,000	2	Directors and Consultants Options, $0.25 exercise price, expiry 31 December 2012

Holder with 20% or more securities within a class of unquoted security
RockFace Consulting Group, Niger 9,000,000 Incentive Shares

(vii) Mining tenements
The company is a mining exploration entity, below is a list of its interests in mining tenements, where the tenements are situated and the percentage interest held.

Mining tenements	Location of mining tenements	Interest
Australia		
E 45/2433 (Applic) E 45/2434 (Applic) E 45/2435 (Applic) E 45/2436 (Applic) E 45/2453 (Applic) E45/2797 (Applic)	North Telfer area	100%
International Tagait 4 Toulouk 1 Terzemazour 1	Tim Mersoï Basin Republic of Niger	100%
Licenses : Marolambo Project 16635,16637,16645, 17206, 17208, 17245, 19993, 20084, 20085, 35859,35860,35901, 35902, Analalava Project 17740, 35903 *Applications :* Analalava Project 31585,31586, 31587, 31588	Republic of Madagascar	100%

(viii) On market buy-back
There is currently no on-market buy-back.