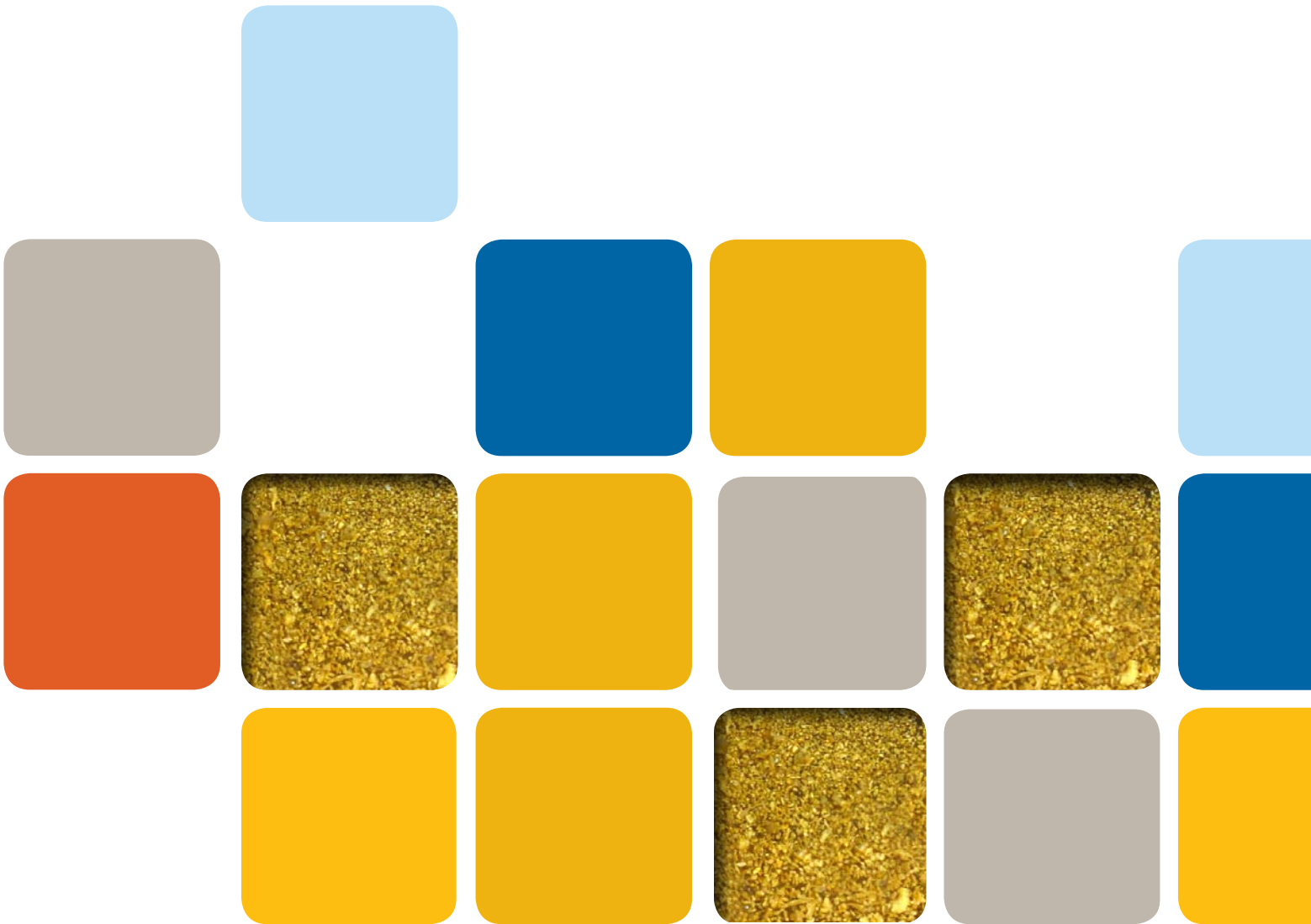
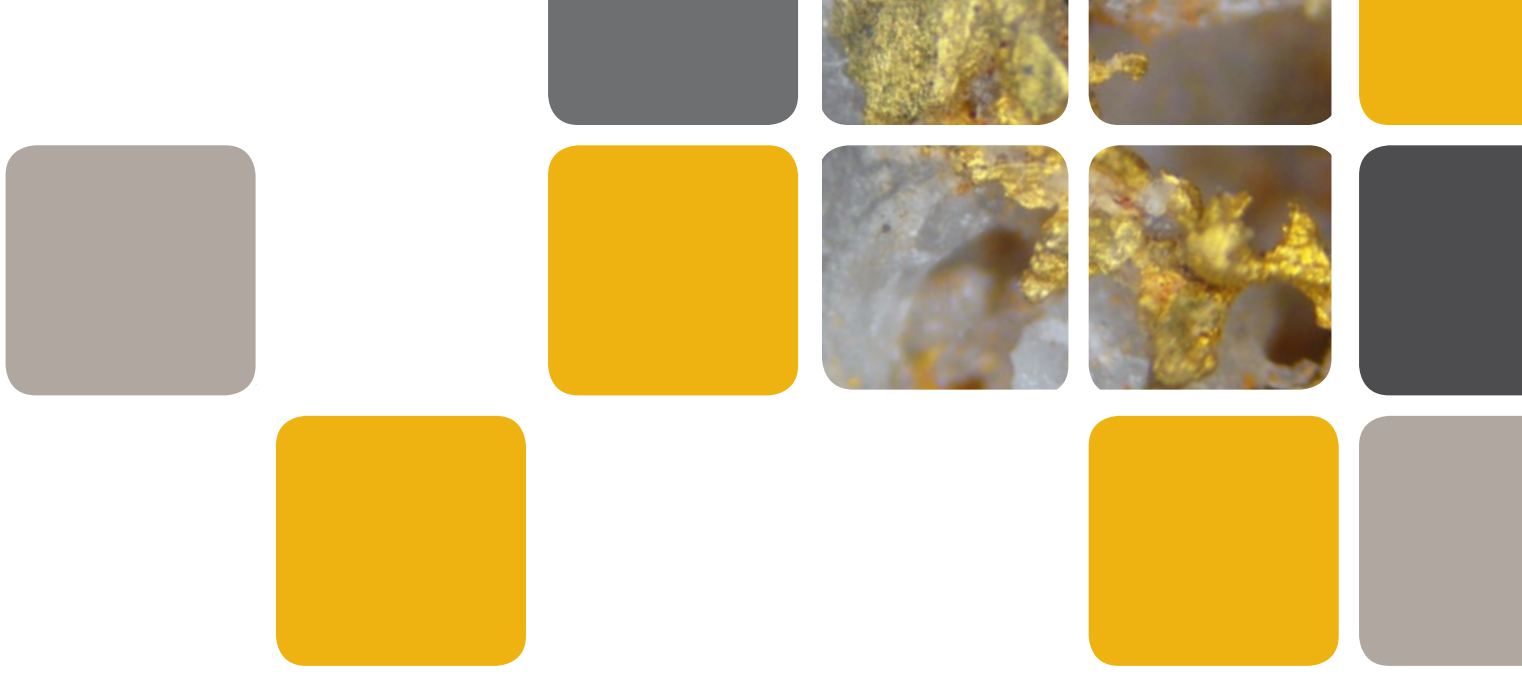




**ABM**  
RESOURCES NL



**ANNUAL REPORT 2011**



1.67 MILLION OUNCES

& WE'VE ONLY JUST BEGUN



ABN 58 009 127 020 ACN 009 127 020

**Directors**

Dr Michael Etheridge (Chairman)  
Mr Darren Holden  
Mr Imants Kins  
Dr Nicholas Archibald - *Retired 31 December 2010*  
Mr Graeme Sloan - *Appointed 30 November 2010*

**Secretary**

Ms Jutta Zimmermann

**Auditors**

BDO Audit (WA) Pty Ltd  
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SUBIACO WA 6008

**Bankers**

Commonwealth Bank of Australia  
Head Office  
150 St Georges Terrace  
PERTH WA 6000

**Share Registry**

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**Stock Exchange**

Australian Securities Exchange Limited  
ASX Code: ABU

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**Principle Office**

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## CHAIRMAN'S REPORT



### *Dear Shareholder*

FOLLOWING THE INTENSE ACTIVITY OF THE PREVIOUS YEAR, MAINLY INVOLVING CORPORATE AND MANAGEMENT RESTRUCTURE, SUBSTANTIAL RE-FINANCING AND THE ACQUISITION OF TWO OUTSTANDING EXPLORATION PORTFOLIOS, IT WAS SOMEWHAT OF A RELIEF TO GET ONTO THE GROUND AND COMMENCE SERIOUS EXPLORATION DURING THIS YEAR.

The Company set out in July with the following principle objectives, following its mantra of “drill deep, drill early”.

- Complete an initial phase of deep drilling at the Buccaneer prospect that was commenced in July 2010, with a view to enabling an initial Resource (targeting > 1Moz) to be estimated.
- Undertake mapping, surface sampling and limited initial drilling at the Old Pirate prospect, with the initial goal of understanding the controls on the erratic but spectacular high-grade gold found there.
- Drilling the first deep (>200m) holes into a number of the other prospects defined by previous, mainly shallow drilling (Barrow Creek, Hyperion, Lake Mackay, and numerous targets within the Twin Bonanza Camp).
- Raise sufficient funds to enable our aggressive drilling program to be maintained into 2012, with at least some of the funds coming from one or more respected resource specialty funds.

I am very pleased to say that each of these objectives has been achieved, due mainly to the skill, enthusiasm and hard work of the whole ABM team.

- In January, the Company announced the outcomes of the initial, independent resource estimate (by SRK Consulting) for the Buccaneer deposit. The Inferred Resource of 1.67Moz at 0.79g/t gold (at a 0.2g/t cut-off), or 1.19Moz at 1.01g/t (at a 0.5g/t cut-off) represented a very encouraging start, and justified our decision to undertake an aggressive program of deep drilling (350-400m) at this project. During Q4 and subsequent to year-end, we have been concentrating on drilling beyond the initial resource to try to understand the extent of this large, low-grade system, and plan to commission a resource upgrade in Q3.
- The Old Pirate project delivered some spectacular grades, both at surface and in drilling, including a remarkable RC drill sample containing numerous gold grains from the northernmost drill section (announced on 09 August 2011). Unravelling the geological controls on the widely distributed high grades remains a focus, and the Company is currently undertaking a major trenching/stripping program, supplemented by additional drilling, to both provide multiple samples and deliver a deposit-scale “look” at the prospect.
- During the wet season, the ABM geological team trawled through and re-interpreted the database from around Twin Bonanza. Over 30 potential targets were identified and prioritised, confirming our view that Twin Bonanza is a sizeable “camp” that is likely to deliver additional deposits. During Q4 and subsequent to year-end, the team has been drilling 200-400m holes into about 20 of these targets, with assay results expected to flow very soon.

- Beyond the Twin Bonanza Camp, we also commenced testing regional targets across the length and breadth of the portfolio. At Hyperion in the north, a preliminary deep drilling program was undertaken beneath the historic drilling, resulting in extension of the mineralization significantly down plunge. An initial resource is likely to be defined at Hyperion during the current year. In the Barrow Creek area in the far east of our tenement holdings, 14 holes have recently been completed into the high priority Kroda targets and we are awaiting assays. Since year-end, a camp has been set up in the remote Lake Mackay region in the southwest. As this goes to press, drilling has commenced on a number of copper-gold targets there.
- In order to maintain its aggressive exploration program, the Company must raise funds via equity issuance and/or asset sale. To this end, the Company undertook a capital raising in October 2010, co-led by Paterson Corporate Finance and BGF Equities Limited. This successful share placement to institutional and sophisticated investors raised over \$10M, and I would like to express my appreciation to our supporters at Paterson Corporate Finance and BGF Equities Limited throughout and since the capital raising. Furthermore, we receive strong broking support from Hartleys Limited and I also thank them for their ongoing assistance. Subsequent to year-end, ABM welcomed Craton Capital, a well respected specialist resource fund, who subscribed for a non-brokered placement (at \$0.045), raising a further \$8M. This additional capital insures the Company against adverse market conditions for a further 12 months and allows us to maintain, or even ramp up, our aggressive exploration program.

In my report last year, I said that “to achieve this amount of success and pace of progress everybody involved has to operate with great skill and at full capacity”. Well, the demands on the whole team – senior management, the technical and field staff and the administrative support – have only increased, and everybody has just stepped up. It has been a pleasure working with all of the people, and you can be assured that the Company is in very good hands.

There have been two important developments during this year that I would like to particularly highlight. First, the management and the field team have put a great deal of effort into the development and implementation of robust OH&S systems and procedures. The board takes safety very seriously, and receives detailed reports of any incidents as well as having input into improvements of the systems and procedures. Second, like all ASX-listed companies, ABM published its Diversity Policy during the year. However, unlike many of our peers, especially in the mining industry, we have been putting it into action. We are particularly proud of our gender diversity, which sees  $\geq 50\%$  women in each of our management, administrative and technical teams. We are only lagging at board level and I plan to address that during the current year.

During the year, Nick Archibald left the board, having played a crucial role in bringing both the Tanami Gold and the Newmont Mining exploration assets into the Company. I would like to thank Nick both personally and on behalf of the Company for his substantial contribution to where we are now. Also during the year, Graeme Sloan, CEO of Tanami Gold, joined the board, nominated by Tanami Gold under the agreement by which we acquired their NT exploration portfolio. Graeme brings substantial corporate and technical experience to the board, as well as an important ‘engineers’ perspective to balance the geologists’ enthusiasm and optimism!

It has been another exciting and successful year, and 2011-12 has started very well. We look forward to continuing to bring positive results from the Company’s aggressive drilling campaign, and to creating value for our shareholders. Despite the exploration success achieved to date, as our CEO Darren Holden emphasized in his recent presentation at the Diggers & Dealers 2011 conference – “we have only just begun”.



**MIKE ETHERIDGE**

## OVERVIEW

ABM ACHIEVED MANY MILESTONES DURING THE YEAR. WE WERE SUCCESSFUL IN:



Darren Holden

1

BUILDING A NEW AND DYNAMIC EXPLORATION TEAM.

2

BUILDING A STRONG WORKING RELATIONSHIP WITH THE CENTRAL LAND COUNCIL BASED ON OPENNESS AND REGULAR CONSULTATION.

3

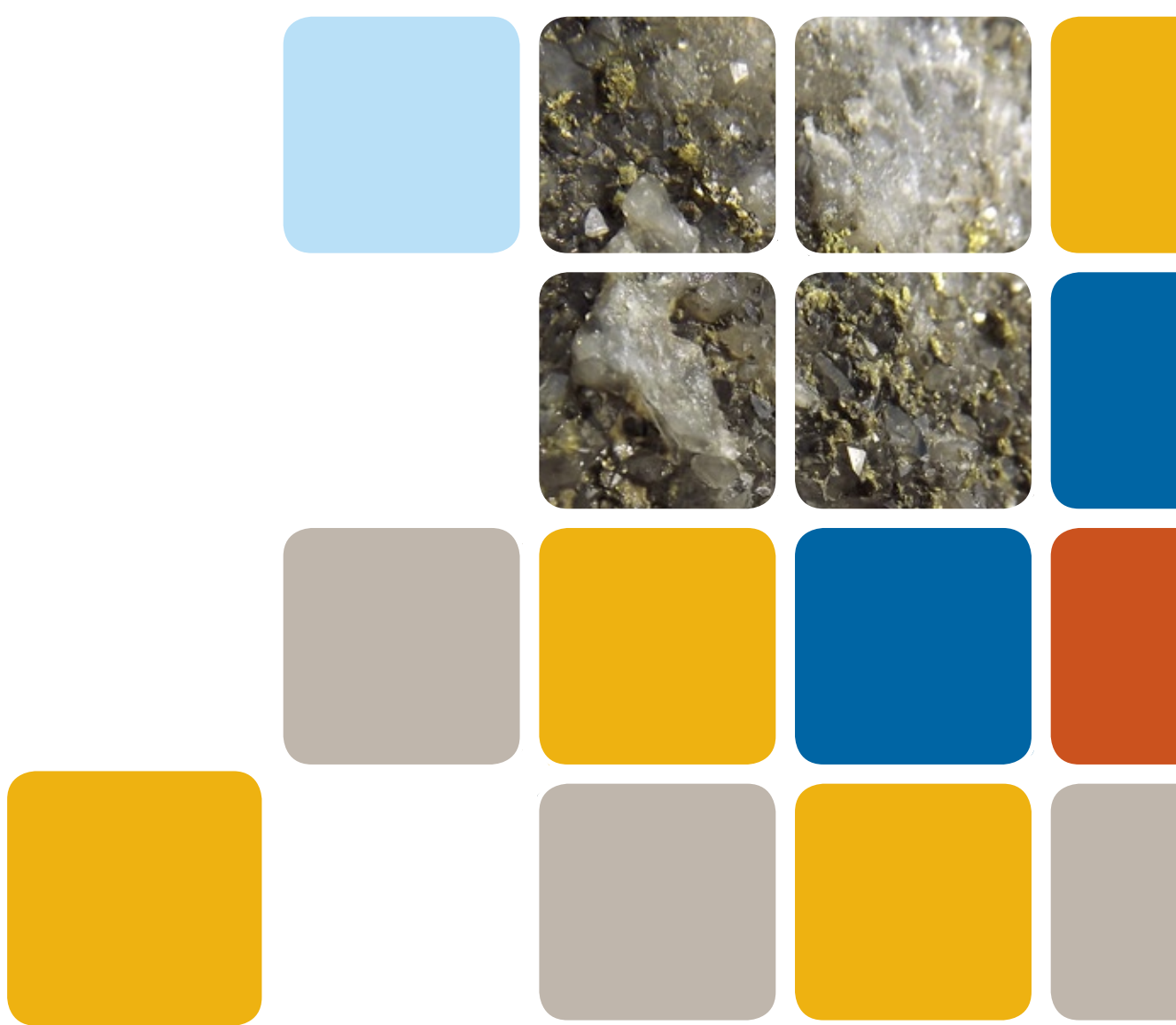
COMMENCING EXPLORATION AT THE TWIN BONANZA GOLD PROJECT.

4

POSTING A MAIDEN RESOURCE AT THE BUCCANEER PORPHYRY GOLD DEPOSIT.

5

CONFIRMING SEVERAL NEW DISCOVERIES PENDING DRILLING TO RESOURCE.



**ABM RESOURCES** HAS RE-INVIGORATED EXPLORATION AND DISCOVERY IN THE TANAMI-ARUNTA REGIONS OF THE NORTHERN TERRITORY. THE RATE AT WHICH THE TEAM HAS WORKED AND SUCCESSFULLY DELINEATED NEW DISCOVERIES IS RECOGNITION OF THE TEAM'S PROFESSIONALISM AND ENERGY, AND WE LOOK FORWARD TO BRINGING RESULTS OF ONGOING EXPLORATION AND DISCOVERY IN THIS REGION.





ABM Resources NL Board of Directors and Company Secretary.

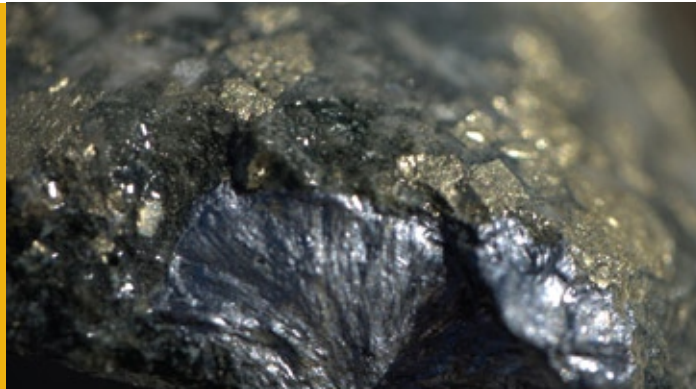
## STRATEGIC OBJECTIVES

DURING THE YEAR, THE BOARD REVIEWED ITS STRATEGIC PLAN AND RISK MANAGEMENT PLAN, BOTH OF WHICH ARE SUBJECT TO CONTINUOUS ASSESSMENT. KEY STRATEGIC OBJECTIVES AND MILESTONES FOR THE 2011/2012 YEAR INCLUDE:

- AGGRESSIVE EXPLORATION IN THE TANAMI AND ARUNTA REGIONS OF THE NORTHERN TERRITORY.
- ADVANCEMENT OF LEADING PROJECT – TWIN BONANZA GOLD CAMP.
- ADVANCEMENT OF REGIONAL EXPLORATION TARGETS.
- DIVESTMENT OF NON-CORE ASSETS.
- GROWING SHAREHOLDER VALUE THROUGH DISCOVERY.
- CONTINUE TO GENERATE AND TEST MULTIPLE TARGETS FROM ADVANCED TO GRASS-ROOTS EXPLORATION PROJECTS.
- MAINTAIN AND GROW RELATIONSHIPS WITH THE REMOTE COMMUNITIES OF THE TANAMI AND ARUNTA REGIONS VIA THE CENTRAL LAND COUNCIL.
- CONTINUOUS IMPROVEMENT IN OH&S AND ENVIRONMENTAL MANAGEMENT, WITH THE GOAL OF ZERO HARM TO PERSONNEL AND THE ENVIRONMENT.

ABM IS A MINERAL EXPLORATION COMPANY FOCUSED ON GOLD AND GOLD-COPPER DISCOVERY IN THE TANAMI AND ARUNTA REGIONS OF THE NORTHERN TERRITORY, AUSTRALIA. THE COMPANY HAS AN AGGRESSIVE EXPLORATION APPROACH AND AIMS TO BRING MULTIPLE DISCOVERIES TO RESOURCE STAGE AS SOON AS POSSIBLE.





THE COMPANY'S KEY SPECIFIC  
ACHIEVEMENTS IN 2010/2011  
HAVE BEEN:

**EXPLORATION OF THE TWIN BONANZA  
GOLD CAMP RESULTING IN:**

IDENTIFICATION OF **>30 TARGETS** OVER AN AREA  
**20KM BY 20KM;**

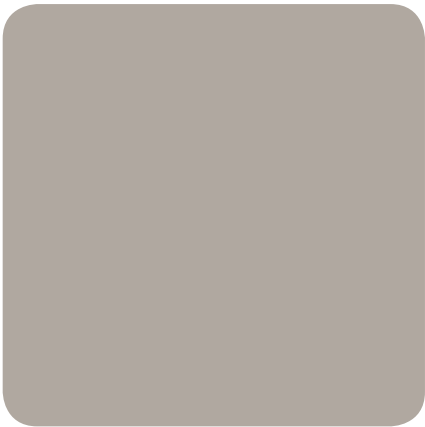
MAIDEN INFERRED **RESOURCE** ESTIMATION OF

**1.67 MILLION OUNCE**

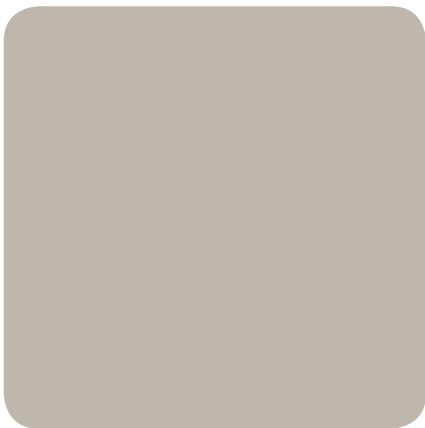
AT BUCCANEER PORPHYRY GOLD DEPOSIT;

**HIGH GRADE RESULTS** AT THE OLD PIRATE  
PROSPECT INCLUDING **5M GRADING 274G/T GOLD;**

METALLURGICAL TEST WORK AT OLD PIRATE  
INDICATES **HIGH GRAVITY** (85.4%) AND TOTAL (99.5%)  
GOLD RECOVERIES;

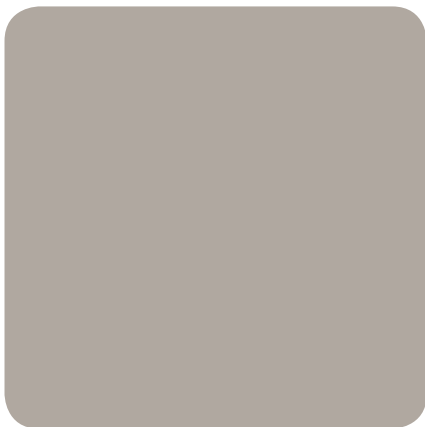


CAPITAL RAISING OF A GROSS TOTAL OF \$12,991,894 INCLUDING THE EXERCISE OF OPTIONS DURING THE FINANCIAL YEAR UP TO 30 JUNE 2011, PUTTING THE COMPANY IN A VERY STRONG CASH POSITION.



SHARE PRICE APPRECIATION FROM \$0.019 ON 30 JUNE 2010 TO \$0.037 ON 30 JUNE 2011 WITH A PEAK OF \$0.056 IN MARCH 2011.

POST 30 JUNE 2011 CRATON CAPITAL LLC BECAME AN ABM CORNERSTONE INVESTOR IN ABM VIA A \$8 MILLION PLACEMENT.





**DISCOVERIES AT PERIPHERAL TARGETS TO BUCCANEER (POST JUNE 30TH, 2011) INCLUDING:**

- CARIBBEAN ZONE;
- EMPRESS ZONE;
- EASTERN CONTACT ZONE AND;
- OLD PIRATE EXTENSIONS;

FROM APRIL TO END OF AUGUST 2011 DRILLED IN **EXCESS OF 20,000 METRES AT TWIN BONANZA.**

**EXPLORATION AT REGIONAL PROJECTS:**

EXPLORATION AT STAFFORD GOLD ZONE COMPLETED IN JULY 2010;

EXPLORATION AT THE HYPERION PROJECT WITH DISCOVERY PENDING **DRILLING TO RESOURCE;**

EXPLORATION AT THE KRODA GOLD PROJECT NEAR BARROW CREEK WHICH WAS FINALIZED POST 30 JUNE 2011 WITH A TOTAL OF **2,490 METRES DRILLED;**

POST 30 JUNE 2011 EXPLORATION COMMENCED AT THE LAKE MACKAY COPPER-GOLD PROJECTS WITH A TOTAL OF **5,350 DRILL METRES PLANNED.**



SUSTAINING  
AND EXPANDING  
A HIGHLY  
MOTIVATED  
AND FOCUSED  
EXPLORATION  
TEAM.



## PROJECT PORTFOLIO

Project	Commodity	Location	Status
Tanami / Arunta Regions	Gold and Gold-Copper	Northern Territory	Exploration focus
Erayinia	Zinc / Lead / Gold	Western Australia	Divestment project
Mimosa	Gold	Mozambique	Divestment project





Figure 1. Project Locations.



## AUSTRALIA

### NORTHERN TERRITORY

#### BACKGROUND

During the financial year 2009/2010 ABM acquired exploration licenses and exploration license applications from Tanami Exploration NL and Newmont Asia Pacific covering an area in excess of 31,000 square kilometres of the Tanami and Arunta regions, which makes ABM one of the largest junior-gold exploration license holders in Australia.

ABM is a mineral exploration company focused on gold and gold/copper discovery in the Tanami-Arunta regions of the Northern Territory, Australia. The Company has an aggressive exploration approach and is well funded for multiple target testing with multiple rigs in 2011.

#### EXPLORATION UP TO END OF AUGUST 2011

ABM aggressively explored from April 2010 to November 2010 and re-commenced drilling following an extended wet-season at the end of April 2011. During 2011 ABM doubled its exploration team and commissioned multiple drill rigs to enable drilling at different targets simultaneously.

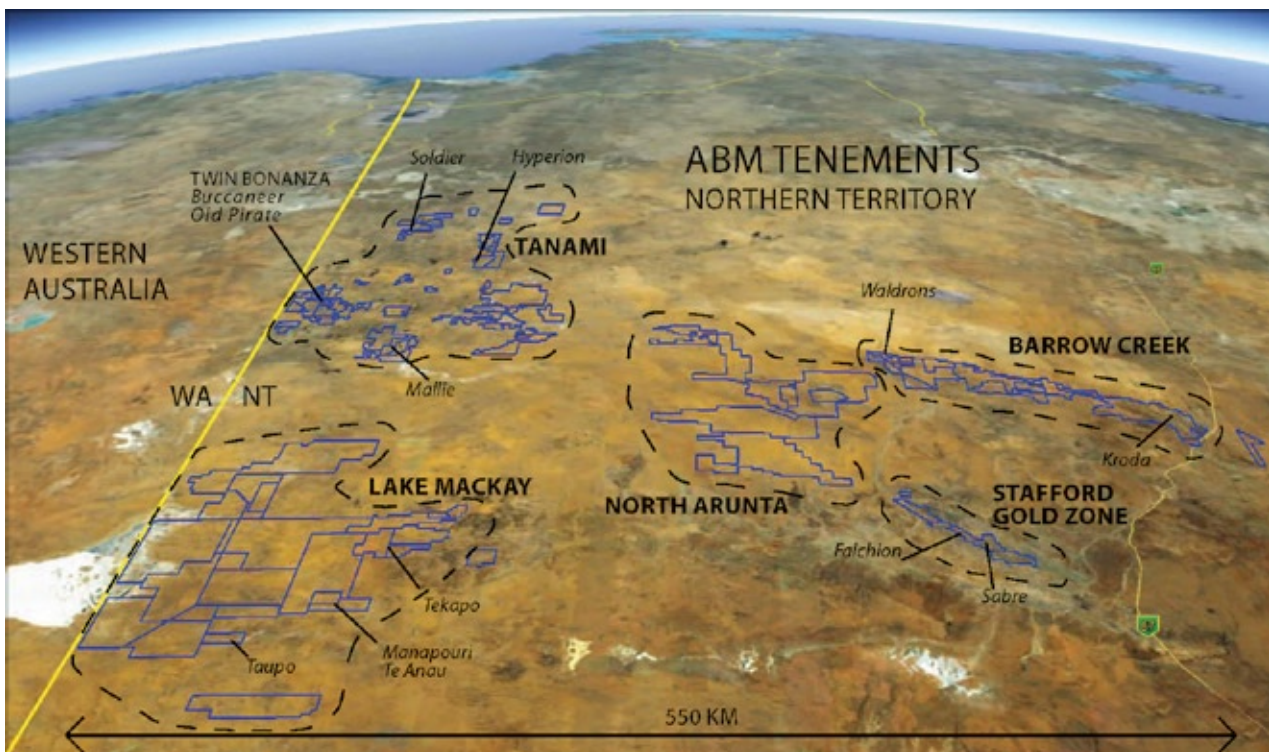


Figure 2. ABM Project Location Map Northern Territory.

ABM IS ONE OF THE LARGEST JUNIOR-GOLD  
EXPLORATION LICENSE HOLDERS IN AUSTRALIA.



EXPLORATION RESULTS TO DATE

## TWIN BONANZA GOLD CAMP

The Twin Bonanza Gold Camp is centred approximately 22 kilometres south of the Tanami Road and 14 kilometres east of the Western Australia – Northern Territory border. The Project spans the highly prospective “Trans Tanami Structure” an inferred regional / tectonic geological feature which hosts numerous gold deposits including Newmont Asia Pacific’s multi-million ounce Callie Gold Mine. The camp hosts multiple deposit styles including bulk tonnage / low grade deposits such as the Buccaneer Porphyry Gold Deposit (1.67Moz Inferred Resource) and vein hosted high grade systems such as the Old Pirate Prospect.

## TWIN BONANZA GOLD CAMP – HIGH GRADE PROSPECTS

### HIGH GRADE PROSPECTS INTRODUCTION

High grade gold prospects at Twin Bonanza generally consist of narrow quartz veins containing coarse particulate gold. The quartz veins are hosted within paleo-proterozoic sedimentary sequences.

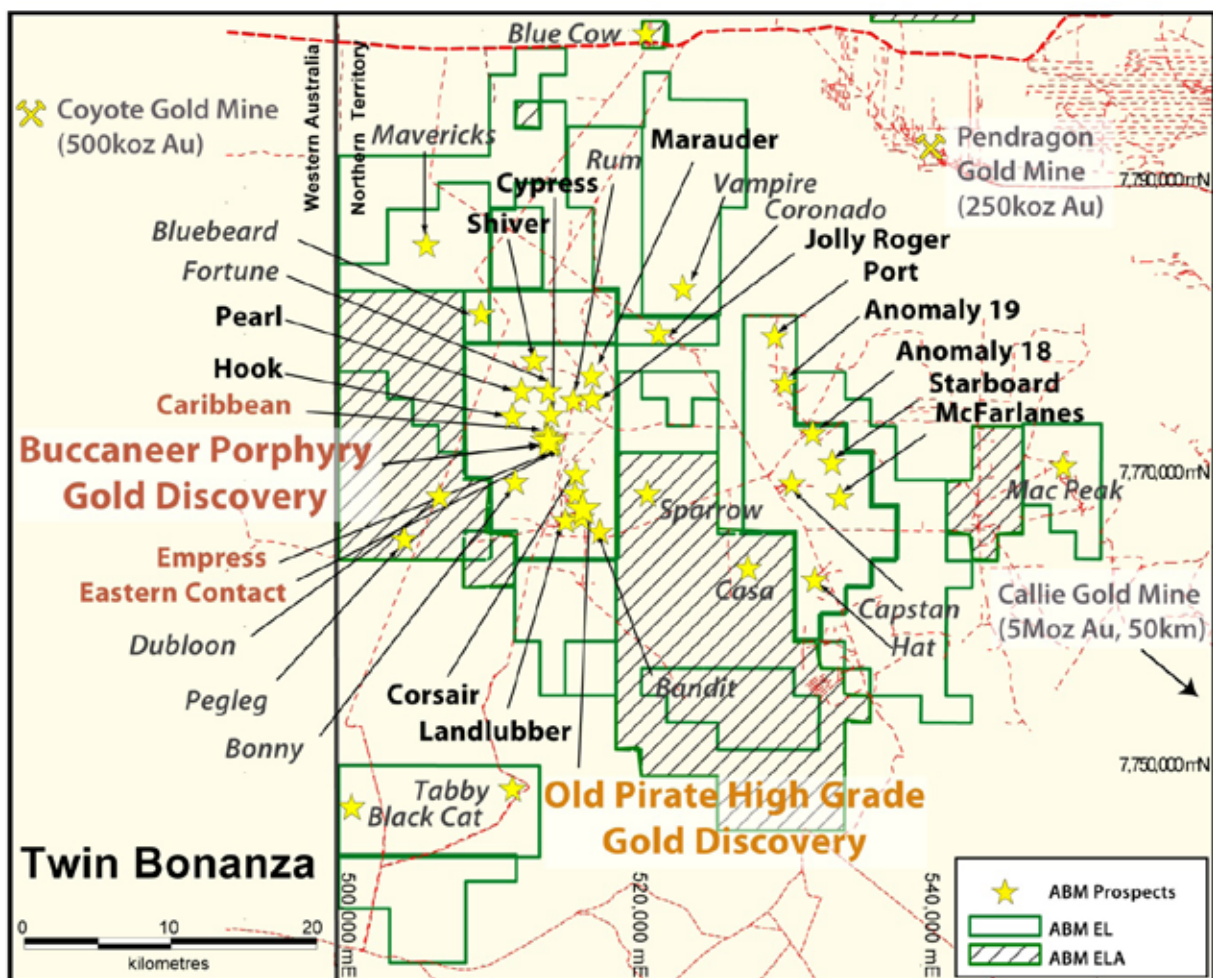


Figure 3. Twin Bonanza Gold Camp.

## OLD PIRATE

The Old Pirate High Grade Gold Prospect consists of a **3 kilometre long gold anomaly** located approximately 1800 metres from the Buccaneer Porphyry Gold Prospect.

The prospect consists of outcropping gold bearing quartz veins hosted by sediments. More than 15 individual veins have been mapped covering an overall area of 600 metres by 250 metres and range from 30cm to several metres in width. Drill results indicate gold extends from surface to at least 200 metre depth. Gold is generally very coarse and erratically distributed throughout the veins. During the year ABM reported rock chip samples grading greater than 2000g/t gold (refer release 8 July 2010) and individual drill assay results up to 1360g/t gold. Historic drill results and more recent drilling by ABM Resources in 2010 confirm the potential of the area.

### SIGNIFICANT INTERSECTIONS ON OLD PIRATE INCLUDE:

- 43m @ 7.0g/t gold inc:
  - 17m @ 16.72g/t gold
- 5m @ 274g/t gold inc:
  - 1m @ 1360g/t gold
- 6m @ 26.69g/t gold
- 7m @ 22.98g/t gold
- 10m @ 11.86g/t gold
- 13m @ 6.24g/t gold
- 3m @ 10.30g/t gold
- 1m @ 46.40g/t gold

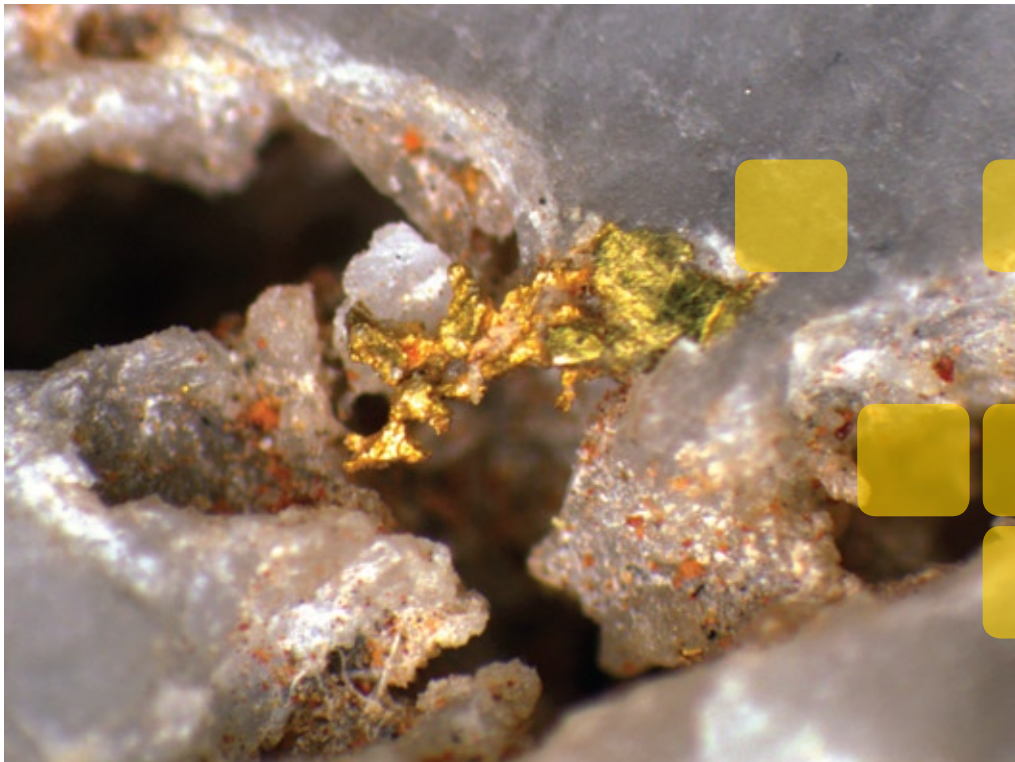


Figure 4. Gold in quartz vein from Old Pirate South (approx. 3mm).

### OLD PIRATE GOLD PROSPECT METALLURGICAL TEST-WORK

Preliminary metallurgical test-work was carried out on approximately 100kg of quartz vein material gathered from 5 outcropping veins at the Old Pirate Gold Prospect. Quartz vein samples were selected to approximate the average visual nature of the veins based on quartz colour and other minor element content. A total 85.4% of gold was extracted using gravitational methods and a total of 99.5% of gold was extracted using gravitational and cyanide methods. The head-grade of the overall sample was calculated at

## 6.05G/T GOLD.

Drilling is underway to test the southern extensions of Old Pirate with several holes completed and pending assay. A bulk surface trenching program to assess the overall grade of outcropping, and near surface veins is also underway.

### OLD PIRATE NORTHERN EXTENSIONS

Reverse circulation drill hole OPRC100021, testing the northern extensions of the ore-system, intersected several zones of intense quartz veins in intercalated sandstones and shales, as well as a diorite intrusive body. The hole is located approximately 150 metre farther north of the main Old Pirate Prospect and intersected spectacular visible gold (Figure 5).

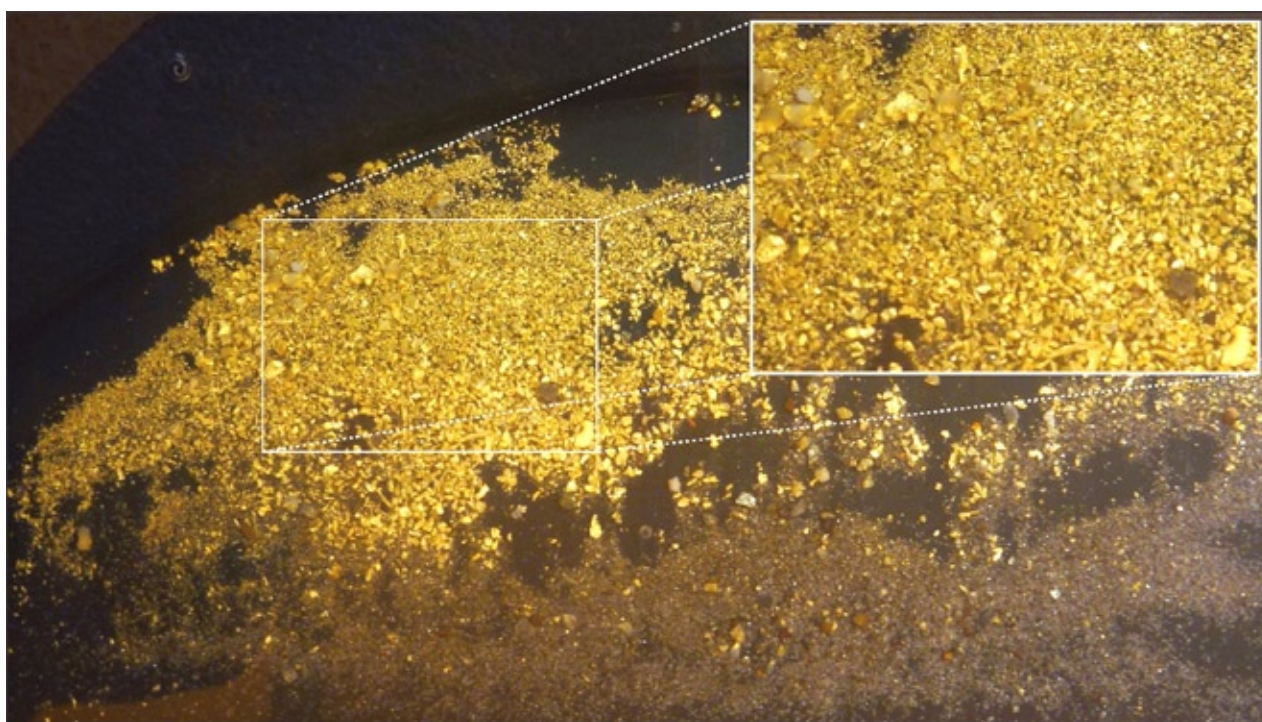


Figure 5. Coarse gold in pan concentrate from hole OPRC100021 at Old Pirate Northern Extensions.



SUBSEQUENT RESULTS REVEALED

**2 METRES AVERAGING  
413.5G/T GOLD WITHIN 9  
METRES AVERAGING 100.9G/T  
GOLD AND ADDITIONALLY 5  
METRES AVERAGING 13.34G/T  
GOLD INCLUDING 3 METRES  
AVERAGING 21.85G/T GOLD.**

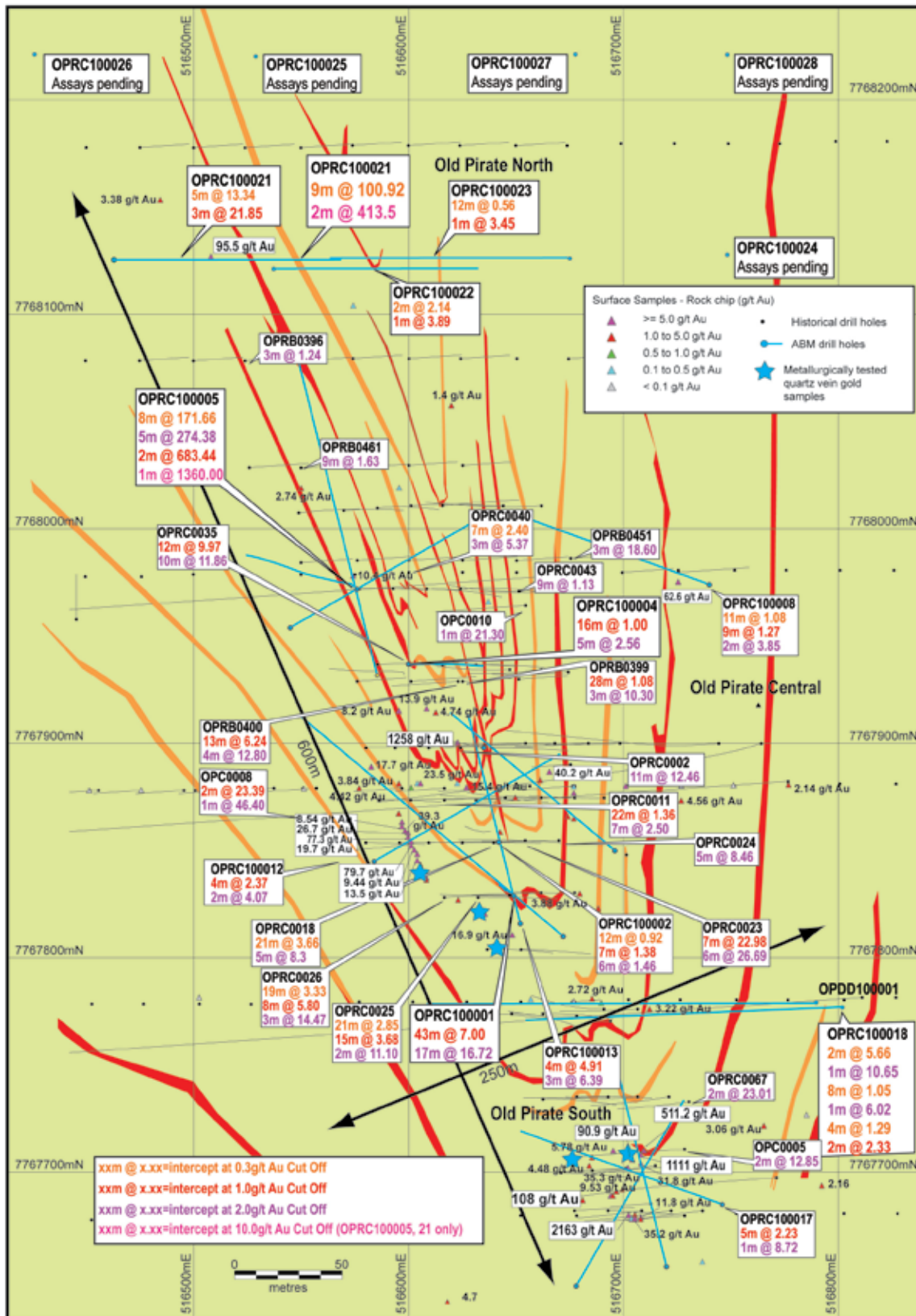


Figure 6. Map showing select historic and ABM drill holes at Old Pirate, mapped veins and rock-chip samples.

# TWIN BONANZA GOLD CAMP – BULK TONNAGE PROSPECTS



## BULK TONNAGE PROSPECTS INTRODUCTION

Bulk tonnage gold deposits around the world are those generally with grades between 0.5 and 1.5 g/t gold with considerable tonnage and characterised with low-strip ratio throughout the prospect area. Porphyry/ intrusive related gold systems around the world, such as Fort Knox in Alaska (Kinross Gold Corp) show that despite the low-grade these systems can deliver long mine life, low strip ratios and highly profitable gold mines producing typically hundreds of thousands of ounces of gold per annum.

## BUCCANEER PORPHYRY INCLUDING 1.67Moz GOLD DEPOSIT

The Buccaneer Porphyry Gold Deposit is a porphyry hosted / intrusive related gold system identified at the Twin Bonanza Gold Camp. The prospect consists of a 3 kilometre by 1.6 kilometre syeno-monzonite porphyry which is almost entirely anomalous in gold as indicated by surface samples and shallow geochemical drilling samples.

In February 2011, after only 5 months of drilling at Twin Bonanza ABM received its first independent Resource Estimation (by SRK Consulting (Australasia) Pty Ltd) on the 100% ABM owned Buccaneer Gold Porphyry Prospect. The resource comes to surface, is open in several directions and at depth and does not yet include the Old Pirate High Grade Prospect where the Company previously reported 43m grading 7.0g/t gold and 5m grading 274g/t gold in shallow drilling in 2010. Details of the resource estimation are shown in Table 1 below.

**Table 1. Inferred Resource Tonnes / Grade Table at varying cut-offs.**

Cut-off Grade (g/t)	Million Tonnes (Mt)	Gold Grade (g/t)	Contained Gold (Million Ounces (Moz))
0.2	65.8	0.79	1.67
0.5	36.9	1.01	1.19
1.1	8.7	2.01	0.56

*Note – Million Tonnes (MT) rounded to 3 significant figures; gold grade rounded to 2 significant figures and Million Ounces (Moz) rounded to 3 significant figures.*

The porphyry body extends for a further 2 kilometres to the north of the current drilling. Testing of possible mineralised zones elsewhere in the porphyry have formed part of the 2011 program. Gold is hosted in quartz veins and fractures and is associated with other minerals such as arsenopyrite and chalcopyrite.

The Buccaneer Porphyry is the only intrusion related / hosted gold resource deposit identified to date in the Tanami region. Other deposits such as the Callie, Coyote and the Central Tanami mines are hosted primarily in quartz veins within metamorphosed sedimentary and mafic igneous rocks.



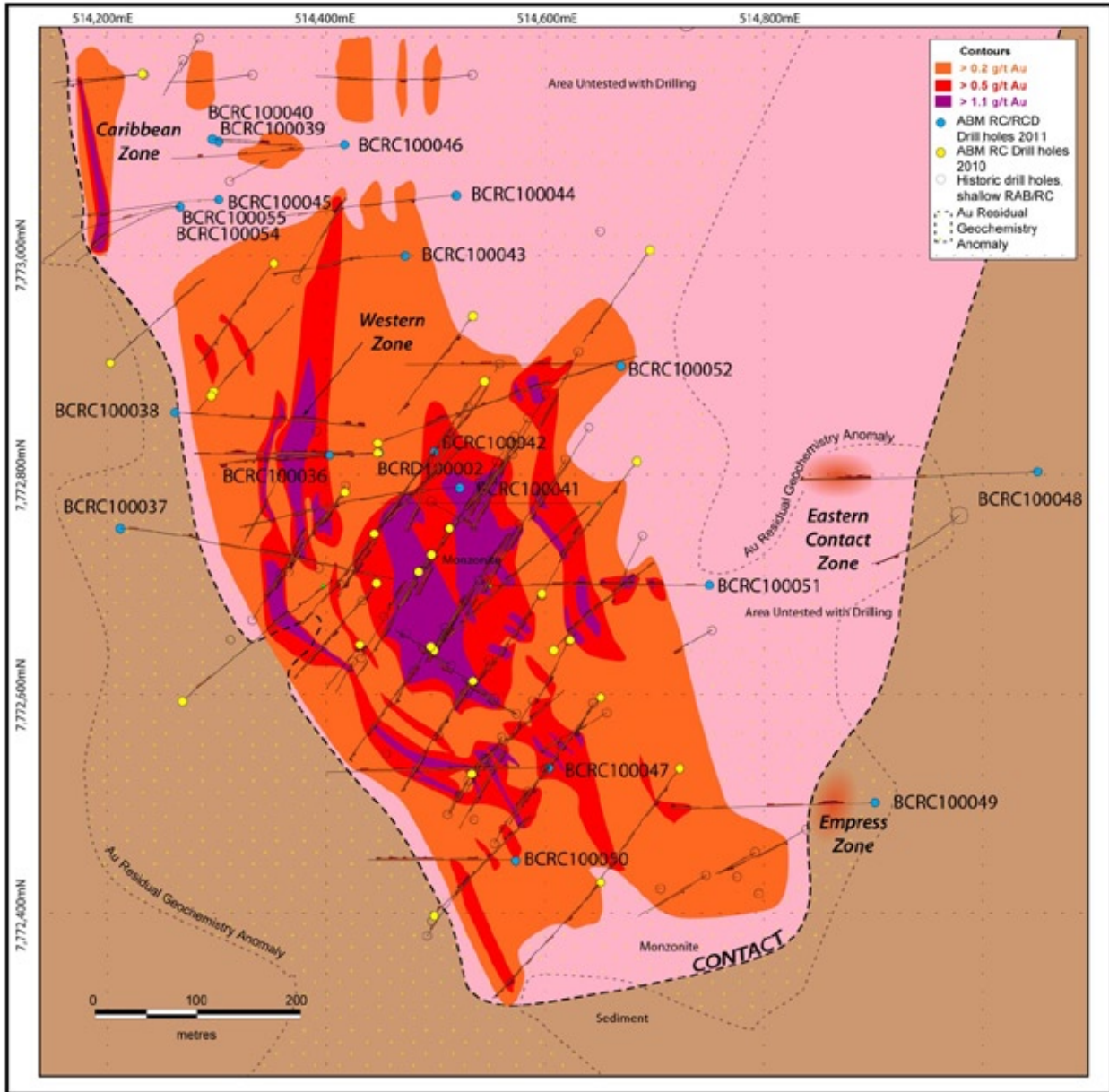


Figure 7. Composite contour map of Buccaneer Porphyry system showing 2010 / 11 hole locations.

## CARIBBEAN ZONE

The Caribbean Zone is located approximately 250 metres to the north-west of the Buccaneer Porphyry Gold Deposit and is close to the contact of the porphyry. The zone is characterised by a very intense chlorite and quartz alteration associated with between 5% and 20% sulphide (principally pyrite and arsenium pyrite). The zone was first confirmed in hole BCRC100045 and along with hole BCRC100054 and historic hole TBRC0006, which intersected 2 metres averaging 62.44g/t gold, has an inferred strike length of approximately 200 metres and is open in all directions. ABM is currently planning further follow up drilling at the Caribbean Zone with a view to developing this to a JORC compliant resource estimation this year. Refer Figure 8 for further details.

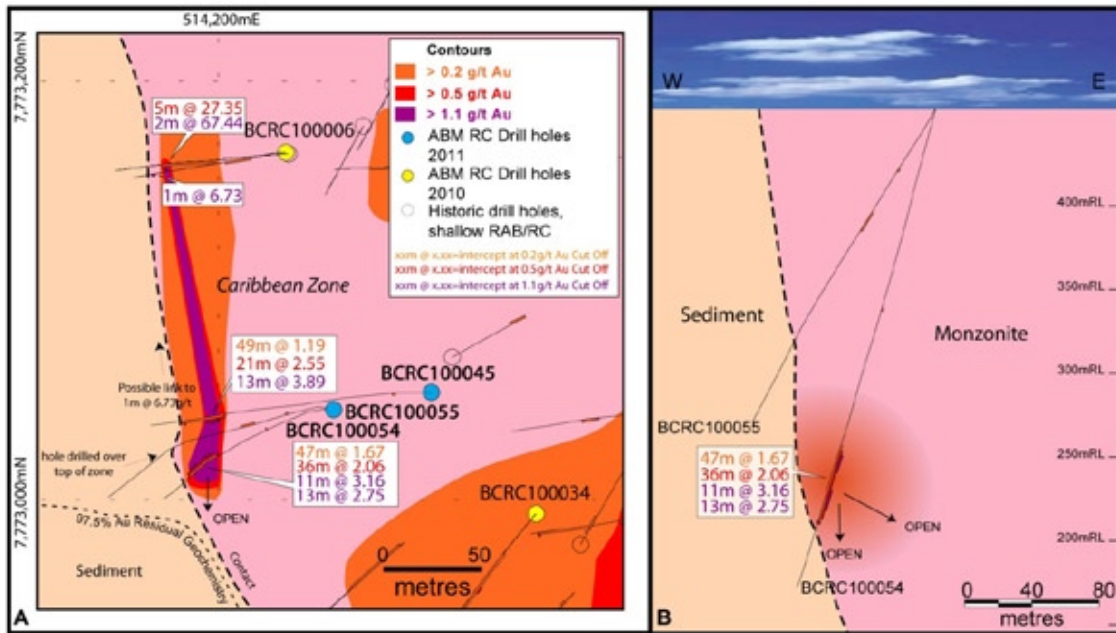


Figure 8. Caribbean Zone plan view (A) and cross-section (B).

## EMPRESS ZONE

The Empress Zone represents an oxide gold zone hosted by veins in sedimentary rocks. The zone is located east of the faulted contact between the Buccaneer Porphyry and the surrounding sediments. The orientation of the mineralisation cannot be established with a single hole. However, further work is pending on this area and mineralisation remains open to the north, south and east of the existing intercept in BCRC100049. Refer Figure 9 and 10 below.

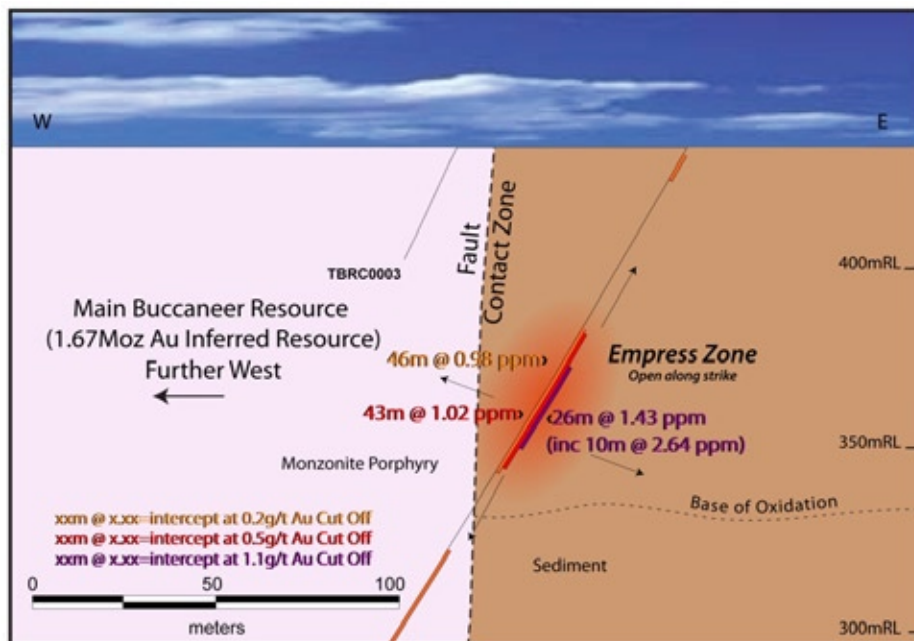


Figure 9. Cross Section of drill hole BCRC100049.

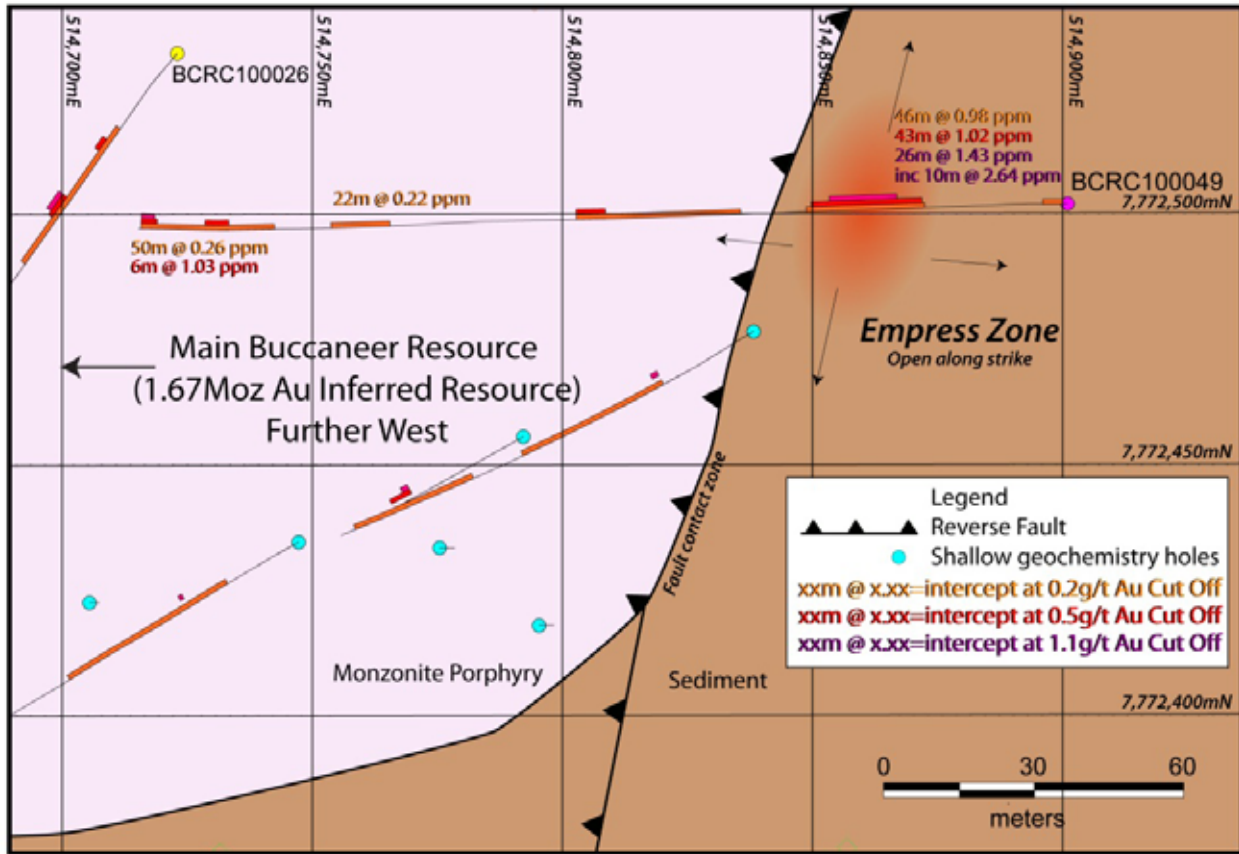


Figure 10. Plan view of drill hole BCRC100049.

### EASTERN CONTACT ZONE

The Eastern Contact Zone is a disseminated and micro-fracture hosted mineralisation style geologically very similar to Buccaneer. Hole BCRC100048 was drilled from within the sediments and intersected the porphyry contact at approximately 180 metres. Mineralised intersection commenced at 250 metres down-hole with the hole ending in mineralisation at 354 metres. This mineralised zone is open along-strike, as well as both below and above to surface. Further holes are being planned to test for higher grade mineralisation in this area.

### TWIN BONANZA GOLD CAMP – TARGETS DRILLED WITH RESULTS PENDING

ABM has tested several other targets at Twin Bonanza. These include:

1. Landlubber arsenic anomaly
2. Corsair Prospect
3. Cypress Prospect
4. Various targets on the Port Starboard trend

## REGIONAL TARGETS



### Stafford Gold Zone

The Stafford Gold Zone is located in the Reynolds Range Project area approximately 96km NNE of Alice Springs.

ABM Resources completed an initial eight-hole program for 2346 metres of drilling at the Stafford Gold Zone and tested 4 individual targets. The best results were returned from the Sabre Prospect where the Company intersected 35 metres grading 2.02g/t gold including 17 metres grading 3.93g/t gold and 2 metres grading 18.15g/t gold. In addition, the Company conducted regional reconnaissance work and collected high grade copper (up to 20.3% copper) and silver (up to 271g/t silver) samples at the Reward Prospect. The final results for the Stafford Gold Zone were received during July 2010, there is currently no further exploration planned at this prospect.

### Hyperion Gold Project

The Hyperion Gold Project is located 18 kilometres north-northeast of the Groundrush Gold Mine (owned by Tanami Gold NL). The project consists of a 2 kilometre by 500 metre gold anomaly defined by over 300 shallow rotary air blast (RAB) holes averaging 54 metres depth. In addition a further 85 RC holes and 4 diamond holes had been drilled to an average depth of 125 metres and a maximum depth of 198 metres by previous explorers. Gold mineralisation at Hyperion is principally hosted in structurally controlled quartz-carbonate veins associated with granite dykes within a basalt / sedimentary rock sequence.

Five individual prospects have been identified within the Hyperion Project area – Hyperion Central, Hyperion West, Hyperion South, Stony Ridge and Jasper Hill.

In late 2010, ABM drilled a total of 14 holes into the Hyperion Central and Hyperion South and Brokenwood prospects to a maximum depth of 390 metres, drilling a total of 2,478 metres to date. Drill results from ABM's 2010 drilling program at Hyperion include 22 metres grading 2.57g/t gold and 11 metres grading 4.29g/t gold.

ABM also conducted a geophysical gravity survey at the Hyperion Gold Project. The survey was designed to search for a possible buried intrusion (granite body) which is the possible source of mineralisation at Hyperion. This work indicated an overall gravity low to the south of the main Hyperion gold mineralisation, which is interpreted to be a buried intrusion, and also highlighted several cross-cutting geological structures that are assisting with target definition in this area.

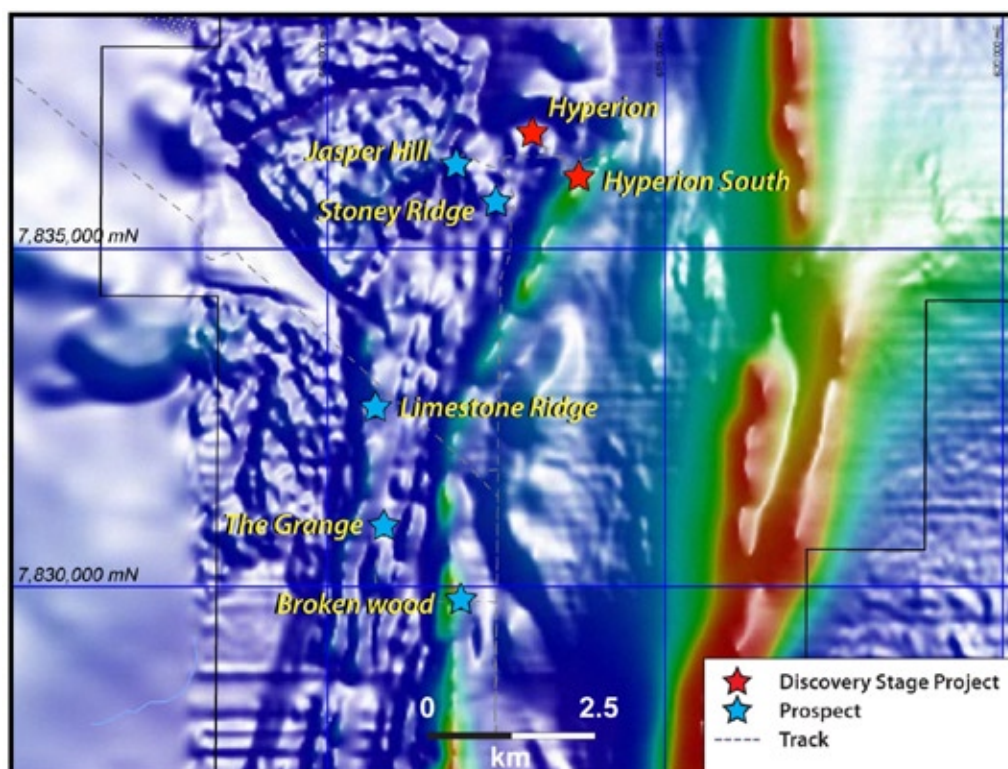


Figure 11. Plan view of Hyperion Project Area on aeromagnetic geophysical map.

**Barrow Creek Regional Project**

**Kroda Gold Project**

The Kroda Gold Project is located 18 kilometres west of the Stuart Highway, 30 kilometres north of the town of Barrow Creek and 200 kilometres south of Tennant Creek. The project consists of 4 individual prospects (Kroda 1 to 4) with a combined anomalous strike length of 14 kilometres. The principal target commodity is gold, however, Kroda 2 in particular has anomalous copper associated with the gold. The project is well serviced with infrastructure and is located on pastoral land close to the Stuart Highway, the Ghan Rail Line and the Northern Territory Gas Pipeline.

The Kroda Gold Project is located within the Company's Barrow Creek Regional Project area. The Barrow Creek Regional Project consists of a 160 kilometre long geophysical gravity trend with associated metamorphosed sedimentary rocks, dolerite intrusions and large granite intrusions. The region has several known mineral occurrences including gold, copper, nickel, zinc, tin and tantalum.

A 14 hole program drilling 2,490 metres has been completed at the Kroda Gold Project with pending assay results.

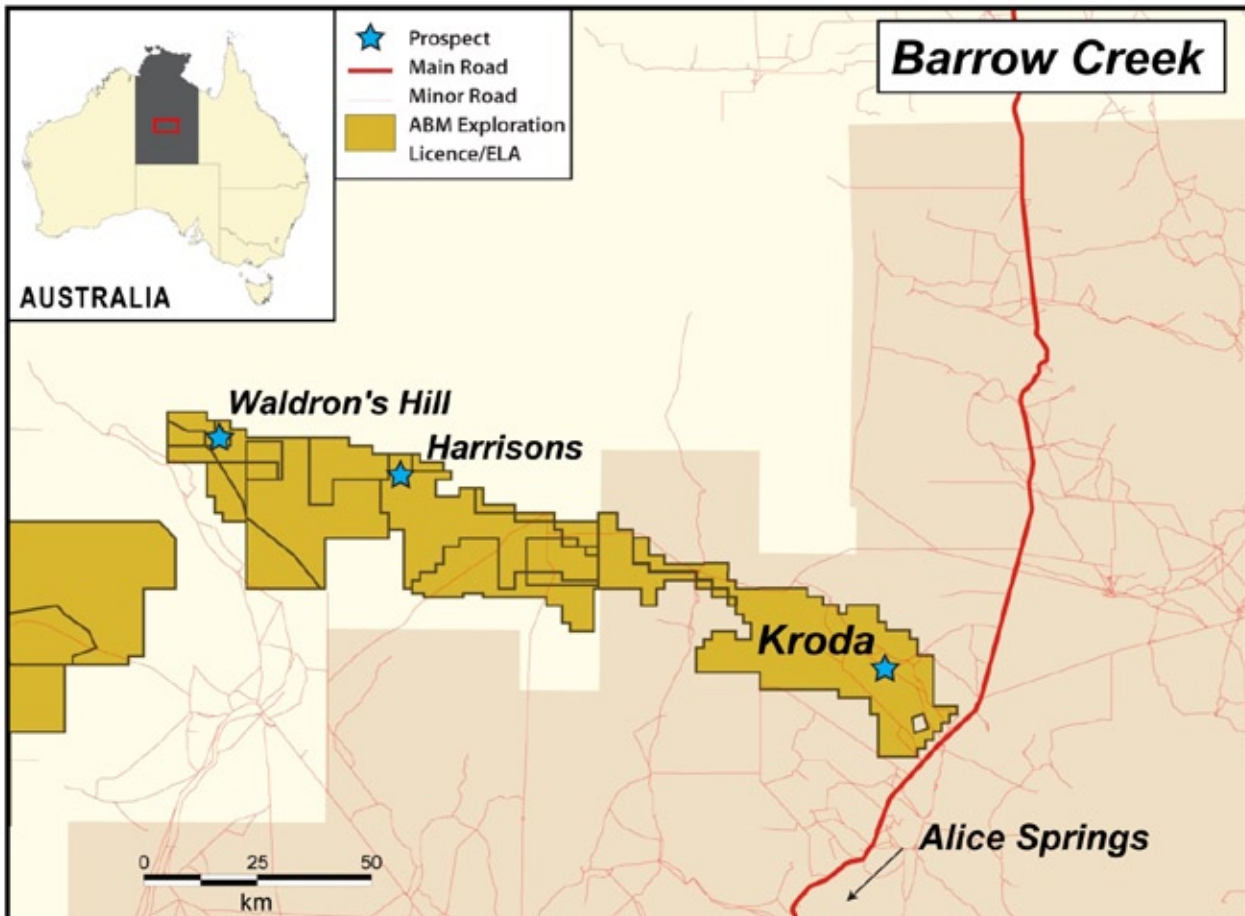


Figure 12. Location of the Barrow Creek Regional Project and Kroda Gold Project.

## Lake Mackay Project

ABM holds approximately 8000 square kilometres of exploration licenses and exploration license applications in the area to the east of Lake Mackay in the Northern Territory. The projects are located approximately 400 kilometres west of Alice Springs and are accessible by road.

The Lake Mackay project areas consist of Proterozoic sediments and intrusions and have only had a minor amount of previous exploration work consisting of widely spaced shallow drilling and surface reconnaissance along with aeromagnetic and gravity geophysical surveys. Previous work identified large metal anomalies including gold and copper as well as other pathfinder elements such as bismuth, arsenic, antimony and cobalt. The Tekapo prospect in-particular is associated with iron oxide (hematite) gossanous breccia at the surface which along with the broad suite of anomalous metals suggests an Iron Oxide Copper-Gold (IOCG) mineralisation model analogous to Olympic Dam and Prominent Hill in South Australia, the Tennant Creek systems in the Northern Territory and Ernest Henry in Queensland.

The Company has commenced a 16 hole, 5,700 metre drilling program at the Lake Mackay iron-oxide copper gold project to test four targets at Tekapo 1 and 2, Manapouri and Te Anau. ABM's programs will follow up on previous work and will perform the first ever tests of fresh-rock beneath the regolith on selected targets as noted above.

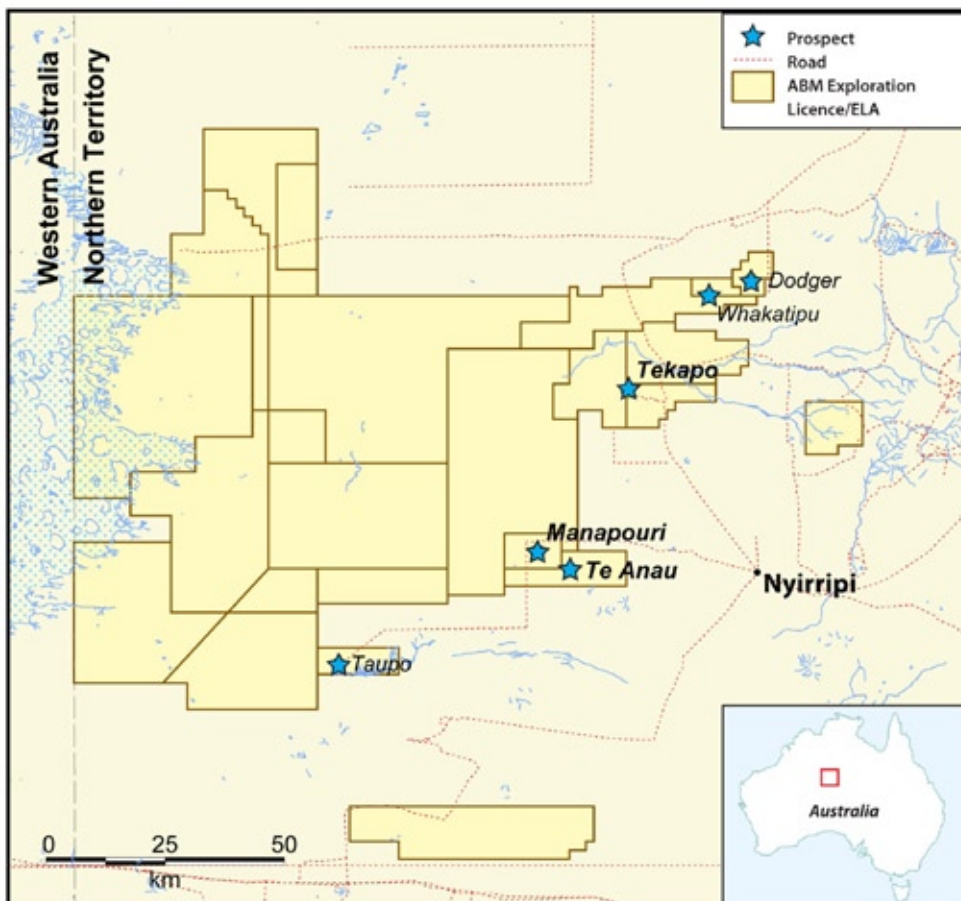


Figure 13. Lake Mackay location map.

## PLANNED EXPLORATION ACTIVITIES 2011/2012

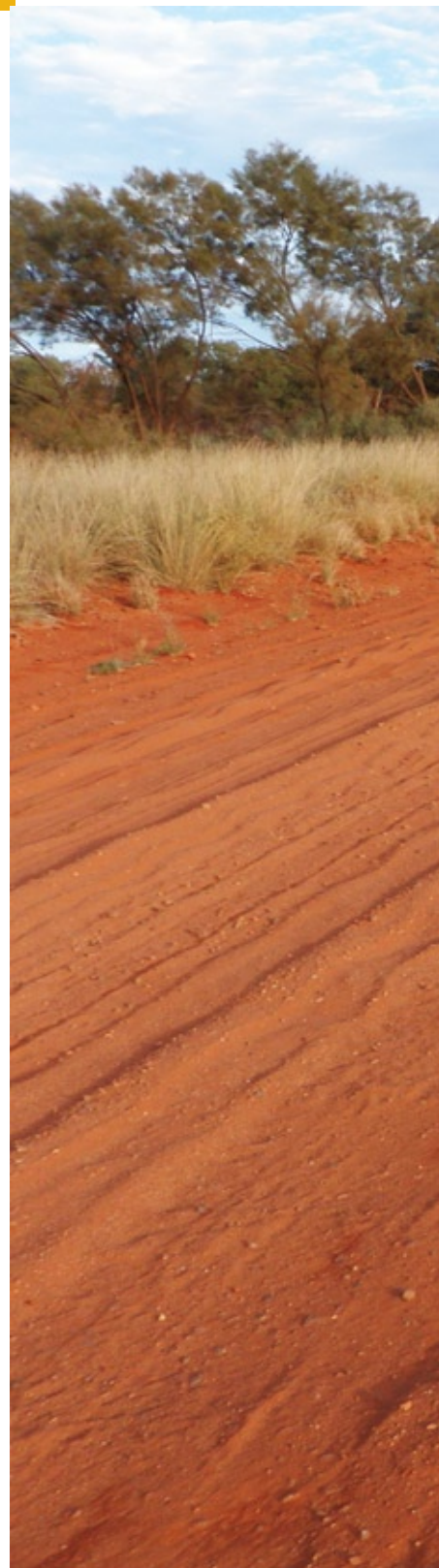
### **DURING THE REMAINDER OF 2011/2012 ABM INTENDS TO:**

CONTINUE EXTENSIONAL EXPLORATION AT THE TWIN BONANZA GOLD CAMP INCLUDING:

- BUCCANEER PORPHYRY GOLD DEPOSIT;
- OLD PIRATE HIGH GRADE GOLD PROSPECT;
- CARIBBEAN ZONE;
- EMPRESS ZONE;
- OTHER TARGETS.

CONTINUE REGIONAL RECONNAISSANCE EXPLORATION WORK ON:

- BARROW CREEK PROJECTS INCLUDING THE KRODA GOLD PROJECT;
- NORTHERN TANAMI PROJECTS INCLUDING HYPERION, SOLDIER AND BOGARDUS;
- LAKE MACKAY PROJECTS INCLUDING TEKAPO, TAUPO, TE ANAU AND MANAPOURI.







MANAGING DIRECTOR'S REPORT – REVIEW OF OPERATIONS

ABM Asset Summary. Note – readers are referred back to previous announcements for full reporting of exploration results on a particular prospect or project.

**Discovery Stage Projects – Several mineralised intercepts confirmed continuous over strike length with at least one sub-project pending drill to define extents or resource.**

Sub-Project	Target Style	Infrastructure / Access	Extents	Best Intersections / Potential	2010/2011 Proposed and Completed Activity	Refer ASX Announcement Date For Further Details
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**Twin Bonanza Gold Camp Project**

Buccaneer	Porphyry related gold.	22km south of Tanami Road. All weather tracks. 60km from Coyote Mill.	3km by 1.5km extents.	1.67Moz Maiden Resource.	Test extensions extensional areas with view to resource update Q4 2011 / Q1 2012	01/02/2010 , 03/03/2010, 15/06/2010 19/08/2010, 31/08/2010, 13/09/2010, 22/09/2010, 18/10/2010, 13/12/2010, 13/01/2011, 21/02/2011, 22/02/2011, 28/02/2011, 22/03/2011, 27/04/2011, 09/05/2011, 09/06/2011, 16/06/2011, 04/07/2011, 18/07/2011, 01/08/2011 & 17/08/2011
Old Pirate	High grade sedimentary hosted veins.	25km south of Tanami Road. All weather tracks. 60km from Coyote Mill.	Extendable over 3km of anomalies largely untested to the North and South of Central Old Pirate area.	43m @ 7.0g/t gold incl 17m @ 16.72g/t gold  5 metres grading 274g/t gold including 1m 1360g/t gold.  Surface reconnaissance with rock-chip samples >2000g/t Au.  Metallurgical test reveals high quality ore with 99.5% Recovery.	2011 – further drilling and bulk trenching Q3, 2011.	02/02/2010, 03/03/2010, 15/06/2010, 08/07/2010, 12/07/2010, 27/07/2010, 31/08/2010, 15/11/2010, 04/04/2011, 08/08/2011, 31/08/2011 & 07/09/2011
Caribbean Zone	High grade fault zone in porphyry.	22km south of Tanami Road.	120m to 250m long fault / vein zone.	36m @ 2.06g/t gold inc 11m @ 3.16g/t gold & 13m @ 2.75g/t gold historic results including 2m @ 67.44g/t gold.	Further drilling to resource estimation.	16/06/2011 & 17/08/2011
Empress Zone	Oxide gold zone hosted by veins in sedimentary rocks.	22km south of Tanami Road.	Not yet defined.	43m @ 1.02g/t gold including 26m at 1.43g/t gold including 10m at 2.64g/t gold.	Further drilling.	04/07/2011

Sub-Project	Target Style	Infrastructure / Access	Extents	Best Intersections / Potential	2010/2011 Proposed and Completed Activity	Refer ASX Announcement Date For Further Details
Twin Bonanza Gold Camp Companion Projects – Cypres; Marauder, Casa Anomaly 19, Mavericks	Various.	18 to 25km south of Tanami Road. 18 to 45km from Coyote Mill.	Combined anomalism over 8 sq km. Largely untested by drilling.	Total of 30 targets at the Twin Bonanza Gold Camp including Old Pirate and Buccaneer.	Multiple targets tested pending results.	03/03/2010, 31/01/2011, 03/02/2011 & 18/04/2011

### Northern Tanami Gold Project

Hyperion Central	High grade sedimentary hosted veins.	18km NNE of Groundrush Mine. All weather roads.	500m x 100m drilled zone in overall 2km of anomalies. Open at depth (drilled to 60 to 100m so far).	60m @ 2.57g/t Au ending in mineralisation inc. 21m @ 4.57g/t Au ending in mineralisation. 8m @ 2.86g/t Au 5m @ 3.65g/t Au 7m @ 2.26 g/t Au.	Phase 1 drilled 8 holes to depths of 390m, drilling a total of 1,278m.  Review and further extensional testing ahead of possible resource estimation 2011.	09/03/2010 , 04/11/2010 & 11/01/2011
Hyperion South	High grade sedimentary hosted veins.	18km NNE of Groundrush Mine. All weather roads.	120m strike length open.	28m @ 5.07g/t Au inc. 13m @ 10.41g/t Au. 22m @ 2.57g/t Au inc. 11m @ 4.29g/t Au.	Phase 1 drilled 5 holes to depths of 222m, drilling a total of 900m.  Review and further extensional testing ahead of possible resource estimation.	09/03/2010, 04/11/2010 & 11/01/2011
Hyperion Jasper Hill	High grade sedimentary hosted veins.	18km NNE of Groundrush Mine. All weather roads.	120m strike length open.	25m @ 1.05g/t Au inc. 16m @ 1.30g/t Au.	Reconnaissance.	09/03/2010 & 04/11/2010
Hyperion Companion Projects – Hyp West; Grange, Brokenwood, Old Soldier	High grade sedimentary hosted veins.	18km NNE of Groundrush Mine. All weather roads.	Multiple targets >6 sq km of anomalism.	3m @ 8.53g/t Au, 3m @ 6.42g/t Au.	Reconnaissance and if successful test multiple targets.	09/03/2010 & 11/01/2011

### Kroda Gold Project

Kroda 3	High grade sedimentary hosted veins.	18km from Stuart Highway (near Barrow Creek).	540m by 300m anomalous zone defined by shallow drilling.	27m @ 6.42g/t Au inc. 6m @ 25.9g/t Au ending in mineralisation. 37m @ 2.75g/t Au, inc. 15m @ 5.85g/t Au.	Drilling complete pending results.	16/03/2010, 17/03/2010 & 20/06/2011
Kroda Companion Projects 1, 2, 4	High grade sedimentary hosted veins.	18km from Stuart Highway (near Barrow Creek).	More than 14km of combined strike length of anomalism defined with shallow drilling / reconnaissance.	9m @ 2.39g/t Au, 6m @ 3.32g/t Au.	Drilling complete pending results.	16/03/2010, 17/03/2010 & 20/06/2011

## MANAGING DIRECTOR'S REPORT – REVIEW OF OPERATIONS

Sub-Project	Target Style	Infrastructure / Access	Extents	Best Intersections / Potential	2010/2011 Proposed and Completed Activity	Refer ASX Announcement Date For Further Details
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### Stafford Gold Zone

Sabre	High grade sedimentary hosted veins.	200km NW of Alice Springs, 70km from Tanami Road via tracks from Yuendumu.	600m by 240m drilled zone.	35m @ 2.02g/t Au including 17 m @ 3.93g/t Au including 2m @ 18.15g/t Au.	Deep drill test completed Q2, 2010.	18/01/2010, 24/05/2010, 15/06/2010 & 07/07/2010
Falchion	High grade sediment hosted veins.	200km NW of Alice Springs, 70km from Tanami Road via tracks from Yuendumu.	400m x 270m drilled zone.	29m @ 2.32g/t Au, inc 12m @ 3.76g/t Au.  32m @ 1.84g/t Au, inc 16m @ 3.67g/t Au.	Deep drill test completed Q2, 2010.	18/01/2010 & 07/07/2010
Stafford Gold Zone Companion Projects – Yataghan, Yataghan South, Assegai, Claymore	High grade sediment hosted veins.	200km NW of Alice Springs, 70km from Tanami Road via tracks from Yuendumu.	20 kilometres of anomalous strike length of the Stafford Gold Zone. Companion projects widely spaced / shallow drilling.	Up to 2m @ 4.1g/t Au in shallow drilling.	Tested Yataghan and Assegai with no significant intercepts.	18/01/2010 & 07/07/2010
Reward Polymetallic Companion Project	Breccia hosted Cu-Ag-Pb-Au.	200km NW of Alice Springs, 70km from Tanami Road via tracks from Yuendumu.	250m x 100m outcrop of rock chips.	Rock-chips returned up to 20.3% copper and 271g/t silver.	Reconnaissance returned high grade copper-silver in Q2 2010.	18/01/2010 & 13/05/2010

### Emergent Projects – Large Scale Anomalies in New Districts Pending Drilling

Sub-Project	Target Style	Infrastructure / Access	Extents	Best Intersections / Potential	2010/2011 Proposed and Completed Activity	Refer ASX Announcement Date For Further Details
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### Lake Mackay Projects

Tekapo	IronOxide-Copper-Gold (Tennant Creek / Ernest Henry Style).	400km east of Alice Springs, 60km from Nyrripi.	1.2km by 600m geochem anomaly Cu-Au-Ag-Bi-Mo-Sb.	16m @ 3.4g/t Au and 4m @ 2.67% Cu. No drilling in bedrock (surface regolith zone).	2011 Drill 350 to 400m holes into bed rock to test Cu-Au-Ag-Bi-Mo-Sb. Q3 2011.	07/01/2010 & 24/08/2011
Dodger	Shear hosted gold + intrusion related base metals.	400km east of Alice Springs, 68km from Nyrripi.	Regolith (RAB) anomaly 2.5km long.	4m @ 3.56g/t Au. Untested in fresh rock. Several parallel systems. Major underlying intrusion as the potential source.	Pending permit.	07/01/2010

Sub-Project	Target Style	Infrastructure / Access	Extents	Best Intersections / Potential	2010/2011 Proposed and Completed Activity	Refer ASX Announcement Date For Further Details
Taupo	IronOxide-Copper-Gold (Tennant Creek / Ernest Henry Style).	400km east of Alice Springs, 99km from Nyrripi.	Regolith (RAB) anomaly 8km by 1km Cu-Au-Pb-Zn-Bi.	No test of fresh rock. All regolith drilling in depleted horizon.	Pending access.	07/01/2010
Lake Mackay Companion Projects – Wakatipu, Manapouri, Te Anau	IOCG, Shear hosted gold, intrusive related gold.	400km east of Alice Springs.	Regolith (RAB & Vacuum) anomalies over variable extents.	No test of fresh rock. All regolith drilling in depleted horizon.	Drilling at Te Anau and Manapouri.	07/01/2010 & 24/08/2011

### Tanami / Arunta Region Emergent Regional Projects

Northern Tanami- Soldier / Birrindudu	Sedimentary hosted veins.	~80km north of Tanami / Groundrush Mines.	Extensive Geochemistry and magnetic anomalies over 8 sqkm.	No test of fresh rock.	Reconnaissance and possible test Q3/Q4, 2011.	23/11/2009
North Arunta	Porphyry related gold and sedimentary hosted vein deposits.	70km north of Yuendumu.	Unprospected ELAs spanning the prolific Trans-Tanami Geological Structure.	No work to date. Regional structural targets.	Conversion of ELA to ELs subject to Traditional Owner approvals reconnaissance.	23/11/2009
Lake Mackay	IronOxide-Copper-Gold, High Grade Vein.	450km east of Alice Springs, 100km from Nyrripi.	Unprospected ELAs spanning major structures.	No work to date. Regional structural targets. Remote Australia.	Conversion of ELA to ELs subject to Traditional Owner Approvals Reconnaissance.	23/11/2009

### Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Darren Holden who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Holden is a full time employee of ABM Resources NL and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr Holden consents to the inclusion in the documents of the matters based on this information in the form and context in which it appears.

### DIVESTMENT PROJECTS

ABM's Mozambique and Erayinia Project (WA) are open for divestment and have been kept in good standing.

### CORPORATE DEVELOPMENTS

#### Directors

Graeme Sloan was appointed Non-Executive Director at the Annual General Meeting on 30 September 2010 and Dr Nicholas Archibald resigned from his position as Non-Executive Director on 31 December 2010.

#### Share Placements

A placement, arranged by Patersons Corporate Finance and BGF Equities Limited, raised gross proceed of \$10,749,942 through a share placement of 307,141,207 shares at 3.5 cents per share. A total of 135,222,596 options were converted into shares raising an additional \$2,241,952.



## OUTLOOK 2011/2012

ABM RESOURCES IS COMMITTED TO CONTINUING ITS PROGRAMS OF EXPLORATION AND DISCOVERY IN THE TANAMI-ARUNTA REGIONS WITH A FOCUS AT THE TWIN BONANZA GOLD CAMP. THE COMPANY AIMS TO UPGRADE RESOURCES AT BUCCANEER AND BRING SEVERAL OF THE OTHER DISCOVERIES (EMPRESS, CARIBBEAN, OLD PIRATE, ETC.) INTO RESOURCE CATEGORY. THE COMPANY CONTINUES TO MITIGATE TECHNICAL RISK BY DRILLING MULTIPLE TARGETS FROM EXTENSIONAL PROSPECTS AROUND EXISTING DISCOVERIES TO REGIONAL GRASS ROOTS PROSPECTS; AND MITIGATE CORPORATE RISK BY MAINTAINING A STRONG BALANCE SHEET WITH FULLY FUNDED DISCOVERY PROGRAMS.

# SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

SUMMARY OF MINING TENEMENTS AS AT 30 JUNE 2011

Area of Interest	Tenement	Group's Interest	Tenement Status
<b>NORTHERN TERRITORY</b>			
<b>TANAMI</b>			
Birringdudu	EL23523	100	application
	EL27705	100	granted
	EL28560	100	application
	EL28566	100	application
	EL5888	100	granted
	EL5889	100	granted
	EL8809	100	granted
	SEL28326	100	application covers ELs 5888 and 8809
Supplejack	EL9250	100	granted
	EL26623	100	application
	EL27566	100	granted
	EL27570	100	application
	EL27812	100	granted
	EL27979	100	application
	EL27980	100	application
Matrix	EL26609	100	revised application
	SEL28333	100	application covers ELs 8845 and 9474
Cervantes	EL26619	100	application
	EL27125	100	application
	EL27126	100	application
Bonanza	EL22178	100	granted
	EL22228	100	granted
	EL22848	100	granted
	EL22850	100	granted
	EL23208	100	granted
	EL24436	100	granted
	EL24437	100	granted
	EL8602	100	granted
	EL8825	100	granted
	EL25194	100	application
	EL25844	100	application
	EL26610	100	application
	EL26616	100	revised application
	EL27124	100	revised application
	EL27127	100	revised application
	EL27339	100	application
	EL27378	100	application
	EL27813	100	application
	EL28394	100	application
	SEL23659	100	granted
	SEL23661	100	granted
	SEL28322	100	application covers western SEL23661 and EL2228
	SEL28323	100	application covers eastern SEL23661 and EL22178

## SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST

### SUMMARY OF MINING TENEMENTS AS AT 30 JUNE 2011

Area of Interest	Tenement	Group's Interest	Tenement Status
<b>NORTHERN TERRITORY</b>			
Bonanza	SEL28324	100	application covers western ELs 22178 and 22848
	SEL28325	100	application covers ELs 8825 and 8602
	SEL28327	100	application covers ELs 8576 and 8932
	SEL28328	100	application covers ELs 10139 and 8727
Pargee	EL24344	100	granted
	EL10139	100	granted
	EL26608	100	revised application
South Tanami	EL25191	100	application
	EL25192	100	application
	EL28784	100	application
	EL28785	100	application
Euro	EL25845	100	application
	EL26590	100	application
	EL26591	100	application
	EL26592	100	application
	EL26593	100	application
	EL26613	100	application
	EL26615	100	application
	EL26618	100	application
	EL26620	100	application
	EL26621	100	application
	EL26622	100	application
	EL26673	100	application
	EL27604	100	application
<b>LAKE MACKAY PROJECT</b>			
Taupo	EL8696	100	granted
Tarawera	EL10305	100	application
	EL10306	100	application
	EL23898	100	revised application
	EL24299	100	application
	EL24473	100	application
	EL24492	100	application
	EL24567	100	application
	EL24915	100	application
	EL24949	100	application
	EL25630	100	application
	EL25632	100	application
	EL25866	100	application
	EL27780	100	application
	EL27872	100	application
	EL27894	100	application
EL27906	100	granted	
EL8695	100	application	

SUMMARY OF MINING TENEMENTS AND AREAS OF INTEREST  
SUMMARY OF MINING TENEMENTS AS AT 30 JUNE 2011

Area of Interest	Tenement	Group's Interest	Tenement Status
<b>NORTHERN TERRITORY</b>			
Tarawera	EL9343	100	revised application
Tekapo	EL24858	100	application
	EL9442	100	granted
	EL9449	100	granted
	SEL28028	100	application
Te Anau	EL8697	100	granted
<b>NORTH ARUNTA</b>			
Walkeley Project	EL22554	100	revised application
	EL22555	100	revised application
	EL26903	100	application
Bonita	EL23926	100	application
	EL23927	100	revised application
Reynolds Range	EL23655	100	granted
	EL23888	100	granted
	EL28083	100	granted
Barrow Creek	EL23880	100	granted
	EL23883	100	granted
	EL23884	100	granted
	EL23885	100	granted
	EL23886	100	granted
	EL25030	100	application
	EL25031	100	application
	EL25033	100	application
	EL25034	100	application
	EL25035	100	application
	EL25036	100	application
	EL25041	100	application
	EL25042	100	application
	EL25044	100	application
	EL28515	100	application
	EL28727	100	application
	EL8766	100	granted
SEL26825	100	granted	
<b>WESTERN AUSTRALIA</b>			
Dalgaranga	M59/106	100	
Erayinia	E28/1228	70	Hawthorn Resources Ltd – 30%
	E28/1611	70	Hawthorn Resources Ltd – 30%
	E28/1612	70	Hawthorn Resources Ltd – 30%
<b>MOZAMBIQUE</b>			
Mozambique	1435L	73.33	JV with local partners
	2295L	73.33	JV with local partners



# DIRECTOR'S REPORT

The Directors of ABM Resources NL present their report on the consolidated entity (Group), consisting of ABM Resources NL and the entities it controlled at the end of, and during, the financial year ended 30 June 2011.

## Directors

Dr Michael Etheridge	Non-Executive Chairman	
Mr Darren Holden	Managing Director	
Mr Imants Kins	Executive Director	
Dr Nicholas Archibald	Non-Executive Director	Retired 31 December 2010
Mr Graeme Sloan	Non-Executive Director	Appointed 30 November 2010

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Principal Activities

The principal activities of the Group during the financial year were:

- Exploration at Northern Territory gold prospects;
- Resource estimation at the Buccaneer Porphyry Gold Deposit;
- Capital raising; and
- Divestment of non-core assets.

## Operating Results

The consolidated loss of the Group after providing for income tax amounted to \$9,726,208 (2010: loss of \$30,124,103).

## Dividends

There were no dividends paid or declared during the year.

## Financial Position

The net assets of the Group have increased by \$3,857,308 from 30 June 2010 to \$29,160,773 in 2011. The increase is largely due to an increase in contributed equity.

## Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- Board changes;
- Implementation of aggressive and accelerated exploration strategy on the Northern Territory tenement portfolio; and
- Increasing the size of the exploration team.

## Matters Subsequent to the End of the Financial Year

The group released numerous announcements regarding exploration results from the Northern Territory Projects and some of these results have been referred to in the Managing Director's review of operations.

On 28 July 2011, the Group welcomed a new cornerstone investor, Craton Capital LLC, who subscribed to 177,777,778 fully paid ordinary shares in the Group at a price of \$0.045 per share raising gross proceeds of \$8 million.

On 9 September 2011, the role of Imants Kins changed from Executive Director to Non-Executive Director.

### Likely Development

- Continue aggressive exploration the Twin Bonanza Gold Camp and the Northern Territory Regional Targets building Australia's premier gold discovery Company;
- Resource upgrade work for Buccaneer and resource definition work for several of the other discoveries within the Twin Bonanza Gold Camp; and
- Target and drill various regional prospects.

### Environmental Regulation

The Group's operations are subject to significant environmental regulation under the laws of the Commonwealth, Western Australia and the Northern Territory. The Group monitors its compliance with environmental regulations on an ongoing basis. The Directors are not aware of any significant breaches during the period covered by this report.

The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report annual greenhouse gas emissions and energy use. For the first measurement period 1 July 2010 to 30 June 2011 the Directors have assessed that there are no current reporting requirements, but the Group may be required to do so in the future.

## INFORMATION ON DIRECTORS



### Dr M Etheridge

PhD, FTSE, FAIG, FAICD

Position: Non-Executive Chairman

Qualifications and Experience:

Dr Mike Etheridge is a geologist with over 35 years experience in exploration, mining, consulting and research. Until 2004 he was Chairman of the consulting firm SRK Consulting (Australia), having co-founded its predecessor, Etheridge Henley Williams in 1990. Dr Etheridge is an Adjunct Professor at Macquarie University, where he led an industry collaborative research project into improving the management of risk and value in mineral exploration. He has been (including in the last 3 years) a Non-executive Director of Lihir Gold Ltd (ASX, POMSoX, NASDAQ, TSX), Consolidated Minerals Ltd (ASX, AIM), Ariana Resources Ltd (AIM), Ballarat Goldfields NL (ASX) and Geoinformatics Exploration Inc (TSX-V), among others. He also chaired the boards of the Predictive Mineral Discovery Cooperative Research Centre and AuScope Ltd, two major government and industry-funded research bodies. He is currently a Director of the Deep Exploration Technologies CRC, Chairman of ASX-listed Clancy Exploration Ltd and Chairman of unlisted Zeus Uranium Ltd. Dr Etheridge is a member of the Group's Remuneration Committee.



**Mr D Holden**

BSc Hons, MAusIMM

Position: Managing Director

Qualifications and Experience:

Mr Holden is a geologist with over 16 years experience in mining and exploration. He is a graduate of the University of Otago (NZ) and The University of Western Australia and is a Member of the Australasian Institute of Mining and Metallurgy. Mr Holden has previously held the role of Senior Consultant at Fractal Geoscience and was involved in geophysical and geological modeling and targeting on a wide range of deposit styles. Mr Holden also held (including in the last 3 years) the roles of Vice President and Chief Operating Officer of Geoinformatics Exploration Inc for the period from 2001 to 2009 and the role of Non-Executive Director at Clancy Exploration Ltd. Mr Holden was previously based in Vancouver, Canada and helped guide Geoinformatics through the 2008/2009 Financial Crisis and into a merger with Rimfire Minerals Corp to form Kiska Metals Ltd. Under Mr Holden's exploration tutelage Geoinformatics successfully delineated several new discoveries including a multimillion ounce gold-copper project in Alaska and other base and precious metal discoveries in British Columbia, Nevada and Mexico. Mr Holden returned to Perth in November 2009 to take up the position of Managing Director at ABM Resources NL.



**Mr I Kins**

B.Ec.MA

Position: Executive Director

Qualifications and Experience:

Mr Kins is currently Non-Executive Director of ABM Resources NL. Mr Kins is an Economist with over 25 years experience specialising in the resource sector. He has a Bachelor of Economics from the University of WA and a Master of Arts (Futures studies) degree from the Curtin University of Technology. Mr Kins has worked in the State Government (including industrial and resource development) and then mainly the private sector in regards to the resource sector. Since 1987 he has mainly worked as a consultant to the resource sector undertaking projects with exploration and mining companies, investors and brokers. He was appointed the Managing Director of the Company in October 2005, Executive Chairman in April 2007 and part time Executive Director in November 2009. As from 9 September 2011 he became a Non-Executive Director of the Company. Mr Kins brings extensive resource sector based strategic planning, macroeconomic and corporate governance experience to the Board. He is currently (including in the last 3 years) Executive Chairman of Rico Resources Ltd (ASX: RRI) and Director of Ochre Management Limited. Mr Kins is a member of the Group's Remuneration Committee.



**Mr G Sloan**

BAppSc, MAusIMM

Position: Non-Executive Director

Qualifications and Experience:

Graeme Sloan is a Mining Engineer with extensive corporate and operational experience both within Australia and overseas and is currently (including in the last 3 years) Managing Director/CEO of Tanami Gold NL and a Non Executive Director of Orion Gold NL. He has held senior roles with several ASX listed companies and has been responsible for the successful development, implementation and commissioning of various projects over a range of different commodity types. Mr Sloan is a member of the Group's Remuneration Committee.



**Ms J Zimmermann**

Position: Company Secretary

Qualifications and Experience:

Ms Jutta Zimmermann is an accountant (Australian AQF diploma level) with over twenty five years of experience (Germany and Australia) in accounting, taxation and, in recent years, management. She has a diploma in information technology (Australian bachelor degree level) from the Furtwangen Polytechnic and holds the position of Chief Financial Officer with the Company. Ms Zimmermann was appointed Company Secretary on 17 April 2007 holds a Certificate in Governance Practice and Administration, is a member of Chartered Secretaries Australia and is director of two of ABM's subsidiaries.

## DIRECTOR'S REPORT

### Directors' Interest

As at the date of this report, the direct and indirect interests of the Directors in the Group were:

	Fully Paid Ordinary Shares	Unlisted Options
Dr M Etheridge	12,000,000	-
Mr D Holden	20,166,667	-
Mr I Kins	21,996,398	-
Dr N Archibald	26,333,333	83,500,000
Mr G Sloan <sup>1)</sup>	-	-

<sup>1)</sup> Mr G Sloan is a Director of Tanami Gold NL and its fully owned subsidiary, Tanami Exploration NL, which holds 508,214,212 shares and 300,000,000 unlisted options in ABM Resources NL.

### Meetings of Directors

During the financial year, eight meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number Eligible to Attend	Board Meetings Attended
Dr M Etheridge	8	8
Mr D Holden	8	8
Mr I Kins	8	7
Dr N Archibald	5	5
Mr G Sloan	4	4

Due to the current size and composition of the economic entities Board, the full Board deals with all Board related matters, other than remuneration, rather than delegating responsibilities to Board committees.

### Meetings of Remuneration Committee

During the financial year, two meetings of the Remuneration Committee were held. Attendances by each committee member during the year were as follows:

	Number Eligible to Attend	Remuneration Committee Meetings Attended
Dr M Etheridge	2	2
Dr N Archibald <sup>1)</sup>	2	2

<sup>1)</sup> Retired 31 December 2010. Subsequently Mr I Kins and Mr G Sloan became members of the Group's Remuneration Committee.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of ABM Resources NL, and for the executives receiving the highest remuneration.

The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

### Remuneration Policy

The remuneration policy of ABM Resources NL has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component, offering specific long-term incentives, and where appropriate, short term bonuses, based on key performance areas affecting the Group's strategic objectives and financial results. The Board of ABM Resources NL 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.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- All executives receive a base salary (which is based on factors such as qualifications, length of service and experience), superannuation, fringe benefits, and performance bonuses/incentives.
- The Board reviews executive packages annually by reference to the Group's performance, and the executive's performance.

The performance of executives is measured against criteria agreed with each executive, including where appropriate, the growth in shareholder value. All cash bonuses and equity incentives must be linked to predetermined performance and/or continuity criteria. Discretionary cash bonuses totalling \$10,000 have been granted to executive Directors and group executives during the year. The Board may exercise its discretion in relation to approving bonuses and incentives, including equity participation. The policy is designed to attract the highest calibre of executives and reward them for performance. Executives are also entitled to participate in employee share arrangements. Refer below for details about performance based remuneration.

The executive Directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed. Shares given to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the Director or executive for these shares.

The Board policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors are subject to approval by shareholders at the Annual General Meeting and was last set on 30 November 2010 at \$300,000. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and, in appropriate circumstances where shareholder approval is obtained, incentive shares are granted.

The Board has considered the previous advice of an independent remuneration consultant to ensure non-executive Directors' fees, executive Directors' fees and executives salaries and payments are appropriate and in line with the market. The independent remuneration consultant has based his previous recommendations on comparative roles and comparative companies in the external market.

### Performance Based Remuneration

As part of each executive Director and key executive's remuneration package there may be a performance-based component, consisting of cash bonuses and/or incentives, including equity participation, linked to the achievement of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between Directors/executives with that of the business and shareholders. The KPIs are set at the beginning of the employment and are reviewed annually and adjusted where appropriate. The measures are specifically tailored, to the areas each Director/executive is involved in and has a level of control over. The KPIs target areas, the Board believes, hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. Such incentives may be offered where executive Directors and executives do not otherwise have a substantial shareholding in the Group.

## DIRECTOR'S REPORT

Performance in relation to the KPIs is assessed annually, with bonuses and incentives being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year. Cash bonuses of \$10,000 were granted during the year and no additional shares were issued to Executives.

For non-executive Directors the KPI's are related to their performance on the Board in regards to their specific field of expertise, however the main focus is on continuity of employment. No shares were issued to non-executive Directors during the financial year.

Executive Directors' incentives are based on continuity of employment and performance criteria such as determining whether value has been or will be added for shareholders of the Company, including share price movement, project acquisitions, project development, capital raising to fund operations, broker support, retention of key staff and corporate governance. The weighting of each KPI is dependent on the circumstances of each year.

Executive incentives are based on continuity of employment and performance criteria based on the field of expertise of the executive, including the promotion of the interests of the Company, securing of projects on reasonable terms, project development, timely completion of tasks and reporting requirements.

No performance based incentives were delivered in form of shares issued to the Directors/executives at no cost. Continuity based incentives were delivered in form of shares issued to Directors/executives at market price in the financial year 2009/2010 with the consecutive grant of a loan for the full amount. The continuity conditions are to be fulfilled over a period of 3 years, with each year a proportion becoming available for release from escrow, subject to loan repayment. None of the directors has repaid the loan for shares where continuity conditions were fulfilled during the 2010/2011 financial year.

Details of shares and loans granted to Directors/executives can be found on page 48.

### Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and executives. The policy provides for two methods to be applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of shares to the majority of Directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy to have been effective over the past years. Cash bonuses totalling \$10,000 were granted to executives during the year and no additional shares were issued to executive Directors and executives. Directors and executives were granted a loan from the Group to cover the acquisition cost of the shares issued during the 2009/2010 financial year.

The following table shows the gross revenue, losses and dividends for the last five years for the listed entity, as well as the share price at the end of the respective financial years. The Company has continued to move forward during the last year with gold and gold-copper exploration success at the Tanami Projects in the Northern Territory of Australia. The Board is satisfied that the previously described remuneration policy has been an important component of this development.

	2007	2008	2009 (restated)	2010	2011
	\$	\$	\$	\$	\$
Revenue	177,860	192,185	66,515	113,204	514,214
Net loss	2,934,564	4,494,539	4,594,720	30,124,103	9,726,208
Share Price at year-end	0.160	0.042	0.019	0.019	0.037
Dividend paid	-	-	-	-	-

## Key Management Personnel

The following persons were key management personnel of the ABM Resources NL Group during the financial year:

Key Management Person	Position	Commencement of Position
Dr M Etheridge	Non-Executive Chairman	23 November 2009
Mr D Holden	Managing Director	23 November 2009
Mr I Kins	Executive Director	Role changed 23 November 2009
Dr N Archibald	Non-Executive Director	23 November 2009 (retired 31 December 2010)
Mr G Sloan	Non-Executive Director	30 November 2010
Ms J Zimmermann	CFO / Company Secretary	1 June 2005

## Details of Remuneration

Details of compensation for key management personnel and other executives of the ABM Resources NL Group are set out below:

2011	Short-Term Employee Benefits			Post-Employment Benefits	Share-based Payments		Total	Proportion of Remuneration that is at Risk	% of Value of Remuneration that Consists of Options
	Salary, Fees and Commission \$	Cash Bonus \$	Other \$	Superannuation \$	Shares \$	Put Options <sup>2)</sup> \$			
<b>Directors</b>									
Dr M Etheridge	73,395	-	-	6,605	-	48,202	128,202	37.6%	37.6%
Mr D Holden	275,229	-	-	24,771	-	176,944	476,944	37.1%	37.1%
Mr I Kins	71,560	-	-	6,440	-	25,065	103,065	24.3%	24.3%
Dr N Archibald <sup>1)</sup>	20,000	-	-	-	-	-	20,000	0.0%	0.0%
Mr G Sloan	21,415	-	-	1,927	-	-	23,342	0.0%	0.0%
<b>Total Directors</b>	<b>461,599</b>	<b>-</b>	<b>-</b>	<b>39,743</b>	<b>-</b>	<b>250,211</b>	<b>751,553</b>		
<b>Other Key Management Personnel</b>									
Ms J Zimmermann	181,369	10,000	-	16,323	-	60,253	267,945	22.5%	22.5%
<b>Total Other</b>	<b>181,369</b>	<b>10,000</b>	<b>-</b>	<b>16,323</b>	<b>-</b>	<b>60,253</b>	<b>267,945</b>		
<b>Total</b>	<b>642,968</b>	<b>10,000</b>	<b>-</b>	<b>56,066</b>	<b>-</b>	<b>310,464</b>	<b>1,019,498</b>		

<sup>1)</sup> Retired 31 December 2010.

<sup>2)</sup> The value of the embedded put options within the Directors and other key management personnel loans in accordance with Company's Employee Loan Scheme.



## DIRECTOR'S REPORT

2010	Short-Term Employee Benefits			Post-Employment Benefits	Share-based Payments		Total \$	Proportion of Remuneration that is at Risk	% of Value of Remuneration that Consists of Options
	Salary, Fees and Commission \$	Cash Bonus \$	Other <sup>3)</sup> \$	Super-annuation \$	Shares <sup>4)</sup> \$	Put Options <sup>5)</sup> \$			
<b>Directors</b>									
Dr M Etheridge	44,602	-	-	4,014	-	8,837	57,453	15.4%	15.4%
Mr D Holden	161,750	-	-	14,558	-	53,592	229,900	23.3%	23.3%
Mr I Kins	79,908	30,000	37,479	7,192	260,763	4,595	419,937	63.2%	1.1%
Dr N Archibald	27,556	-	-	-	-	-	27,556	0.0%	0.0%
Mr S Rigby <sup>1)</sup>	14,679	-	-	1,321	3,200	-	19,200	16.7%	0.0%
Mr A Simpson <sup>2)</sup>	14,679	-	-	1,321	23,000	-	39,000	59.0%	0.0%
<b>Total Directors</b>	<b>343,174</b>	<b>30,000</b>	<b>37,479</b>	<b>28,406</b>	<b>286,963</b>	<b>67,024</b>	<b>793,046</b>		
<b>Other Key Management Personnel</b>									
Ms J Zimmermann	143,613	30,000	59,850	12,925	136,581	11,046	394,015	37.5%	2.8%
<b>Total Other</b>	<b>143,613</b>	<b>30,000</b>	<b>59,850</b>	<b>12,925</b>	<b>136,581</b>	<b>11,046</b>	<b>394,015</b>		
<b>Total</b>	<b>486,787</b>	<b>60,000</b>	<b>97,329</b>	<b>41,331</b>	<b>423,544</b>	<b>78,070</b>	<b>1,187,061</b>		

<sup>1)</sup> Retired 23 November 2009.

<sup>2)</sup> Retired 23 November 2009.

<sup>3)</sup> Other short-term employee benefits relate to annual leave payout.

<sup>4)</sup> Release of shares issued under escrow and released in the financial year ending 30 June 2010. This valuation is based on the share price at the initial issue date of 11.5 cents per share for I Kins and A Simpson, 11.5 cents per share and 5.0 cents per share for J Zimmermann, and 0.8 cents per share for S Rigby and not the underlying share price of 1.9 cents per share as at 30 June 2010.

<sup>5)</sup> The value of the embedded put options within the Directors and other key management personnel loans in accordance with Company's Employee Loan Scheme.

### Share-based Compensation

#### Put Options

The balance of the embedded put options within the Directors and other key management personnel loans for the financial year ended 30 June 2011 (2010: \$78,070) are as follows:

Name	Value of Embedded Put Options
Dr M Etheridge	57,039
Mr D Holden	230,536
Mr I Kins	29,660
Ms J Zimmermann	71,299
	<b>388,534</b>

The detail of loans to Directors and other key management personnel are set out in Note 26(c). Loans to Directors relate to an at arm's length transaction whereby the Directors purchased shares at market price and were granted a loan as per the Employee Loan Scheme which forms part of the Company's Employee Share Plan. The shares belong to the Directors, however have been put in a holding lock until such time as the later of fulfilment of continuity conditions or loan repayment has occurred. The loan has to be repaid within 5 years from the issue date.

### Cash Bonuses

A cash bonus granted to J Zimmermann, totalling \$10,000 was paid at the discretion of the Board. The bonus vested 100% during the financial year ended 30 June 2011.

### Performance Income as a Proportion of Total Remuneration

Executive Directors and executives may be paid performance based bonuses linked to goals set having regard to experience, qualifications and length of service. This can lead to the proportions of remuneration related performance varying between individuals. The Board sets these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the Group, and to retain key personnel. The Board reviews performance bonuses to gauge their effectiveness against achievement of the set goals and adjusts future year incentives as they see fit to ensure use of the most cost effective and efficient methods. For details about performance based remuneration refer to page 45.

### Options and Shares Issued as Part of Remuneration

No options and shares were issued to Directors and executives as part of their remuneration during the financial year ended 30 June 2011.

### Employment Contracts of Directors and Other Key Management Personnel

Remuneration and other terms of engagement for non-executive Directors are formalised in service agreements. The agreement summarises the Board policies and terms, including compensation relevant to the office of Director.

The employment contracts stipulate a range of one to six month resignation notification periods. The Company may terminate an employment contract without cause by providing a range of one- to six-month written notice or making payment in lieu of notice, based on the individual's annual salary component. No redundancy payments are offered to specified executives. In the instance of serious misconduct the Company can terminate employment at any time.

Other major provisions of the agreements relating to remuneration are set out below:

#### *Dr M Etheridge, Non-Executive Chairman*

- Term of agreement – ongoing subject to re-election by shareholders;
- Remuneration – \$80,000 p.a. (including superannuation) commenced 23 November 2009.

#### *Mr D Holden, Managing Director*

- Term of agreement – 3 years contract commencing 23 November 2009 with a further 3 year option subject to a 6 month notice period;
- Base salary, inclusive of superannuation, commencing 23 November 2009 of \$240,000 which was increased by the remuneration committee effective from 1 July 2010 to \$300,000 per year;
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to 12 month salary;
- Notice period varies between no notice if mutually agreed and 3 months notice by either party without reason.

#### *Mr I Kins, Executive Director*

- Monthly payment of \$6,500 (inclusive of superannuation) for an initial term of 1 year commencing 23 November 2009 with possible 1 year extensions to 23 November 2011.

## DIRECTOR'S REPORT

### *Mr G Sloan, Non-Executive Director*

- Term of agreement – ongoing subject to re-election by shareholders;
- Remuneration - \$40,000 p.a. (including superannuation) pro rata commencing 30 November 2010.

### *Ms J Zimmermann, CFO / Company Secretary*

- Term of agreement – ongoing commencing 1 June 2005;
- Base salary, inclusive of superannuation, for the period 1 July 2010 to 3 December 2010 of \$180,000 and from 4 December 2010 to 30 June 2011 of \$200,000;
- No termination benefits applicable;
- Employment can be terminated with a 3 month notice period by either party.

### End of Audited Remuneration Report.

### Insurance of Officers

During the financial year, ABM Resources NL expensed a premium of \$24,020 to insure the Directors, secretaries and other officers of the Company and its Australian-based controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

### Loans to Directors and Executives

Information on loans to Directors and executives, including values, interest rates and repayment terms are set out in Note 26(c) to the financial statements.

### Unlisted Options

Unlisted options of ABM Resources NL at the date of this report are as follows:

Granted Date	Expire Date	Exercise Price	No. of Options
14 December 2009	15 December 2012	0.050	20,000,000
18 December 2009	18 December 2014	0.015	300,000,000
15 January 2010	15 January 2014	0.010	10,000,000
15 January 2010 <sup>1)</sup>	15 January 2015	0.015	166,500,000
18 October 2010	18 October 2015	0.015	83,500,000
			<hr/> 580,000,000

<sup>1)</sup> On exercise of these options a further 166,500,000 options will be issued (\$0.015 @ 5 years from issue date).

### Non-Audit Services

During the financial year, the following fees were paid or payable to the auditor of the Group, its related practices and non-related audit firms:

	Consolidated	
	2011 \$	2010 \$
<b>Audit related services</b>		
Amounts paid or payable to BDO		
Audit and review of financial statement	61,115	51,597
Total remuneration for audit services	61,115	51,597
<b>Taxation services</b>		
Amounts paid or payable to BDO		
Tax compliance services	21,947	25,625
Total remuneration for non-audit services	21,947	25,625

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on behalf of the auditor), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of *the Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

### Proceeding on Behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 59.

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



**MIKE ETHERIDGE**  
Non-Executive Chairman



**DARREN HOLDEN**  
Managing Director

Dated this 19<sup>th</sup> day of September 2011  
Perth, Western Australia

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors of ABM Resource NL (“ABM Resources” or “the Company”) is responsible for the corporate governance of the Group. The Board guides and monitors the business activities of ABM on behalf of the shareholders by whom they are elected and to whom they are accountable.

Set out below is a summary of the Company’s corporate governance practices that have been adopted with reference to the ASX Corporate Governance Council’s corporate governance principles and recommendations for best practice in corporate governance. They comply with the August 2007 *ASX Principles of Good Corporate Governance and Best Practice Recommendations*.

Due to the current size and activities of the Company, the Board has resolved not to adopt some of the best practice recommendations at this stage. In addition, the process of formally documenting and implementing policies and procedures relating to some of the best practice recommendations is still continuing. Where the Company has resolved not to comply or is not currently complying with a particular recommendation, the reasons for this are also detailed below.

## BOARD OF DIRECTORS

ABM Resources NL has adopted a formal Board Charter that sets out the role and responsibilities of the Board and delegation of authority to senior management.

The Board’s role is to govern the Company and must act in the best interest of the Company. The senior management are responsible for the efficient and effective operation of the Company in accordance with the directions and delegations of the Board. The Board is responsible to oversee the activities of management in carrying out these delegated duties.

## Board Composition and Members

To add value to the shareholders, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The Company’s current Board consists of four members, being the Non-Executive Chairman – Dr Michael Etheridge, Managing Director – Mr Darren Holden, Non-Executive Director – Mr Imants Kins (Executive Director to 9 September 2011) and Non-Executive Director – Mr Graeme Sloan.

The relevant qualifications and experience of the Company Directors are set out in the Directors’ Report.

## Responsibilities

The Board has responsibility for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things necessary to determine the objectives and the strategy, and to ensure that the strategy is carried out in order to achieve the objectives of the Company.

Without intending to limit the stated role, the principal functions and responsibilities of the Board include:

- Determining the vision, values and objectives of the Company;
- Formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to implement strategic objectives;
- Identifying occupational health, safety and environmental issues and formulating and implementing policies to address and manage them and to monitor the compliance and effectiveness of these policies;
- Identifying other material business risks pertaining to the Company’s operations, and to develop and implement strategies to manage these risks, and internal control systems to monitor compliance with and the effectiveness of these strategies;
- Appointing and approving the terms and conditions of the appointment of the Managing Director;
- Establishing and determining the powers and functions of committees of the Board, such as Audit and Risk Management, Remuneration and Nomination Committees, where established;
- Reviewing and providing feedback on the performance of the Managing Director and Chief Financial Officer;
- Reviewing the performance of the Board, individual Directors and Board committees;
- Endorsing the terms and conditions of employment of senior executives;
- Approving and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Identifying all areas where written Board policy is required, determining the policies, and overseeing the implementation and monitoring of compliance, including policy in relation to code of conduct, related party transactions, and trading in the Company’s securities;
- Approving the annual budget, and material variations thereto;

## CORPORATE GOVERNANCE STATEMENT

- Approving major operating and capital budgets, and material variations to these budgets;
- Authorising expenditure approval limits for the Managing Director, and authorising expenditure in excess of these discretionary limits;
- Approving all mergers, acquisitions and disposals of projects and businesses;
- Considering the reports from committees and the recommendations made therein;
- Reviewing annually the progress and performance of the Company towards meeting its objectives;
- Reviewing periodically the process, outcomes and effectiveness of the Company's decisions and strategies, for the purpose of continuous improvement in all these matters and ensuring that valuable lessons are identified, and absorbed into the process and framework for making future decisions;
- Authorising the issue of securities and instruments of the Company;
- Approving processes, procedures and internal control systems to ensure that the Company's financial results are reported in a timely and accurate basis;
- Approving the half year and year end financial reports, notices of general meeting, and profit and dividend announcements;
- Determining, implementing and monitoring procedures to ensure that ASIC and ASX are promptly and adequately informed of all matters considered to be material, in accordance with the Company's continuous disclosure obligations;
- Monitoring developments in the Company's industry and general operating environment;
- Encouraging effective communication between the Company and its shareholders, employees and the general public; and,
- Establishing and encouraging effective communication channels between the Company and shareholders and other parties having legitimate interests that may be affected by the Company's activities.

### Directors' Independence

Best Practice Recommendations 2.1 and 2.2 recommend respectively that a majority of the Board should be independent Directors and the Chairperson should be an independent Director. The Board consisted of 2 Non-Executive Directors including the Chair, one part-time Executive Director and the Managing Director at 30 June 2011. The part-time Executive Director became a Non-Executive Director on 9 September 2011.

ABM Resources is a resource exploration company. As a resource exploration company some of the Directors (including their associates) might take large equity risk positions to provide funding support, particularly at difficult times in the equity markets and Director's emoluments are reviewed at the Board's discretion by an independent contractor based on data available from similar sized and performing companies.

The need for access to supporting equity and skills as required, and a flexible cost structure have been greater imperatives for ABM Resources as an exploration company, than the largely mutually exclusive concept of independence, which is much more relevant to larger corporations with substantial workforces. Currently all Non-Executive Directors are regarded as independent Directors.

Complete compliance with the best practice in this area is not considered a current imperative, due to the additional direct cost of employing such Directors, the view that there would not be an increase in Board skills (only independence), and the risk that inefficiency will occur in the Board decision making process whilst the independent Directors become familiar with the Company's business.

### Chairman and Chief Executive Officer (CEO)

The role of the Chairman is carried out by Dr Michael Etheridge and the roles of Chief Executive Officer and Managing Director within the Company are carried out by Mr Darren Holden. The roles and responsibilities are set out in the Company's Board Charter.

### Board Policies

#### *Conflict of Interests*

A Director must inform the Board or the Chairman or Managing Director, as soon as the Director becomes aware of any conflict or potential conflict of interests, which that Director may have in relation to any transaction or matter relevant to the Company or its business. Unless the Board decides otherwise, the Director should be absent from any discussion and decision on that transaction or matter.

## CORPORATE GOVERNANCE STATEMENT

### *Commitments*

Each member of the Board is committed to spending sufficient time to enable them to discharge their duties as a Director of the Company.

### *Independent Professional Advice*

If a Director considers it necessary to obtain independent professional advice to properly discharge their responsibilities as a Director of the Company, then provided the Director first obtains approval for incurring such expense from the Chairman or Managing Director, the Company will pay the reasonable expenses associated with obtaining such advice.

### *Performance Assessment*

The Board determines a process for reviewing its performance and that of its individual Directors, committees and senior management. The Board meets annually to review the outcome of this process. The procedure for the annual Board performance evaluation will be to:

- Review the Board's performance against the terms of the Company's charter;
- Review the performance of committees, where appointed, against the terms of their charters;
- Review the contribution of each Director;
- Review the changes that may be required to the charter of the Board of its committees, taking into account the developments in the Company and its activities over the preceding year, and in corporate governance practices.

The Board determines the scope and detailed procedures for assessing performance against both measurable and qualitative indicators.

## BOARD COMMITTEES

Best practice recommends that the Board should establish a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The Board committees that are generally recommended are:

- Audit and Risk Management Committee;
- Remuneration Committee;
- Nomination Committee.

Given the current size and composition of the Company's Board, the full Board will be responsible for the duties of the Nomination Committee and the Audit and Risk Management Committee. At 30 June 2011, the Remuneration Committee comprised of Dr Michael Etheridge, Imants Kins and Graeme Sloan. An Audit Sub-Committee has been formed however the actual audit function remains with the full Board.

Each committee should report to the Board, as it considers appropriate, having regard to matters and issues of significance that may arise, but in any case at least annually.

The minutes of all committee meetings should be included in the Board pack of Directors for each Board meeting, or distributed in a manner the Board considers appropriate, except where the Chairman or Managing Director considers it inappropriate due to potential conflicts.

In order to define the role, responsibility, power, structure, composition, operation and administration of each committee, the Board and committee have adopted a charter for each committee as detailed below:

### **Nomination Committee**

Best practice Recommendation 2.4 recommends that the Board should establish a nomination committee to assess the necessary competencies of Board members, review Board succession plans, evaluate the Board's performance and make recommendations for the appointment and removal of Board members.

#### **A Nomination Committee is generally responsible for:**

- Devising criteria for Board membership;

## CORPORATE GOVERNANCE STATEMENT

- Identifying specific individuals for nomination as Directors;
- Making recommendations to the Board for new Directors and membership of committees;
- Assisting the Chairman or Executive Chairman in advising Directors about their performance and possible retirement;
- Overseeing management of succession plans, including the Managing Director and senior management.

Having regard to the current size and activities of the Company, the full Board will retain responsibility for the duties outlined above.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise and experience on the Board in the context of the current stage of development of the Company. The categories considered necessary for this purpose are a blend of finance, business, management (including strategic planning) industry knowledge, technical skills and experience and administration skills. As the Company develops in the respective stages that occur in the move from explorer to producer the skill mix of the Board will be reviewed accordingly.

Directors are to be appointed pursuant to formal agreements. The expectations for time to be committed to attend Board meetings and participate in committees and other activities of the Company should be set out in writing.

An induction pack should be provided to all new Directors, which includes information in relation to the Company's operations, structure, constituent documents, financial position and strategic and business plans.

### Remuneration Committees

As mentioned above, at 30 June 2011, the Remuneration Committee comprised of Dr Michael Etheridge, Imants Kins and Graeme Sloan.

A Remuneration Committee is generally responsible for:

- Setting policies for senior officers' remuneration;
- Setting policies for Directors' remuneration;
- Making specific recommendations to the Board on remuneration of Directors and senior officers;
- Setting the terms and conditions for the appointment of the Managing Director;
- Undertaking the review of the Managing Director's performance, at least annually, including setting with the Managing Director the goals for the coming year and reviewing progress in achieving these goals.

The Board recognises that the Company remuneration policy must be structured to attract, motivate and retain key employees and encourage them to deliver performance to create value for shareholders.

The Board has agreed on the following set of key Remuneration Policy Guidelines from which to determine the remuneration policy for Directors, senior executives and employees:

- Individual reward should be based on performance across a range of measurable and qualitative indicators;
- Rewards to executives should be linked to creating value for shareholders;
- Remuneration arrangements should be equitable and facilitate the deployment of senior management across the various divisions of the Company;
- Remuneration packages should be comparable and competitive against remuneration packages of other companies within the industries which the Company operates.

### Audit Committee

An Audit and Risk Management Committee is generally responsible for:

- Overseeing and appraising the quality of the external audit and the internal control procedures, especially in the following areas:
  - Financial reporting and practices;
  - Business ethics policies and practices;
  - Accounting policies; and
  - Management and internal controls.



## CORPORATE GOVERNANCE STATEMENT

- Providing through regular meetings, a forum for communication between the Board, senior financial management staff involved in internal control procedures, and the external auditors;
- Enhancing the credibility and objectivity of financial reports with other interested parties;
- Enhancing the environment for identifying, analysing, managing and monitoring the operating risks involved in the business activities of the Company;
- Ensuring that executive management are extensively involved in, and vouch for, the adequacy and effectiveness of the risk management systems.

During the year ending 30 June 2011, due to the size and composition of the Company's Board, the full Board retained responsibility for the duties outlined above.

### APPOINTMENT OF EXTERNAL AUDITOR

The Board is responsible for selecting and appointing the Company's external auditor. The Board is also responsible for monitoring and reviewing the independence and quality of the audit services provided.

Where it is determined that a new auditor is to be appointed, and/or a tender process undertaken for the audit, the Board has identified the following criteria for determination of the preferred auditor:

- Value for money taking into account cost and quality of service;
- Independence of Auditors taking into account other work that may be required of the firm;
- The matters set out in auditor independence guidelines;
- Seniority of Audit staff to be appointed to the Company's engagement;
- Board being satisfied as to the intended scope of work to be undertaken as part of the audit process;
- Background and experience of the audit firm with the Company and the industry in which it operates and number of companies of similar size that the firm audits and;
- Reputation and standing of the audit firm in the business community.

### RISK ASSESSMENT AND MANAGEMENT

#### Identification of Risks

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In principle, the Company policies are designed to ensure strategic, operational, legal, reputational, Occupational Health and Safety, and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

The Risk Management Policy provides guiding principles and procedures for the identification and management of risks across the organisation as a whole, and within individual business units. A process of analysis and evaluation has been used to assess the impact of identified and potential risks upon the Company's business objectives.

The Policy grouped the risks into categories including the following:

- Business risks;
- Compliance risks;
- Financial risks; and
- Operational risks.

The Managing Director is accountable to the Board for ensuring that the risk management procedures are implemented and maintained in accordance with the Risk Management Policy. The Managing Director may assign responsibilities in relation to risk management within the Company.

Senior management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies within their departments. The annual business planning process includes careful consideration of the internal and external risk profiles of the Company. In their regular reporting (for each Board Meeting) to the Board, senior management will report on the identification and management of risks within their departments.

### Integrity of Financial Reporting

As a mineral exploration company, the Company provides a report on its activities to the ASX at the end of each quarter. In addition the Company provides a copy of its audited half year and full year financial accounts to the ASX and ASIC.

Prior to signing off the half year and full year financial accounts and approving them for release to the market, the Board requires the Managing Director and the Chief Financial Officer to state in writing to the Board that the financial accounts present a true and fair view, in all material respects, of the Company's financial position and operational results and are in accordance with relevant accounting standards.

### CODE OF CONDUCT

The Company has adopted a formal Code of Conduct for Company Directors and Senior Executives.

The Code of Conduct requires Directors and senior executives to act in the best interests of the Company and to promote and exercise the highest standards of ethics and integrity at all times in performing their duties for the Company.

The Company has also adopted a Corporate Code of Conduct for all of its employees in order to ensure the Company meets its legal and other obligations to legitimate stakeholders. These stakeholders include shareholders, customers, suppliers, employees and the community as a whole.

Employees are expected to apply the principles and guidelines set out in the Corporate Code of Conduct at all times in carrying out their duties for the Company.

### Share Trading Policy

The Company has formally adopted a Share Trading Policy that establishes a procedure for dealings by Directors, senior executives, employees, and their related parties in the Company's securities, and in securities of other entities with whom the Company may have business dealings.

The policy prohibits Directors and employees from dealing in securities at any time if they are in possession of price-sensitive information. Dealing is also not permitted during designated "Closed Periods" except with prior approval in circumstances of financial hardship. Outside "Closed Periods" Directors and employees have to obtain prior written approval in accordance with procedures set out in the policy. For the purposes of the policy, dealing includes hedging.

The policy prohibits dealing in securities on a short-term basis, except in circumstances of financial hardship. Employees and Directors who have rights to securities under a long term incentive plan may not hedge against those rights until they have vested. Directors and employees are also prohibited from entering into margin lending arrangements using the Company's securities as security.

### Diversity Policy

The Company is committed to workplace diversity and has adopted a Diversity Policy. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Diversity Policy, which takes into account the recommendations and guidance provided by the ASX Principles to the extent practicable, provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Managing Director and Company Secretary are responsible for ensuring the policy is brought to the attention of all affected persons and for monitoring compliance with the policy.

## CORPORATE GOVERNANCE STATEMENT

The Board is committed to workplace diversity, with particular focus on supporting the representation of women at the Company's senior level of management and the Board. As at 30 June 2011, the representation of women in the Company's is as follows:

	Female	Female %	Male	Male %
Administration (excludes Senior Management)	2	66.7%	1	33.3%
Technical (excludes Senior Management)	4	50.0%	4	50.0%
Senior Management	1	50.0%	1	50.0%
Total	7	53.8%	6	46.2%
Board Members	-	0.0%	4	100.0%

In order to achieve workplace diversity as set by the Board, the Managing Director will:

- review the recruitment and selection processes to ensure that current and potential employees are not discriminated against; and
- ensure that the selection process of its employees, senior management and the Board takes into account the following factors:
  - attract and retain people from equal employment opportunity target groups who together form a diverse workforce; and
  - facilitate the employment of indigenous Australian people.

## DISCLOSURE OF INFORMATION

### Continuous Disclosure to ASX

The Company's shares are listed on the ASX and as such the Company is required to comply with the continuous disclosure requirements set out in the ASX Listing Rules.

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market. The detail of this policy is available in the Company's charter.

### Communication with Shareholders

The Company endeavours to provide shareholders with important information on the Company in a timely and efficient manner. The Company promotes direct communication with shareholders and encourages them to direct questions or requests for further information to the Managing Director, Company Secretary or the Board.

The Company has adopted a Shareholder Communication Policy to formalise its practices in this regard.

In addition to direct mailing of information to shareholders, the Company posts up to date information on the Company's activities together with copies of all information released to the ASX on its website.

Shareholder meetings are an important forum for investors to meet with the Board and senior management and discuss matters concerning the Company.

The Company's external auditor attends all annual general meetings of the Company and is available to answer shareholder questions regarding the conduct of the audit and the preparation and content of the auditor's report.

# AUDITOR'S INDEPENDENCE DECLARATION



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38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

19 September 2011

ABM Resources NL  
The Board of Directors  
Level 1, 141 Broadway  
Nedlands, WA, 6009

Dear Sirs,

## DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF ABM RESOURCES NL

As lead auditor of ABM Resources NL for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of ABM Resources NL and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'BMcV', is written over a light blue horizontal line.

**Brad McVeigh**  
Director

A handwritten signature in black ink, appearing to read 'BDO', is written over a light blue horizontal line.

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



## ANNUAL FINANCIAL REPORT

The financial statements of ABM Resources NL for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Directors on 19 September 2011 and cover the consolidated entity consisting of ABM Resources NL and its subsidiaries as required by the *Corporations Act 2001*. Separate financial statements for ABM Resources NL as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*. However, limited financial information for ABM Resources NL as an individual entity is included in Note 31.

The financial statements are presented in Australian currency.

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

The address of the registered office and principal place of business is:

ABM Resources NL  
Level 1, 141 Broadway  
NEDLANDS WA 6009

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities on pages 6 to 36 and in the Directors' Report on pages 40 to 51, both of which are not part of this financial statement.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: [www.abmresources.com.au](http://www.abmresources.com.au)



# ANNUAL FINANCIAL REPORT

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011 \$	2010 \$
Revenue from continuing activities	4	514,214	113,204
Other income	5	191,067	169,662
Employee and Directors benefits expenses	6	(2,958,737)	(1,437,198)
Share-based payments expenses	22	-	(10,661,522)
Impairment expenses - goodwill	14	-	(14,463,720)
Lease expenses		(57,384)	(81,451)
Depreciation expenses	15	(199,009)	(93,808)
Write-down of property, plant and equipment		(21,497)	(14,423)
Consultancy expenses		(145,823)	(180,003)
Exploration and evaluation expenses		(6,569,676)	(2,373,588)
Legal fees		(20,661)	(182,747)
Other expenses	6	(808,988)	(918,509)
Loss before income tax expense		(10,076,494)	(30,124,103)
Income tax (expense)/benefit	7(a)	350,286	-
<b>Loss for the year</b>		<b>(9,726,208)</b>	<b>(30,124,103)</b>
<b>Loss attributable to members of ABM Resources NL</b>		<b>(9,726,208)</b>	<b>(30,124,103)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences	20(a)	294,673	79,298
Net change in fair value of available-for-sale financial assets	20(a)	177,500	-
<b>Total other comprehensive income for the year</b>		<b>472,173</b>	<b>79,298</b>
<b>Total comprehensive income for the year</b>		<b>(9,254,035)</b>	<b>(30,044,805)</b>
<b>Total comprehensive income for the year attributable to members of ABM Resources NL</b>		<b>(9,254,035)</b>	<b>(30,044,805)</b>
<b>Basic loss per share attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents per share)	8	(0.41)	(2.62)
Diluted earnings per share	8	n/a	n/a

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Notes	Consolidated	
		2011 \$	2010 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	8,745,931	3,892,382
Trade and other receivables	11	579,892	78,872
Other current assets	12	92,889	1,488,454
<b>TOTAL CURRENT ASSETS</b>		<b>9,418,712</b>	<b>5,459,708</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	11	2,524,808	2,424,647
Other financial assets	13	187,500	10,000
Intangible assets	14	-	-
Property, plant and equipment	15	775,944	564,022
Exploration, evaluation and development expenditure	16	17,985,795	17,976,249
<b>TOTAL NON CURRENT ASSETS</b>		<b>21,474,047</b>	<b>20,974,918</b>
<b>TOTAL ASSETS</b>		<b>30,892,759</b>	<b>26,434,626</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other liabilities	17	1,276,273	941,919
Provisions	18	29,927	13,956
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,306,200</b>	<b>955,875</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	18	425,786	175,286
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>425,786</b>	<b>175,286</b>
<b>TOTAL LIABILITIES</b>		<b>1,731,986</b>	<b>1,131,161</b>
<b>NET ASSETS</b>		<b>29,160,773</b>	<b>25,303,465</b>
<b>EQUITY</b>			
Contributed equity	19	105,754,877	93,231,894
Reserves	20	22,411,122	21,350,589
Accumulated losses		(99,005,226)	(89,279,018)
<b>TOTAL EQUITY</b>		<b>29,160,773</b>	<b>25,303,465</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,792,066)	(1,870,968)
Interest received		396,203	95,791
Payments for environmental bonds		(156,825)	(216,382)
Payments for exploration, evaluation and development		(7,090,598)	(2,395,694)
Other receipts		18,638	14,521
<b>Net cash inflow/(outflow) from operating activities</b>	23	<b>(8,624,648)</b>	<b>(4,372,732)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		6,946	29,500
Purchase of property, plant and equipment		(395,810)	(483,416)
Proceeds from sale of exploration interest		40,000	-
Payments for asset acquisition of Northern Territory projects		(9,546)	(11,343,769)
Payments for acquisition of Northern Territory projects through business combination	27	-	(1,500,000)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(358,410)</b>	<b>(13,297,685)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		14,018,698	21,165,442
Proceeds from employee loan repayment		18,888	-
Share issue costs		(170,939)	(42,517)
Payment for unmarketable parcels of shares		(32,525)	(8,147)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>13,834,122</b>	<b>21,114,778</b>
Net increase/(decrease) in cash and cash equivalents		4,851,064	3,444,361
Net foreign exchange differences		2,485	(346)
Cash and cash equivalents at beginning of year		3,892,382	448,367
<b>Cash and cash equivalents at end of year</b>	10	<b>8,745,931</b>	<b>3,892,382</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Contributed Equity \$	Available for Sale Financial Asset Reserve \$	Share- based Payment Reserve \$	Employee Options Reserve \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 July 2009</b>		59,637,775	-	-	-	128,113	(59,154,915)	610,973
<b>Comprehensive income for the year</b>								
Loss for the year		-	-	-	-	-	(30,124,103)	(30,124,103)
<b>Other comprehensive income</b>								
Foreign currency translation differences	20(a)	-	-	-	-	79,298	-	79,298
<b>Total comprehensive income for the year</b>		-	-	-	-	79,298	(30,124,103)	(30,044,805)
<b>Transaction with owners in their capacity as owners:</b>								
Shares issued		33,830,911	-	-	-	-	-	33,830,911
Transaction costs		(1,976,384)	-	-	-	-	-	(1,976,384)
Shares issued to employees as compensation		1,739,592	-	-	-	-	-	1,739,592
Movement in share-based payments	20(a)	-	-	21,010,045	-	-	-	21,010,045
Movement in employee options reserve	20(a)	-	-	-	133,133	-	-	133,133
<b>Total transactions with owners</b>		33,594,119	-	21,010,045	133,133	-	-	54,737,297
<b>Balance at 30 June 2010</b>		93,231,894	-	21,010,045	133,133	207,411	(89,279,018)	25,303,465
<b>Comprehensive income for the year</b>								
Loss for the year		-	-	-	-	-	(9,726,208)	(9,726,208)
<b>Other comprehensive income</b>								
Movement in available-for-sale financial assets	20(a)	-	177,500	-	-	-	-	177,500
Foreign currency translation differences	20(a)	-	-	-	-	294,673	-	294,673
<b>Total comprehensive income for the year</b>		-	177,500	-	-	294,673	(9,726,208)	(9,254,035)
<b>Transaction with owners in their capacity as owners:</b>								
Shares issued		12,991,894	-	-	-	-	-	12,991,894
Transaction costs		(468,911)	-	-	-	-	-	(468,911)
Movement in employee options reserve	20(a)	-	-	-	602,902	-	-	602,902
Reversal of employee options reserve	20(a)	-	-	-	(14,542)	-	-	(14,542)
<b>Total transactions with owners</b>		12,522,983	-	-	588,360	-	-	13,111,343
<b>Balance at 30 June 2011</b>		105,754,877	177,500	21,010,045	721,493	502,084	(99,005,226)	29,160,773

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

# NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Compliance with IFRS*

The financial statement of ABM Resources NL also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

#### *Critical accounting estimates*

The preparation of financial statement in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entities accounting policies. See Note 2 for further details.

#### *Financial statement presentation*

In accordance to the *Corporations Act 2001*, there are no separate financial statements for ABM Resources NL as an individual entity are presented. However, limited financial information for ABM Resources NL as an individual entity is included in Note 31.

### (b) Principles of Consolidation

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of ABM Resources NL ("Company" or "Parent Entity") as at 30 June 2011 and the results of all controlled entities for the year then ended. ABM Resources NL and its controlled entities together are referred to in this financial statement as the Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (see Note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(c) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the Board of Directors makes the strategic decisions).

The Group has adopted AASB 8 Operating Segments that requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

**(d) 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 the Parent Entity's functional and presentation currency.

*(ii) Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the closing rate at the statement of financial position date. Non-monetary items, measured at historical cost, continue to be carried at the exchange rate at the date of the transaction. Non-monetary items, measured at fair value, are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income.

*(iii) Group companies*

The results and financial position of all the Group entities (none of which has a currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation on any net investment in foreign entities are taken to other comprehensive income. When a foreign operation is sold a proportionate share of such exchange differences is recognised in the profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

**(e) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable.

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(f) Income Tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are not brought to account unless realisation of the asset is probable. Deferred tax assets in relation to tax losses are not brought to account unless it is probable that the benefit will be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

*Tax consolidation legislation*

ABM Resources NL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The Parent Entity, ABM Resources NL, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, ABM Resources NL 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.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

**(g) Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(h) Business Combination**

The Group has adopted AASB 3 *Business Combinations (revised)*. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill as the excess of fair value of the consideration transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group over the fair value of net identifiable assets acquired. Consideration transferred also includes the fair value of any contingent consideration and share-based payments awards of the acquiree that are replaced mandatorily in the business combination.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees, stamp duty and other professional fees are expensed as incurred.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents an obligation and arises from a past event, and its fair value can be measured reliably.

**(i) Cash and Cash Equivalents**

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(j) Financial Assets**

*Recognition*

Financial instruments are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Fair value*

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

*Loans and receivables*

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

*Available-for-sale financial assets*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are recognised at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to other comprehensive income. On derecognition, any unrealised profits or losses on the instrument sold included in equity is recycled back to the statement of comprehensive income as part of the profit or loss on sale.

*Impairment*

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

Reversals of impairment losses are recognised in the statement of comprehensive income, with the exception of available for sale financial assets, which are recognised directly in other comprehensive income.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(k) Property, Plant and Equipment**

Freehold land is carried at cost. All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance expenses are charged to the income statement during the reporting period in which they are incurred.

The capitalisation threshold for fixed assets is set in accordance with the threshold of income tax legislation. Items with a purchase price and associated costs of acquisition above the capitalisation threshold value are to be capitalised and entered into an asset register. Items with a purchase price and associated costs of acquisition below the capitalisation threshold value are to be expensed as acquired, other than where they form part of a group of similar items which are material in total.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Leasehold improvements	33.3%
Plant and equipment	10% - 40%

**(l) Exploration, Evaluation and Development Expenditure**

The Group, when acquiring exploration and evaluation assets will carry those projects at acquisition value in the statement of financial position, less any subsequent impairment.

All exploration and evaluation expenditure within an area of interest will be expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable. In making this determination, the Directors consider the extent of exploration, the proximity to existing mine or development properties as well as the degree of confidence in the mineral resource.

Where the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and that future economic benefits are probable, further expenditure is capitalised as part of property, plant and equipment.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged upon commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable mineral resources are established. Upon establishment of commercially viable mineral resources, exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

**(m) Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently at amortised cost.

**(n) Borrowing Costs**

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(o) Provisions**

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

**(p) Employee Benefits**

Provision is made for the Parent Entity's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits from wages and salaries, annual leave and long service leave have been measured at their nominal amounts plus related on-costs.

Contributions are made by the Group to employee nominated eligible superannuation funds and are charged as expenses when incurred.

The fair value of employee shares granted by ABM Resources NL under its employee share plan is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the shares. The fair value at grant date is determined by the market value of the shares at issue date.

**(q) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(r) Earnings/(Loss) per Share**

Basic earnings/(loss) per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(s) Goods and Service Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

**(t) New Accounting Standards and Interpretations**

*(i) New and amended standards adopted by the Group*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2010:

- AASB 2009-5 *Further Amendments to Australian Accounting Standards* arising from the Annual Improvements Project;
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-Settled Share-Based Payment Transactions*;
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*; and
- AASB 2010-3 *Amendments to Australian Accounting Standards* arising from the Annual Improvements Project.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

*(ii) New accounting standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011). Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010, introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments are not expected to have any significant impact on the Group's disclosures. The Group intends to apply the amendment from 1 July 2011.
- IFRS 10 *Consolidated Financial Statements* (effective for the annual reporting periods commencing on or after 1 January 2013). IFRS 10 introduces certain changes to the consolidation principles, including the concept of de facto control and changes in relation to the special purpose entities. The Group is continuing to assess the impact of the standard. The AASB has not yet updated the Australian equivalent of IFRS 10.
- IFRS 11 *Joint Arrangements* (effective for the annual reporting periods commencing on or after 1 January 2013). IFRS 11 introduces certain changes to the accounting for joint arrangements. Joint arrangements will be classified as either joint operations (where parties with joint control have rights to assets and obligations for liabilities) or joint ventures (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method. The Group is continuing to assess the impact of the standard. The AASB has not yet updated the Australian equivalent of IFRS 11.
- IFRS 13 *Fair Value Measurement* (effective for annual reporting periods commencing on or after 1 January 2013). IFRS 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value on the balance sheet or disclosed in the notes to the financial statements. The Group is continuing to assess the impact of the standard. The AASB has not yet updated the Australian equivalent of IFRS 13.
- IAS 1 *Presentation of Financial Statements* (effective for annual reporting periods commencing on or after 1 July 2013). IAS 1, amended in June 2011, introduces amendments to align the presentation items of other comprehensive income with US GAAP. The Group will apply the amended standard from 1 July 2013. When the standard is first adopted, there will be changes to the presentation of the statement of comprehensive income. However, there will be no impact on any of the amounts recognised in the financial statements.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd**

- AASB 1054 *Australian Additional Disclosures* (effective for annual reporting periods beginning on or after 1 July 2011). AASB 1054, issued in May 2011, moves additional Australian specific disclosure requirements for for-profit entities from various Australian Accounting Standards into this Standard as a result of Trans-Tasman Convergence Project. AASB 1054 *Australian Additional Disclosures* removes the requirement to disclose each class of capital commitments contracted for at the end of the reporting period (other than commitments for the supply of inventories). When the standard is adopted for the first time for the financial year ending 30 June 2012, the financial statements will no longer include disclosures about capital and other expenditure commitments as these are no longer required by AASB 1054.
- AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective for annual reporting periods beginning on or after 1 January 2013). AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is continuing to assess its full impact.
- Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011). In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party. The Group will apply the amended standard from 1 July 2011. When the amendments are applied, The Group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.
- AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.
- AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012). In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets and liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The amendment is not expected to have any significant impact on the Group's financial statements. The Group intends to apply the amendment from 1 July 2012.

**NOTE 2: ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**NOTE 2: ACCOUNTING ESTIMATES AND JUDGEMENTS cont'd**

*Income taxes*

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final

tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Given the Group is in exploration stage which resulted in losses for the financial year and the comparative year, should the actual final outcome (on the judgement areas) differ by 10% from management's estimates, the Group's income tax liability would not be affected.

The Group does not recognise deferred tax assets relating to carried forward tax losses unless realisation is probable. However, the Group may utilise the unused tax losses in the future, subject to the satisfaction to meet certain tests (continuity of ownership test or same business test), at the time the losses are recouped.

*Rehabilitation obligation*

The Group estimates the future rehabilitation costs of the exploration locations taking into consideration facts and circumstances available at statement of financial position date. The estimate is based on the expenditure required to undertake the rehabilitation and is closely aligned with the bonds required by the government agencies taking into account amounts already expensed.

Rehabilitation obligations of the Group have a carrying value as at 30 June 2011 of \$383,796 (2010: \$130,500).

**(b) Critical judgements in applying the Group's accounting policies**

*Impairment of Goodwill*

Goodwill in relation to the acquisition of Tanami Tenements was impaired in the previous year given the cash flows in relation to the assets at this point in time are undeterminable (see Note 27).

**NOTE 3: SEGMENT INFORMATION**

The full Board of Directors, who are the chief operating decision makers, has identified two reportable segments from a geographical perspective with the mineral exploration segments being, the Northern Territory and Other segments.

The Western Australia and Africa exploration segments do not meet the quantitative thresholds required by AASB 8 for reportable segments. Information about these operating segments has been combined and disclosed as the Other segment. The Western Australia and Africa exploration segments qualify to be aggregated as both have insignificant exploration activities and are subject to divestment.

Management assesses the performance of the operating segments based on a measure of exploration and evaluation expenditure for each geographical area. The measure excludes items such as the effects of share based payments expenses, interest income and corporate expenses as these activities are centralised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 3: SEGMENT INFORMATION cont'd**

	Northern Territory \$	Other \$	Total \$
<b>30 June 2011</b>			
Segment other income	458,769	75,000	533,769
Segment loss			
Total segment loss	(7,370,343)	(799,651)	(8,169,994)
Inter-segment loss	-	-	-
Net segment loss	(7,370,343)	(799,651)	(8,169,994)
Segment assets	19,672,843	122,394	19,795,237
<b>30 June 2010</b>			
Segment other income	-	-	-
Segment loss			
Total segment loss	(27,655,631)	(712,045)	(28,367,676)
Inter-segment loss	-	-	-
Net segment loss	(27,655,631)	(712,045)	(28,367,676)
Segment assets	18,889,960	200,741	19,090,701

Reconciliation of segment result to Group net profit/(loss) before tax is provided as follows:

	Consolidated	
	2011 \$	2010 \$
Net segment loss	(8,169,994)	(28,367,676)
Unallocated items:		
Interest revenue	514,214	113,204
Other revenue	7,584	71,407
Employee and Directors' benefits expense	(1,532,105)	(824,894)
Other expenses	(545,907)	(1,116,144)
Net loss before tax from continuing operations	(9,726,208)	(30,124,103)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 3: SEGMENT INFORMATION cont'd**

Segment assets reconcile to total assets as follows:

	Consolidated	
	2011 \$	2010 \$
Segment assets	19,795,237	19,090,701
Cash and cash equivalents	8,745,931	3,668,936
Trade and other receivables	273,743	70,488
Other current assets	72,202	1,478,997
Trade and other receivables – non-current	1,791,012	2,068,063
Other financial assets	187,500	10,000
Property, plant and equipment	27,134	47,441
Total assets per statement of financial position	30,892,759	26,434,626

**NOTE 4: REVENUE**

	Consolidated	
	2011 \$	2010 \$
Interest received	514,214	113,204
	514,214	113,204

**NOTE 5: OTHER INCOME**

	Consolidated	
	2011 \$	2010 \$
Fuel tax credits	90,483	-
Sale of exploration interests	40,000	-
Write-back rehabilitation provision	35,000	75,500
Foreign exchange gain	-	56,886
Other income	18,638	14,521
Gain from sale of property, plant and equipment	6,946	22,755
	191,067	169,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 6: EXPENSES**

	Consolidated	
	2011 \$	2010 \$
Employee and Directors benefits expense:		
Salary, wages and Directors' fees	1,989,565	1,117,955
Superannuation	170,499	77,083
Employee share plan	-	94,272
Employee put option valuation	588,360	133,133
Other employee benefits	210,313	14,755
	<u>2,958,737</u>	<u>1,437,198</u>
Other expenses:		
Bank charges	19,208	13,897
Doubtful debt expenses	2,214	7,773
Staff expenses	43,721	281,013
Settlement expenses	-	107,000
Foreign exchange loss	299,828	138,962
Other expenses	444,017	369,864
	<u>808,988</u>	<u>918,509</u>

**NOTE 7: INCOME TAX EXPENSE**

	Consolidated	
	2011 \$	2010 \$
<b>a) Income tax expense/(benefit)</b>		
Current tax	-	-
Deferred tax	-	-
Prior year under/(over) provision	(350,286)	-
	<u>(350,286)</u>	<u>-</u>
<b>b) Reconciliation of income tax expense to prima facie tax payable</b>		
Profit/(loss) from continuing operations before income tax expense	(10,076,494)	(30,124,103)
Tax at the Australian tax rate of 30% (2010: 30%)	(3,022,948)	(9,037,231)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	-	3,266,678
Other permanent differences	8,935	1,213
	<u>(3,014,013)</u>	<u>(5,769,340)</u>
Deferred tax assets not brought to account	3,014,013	5,769,340
Prior year under/(over) provision	(350,286)	-
Income tax expense/(benefit)	<u>(350,286)</u>	<u>-</u>
The applicable weighted average effective tax rates	0%	0%

The Group made an election that the Australian companies will form a tax-consolidated group from 1 July 2003. As a consequence, transactions between the member entities will be ignored.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 7: INCOME TAX EXPENSE cont'd**

	Consolidated	
	2011 \$	2010 \$
<b>c) Deferred tax liability</b>		
Exploration and evaluation expenditure – Australia	5,395,739	5,392,875
Temporary difference – Australia	53,250	-
	5,448,989	5,392,875
Difference in overseas tax rates		-
Off-set of deferred tax assets	(5,448,989)	(5,392,875)
Net deferred tax liability recognised	-	-
<b>d) Unrecognised deferred tax assets arising on timing</b>		
Tax losses – Australia	23,469,738	21,487,987
Tax losses – Mozambique	845,710	715,255
Temporary differences – Australia	322,556	202,343
Expenses taken into equity	492,713	540,191
	25,130,717	22,945,776
Difference in overseas tax rate	-	-
Off-set of deferred tax liabilities	(5,448,989)	(5,392,875)
Net deferred tax assets not brought to account	19,681,728	17,552,901

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

**NOTE 8: LOSS PER SHARE**

	Consolidated	
	2011 Cents	2010 Cents
<b>a) Basic loss per share</b>		
Basic loss per share attributable to the ordinary equity holders of the Company	(0.41)	(2.62)
	(0.41)	(2.62)

	Consolidated	
	2011 \$	2010 \$
<b>b) Reconciliation of loss used in calculated loss per share</b>		
Loss attributable to owners of ABM Resources NL used to calculate basic loss per share:		
Loss from continuing operations	(9,726,208)	(30,124,103)
	(9,726,208)	(30,124,103)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 8: LOSS PER SHARE cont'd**

	Consolidated	
	2011 Shares	2010 Shares
<b>c) Weighted average number of shares used as denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,346,239,191	1,151,160,307

The Group does not have potential ordinary shares and therefore a diluted EPS is not presented.

**NOTE 9: AUDITORS' REMUNERATION**

	Consolidated	
	2011 \$	2010 \$
<b>(a) Audit services</b>		
BDO	61,115	51,597
Total remuneration of audit services	61,115	51,597
<b>(b) Non-audit services</b>		
BDO		
Tax compliance services	21,947	25,625
Total remuneration of non-audit services	21,947	25,625

**NOTE 10: CASH AND CASH EQUIVALENTS**

	Consolidated	
	2011 \$	2010 \$
Cash at bank and in hand	720,248	1,550,721
Short-term bank deposits	8,025,683	2,341,661
	8,745,931	3,892,382

The effective interest rate on short-term bank deposits ranged between 1.00% and 6.05% with a weighted average of 5.80%, these deposits have an average maturity of 45 days. The effective interest rate for cash at bank ranged between 0% and 4.75%.

**NOTE 11: TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2011 \$	2010 \$
<b>a) Current</b>		
Other receivables (Note 11(i))	589,880	86,646
Provision for impaired other receivables (Note 11(i))	(9,988)	(7,774)
	<u>579,892</u>	<u>78,872</u>
<b>b) Non-Current</b>		
Bonds term deposit	805,352	648,527
Loans to employees and Directors (Note 11(iv))	1,719,456	1,776,120
	<u>2,524,808</u>	<u>2,424,647</u>

**(i) Other receivables**

These amounts generally arise from transactions outside the usual operating activities of the Group. As at 30 June 2011 the balance of \$9,988 was impaired and a provision for \$9,988 was accounted for. The other classes within other receivables do not contain impaired assets and are not past due.

Movements in provision for impairment of other receivables are as follows:

	Consolidated	
	2011 \$	2010 \$
Opening balance	7,774	-
Provision for impairment recognised during the year	2,214	7,774
Receivables written-off during the year as uncollectible	-	-
Closing balance	<u>9,988</u>	<u>7,774</u>

**(ii) Foreign exchange and interest rate risk**

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to other receivables is provided in Note 21(a).

**(iii) Fair value and credit risk**

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

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 21(b) for more information on the risk management policy of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 11: TRADE AND OTHER RECEIVABLES cont'd**

**(iv) Loans to employees and Directors**

Under the terms of the Company's Employee Share Plan, the Company invited eligible employees and Directors during 2009/2010 to acquire shares at an issue price determined by the Board. The price was set at 2.4 cents per share, which was an at arm's length transaction and equivalent to the share price of the capital raising that took place during the same period of time. The shares were issued for a cash consideration and the issue price was advanced by the Company by way of a loan subject to the terms of the Employee Loan Scheme which forms part of the Company's Employee Share Plan (details are contained in the Explanatory Statement to Resolution 4 of the Notice of General Meeting dated 24 March 2010). The rights to the shares lay with the holder from allotment. Escrow conditions have been placed on the transfer of the shares and the employee cannot transfer the shares unless, pre-determined continuity conditions are fulfilled and the loan relating the shares has been repaid.

**NOTE 12: OTHER CURRENT ASSETS**

	Consolidated	
	2011 \$	2010 \$
Unpaid shares issued (Note 19(a))	-	1,440,000
Prepayments	92,889	48,454
	<u>92,889</u>	<u>1,488,454</u>

**NOTE 13: OTHER FINANCIAL ASSETS**

	Consolidated	
	2011 \$	2010 \$
Available-for-sale financial assets:		
Securities listed on the Australian Securities Exchange	187,500	10,000
	<u>187,500</u>	<u>10,000</u>

Price risk may arise from the Company's investments classified as available-for-sale. Information about the Group's exposure to price risk in relation to available-for-sale investments is provided in Note 21(a).

**NOTE 14: INTANGIBLES**

	Consolidated	
	2011 \$	2010 \$
<b>Goodwill</b>		
Opening balance	-	-
Additions – Acquisition of Tanami Project (Note 27)	-	14,463,720
Impairment expense	-	(14,463,720)
Closing balance	<u>-</u>	<u>-</u>

During financial year ended 30 June 2010, the impairment charge of \$14,463,720 was recognised given that cash flows at this point in time are undeterminable.

**NOTE 15: PROPERTY, PLANT AND EQUIPMENT**

	Consolidated	
	2011 \$	2010 \$
LAND AND BUILDINGS		
Freehold land and buildings		
At cost	620	5,430
Total land and buildings	620	5,430
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,203,923	833,020
Accumulated depreciation	(428,599)	(279,193)
Total plant and equipment	775,324	553,827
Leasehold improvements		
At cost	42,043	42,043
Accumulated depreciation	(42,043)	(37,278)
Total leasehold improvements	-	4,765
Total Plant and Equipment	775,324	558,592
TOTAL PROPERTY, PLANT AND EQUIPMENT	775,944	564,022

*Movements in Carrying Amounts*

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold Land \$	Leasehold Improvements \$	Plant and Equipment \$	Total \$
<b>2010</b>				
Carrying amount at the beginning of financial year	5,611	14,242	177,799	197,652
Additions	-	-	483,416	483,416
Disposals	-	(90)	(21,422)	(21,512)
Foreign exchange movements	(181)	-	(1,545)	(1,726)
Depreciation expense	-	(9,387)	(84,421)	(93,808)
Carrying amount at the end of financial year	5,430	4,765	553,827	564,022
<b>2011</b>				
Carrying amount at the beginning of financial year	5,430	4,765	553,827	564,022
Additions	-	-	436,265	436,265
Disposals	(4,440)	-	(19,049)	(23,489)
Foreign exchange movements	(370)	-	(1,475)	(1,845)
Depreciation expense	-	(4,765)	(194,244)	(199,009)
Carrying amount at the end of financial year	620	-	775,324	775,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 16: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE**

	Consolidated	
	2011 \$	2010 \$
Carrying amount at the beginning of financial year	17,976,249	-
Acquisition of Northern Territory tenements:		
- Business combination (Note 27)	-	6,411,179
- Tenement acquisition cost	9,546	11,565,070
Carrying amount at the end of financial year	<u>17,985,795</u>	<u>17,976,249</u>

**NOTE 17: TRADE AND OTHER PAYABLES**

	Consolidated	
	2011 \$	2010 \$
CURRENT LIABILITIES (Unsecured)		
Trade payables	601,986	514,030
Sundry payables and accrued expenses	474,232	347,723
Employee entitlements annual leave	200,055	80,166
	<u>1,276,273</u>	<u>941,919</u>

The balances of current liabilities other than employee entitlements annual leave are expected to be settled within the next 12 months. Based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave within the next 12 months. Half of the accrued annual leave balance is expected to be settled within a year.

Information about the Group's exposure to liquidity risk can be found in Note 21(c).

**NOTE 18: PROVISIONS**

	Consolidated	
	2011 \$	2010 \$
CURRENT		
Employee benefits – Long Service Leave	29,927	13,956
	<u>29,927</u>	<u>13,956</u>
NON-CURRENT		
Mine restoration	383,796	130,500
Employee benefits – Long Service Leave	41,990	44,786
	<u>425,786</u>	<u>175,286</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 18: PROVISIONS cont'd**

	Mine Restoration \$	Employee Benefits-Long Service Leave \$	Total \$
Opening balance at 1 July 2010	130,500	58,742	189,242
Additional provisions	302,796	33,606	336,402
Amounts used	-	-	-
Unused amounts reversed/paid out	(49,500)	(25,472)	(74,972)
Increase in the discounted amount arising due to time and effect of any change in the discount rate	-	5,041	5,041
Closing balance at 30 June 2011	<u>383,796</u>	<u>71,917</u>	<u>455,713</u>

**Provision for Employee Entitlements**

A provision has been recognised for employee entitlements relating to long service leave. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

**Provision for Mine Restoration**

A provision has been recognised for the cost to be incurred for the restoration of various mine sites based on the estimated cost. The estimated cost is determined to be the equivalent to the bonds provided to the relevant government departments reduced by restoration work completed. It is anticipated that the remaining restoration work on the various sites in Western Australia will be completed within the next year. Restoration work in the Northern Territory is completed on an ongoing basis on completion of exploration work on each prospect.

**NOTE 19: CONTRIBUTED EQUITY**

(a) Ordinary Shares

Details	Date	Number of Shares	Issue Price \$	Value \$
Opening balance	1 July 2009	705,444,246		59,637,775
Share placement – Tranche 1	17 September 2009	49,450,000	0.030	1,483,500
Options exercised	17 September 2009	250,000	0.020	5,000
Share placement – Tranche 2	15 December 2009	144,289,421	0.030	4,328,683
Shares issued as consideration for the acquisition of Northern Territory tenements from Tanami Exploration NL	18 December 2009	265,000,000	0.036	9,540,000
Share placement – Tranche 2	31 December 2009	14,593,912	0.030	437,817
Shares issued as consideration for services provided by Ochre Holdings Pty Ltd <sup>1)</sup>	15 January 2010	50,000,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 19: CONTRIBUTED EQUITY cont'd**

Details	Date	Number of Shares	Issue Price \$	Value \$
Shares issued as consideration for an acquisition of assets from Yuendumu Mining Company NL	15 January 2010	500,000	0.037	18,500
Share cancellation	25 February 2010	(1,200,000)	-	-
Capital raising – Allotment 1 of Tranche 1	9 March 2010	62,697,108	0.024	1,504,731
Capital raising – Allotment 2 of Tranche 1	23 March 2010	51,993,344	0.024	1,247,840
Capital raising – Allotment 1 of Tranche 2	30 March 2010	306,294,466	0.024	7,351,067
Shares issued to employees and Directors	30 March 2010	63,332,000	0.024	1,519,968
Capital raising – Allotment 2 of Tranche 2	7 April 2010	105,728,631	0.024	2,537,487
Capital raising – Allotment 3 of Tranche 2	25 May 2010	36,626,158	0.024	879,028
Shares issued to employees	25 May 2010	5,450,000	0.024	130,800
Capital raising – Allotment 4 of Tranche 2 <sup>2)</sup>	24 June 2010	181,935,764	0.024	4,366,458
Shares issued to employees	24 June 2010	5,223,000	0.024	125,352
Valuation of ordinary fully paid shares released from escrow or issued at no cost				94,272
Transaction costs relating to share issues				(1,976,384)
Closing balance	30 June 2010	<u>2,047,608,050</u>		<u>93,231,894</u>
Share placement	13 October 2010	307,141,207	0.035	10,749,942
Options exercised	18 October 2010	5,000,000	0.010	50,000
Options exercised	18 October 2010	83,500,000	0.015	1,252,500
Options exercised	20 October 2010	1,633,333	0.020	32,667
Options exercised	7 February 2011	12,900,000	0.020	258,000
Options exercised	10 February 2011	5,170,763	0.020	103,415
Options exercised	10 February 2011	17,500,000	0.020	350,000
Options exercised	25 February 2011	9,018,500	0.020	180,370
Options exercised	27 May 2011	500,000	0.030	15,000
Transaction costs relating to share issues				(468,911)
Closing balance	30 June 2011	<u>2,489,971,853</u>		<u>105,754,877</u>

<sup>1)</sup> 17,000,000 shares were issued to Geocrust Pty Ltd, a related party to Dr N Archibald (Note 26(d)), and 33,000,000 shares were issued to Yuriy Ltd as nominees for Ochre Holdings Pty Ltd.

<sup>2)</sup> Includes short-term receivables for a total of 60,000,000 shares at 2.4 cents per share relating to funds received in Quarter 1 2010/2011.

**(b) Options**

Information relating to details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 22.

**(c) Share Cancellation**

On 25 February 2010, 1,200,000 shares have been cancelled with no value in accordance with Resolution 13 of the Annual General Meeting held on 23 November 2009.

**NOTE 19: CONTRIBUTED EQUITY cont'd****(d) Capital Risk Management**

The Group's objectives, when managing capital, are to safeguard the ability to continue as a going concern. Consistent with other exploration companies this is achieved through capital raisings and strong broker support. The Group's capital structure consists of equity comprising issued capital, reserves and accumulated losses. Operating cash flows are used to maintain and monitor the Group's operating, investing and financing activities.

The Company has raised gross proceeds from capital raisings and option exercise of \$12,991,894 during the financial year.

**NOTE 20: RESERVES****(a) Reserves**

	Consolidated	
	2011 \$	2010 \$
Available-for-sale financial asset reserve	177,500	-
Share-based payment reserve	21,010,045	21,010,045
Employee options reserve	721,493	133,133
Foreign currency translation reserve	502,084	207,411
	<u>22,411,122</u>	<u>21,350,589</u>

*Movements*

	Consolidated	
	2011 \$	2010 \$
<b>Available-for-sale financial asset reserve</b>		
Balance 1 July	-	-
Revaluation of available-for-sale financial assets	177,500	-
Balance 30 June	<u>177,500</u>	-
<b>Share-based payment reserve</b>		
Balance 1 July	21,010,045	-
Option expenses	-	21,010,045
Balance 30 June	<u>21,010,045</u>	<u>21,010,045</u>
<b>Employee options reserve</b>		
Balance 1 July	133,133	-
Employee put option expenses	602,902	133,133
Reversal of employee put option reserve	(14,542)	-
Balance 30 June	<u>721,493</u>	<u>133,133</u>
<b>Foreign currency translation reserve</b>		
Balance 1 July	207,411	128,113
Currency translation differences arising during the year	294,673	79,298
Balance 30 June	<u>502,084</u>	<u>207,411</u>



**NOTE 20: RESERVES cont'd**

**(b) Nature and purpose of reserves**

*(i) Available-for-sale financial asset reserve*

The available-for-sale financial asset reserve records revaluations of available-for-sale financial investments.

*(ii) Share-based payment reserve*

The share-based payment reserve is used to recognise the fair value of options issued as consideration for services provided to the Company by Ochre Holdings Pty Ltd and Blackwood Capital Limited, the purchase consideration of the Northern Territory tenements from Tanami Exploration NL, and the purchase consideration of the acquisition of assets from Yuendumu Mining Company NL. The information regarding details of options issued is set out in Note 22.

*(iii) Employee options reserve*

The employee options reserve is used to recognise the value of embedded put options within employee and Director loans in accordance with the Company's Employee Loan Scheme. Detailed terms and conditions of employee and Director loans are set out in Note 11(iv).

*(iv) Foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

**NOTE 21: FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and is currently formalising the framework. Risk management is addressed and discussed at each Board meeting.

**(a) Market Risk**

*(i) Foreign exchange risk*

The Group is exposed to minimal currency risks that are denominated in a currency other than the respective functional currencies of Group entities. Transactions are primarily denominated in Australian dollar (AUD) and US dollar (USD).

*(ii) Price risk*

The Group is exposed to securities price risk. This arises from investments held by the Group and classified in the statement of financial position as available-for-sale. A mitigating risk policy has to date not been formalised.

The fair value of available-for-sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. Due to limited holding in securities, the price risk is deemed insignificant.

*(iii) Interest rate risk*

Interest rate risk for the Group is considered to be minimal. The Group had no interest attracting debts at 30 June 2011 and assets are managed with a mixture of short term and at call investments. All trade and other receivables are non-interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 21: FINANCIAL RISK MANAGEMENT cont'd**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2011	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non Interest Bearing \$	Total \$
			< 1 year \$	1 - 5 year \$	> 5 years \$		
Financial Assets:							
Cash	5.66%	8,745,931	-	-	-	-	8,745,931
Receivables		-	-	-	-	2,299,348	2,299,348
Total financial assets		8,745,931	-	-	-	2,299,348	11,045,279
Financial Liabilities:							
Payables	-	-	-	-	-	1,276,273	1,276,273
Total financial liabilities		-	-	-	-	1,276,273	1,276,273

2010	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Non Interest Bearing \$	Total \$
			< 1 year \$	1 - 5 year \$	> 5 years \$		
Financial Assets:							
Cash	3.64%	3,892,382	-	-	-	-	3,892,382
Receivables	-	-	-	-	-	1,854,992	1,854,992
Total financial assets		3,892,382	-	-	-	1,854,992	5,747,374
Financial Liabilities:							
Payables	-	-	-	-	-	941,919	941,919
Total financial liabilities		-	-	-	-	941,919	941,919

**NOTE 21: FINANCIAL RISK MANAGEMENT cont'd**

The Group's exposure to interest rate risk relates primarily to the Group's cash and cash equivalents as detailed in the above table. A sensitivity analysis has been determined based on the exposure to interest rates at reporting date with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

Based on the financial instruments held at 30 June 2011, should the interest rate weaken/strengthen by 100 basis points against the effective interest rate with all other variables held constant, post-tax loss for the year would have been \$407,560 higher/\$582,479 lower (2010: \$230,893 higher/\$405,811 lower).

**(b) Credit Risk**

Credit risk is managed on a Group basis. Credit risk is a risk of financial loss if the Group's counterparties are failing to discharge their obligation in respect to the Group's financial instruments held in those counterparties. Credit risk mainly arises from cash, cash equivalents, deposits with banks and receivables. The Group deposits its fund only with prudent banks with the minimum rating of "A", and the management believes they are fully recoverable from the banks when due. There are no receivables past due but not impaired.

Loans to employees and Directors relate to an at arm's length transaction whereby the employees and Directors purchased shares at market price and were granted a loan as per the Employee Loan Scheme which forms part of the Company's Employee Share Plan. The shares belong to the employees and Directors, however have been put in a holding lock until such time as the later of fulfilment of continuity conditions or loan repayment has occurred. The loan has to be repaid within 5 years from the issue date.

Credit risk further arises in relation to financial guarantees given to certain parties (see Note 28 for details). Such guarantees are only provided in exceptional circumstances and are subject to Board approval.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on the table below.

	Consolidated	
	2011 \$	2010 \$
Cash at bank	8,745,931	3,892,382
Bond term deposits	805,352	648,527
Receivables	2,299,348	1,854,992
Bank guarantees	805,352	648,527

**(c) Liquidity Risk**

The Group and Parent Entity have prudent liquidity risk management which includes maintaining sufficient funds to meet operational and exploration expenditure when they are due for payment, and the availability of funding through an adequate amount of a committed fund sources. The Group and Parent Entity manage liquidity risk by continuously monitoring forecasts and actual cash flows.

The Directors of the Group and Parent Entity place high importance on capital raising strategies and investor relations. Strategies pursued include road shows, company presentation to fund managers and sophisticated investors and pursual of strategic partnerships.

**NOTE 21: FINANCIAL RISK MANAGEMENT cont'd**

*Maturities of financial liabilities*

The tables below analyse the Group's and the Parent Entity's financial liabilities into relevant maturity based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2011	< 6 months \$	6 - 12 months \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total Contractual Cash Flows \$	Carrying Amount \$
Non-derivatives							
Non-interest bearing	1,276,273	-	-	71,556	-	1,347,829	1,276,273
Interest bearing	-	-	-	-	-	-	-
Total non-derivatives	1,276,273	-	-	71,556	-	1,347,829	1,276,273
Derivatives	-	-	-	-	-	-	-

30 June 2010	< 6 months \$	6 - 12 months \$	1 - 2 years \$	2 - 5 years \$	> 5 years \$	Total Contractual Cash Flows \$	Carrying Amount \$
Non-derivatives							
Non-interest bearing	941,919	-	-	46,556	-	988,475	941,919
Interest bearing	-	-	-	-	-	-	-
Total non-derivatives	941,919	-	-	46,556	-	988,475	941,919
Derivatives	-	-	-	-	-	-	-

**(d) Fair Value Estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date. The quoted market price used for financial assets held by the Group and Parent Entity is the current bid price. This therefore values financial assets as a Tier 1 investment

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The carrying value of non-current receivables is assumed to be approximately their fair value.

The fair value of financial assets and available-for sale financial assets is determined by reference to their actual value at reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 22: SHARE-BASED PAYMENTS**

The Group has issued the following share-based payments:

<b>Blackwood Capital options</b>	<b>No vesting conditions</b>	<b>No vesting conditions</b>
Issue date	15 Dec 09	24 Feb 09
Number of options issued and vested	20,000,000	30,000,000
Number of options exercised	-	30,000,000
Fair value at grant date (approval date)	\$0.0249	\$0.0057
Exercise price	\$0.050	\$0.020
Exercise date (issue date)	-	24 Feb 09
Grant date (approval date)	15 Dec 09	24 Feb 09
Expiry date	14 Dec 12	24 Feb 11
Share price at grant date (approval date)	\$0.036	\$0.011
Expected price volatility of shares	124%	124%
Expected dividend yield	0%	0%
Risk free interest rate	5.12%	5.19%
Probability discount applied in relation to vesting condition	0%	0%

The above options were issued as consideration for fund raising services provided by Blackwood Capital Management Ltd to the Company.

<b>Tanami Exploration NL options issued 18 December 2009</b>	<b>Tranche 1 Vesting condition</b>	<b>Tranche 2 Vesting condition</b>
Number of options issued and vested	150,000,000	150,000,000
Number of options exercised	-	-
Fair value at grant date (approval date)	\$0.0328	\$0.0328
Exercise price	\$0.015	\$0.015
Grant date (approval date)	23 Dec 09	23 Dec 09
Expiry date	18 Dec 14	18 Dec 14
Share price at grant date (approval date)	\$0.036	\$0.036
Expected price volatility of shares	124%	124%
Expected dividend yield	0%	0%
Risk free interest rate	5.12%	5.12%
Probability discount applied in relation to vesting condition	0%	0%

**NOTE 22: SHARE-BASED PAYMENTS cont'd**

Options vest when the Company's shares trade at or above a minimum VWAP on the ASX of \$0.03 (Tranche 1) and \$0.035 (Tranche 2) over 20 consecutive days. The above options were issued as consideration for the purchase of the Northern Territory tenements by the Company from Tanami Exploration NL.

Ochre Holdings Pty Ltd options issued 15 January 2010	Tranche 1 Vesting condition	Tranche 2 Vesting condition	Tranche 3 Vesting condition
Number of options issued and vested	15,000,000	125,000,000	125,000,000
Number of options exercised	5,000,000	41,750,000	41,750,000
Number of options still to be exercised	10,000,000	83,250,000	83,250,000
Fair value at grant date (approval date)	\$0.0327	\$0.0328	\$0.0325
Exercise price	\$0.010	\$0.015	\$0.015
Exercise date (issue date)	18 Oct 10	18 Oct 10	18 Oct 10
Grant date (approval date)	18 Jan 10	18 Jan 10	18 Jan 10
Expiry date	18 Jan 14	18 Jan 15	18 Jan 15
Share price at grant date (approval date)	\$0.036	\$0.036	\$0.036
Expected price volatility of shares	124%	124%	124%
Expected dividend yield	0%	0%	0%
Risk free interest rate	5.12%	5.12%	5.12%
Probability discount applied in relation to vesting condition	0%	0%	0%

Options vest when the Company's shares trade at or above a minimum VWAP on the ASX of \$0.02 (Tranche 1), \$0.02 (Tranche 2) and \$0.025 (Tranche 3) over 20 consecutive days.

The above options were issued as consideration for services provided by Ochre Holdings Pty Ltd to the Company. In addition of above options, 50,000,000 ordinary shares have been issued on 15 December 2009 at a value of \$0.036 per share, being the share price at grant date (approval date).

Ochre Holdings Pty Ltd nominated Yuriy Limited to receive 176,500,000 options (Tranche 1 to Tranche 3) and Geocrust Pty Ltd, a related party to Dr N Archibald, to receive 88,500,000 options (Tranche 1 to Tranche 3) (Note 26(d)).

Geocrust has exercised 88,500,000 (Tranche 1 to Tranche 3) and was subsequently issued 83,500,000 piggy back options (Tranche 4 and Tranche 5) which will expire on 18 October 2015. 44,250,000 (Tranche 4) and 44,250,000 (Tranche 5) options will vest when the Company's shares trade at or above a minimum VWAP on the ASX of \$0.03 (Tranche 4) and \$0.035 (Tranche 5) over 20 consecutive days.

**NOTE 22: SHARE-BASED PAYMENTS cont'd**

Yuendumu Mining Company NL options issued 15 January 2010	No vesting conditions
Number of options issued and vested	500,000
Number of options exercised	500,000
Fair value at grant date	\$0.0306
Exercise price	\$0.030
Exercise date (Issue date)	27 May 11
Grant date	15 Jan 10
Expiry date	15 Jan 14
Share price at grant date	\$0.037
Expected price volatility of shares	124%
Expected dividend yield	0%
Risk free interest rate	5.12%
Probability discount applied in relation to vesting condition	0%

The above options were issued as consideration for the acquisition of assets from Yuendumu Mining Company NL and were exercised on 27 May 2011.

Employees and Directors put options	No vesting conditions
Number of put options/shares	74,005,000
Number of shares vested	787,000
Fair value at grant date	\$0.0145
Exercise price	\$0.024
Approval date	23 Mar 10
Expiry date	23 Mar 15
Spot share price	\$0.024
Expected price volatility of shares	100%
Expected dividend yield	0%
Risk free interest rate	5.41%

The fair value of the put options within employee and Director loans was valued on approval date according to the Binomial valuation model. The information regarding detailed terms and conditions of employee and Director loans is set out in Note 11 (iv).

**NOTE 22: SHARE-BASED PAYMENTS cont'd**

**Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated	
	2011 \$	2010 \$
Options issued:		
Options issued as consideration for services provided by Blackwood Capital Management Ltd	-	172,257
Options issued as consideration for services provided by Ochre Holdings Pty Ltd	-	8,689,265
	-	8,861,522
Shares issued:		
Shares issued as consideration for services provided by Ochre Holdings Pty Ltd	-	1,800,000
	-	1,800,000
	-	10,661,522
Put options (employee and Director benefits expenses):		
Valuation of embedded put options within employee and Director loans (Note 11(iv))	602,902	133,133
	602,902	133,133
Total share-based payment expenses	602,902	10,794,655

**Vested Options**

On 18 October 2010, 5,000,000 options at an exercise price of \$0.01 and 83,500,000 options at an exercise price of \$0.015 were exercised converting to ordinary shares.

On 20 October 2010, 1,633,333 options were exercised at an exercise price of \$0.02 converting to ordinary shares.

In February 2011, 44,589,263 options were exercised at an exercise price of \$0.02 converting to ordinary shares.

On 27 May 2011, 500,000 options were exercised at an exercise price of \$0.03 converting to ordinary shares.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 23: CASH FLOW INFORMATION**

	Consolidated	
	2011 \$	2010 \$
<b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(9,726,208)	(30,124,103)
Non cash investing and financing activities		
Depreciation	199,009	93,808
Write-down of property, plant and equipment	21,497	14,423
Write-back of rehabilitation provision	(35,000)	(75,500)
Shares issued to employees and value of put options	602,902	227,405
Gain on disposal of property, plant and equipment	(6,946)	(22,755)
Sale of exploration interest	(40,000)	-
Reversal of share-based payment reserves	(14,542)	-
Impairment of goodwill	-	14,463,720
Share-based payment expenses	-	10,661,522
Doubtful debt expenses	2,214	7,774
Interest income	(118,011)	(17,413)
Environmental bonds	(156,825)	(216,382)
Foreign exchange (gain)/loss	299,828	81,714
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(259,845)	(8,695)
(Increase)/decrease in trade and other payables and accruals	241,661	572,096
(Decrease)/increase in employee entitlements	77,322	(30,346)
(Increase)/decrease in provisions	288,296	-
Cash flow from operations	<u>(8,624,648)</u>	<u>(4,372,732)</u>

**NOTE 24: NON-CASH INVESTING AND FINANCING ACTIVITIES**

	Consolidated	
	2011 \$	2010 \$
Equity issued as consideration for the acquisition of Northern Territory Projects	-	19,408,700
Equity issued as consideration for services provided	-	12,636,014
Shares issued to employees and Directors	-	1,870,392
Unpaid shares issued	-	1,440,000
Shares issued to creditors	-	60,000
	<u>-</u>	<u>35,415,106</u>

**NOTE 25: RELATED PARTY TRANSACTIONS**

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the year loan transactions occurred between the Parent Entity and its wholly owned subsidiaries. The details of transactions with related parties of key management personnel are set out in Note 26.

**NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Key management personnel compensation**

	Consolidated	
	2011 \$	2010 \$
Short-term employee benefits	652,968	644,116
Post-employment benefits	56,066	41,331
Long-term benefits	-	-
Termination benefits	-	-
Valuation of put options	310,464	501,614
	<u>1,019,498</u>	<u>1,187,061</u>

**(b) Share-based payments**

The total amount of \$310,464 has been recognised as share-based payments remuneration during the financial year ending 30 June 2011 (2010: \$501,614), including \$310,464 (2010: \$78,070) representing the value of embedded put options within Directors and other key management personnel loans in accordance with the Company's Employee Loan Scheme. The information regarding detailed terms and conditions of employee and Director loans is set out in Note 11(iv).

**(c) Equity instruments**

No shares were issued on exercise of remuneration options.

Details of shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

2011	Balance at 1 July 2010	Granted as Compensation	Options exercised	Other Changes	Balance at 30 June 2011	Balance Held Nominally
Dr M Etheridge <sup>1)</sup>	9,000,000	-	-	3,000,000	12,000,000	6,000,000
Mr D Holden <sup>2)</sup>	20,166,667	-	-	-	20,166,667	20,166,667
Mr I Kins	21,966,398	-	-	-	21,966,398	-
Dr N Archibald <sup>3)</sup>	17,833,333	-	88,500,000	(80,000,000)	26,333,333	26,333,333
Mr G Sloan	-	-	-	-	-	-
Ms J Zimmermann	15,001,654	-	-	-	15,001,654	-
	<u>83,968,052</u>	<u>-</u>	<u>88,500,000</u>	<u>(77,000,000)</u>	<u>95,468,052</u>	<u>52,500,000</u>

<sup>1)</sup> Includes 6,000,000 ordinary shares held by Tectonex GeoConsultants Pty Ltd on behalf of the Etheridge Superannuation Fund, a company of which Dr M Etheridge is a Director.

<sup>2)</sup> 20,166,667 ordinary shares held by the Sinclair Family Trust as a nominee of Mr D Holden.

<sup>3)</sup> 26,333,333 ordinary shares held by Geocrust Pty Ltd on behalf of Dr N Archibald's superannuation fund, a company of which Dr N Archibald is a Director. Retired 31 December 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES cont'd**

2010	Balance at 1 July 2009	Granted as Compensation	Options exercised	Other Changes	Balance at 30 June 2010	Balance Held Nominally
Dr M Etheridge <sup>1)</sup>	-	-	-	9,000,000	9,000,000	3,000,000
Mr D Holden <sup>2)</sup>	-	-	-	20,166,667	20,166,667	20,166,667
Mr I Kins	18,846,398	-	-	3,120,000	21,966,398	-
Dr N Archibald <sup>3)</sup>	-	-	-	17,833,333	17,833,333	17,833,333
Mr A Simpson <sup>4)</sup>	1,203,398	-	-	-	1,203,398	1,203,398
Mr S Rigby <sup>5)</sup>	800,000	-	-	-	800,000	-
Ms J Zimmermann	7,501,654	-	-	7,500,000	15,001,654	-
	28,351,450	-	-	57,620,000	85,971,450	42,203,398

<sup>1)</sup> Includes 3,000,000 ordinary shares held by Tectonex GeoConsultants Pty Ltd on behalf of the Etheridge Superannuation Fund, a company of which Dr M Etheridge is a Director.

<sup>2)</sup> 20,166,667 ordinary shares held by the Sinclair Family Trust as a nominee of Mr D Holden.

<sup>3)</sup> 17,833,333 ordinary shares held by Geocrust Pty Ltd on behalf of Dr N Archibald's superannuation fund, a company of which Dr N Archibald is a Director.

<sup>4)</sup> 1,203,398 ordinary shares held by Southern Silicon Pty Ltd on behalf of The Simpson Family Superannuation Fund. Retired 23 November 2009.

<sup>5)</sup> Retired 23 November 2009.

**(c) Loans to Directors and other key management personnel**

Details of loans provided to Directors and other key management personnel of the Group, including their related parties, are set out below.

Name	Balance at 1 July 2010 \$	Loan balance- Interest paid and payable <sup>1)</sup> \$	Loan balance- Interest not charged \$	Write-down and allowance for doubtful debt \$	Balance at 30 June 2011 \$
Dr M Etheridge	144,000	-	-	-	144,000
Mr D Holden	480,000	-	-	-	480,000
Mr I Kins	74,880	-	-	-	74,880
Ms J Zimmermann	180,000	-	-	-	180,000
	878,880	-	-	-	878,880

**NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES cont'd**

Name	Balance at 1 July 2009 \$	Loan balance- Interest paid and payable <sup>1)</sup> \$	Loan balance- Interest not charged \$	Write-down and allowance for doubtful debt \$	Balance at 30 June 2010 \$
Dr M Etheridge	-	144,000	-	-	144,000
Mr D Holden	-	480,000	-	-	480,000
Mr I Kins	-	74,880	-	-	74,880
Ms J Zimmermann	-	180,000	-	-	180,000
	-	878,880	-	-	878,880

<sup>1)</sup> Interest on the loan shall vary from time to time during the term and is deemed to be equivalent to dividends paid in respect of any shares issued to Employee Share Plan participants.

The value of embedded put options within Director and other key management personnel loans is set out in Note 26(b). Detailed terms and conditions of employee and Director loans are set out in Note 11(iv) and Note 22.

No loans to Directors and other key management personnel of the Group were provided in 2011.

**(d) Other transactions with Directors and other key management personnel**

The following options were issued to a related party of Directors.

2011	No. Options Granted <sup>1)</sup>	No. Options Vested	Fair Value per Option Grant Date	Exercise Price	Amounts Paid or Payable	Expire Date	Date Exercisable
<b>Directors</b>							
Dr N Archibald	83,500,000	83,500,000	-	\$0.015	-	15/10/2015	-
	83,500,000	83,500,000					

<sup>1)</sup> Piggy-back options issued as part of 265,000,000 options issued to Ochre Holdings Pty Ltd as consideration for services provided to the Company by Ochre Holdings Pty Ltd pursuant to a services and subscription agreement dated 10 June 2009 (Note 22). These securities are held by Geocrust Pty Ltd on behalf the director's superannuation fund.

2010	No. Options Granted <sup>1)</sup>	No. Options Vested	Fair Value per Option Grant Date	Exercise Price	Amounts Paid or Payable	Expire Date	Date Exercisable
<b>Directors</b>							
Dr N Archibald	5,000,000	5,000,000	\$0.0327	\$0.010	-	15/01/2014	-
	83,500,000	83,500,000	\$0.0328	\$0.015	-	15/01/2015	-
	88,500,000	88,500,000					

<sup>1)</sup> Options issued as part of 265,000,000 options issued to Ochre Holdings Pty Ltd as consideration for services provided to the Company by Ochre Holdings Pty Ltd pursuant to a services and subscription agreement dated 10 June 2009 (Note 22). These securities are held by Geocrust Pty Ltd on behalf the director's superannuation fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURES cont'd**

Ms M. Kins, daughter of Mr I Kins, was paid \$10,830 as remuneration for services rendered to the Group during the year.

The terms and conditions of the transactions with Directors, other key management personnel and their related parties and entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-Director related parties and entities on an arm's length basis.

**NOTE 27: BUSINESS COMBINATION**

**Acquisition of Tanami Tenements**

On 18 December 2009, the Company acquired exploration tenements from Tanami Exploration NL (Tanami Tenements). The acquisition of the tenements provides the Group with significant exploration targets in the Northern Territory.

In the period of acquisition to 30 June 2010 expenses in relation to the Tanami Tenements of \$818,677 have been incurred for incidental costs related to acquiring the tenements and are included in exploration expenses in the Statement of Comprehensive Income.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired at the acquisition date:

Consideration transferred	\$
Cash	1,500,000
Equity Instruments (265,000,000 ordinary shares)	9,540,000
Equity Instruments (300,000,000 options over ordinary shares)	9,834,899
	20,874,899

The fair value of the ordinary shares issued was based on the share price of the Group at 23 November 2009 (approval date). The fair value of the options over ordinary shares were valued on approval date according to the Black & Scholes valuation model, see Note 22.

**Identifiable assets acquired**

The assets arising from the acquisition are as follows:

	Acquirer's Carrying Amount \$	Fair Value \$
Independent valuation of tenements	6,411,179	6,411,179
	6,411,179	6,411,179

The valuation of the assets acquired were obtained from an independent technical valuation performed by Stantons International based on information provided to Stantons by CJ Stephens Consulting Pty Ltd of which the preferred valuation has been utilised as the tenements fair value.

**NOTE 27: BUSINESS COMBINATION cont'd**

**Goodwill**

Goodwill was recognised as a result of the acquisition as follows:

	\$
Total consideration transferred	20,874,899
Less: Value of identifiable assets	(6,411,179)
Goodwill	14,463,720
Less: Impairment provision	(14,463,720)
Net balance	-

Given that cash flows at this point in time are undeterminable the goodwill was written off as at 30 June 2010.

**NOTE 28: CONTINGENCIES**

**(a) Loans to employees and Directors**

Estimates of the potential financial effect that may become payable.

	Consolidated	
	2011 \$	2010 \$
The Parent Entity has provided loans to Directors and employees to provide funds for the purchase of shares in an at arm's length transaction.	1,719,456	1,776,120

**(b) Environmental**

The Group provides for all known environmental liabilities. While the Directors believe that, based upon current information, its current provisions for the environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites. Bank guarantees totalling \$733,796 (2010:\$576,971) have been provided. Term deposits of the same amount secure these guarantees.

**(c) Bank guarantee**

Estimates of the potential financial effect of contingent liabilities that may become payable.

	Consolidated	
	2011 \$	2010 \$
The Parent Entity has provided a bank guarantee to third party in relation to the Business Card facility. A term deposit of the same amount secures this guarantee.	50,000	25,000
The Parent Entity has provided a bank guarantee to the lessor of the Nedlands premises. A term deposit of the same amount secures this guarantee.	21,556	21,556

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### NOTE 29: COMMITMENTS

#### (a) Exploration expenditure

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State Governments. These obligations are not provided for in the financial statement and are subject to renegotiation when application for a mining lease is made and at other times.

	Consolidated	
	2011 \$	2010 \$
Payable – minimum exploration expenditure		
Not later than 12 months	5,265,952	2,708,187
Between 12 months and 5 years	21,063,808	2,943,187
Greater than 5 years	-	-
	<u>26,329,760</u>	<u>5,651,374</u>

#### (b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

	Consolidated	
	2011 \$	2010 \$
Payable – minimum exploration expenditure		
Not later than 12 months	59,325	56,287
Between 12 months and 5 years	4,960	68,686
Greater than 5 years	-	-
	<u>64,285</u>	<u>124,973</u>

The property lease for ABM's premises is a non-cancellable lease with a three-year term to 31 July 2012, with rent payable monthly in advance. One option exists to renew the lease at the end of the three-year term for an additional term of 3 years.

Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by 4% per annum which is accounted for on a straight line basis. The lease allows for subletting of all leased areas, two of the leased areas were terminated effective on 31 July 2009 and one of these areas was re-leased under the same terms and conditions at a later stage.

### NOTE 30: SUBSEQUENT EVENTS

The group released numerous announcements regarding exploration results from the Northern Territory Projects and some of these results have been referred to in the Managing Director's review of operations.

On 28 July 2011, the Group welcomed a new cornerstone investor, Craton Capital LLC, which subscribed to 177,777,778 fully paid ordinary shares in the Group at a price of \$0.045 per share raising gross proceeds of \$8 million.

On 9 September 2011, the role of Imants Kins changed from Executive Director to Non-Executive Director.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### NOTE 31: PARENT ENTITY INFORMATION

The following information relates to the parent entity ABM Resources NL. The information presented has been prepared using accounting policies that are consistent with those presented in Note 1.

	2011 \$	2010 \$
Current assets	16,229,360	12,051,219
Non-current assets	14,571,928	14,279,131
<b>Total assets</b>	<b>30,801,288</b>	<b>26,330,350</b>
Current liabilities	1,295,729	947,099
Non-current liabilities	344,786	79,786
<b>Total liabilities</b>	<b>1,640,515</b>	<b>1,026,885</b>
<b>Net assets</b>	<b>29,160,773</b>	<b>25,303,465</b>
Contributed equity	105,754,877	93,231,894
Reserves	21,909,038	21,143,178
Retained earnings	(98,503,142)	(89,071,607)
<b>Total equity</b>	<b>29,160,773</b>	<b>25,303,465</b>
Profit/(loss) for the year	(9,431,535)	(30,267,069)
Other comprehensive income/(loss) for the year	177,500	-
Total comprehensive income/(loss)	<b>(9,254,035)</b>	<b>(30,267,069)</b>

### Contingent Liabilities

As detailed in Note 28, ABM Resources NL has a contingent liability in respect of bank guarantees, environmental rehabilitation and Director and employee loans.

### Commitments

As detailed in Note 29, ABM Resources NL has operating lease commitment and exploration expenditure commitment at the end of financial year.

### NOTE 32: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**NOTE 32: SUBSIDIARIES cont'd**

			Equity Holding		Investment	
			2011	2010	2011	2010
			%	%	\$	\$
<b>Parent entity</b>						
ABM Resources NL	Australia	Ordinary	-	-	-	-
<b>Controlled entities</b>						
ABM Resources Operations Pty Ltd	Australia	Ordinary	100	100	-	-
Rare Resources NL	Australia	Ordinary	100	100	-	-
Australian Tenement Holdings Pty Ltd	Australia	Ordinary	100	100	-	-
ABM Resources Mozambique Limitada	Mozambique	Ordinary	67.33	67.33	631	631
					631	631

**NOTE 33: COMPANY DETAILS**

The registered office of the Group and principal place of business is:

ABM Resources NL  
 Level 1, 141 Broadway  
 NEDLANDS WA 6009



## DIRECTOR'S DECLARATION

The Directors of the Group declare that:

1. the financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and accompanying notes, as set out on pages 62 to 104 are in accordance with the *Corporations Act 2001*, and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Group;
2. the Managing Director and the Chief Financial Officer of the Group have each declared as required by Section 295A that:
  - (a) the financial records of the Group for the financial year have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures set out on pages 45 to 50 of the Directors' report comply with Section 300A of the *Corporations Act 2001*.
5. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

Dated this 19th day of September 2011



**MIKE ETHERIDGE**  
Non-Executive Chairman



**DARREN HOLDEN**  
Managing Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS



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PO Box 700 West Perth WA 6872  
Australia

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABM RESOURCES NL

### Report on the Financial Report

We have audited the accompanying financial report of ABM Resources NL, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

### Auditor's Responsibility

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

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

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of ABM Resources NL, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



### Opinion

In our opinion:

- (a) the financial report of ABM Resources NL is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

### Opinion

In our opinion, the Remuneration Report of ABM Resources NL for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' above 'BMV' with a stylized flourish.

**Brad McVeigh**  
Director

Perth, Western Australia  
Dated this 19<sup>th</sup> day of September 2011

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is set out below. The information was prepared based on share registry information processed up to 14 September 2011.

### 1. Shareholdings

#### (a) Distribution of shareholders

Size of holding category (number of shares held)	Number of Holders Ordinary Shares
1 – 1,000	96
1,001 – 5,000	110
5,001 – 10,000	206
10,001 – 100,000	1,622
100,001 and over	1,242
	<hr/>
	<b>3,276</b>

#### (b) The number of shareholders holding less than a marketable parcel

The number of shareholders holding less than a marketable parcel is nil.

#### (c) The names of the substantial shareholders

The name of the substantial shareholder listed in the holding Company's register is:

Shareholders	Number of Ordinary Shares	% Held of Issued Ordinary Capital
Tanami Exploration NL	508,014,212	19.04%
Craton Capital	187,777,778	7.04%

#### (d) Voting rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

### 1. Shareholdings cont'd

#### (d) 20 largest shareholders – Ordinary shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. Tanami Exploration NL	508,014,212	19.04
2. JP Morgan Nominees Australia	197,029,177	7.39
3. HSBC Custody Nominees	143,057,300	5.36
4. Citicorp Nominees Pty Ltd	119,255,478	4.47
5. Jemaya Pty Ltd	64,000,000	2.40
6. Sun Hung Kai Investment	60,000,000	2.25
7. National Nominees	48,771,482	1.83
8. Sun Hung Kai Investment	43,333,333	1.62
9. Jemaya Pty Ltd	36,000,000	1.35
10. Nathan John Featherby	34,922,766	1.31
11. Nathan John Featherby	24,789,795	0.93
12. Perth Select Seafoods Pty Ltd	24,000,000	0.90
13. Credit Suisse Securities	21,620,000	0.81
14. AileenDonan Investments Pty	21,000,000	0.79
15. Emma Radford	20,833,333	0.78
16. Darren John Holden	20,000,000	0.75
17. Rexam Consulting Pty Ltd	18,881,667	0.71
18. Valentino Nominees Pty Ltd	18,400,000	0.69
19. Norman Surtees	17,000,000	0.64
20. Tarney Holdings Pty Ltd	15,953,333	0.60
	1,456,861,876	54.62

### 2. Company Secretary

The name of the Company Secretary is Ms Jutta Zimmermann.

### 3. Principal Registered Office

The address of the principal registered office in Australia is:

ABM Resources NL  
 Level 1, 141 Broadway  
 NEDLANDS WA 6009  
 Phone: +61 8 9423 9777  
 Fax: +61 8 9423 9733

## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

### 4. Register of Securities

Registers of securities are held at the following address:

Security Transfer Registrars Pty Limited  
770 Canning Highway  
APPLECROSS WA 6153

### 5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited.

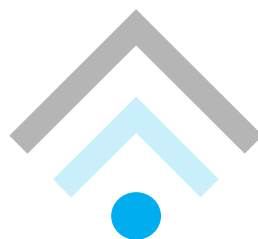
### 6. Unquoted Securities

The Company has issued a total of 580,000,000 unlisted options as follows:

Number of options	Exercise Price Cents	Expiry Date
20,000,000	0.050	15 December 2012
30,000,000	0.015	18 December 2014
10,000,000	0.010	15 January 2014
166,500,000	0.015	15 January 2015 <sup>1)</sup>
83,500,000	0.015	18 October 2015
<u>580,000,000</u>		

1) On exercise of these options a further 166,500,000 options will be issued (\$0.015 @ 5 years from issue date).

Performance  
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