MATRIX METALS

LIMITED

(Subject to Deed of Company Arrangement)
(In Liquidation) (Receivers and Managers Appointed)

ABN 42 082 592 235

ANNUAL REPORT

30 JUNE 2011

MATRIX METALS LIMITED (Subject to Deed of Company Arrangement)
(In Liquidation) (Receivers and Managers Appointed)

CORPORATE DIRECTORY

Directors Antony Sage Joe Ariti Jason Bontempo **Company Secretary** Fiona Taylor	**Registered Office** c/- Ernst & Young The Ernst & Young Building 11 Mounts Bay Road Perth Western Australia 6000 Telephone: (08) 9429 2222 Facsimile: (08) 9429 2436
Deed Administrator Ernst & Young The Ernst & Young Building 11 Mounts Bay Road Perth Western Australia 6000	**Receiver and Manager** Deloitte Touche Tohmatsu Woodside Plaza Level 14, 240 St Georges Terrace Perth Western Australia 6000
Solicitors Blake Dawson Level 32, Exchange Plaza 2 The Esplanade Perth Western Australia 6000	**Auditors** Stantons International Level 1, 1 Havelock street West Perth Western Australia 6005
Share registry Advanced Share Registry Services 150 Stirling Highway Nedlands Western Australia 6009 Telephone: (08) 9389 8033 Facsimile: (08) 93897871	**Stock Exchange Listing** The Company's shares are on the official list of the Australian Securities Exchange (currently suspended from trading) ASX Code – MRX **Website** www.matrixmetals.com.au

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DIRECTORS' REPORT

The directors present their report together with the financial report of Matrix Metals Limited ("Matrix" or the "Company") for the financial year ended 30 June 2011 and the auditor's report thereon.

DIRECTORS

The names, qualifications and independence status of the directors of the Company holding office at any time during or since the end of the financial year are:

Mr Antony Sage B.Com, FCPA, CA, FTIA
Non-Executive Director (Appointed on 22 December 2010)

Mr Sage has more than 27 years experience in the fields of corporate advisory services, funds management, capital raising and management of several mining/exploration companies.

Mr Sage is based in Western Australia and was formerly a successful funds manager with Growth Equities Mutual for a period of 13 years. During the last 14 years he has been involved in the management and financing of several listed exploration and mining companies.

Other Current Listed Directorships
Executive Chairman of:
Cape Lambert Resources Ltd (since December 2000), Cauldron Energy Ltd (since June 2009).

Non-Executive Chairman of:
International Goldfields Ltd (since February 2009), Fe Ltd (since August 2009) and International Petroleum Ltd (NSX listed) (since January 2006).

Non-Executive Director of:
African Iron Limited (since January 2011), Chameleon Mining NL (since September 2010) and NSX listed African Petroleum Corporation Ltd (since October 2007).

Previous Listed Directorships in the last three years
None

Mr Joe Ariti B.Sc, Dip Min. Sci. (Murdoch), MBA (Edinburgh), MAusIMM, MAICD
Non-Executive Director (Appointed on 22 December 2010)

Mr Ariti is a mining industry executive with 25 years experience in technical, management and executive roles in assessing, developing, financing and managing mining projects and companies in Australia and overseas. He has been involved in the development and management of both open cut and underground mining projects in Australia, Africa, Indonesia and Papua New Guinea.

Other Current Listed Directorships
Non-Executive Director of:
Swick Mining Services Limited (since February 2008) and African Iron Limited (since January 2011).

Previous Listed Directorships in the last three years
Non-Executive Director of:
DMC Mining Ltd[1] (from August 2009 to present), Azumah Resources Ltd (from September 2007 to October 2009), Territory Resources Limited (from August 2008 to July 2011) and ABM Resources NL (July 2008 to December 2008).

[1] delisted from ASX in September 2010

DIRECTORS' REPORT

Mr Jason Bontempo B. Business, ACA
Non-Executive Director (Appointed on 22 December 2010)

Mr Bontempo has worked in investment banking and corporate advisory after qualifying as a chartered accountant with Ernst & Young in 1997.

Other Current Listed Directorships
Executive Director of International Goldfields Ltd (since April 2008)
Non-Executive Director of Red Emperor Resources NL (since February 2011), Glory Resources Limited (since June 2010), Chameleon Mining NL (since August 2010) and Orca Energy Limited (since July 2011)

Previous Listed Directorships in the last three years
Non-Executive Director of African Iron Ltd (from May 2007 to January 2011).

Mr David Humann FCA, FCPA, FAICD
Non-Executive Director (Resigned on 24 May 2011)

Mr Humann is a Chartered Accountant with many years international experience predominantly with the accountancy firm, PricewaterhouseCoopers ("PwC"). He was a member of PwC World Board of Directors and its World Executive Management Committee based in London and New York. He also held the positions of Chairman and Senior Partner of PwC - Hong Kong and China, Managing Partner Asia Pacific and was a member of the Policy Committee of the Australasian firm.

Other Current Listed Directorships
As at the date of his resignation, Mr Humann was Non-Executive Chairman of:
Mincor Resources NL (since November 2000), Braemore Resources Plc (since July 2005), Advanced Braking Technologies Ltd (since August 2006), Logicamms Ltd (since 2007) and India Resources Ltd (since July 2010).

Previous Listed Directorships in the last three years
Monarch Gold Mining Company Ltd (2007-July 2008) and Territory Resources Ltd (April 2008 – July 2008).

Mr Shane McBride BBus., FCPA, FCIS, MAICD
Non-Executive Director and Company Secretary (Resigned on 10 January 2011)

Mr McBride is a Certified Practising Accountant and Chartered Secretary with 25 years experience in the accounting profession, including 20 years experience in the resource industry. His experience has been gained in several listed Australian Public Companies in the areas of management and financial accounting, mine site administration, corporate management, corporate finance, and company secretarial functions. Mr McBride has a BBus. (Acct) degree, is a Fellow of CPA Australia, Fellow of Chartered Secretaries Australia and the Institute Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Company Directors.

Other Current Listed Directorships
None

Previous Listed Directorships in the last three years
None

Mr Geoff M. Jones. BE (Civil), FIEAust, CPEng
Non-Executive Director (Resigned on 17 January 2011)

Mr Jones is a Fellow of the Institution of Engineers, with a Bachelor of Engineering (Civil) degree. He has over 23 years experience in construction, engineering, mineral processing and project development, including over 6 years with Resolute Resources Limited, where he was responsible for the development of its projects both in Australia and Africa. Mr Jones also managed the study works for Gallery Gold Limited Botswana gold project in his capacity as Executive Director Operations. Since 2001, Mr Jones has operated his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry.

DIRECTORS' REPORT

Other Current Listed Directorships
As at the date of his resignation, Mr Jones was Managing Director of Brumby Resources Limited (since February 2006), Non-Executive Director of both Energy Metals Ltd (since September 2008) and Azumah Resources Limited (since October 2009).

Previous Listed Directorships in the last three years
Non-Executive Director of Adamus Resources Limited (2006-April 2008).

INCOMPLETE RECORDS

The management and affairs of the Company have not been under the control of the directors of the Company since it entered voluntary administration on 11 November 2008.

The financial report was prepared by directors who were not in office at the time the Company entered voluntary administration or for the full periods presented in this report. The directors who prepared this financial report were appointed on 22 December 2010.

To prepare the financial report, the directors have reconstructed the financial records of the Company using:

- data extracted from the Company's accounting system for the period 1 July 2008 to the point the Company entered administration;
- the record of receipts and payments made available by the Administrator for the period from their appointment on 11 November 2008 to 30 June 2011; and
- the record of receipts and payments made available by the Receivers and Managers for the period from their appointment on 14 November 2008 to 30 June 2011.

Creditors have submitted claims to the Administrator which exceed the amount recorded as owing to suppliers in the books of the Company at the time it went into administration by $38,292,668. The directors have recognised the excess creditor claims in this financial report. The Administrator has not yet finalised the adjudication of creditor claims. Consequently, there is no certainty that amounts recorded in this financial report as owing to trade and other creditors are complete.

It has not been possible for the directors to obtain all the books and records:

- of the Company for the period prior to the appointment of the Administrator and Receivers and Managers;
- maintained by the Administrator since their appointment on 11 November 2008; and
- maintained by the Receivers and Managers since their appointment on 14 November 2008.

Consequently, although the directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

DIRECTORS' MEETINGS

The directors who held office during the financial year ended 30 June 2011 and the sub-committees of the board did not meet during the year as a consequence of the Company entering into voluntary administration on 11 November 2008.

PRINCIPAL ACTIVITIES

The Company did not actively trade in the current year as a consequence of entering voluntary administration on 11 November 2008.

RESULT

The loss after income tax for the financial year was $2,889,100 (2010: loss of $6,153,978).

DIRECTORS' REPORT

REVIEW OF OPERATIONS

As set out in the Company's June 2010 annual report:

- on 11 November 2008, the Directors of the Company who were in office at that time appointed Vincent Smith and Justin Walsh of Ernst & Young as Joint and Several Administrators of the Company under Section 436A of the Corporations Act;
- on 12 November 2008, the Company's securities were suspended from trading on the Australian Securities Exchange;
- on 14 November 2008, the Company's secured creditor, Glencore International AG, appointed Gary Doran and John Greig of Deloitte Touche Tohmatsu as Receivers and Managers;
- on 18 June 2009, at the second meeting of creditors, creditors resolved for the Company to be wound up. Accordingly, the Administrators became the Liquidators with immediate effect;
- On 25 August 2009, the sale of EPM 14916, EPM 14281 and EPM 17000 (under application) to Deep Yellow Limited for $1.4 million facilitated by the Receivers and Managers was completed;
- On 16 November 2009, the Receivers and Managers of the Company entered into an agreement to sell the Leichhardt Copper Project to Cape Lambert Resources Limited. A deposit of $1 million was paid at that time; and
- On 23 December 2009, the Liquidators of the Company entered into an agreement to sell the White Range Project to Queensland Mining Corporation Limited for a consideration of $5 million.

During the current year, the following steps were taken in respect of realising the Company's remaining assets held for sale:

- On 18 August 2010, the sale of the Leichhardt Copper Project to Cape Lambert Resources Limited completed and the balance of the purchase price of $6.7 million was paid to the Receiver and Manager;
- On 20 July 2010, the sale of the White Range Project to Queensland Mining Corporation Limited was completed. The sale of the White Range Project included the sale of the Company's 100% interest in Maxiforde Pty Ltd;
- In August 2010, the Liquidators of the Company entered into a deed to recapitalise the Company. The process is subject to creditor, shareholder and regulatory approval;
- To facilitate the recapitalisation of the Company, it was necessary for the Company to be placed into voluntary administration. In September 2010, the Federal Court of Australia ordered that the liquidation of the Company be stayed and that the Liquidators be appointed Voluntary Administrators of the Company;
- On 1 November 2010, creditors resolved for the Company to execute a Deed of Company Arrangement ("DOCA"). The DOCA was executed on 9 November 2010, and the Administrators became Deed Administrators with immediate effect; and
- During the current year, a number of the environmental bonds which related to tenements that have been disposed of were returned to the Receiver and Manager.

EVENTS SUBSEQUENT TO BALANCE DATE

No event has arisen since 30 June 2011 that would be likely to materially affect the operations of the Company, or its state of affairs which have not otherwise been disclosed in this financial report.

DIVIDENDS

No dividend has been declared or paid since the end of the previous financial year.

CHANGES IN STATE OF AFFAIRS

There has been no change in state of affairs of the Company from the previous financial year.

DIRECTORS' REPORT

REMUNERATION REPORT - audited

Principles of Remuneration - audited

The Company entered voluntary administration November 2008. As a consequence, no directors or other company employees are regarded as key management personnel with authority and responsibility for planning, directing and controlling the activities of the Company.

During the current year and prior year, no remuneration was paid to any of the directors of the Company.

Service Contracts

The Company has contracts in place with Mr Humann and Mr McBride. Mr Humann and Mr McBride are entitled to submit claims to the Company's Administrator for amounts owed to them under their respective contracts. Any claims made form part of the unsecured creditors claims. The major terms and conditions of the contracts with Mr Humann and Mr McBride are as follows:

Mr Humann:
Term of Contract: 1 July 2004 until departure from the Company
Base remuneration, including superannuation: $81,750 per annum.
There is no specific bonus plan, with bonuses being at the sole discretion of the Board.
A retirement allowance of two months directors fees, for every year of service.

Mr McBride:
Term of Contract: 23 September 2005 to 31 December 2008.
Base remuneration including superannuation - $263,129 per annum.
Provision of other items - Motor vehicle, car parking and telephone.

Notice period after 1 January 2008: within three days of issuing a termination notice, the Company is required to pay the cash equivalent of six months of the executive's package. Such notice cannot be given if it relates to redundancy, as redundancy triggers liquidated damages. Liquidated damages require the payment of twelve months of the executive's package and transfer of the executive's Company motor vehicle to the executive.

Options and rights over equity instruments granted as remuneration - audited

No options over ordinary shares in the Company were granted as remuneration to the Company's directors or any of its employees during the current year (2010: Nil).

UNISSUED SHARES UNDER OPTION

At the date of this report there were no unissued ordinary shares of the Company under option (2010: Nil).

Since the end of the financial year, no options have been exercised or granted. There are no amounts unpaid on shares issued.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Shareholder approval for the recapitalisation process will be sought at a general meeting of shareholders. The Deed Administrators and the promoters of the recapitalisation are working together to obtain the necessary regulatory approvals.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Number of options over shares
Mr Sage	-	-
Mr Ariti	-	-
Mr Bontempo	-	-

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its operations. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

NON-AUDIT SERVICES

No non audit services have been performed by the Company's auditors during the current year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 8 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Jason Bontempo
Non-Executive Director
29 September 2011

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

29 September 2011

Board of Directors
Matrix Metals Limited
(Subject to Deed of Company Arrangement) (In Liquidation)
(Receivers and Managers Appointed)
c/-Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth, WA 6000

Dear Directors

RE: MATRIX METALS LIMITED (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed).

As Audit Director for the audit of the financial statements of Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed) for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

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

	Note	2011 $	2010 $
Cost of sales and operational expenditure	2	**(965,407)**	(3,440,620)
Other income	3	**29,676**	200,934
Corporate administration expenses		**(2,050,046)**	(2,821,502)
Results from operating activities		**(2,985,777)**	(6,061,188)
Financial expenses	19(a)	**(62,592)**	(129,669)
Financial income	19(a)	**159,269**	36,879
Loss before tax		**(2,889,100)**	(6,153,978)
Income tax expense	5	**-**	-
Loss for the year	17	**(2,889,100)**	(6,153,978)
Other comprehensive losses net of tax		**-**	-
Total comprehensive loss for the year		**(2,889,100)**	(6,153,978)
Loss of the year attributable to:			
Equity holders of the parent		**(2,889,100)**	(6,153,978)
Total comprehensive loss of the year attributable to:			
Equity holders of the parent		**(2,889,100)**	(6,153,978)
Earnings per share attributable to the ordinary equity holders of the company:			
Basic loss per share (cents)	18	**(0.36)**	(1)
Diluted loss per share (cents)	18	**(0.36)**	(1)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 $	2010 $
Current assets			
Cash balances under the control of the Administrator and the Receiver and Manager		**5,089,143**	1,741,119
Trade and other receivables	7	**26,713**	94,846
Inventories	8	**-**	95,000
		5,115,856	1,930,965
Assets held for sale			
Property, plant and equipment	9	**-**	1,704,645
Exploration and evaluation	10	**-**	10,950,355
Tenement bonds and security deposits	11	**728,267**	2,181,640
Total current assets		**5,844,123**	16,767,605
Non-current assets			
Exploration and evaluation	10	**284,000**	284,000
Total non-current assets		**284,000**	284,000
Total assets		**6,128,123**	17,051,605
Current liabilities			
Trade and other payables	12	**61,925,784**	64,616,475
Loans and borrowings	13	**1,600,000**	5,857,816
Employee benefits	14	**64,096**	156,800
Provisions	15	**117,847**	117,847
		63,707,727	70,748,938
Liabilities associated with assets held for sale			
Employee benefits	14	**-**	104,434
Provisions	15	**-**	888,737
Total current liabilities		**-**	71,742,109
Non-current liabilities			
Provisions	15	**27,000**	27,000
Total non-current liabilities		**27,000**	27,000
Total liabilities		**63,734,727**	71,769,109
Net liabilities		**(57,606,604)**	(54,717,504)
Equity			
Issued capital	16	**67,701,455**	67,701,455
Accumulated losses	17	**(125,308,059)**	(122,418,959)
Total equity		**(57,606,604)**	(54,717,504)

The accompanying notes form part of this financial report.

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

	Issued Capital $	Accumulated losses $	Total $
Balance at 1 July 2010	**67,701,455**	**(122,418,959)**	**(54,717,504)**
Net loss for the year	**-**	**(2,889,100)**	**(2,889,100)**
Other comprehensive income / (expenditure)	**-**	**-**	**-**
Total comprehensive loss	**-**	**(2,889,100)**	**(2,889,100)**
Transactions with owners in their capacity as owners	**-**	**-**	**-**
Balance at 30 June 2011	**67,701,455**	**(125,308,059)**	**(57,606,604)**

	Issued Capital $	Accumulated losses $	Total $
Balance at 1 July 2009	67,701,455	(116,264,981)	(48,563,526)
Net loss for the year	-	(6,153,978)	(6,153,978)
Other comprehensive income / (expenditure)	-	-	-
Total comprehensive loss	-	(6,153,978)	(6,153,978)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2010	67,701,455	(122,418,959)	(54,717,504)

The accompanying notes form part of this financial report.

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

	Note	2011 $	2010 $
Cash flows from operating activities			
Receipts from operations		**-**	-
Payments to suppliers and employees		**(6,645,328)**	(4,435,997)
Other income		**4,526**	200,934
Interest received		**159,269**	36,879
Interest paid		**(46,150)**	(21,547)
Net cash provided by/(used in) operating activities	21 (a)	**(6,527,683)**	(4,219,731)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,704,645**	-
Proceeds from sale of exploration assets		**8,350,355**	1,400,000
Proceeds from sale of equity securities		**2,525,150**	-
Deposit received		**-**	100,000
Tenement bonds refunded		**1,453,373**	-
Payments for Tenement security deposits		**-**	(2,500)
Net cash from / (used in) investing activities		**14,033,523**	1,497,500
Cash flows from financing activities			
Repayment of borrowings		**(4,257,816)**	-
Proceeds from borrowings		**-**	2,150,000
Deposit received from proponents		**100,000**	-
Net cash from / (used by) financing activities		**(4,157,816)**	2,150,000
Decrease in cash and cash equivalents		**3,348,024**	(572,231)
Cash and cash equivalents at 1 July		**1,741,119**	2,313,350
Cash and cash equivalents at 30 June	21 (b)	**5,089,143**	1,741,119

The accompanying notes form part of this financial report.

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

1. SUMMARY OF ACCOUNTING POLICIES

Matrix Metals Limited (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2011 comprises the Company and its subsidiary for the period 1 July 2011 to 20 July 2011, the date on which it was sold.

The financial report was authorised for issue by the directors' on 29 September 2011.

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

(a) Incomplete Records

The management and affairs of the Company have not been under the control of the directors of the Company since it entered voluntary administration on 11 November 2008.

This financial report was prepared by directors who were not in office at the time the Company entered voluntary administration or during the periods presented in this report. The directors who prepared this financial report were appointed on 22 December 2010.

To prepare this financial report, the directors have reconstructed the financial records of the Company using:

- data extracted from the Company's accounting system for the period 1 July 2008 to the point the Company entered administration;
- the record of receipts and payments made available by the Administrator for the period from their appointment on 11 November 2008 to 30 June 2011; and
- the record of receipts and payments made available by the Receivers and Managers for the period from their appointment on 14 November 2008 to 30 June 2011.

Creditors have submitted claims to the Administrators which exceed the amount recorded as owing to suppliers in the books of the Company at the time it went into administration by $37,645,234 (2010: $38,292,668). The directors have recognised the excess creditor claims in this financial report. The Administrator has not yet finalised the adjudication of creditor claims. Consequently, there is no certainty that amounts recorded in this financial report as owing to trade and other creditors is complete.

It has not been possible for the directors to obtain all the books and records:

- of the Company for the period prior to the appointment of the Administrator and Receivers and Managers;
- maintained by the Administrator since their appointment on 11 November 2008; and
- maintained by the Receivers and Managers since their appointment on 14 November 2008.

Consequently, although the directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

(b) Going Concern

The directors have prepared this financial report on the basis that the Company is not a going concern. The directors are of the opinion that the Company will only return to operating as a going concern if the proposal to recapitalise the Company is successful. The recapitalisation process is subject to creditor, shareholder and regulatory approval.

On 1 November 2010, creditors resolved for the Company to execute a Deed of Company Arrangement, which was subsequently executed on 9 November 2010.

Shareholder approval for the recapitalisation process will be sought at a general meeting of shareholders. The Administrators and the promoters of the recapitalisation are working together to obtain the necessary regulatory approvals.

In the event that the relevant shareholder and regulatory approvals are not obtained, it is probable that the Company may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business and amounts realised or extinguished may differ from those reflected in the financial statements.

(c) Adoption of new and revised accounting standards

Changes in accounting policy and other disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The following standards and interpretations have been applied by the Company during the current year:

Reference	Title	Application date of standard	Application date for the Consolidated Entity
AASB 2009-5	*Further amendments arising from the second annual improvements project*	1 January 2010	1 July 2010
AASB 2010-3	*Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2010	1 July 2010

The standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2010 did not have any impact on the current period or any prior period and is not likely to affect future periods.

Accounting Standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2011 are set out below. Unless otherwise stated, it is expected that there will be no impact on the Company on applying the new standards and interpretations once they are effective.

AASB 9 *Financial Instruments*, 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 *Financial Instruments* 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. When adopted, the standard will affect accounting for available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Company has not yet decided when to adopt AASB 9.

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)
In November 2010, the AASB made amendments to AASB 7 *Financial Instruments: Disclosures* which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

AASB 1054 ***Australian Additional Disclosures,*** **AASB 2011-1** ***Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*** **and AASB 2011-2** ***Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements*** (effective 1 July 2011)
The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054.

AASB 2011-4 ***Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*** (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

AASB 10 ***Consolidated Financial Statements,*** **AASB 11** ***Joint Arrangements,*** **AASB 12** ***Disclosure of Interests in Other Entities*****, revised AASB 127** ***Separate Financial Statements*** **and AASB 128** ***Investments in Associates and Joint Ventures*** **and AASB 2011-7** ***Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*** (effective 1 January 2013)
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to its investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept.

The Company does not expect to adopt the new standards before their operative date.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company does not intend to adopt the new standard before its operative date.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(d) Basis of preparation

The financial report is presented in Australian dollars which is the entity's functional currency. The financial report is prepared on the historical cost basis. Non-current assets are stated at the lower of carrying amount and recoverable amount.

The accounting policies have been applied consistently.

Subsidiaries
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation
Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(e) Revenue Recognition

Interest Income
Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

(f) Expenses

Operating lease payments
Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Financing costs
Financing costs comprise interest payable on borrowings calculated using the effective interest method and lease finance charges. Financing costs are expensed as incurred. Interest cost incurred during preproduction have been capitalised to property plant and equipment.

(g) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or liability in the statement of financial position.

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

(h) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation
The Company and its wholly-owned Australian resident entity (whilst still owned by the Company) did not form a tax-consolidated group.

(i) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

The Consolidated Entity operates in one business segment and one geographical being exploration within Australia.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. With effect from 11 November 2008, all of the Company's cash balances are under the control of the Administrator and the Receiver and Manager.

(k) Property, plant and equipment

Property, plant and equipment is stated at cost less provision for depreciation and any impairment in value.

(l) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(m) Inventories

Stores
Inventories of consumable supplies and spare parts are valued at the lower of cost and net realisable value.

(n) Exploration and evaluation expenditure

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, exploration costs are accumulated in respect of each separate area of interest. Exploration costs are carried forward at cost where the rights of tenure are current and:

(i) Such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
(ii) Exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources.

Exploration and evaluation assets are assessed annually for impairment in accordance with AASB 6, and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. An impairment loss is recognised in the Statement of Comprehensive Income where the carrying values of exploration and evaluation assets exceed their recoverable amounts.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(o) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount
The recoverable amount of the Consolidated Entity’s assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are not discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables with a short duration are not discounted.

(p) Trade and other payables

Trade and other payables are stated at their amortised cost and are non-interest bearing.

(q) Employee benefits

Long-term service benefits
The Consolidated Entity’s net obligation in respect of long-term service benefits, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating to the terms of the consolidated entity’s obligations.

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date, including related on-costs.

Defined contribution superannuation funds
Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Comprehensive Income as incurred.

(u) Provisions

A provision is recognised in the Statement of Financial Performance when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Mine rehabilitation
Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, topsoiling and revegetation, applying legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Significant uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in property, plant and equipment.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost in the Statement of Comprehensive Income as it occurs. If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the Statement of Comprehensive Income.

If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the Statement of Comprehensive Income in the period in which it occurs. The amount of the provision relating to rehabilitation of environmental disturbance caused by ongoing production and extraction activities is recognised in the Statement of Comprehensive Income as incurred. Changes in the liability are charged to the Statement of Comprehensive Income as rehabilitation expense, other than the unwinding of the discount which is recognised as a finance cost.

(v) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, significant areas of estimation, uncertainty and critical judgements have been applied in determining carrying values for capitalised exploration and evaluation costs, property, plant and equipment and provisions.

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

2. COST OF SALES AND OPERATIONAL COSTS

	2011 $	2010 $
Depreciation and amortisation	**-**	-
Camp costs	**21,827**	41,467
Consultants	**1,017,719**	1,804,509
Consumables	**33,199**	368,650
Freight and cartage	**-**	-
Hire and maintenance costs	**16,746**	159,715
Staff costs	**197,153**	875,535
Reduction in rehabilitation provision	**(888,737)**	(132,075)
Other	**567,500**	322,819
	965,407	3,440,620

3. OTHER INCOME

	2011 $	2010 $
Exclusivity fees received	**-**	200,000
Profit on sale of shares	**25,150**	-
Other	**4,526**	934
	29,676	200,934

4. AUDITOR'S REMUNERATION

	2011 $	2010 $
Fees paid or payable to Stantons International		
Audit and review of financial reports	**10,000**	15,000
	10,000	15,000

5. INCOME TAX BENEFIT

	2011 $	2010 $
Reconciliation between tax expense and pre-tax profit		
Accounting loss before tax	**(2,889,100)**	(6,153,978)
At the statutory income tax rate of 30% (2010: 30%)	**(866,730)**	(1,846,193)
Adjusted for:		
Non-deductible expenses	**-**	-
Temporary differences not recognised	**866,730**	1,846,193
Income tax benefit attributable to pre-tax operating loss	**-**	-

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be generated against which the Company can utilise the deferred tax asset.

6. SEGMENT INFORMATION

The Company did not actively trade during the current year. Prior to entering voluntary administration on 11 November 2008, the Company operated in one business segment and one geographical segment, being mineral exploration within Australia.

	2011 $	2010 $
7. TRADE AND OTHER RECEIVABLES		
Other receivables	**26,713**	94,846
8. INVENTORIES		
Consumable supplies at cost	**-**	95,000

9. PROPERTY, PLANT AND EQUIPMENT

As a consequence of the Company entering into voluntary administration on 11 November 2008, the Company's plant and equipment and mine properties and development have been written down to their net realisable values. It was impracticable to assess the realisable values for plant and equipment separately from the realisable values for mine development and properties. Accordingly, the movement analysis below is for plant and equipment and mine development and properties as a package.

	Plant and equipment and mine properties and development	
	2011 $	**2010 $**
Opening carrying value	**1,704,645**	1,704,645
Disposals	**(1,704,645)**	-
Closing carrying value (net realisable value)	**-**	1,704,645

As at 30 June 2010, all of the Consolidated Entity's plant and equipment and mine properties and development was classified as held for sale. In August 2010, the plant and equipment was sold at its net realisable value of $1,704,645.

	2011 $	2010 $
10. EXPLORATION AND EVALUATION EXPENDITURE		
Carrying value at the beginning of the year	**11,234,355**	12,634,355
Disposals[1]	**(10,950,355)**	(1,400,000)
Carrying value at the end of the year	**284,000**	11,234,355
Current		
Carrying value of exploration assets held for sale	**-**	10,950,355
Non current		
Carrying value of exploration assets held as long term interest	**284,000**	284,000
	284,000	11,234,355

[1] On 20 July 2010, the sale of the White Range Project to Queensland Mining Corporation Limited ("QMC") for $5,000,000 completed. The proceeds on sale included non cash proceeds of $2,500,000 being shares in QMC.

On 18 August 2010, the sale of the Leichhardt Copper Project to Cape Lambert Leichhardt Pty Ltd for $5,950,355 completed.

	2011 $	2010 $
11. TENEMENT BONDS AND SECURITY DEPOSITS		
Security deposits	**728,267**	2,181,640

12. TRADE AND OTHER PAYABLES

	2011 $	2010 $
Trade payables and accrued expenses	**24,180,550**	25,980,978
Accrual for additional creditor claims received[1]	**37,645,234**	38,292,668
Employee entitlements	**-**	242,829
Deposits received	**100,000**	100,000
	61,925,784	64,616,475

[1] This accrual represents those claims received from suppliers and other creditors which were not recorded as liabilities in the accounts of the Company at the time it went into voluntary administration. These claims are still in the process of being adjudicated by the Administrator.

	2011 $	2010 $
13. LOANS AND BORROWINGS		
Secured Loan[1]	**1,600,000**	3,600,000
Loan funds provided to Receiver and Manager by secured creditor[2]	**-**	2,257,816
	1,600,000	5,857,816

[1]The loan is secured by a fixed charge over the assets that comprise the Leichhardt Copper Project and associated tenements, owed to Glencore International AG. The loan bears interest at the rate of the 3 month AUD LIBOR plus a margin of 2.5%. No repayments have been made since the Company entered voluntary administration.

[2] Loan amounts of $850,000 and $1,300,000 were drawn down on 19 January 2010 and 1 April respectively. The loan attracted interest at the rate of the 3 month AUD BBSW plus a margin of 11%. The loan and accumulated interest was repaid in full on 20 August 2010.

14. EMPLOYEE BENEFITS

	2011 $	2010 $
Current		
Liability for annual leave	**64,096**	136,375
Liability for long service leave	**-**	20,425
	64,096	156,800
Liability for annual and long service leave classified as liabilities associated with assets held for sale	**-**	104,434
Total liability for annual leave	**64,096**	261,234

Defined contribution superannuation funds

The Company makes contributions to defined contribution superannuation funds on behalf of its employees. The amount recognised as expense was $49,052 for the financial year ended 30 June 2011 (2010: $91,700).

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

15. PROVISIONS

	Rehabilitation		Retirement Benefit	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Balance at beginning of year	**915,737**	1,047,813	**117,847**	117,847
Provisions made / (released) during the year	**(888,737)**	(132,076)	**-**	-
Balance at end of year	**27,000**	915,737	**117,847**	117,847
Current				
Retirement benefit	**-**	-	**117,847**	117,847
Rehabilitation provision associated with exploration assets held for sale	**-**	888,737	**-**	-
	-	888,737	**117,847**	117,847
Non-current				
Rehabilitation provision associated with exploration assets held for long term interest	**27,000**	27,000	**-**	**-**

Rehabilitation
A provision for rehabilitation has been recognised in relation to the Company's operations. The basis of accounting is set out in Note (u) of the significant accounting policies.

Retirement Benefit
The Company has service contracts in place with Mr D Humann and Mr S McBride, the terms of Mr Humann's contract allows for a retirement benefit. Refer to the Remuneration Report section of the Directors' Report for further detail.

16. ISSUED CAPITAL

	2011		2010	
	$	**No. of shares**	**$**	**No. of shares**
Issued and paid up capital	**67,701,455**	**807,534,380**	67,701,455	807,534,380
Balance at beginning of period	**67,701,455**	**807,534,380**	67,701,455	807,534,380
Movements during the period	**-**	-	-	-
Balance at end of period	**67,701,455**	**807,534,380**	67,701,455	807,534,380

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Options on issue over ordinary shares as at 30 June 2011: Nil (2010: Nil).

17. ACCUMULATED LOSSES

	2011 $	2010 $
Balance at beginning of period	**(122,418,959)**	(116,264,981)
Equity settled share based payments		
Total recognised income and expense	**(2,889,100)**	(6,153,978)
Balance at end of period	**(125,308,059)**	(122,418,959)

18. LOSS PER SHARE

	2011	2010
Basic loss per share (cents)	**(0.36)**	(0.76)
Diluted loss per share (cents)	**(0.36)**	(0.76)

The calculation of basic and diluted loss per share at 30 June 2011 was based on the loss attributable to ordinary shareholders of $2,889,100 (2010: loss of $6,153,978) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2011 of 807,534,380 (2010: 807,534,380).

19. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Interest rate risk exposures

The Consolidated Entity's exposure to interest rate risk and the classes of financial assets and financial liabilities is set out below.

2011	Note	**Floating Interest Rate $**	**Non-interest bearing $**	**Total $**
Financial assets				
Cash balances under the control of the Administrator and the Receiver and Manager		**5,089,143**		**5,089,143**
Receivables	7	**-**	**26,713**	**26,713**
Tenement bonds and security deposits	11	**700,000**	**28,267**	**728,267**
		5,789,143	**54,980**	**5,844,123**
Financial liabilities				
Payables	12	**-**	**61,925,784**	**61,925,784**
Secured Loan	13	**1,600,000**	**-**	**1,600,000**
		1,600,000	**61,925,784**	**63,525,784**

19. FINANCIAL INSTRUMENTS *(continued)*

(a) Interest rate risk

2010	Note	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets				
Cash balances under the control of the Administrator and the Receiver and Manager		1,741,119	-	1,741,119
Receivables	7	-	94,846	94,846
Tenement bonds and security deposits	11	700,000	1,481,640	2,181,640
		2,441,119	1,576,486	4,017,605
Financial liabilities				
Payables	12	-	64,616,475	64,616,475
Secured Loan	13	5,857,816	-	5,857,816
		5,857,816	64,616,475	70,474,291

Finance income and expenses

	2011 $	2010 $
Interest income on bank deposits	**159,269**	36,879
Finance income	**159,269**	36,879
Interest expense on financial liabilities	**47,195**	129,363
Withholding tax and other	**15,397**	306
Finance expense	**62,592**	129,669

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, which have been recognised in the Statement of Financial Position, is the carrying amount, net of any allowance for doubtful debts. Credit risk in respect of cash, deposits and receivables is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

(c) Net fair values of financial assets and liabilities

Valuation Approach

Net fair values of financial assets and liabilities are determined by the Company on the following basis:

Recognised Financial Instruments

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of expected future cash flows. The carrying amounts of bank term deposits, accounts receivable and accounts payable are deemed to reflect fair value.

(d) Interest rate risk management

The Company is exposed to interest rate risk as it holds cash and term deposits and borrows funds at floating interest rates.

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

20. COMMITMENTS

Operating lease Commitments
The Company had no operating lease commitments as at 30 June 2011 (30 June 2010: Nil).

Key management personnel
There are no commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date that have not been recognised as liabilities payable as at 30 June 2011 (30 June 2010: Nil).

Exploration Commitments
In the intervening period from entering into administration and the subsequent sale of the Company's exploration tenements, the Administrator and the Receiver and Manager have facilitated the payment of tenement rents in order to maintain current rights of tenure to exploration tenements.

21. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities

	2011 $	2010 $
Cash flows from operating activities		
Loss for the period	**(2,889,100)**	(6,153,978)
Adjustments for:		
Interest capitalised to loan account (not paid)	**-**	107,815
Profit on sale of shares	**(25,150)**	-
Operating loss before changes in working capital and provisions:	**(2,914,250)**	(6,046,163)
Movement in inventories	**95,000**	48,900
Movement in trade and other receivables	**68,133**	1,067,531
Movement in trade and other payables	**(2,690,691)**	1,052,356
Movement in employee benefits	**(197,138)**	(210,280)
Movement in provisions	**(888,737)**	(132,075)
Net cash used in operating activities	**(6,527,683)**	(4,219,731)

(b) Reconciliation of cash and cash equivalents for purposes of the cash flow statements

	2011 $	2010 $
Cash on hand in bank		**-**
Cash balances under the control of the Administrator and the Receiver and Manager	**5,089,143**	**1,741,119**
	5,089,143	**1,741,119**

(c) Non Cash financing and investing activities
There were no non cash financing and investing activities undertaken by the Company during the year.

22. RELATED PARTIES

The Company entered voluntary administration in the previous financial year. As a consequence, no directors or other company employees are regarded as key management personnel with authority and responsibility for planning, directing and controlling the activities of the Company.

During the current year, no remuneration has been paid to any of the directors or executives of the Company (2010: Nil)

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

Information regarding individual directors' and executives' remuneration and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

During the current year, Mr Sage, Mr Ariti and Mr Bontempo each advanced the Company $25,000 in accordance with the terms of the Deed of Company Arrangement.

Apart from the details disclosed in this note and the Remuneration Report within the Directors' report, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Equity Instruments

Option Holdings

As a consequence of the Company entering voluntary administration on 11 November 2008, all options on issue under the Employee Share Option Plan lapsed. There were nil options on issue at 30 June 2011 (30 June 2010: Nil).

Movement in shares

The movement during the current year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each director, including their related parties, is as follows:

	Balance as at 1 July 2010	Purchases	Granted as Remuneration	Received on Option Exercise	Sales	Balance as at 30 June 2011
A Sage	-	-	-	-	-	-
J Ariti	-	-	-	-	-	-
J Bontempo	-	-	-	-	-	-

Mr McBride held 1,254,445 shares in the Company on the date he resigned as director (10 January 2011)
Mr Jones held no shares in the Company on the date he resigned as director (10 January 2011)
Mr Humann held 3,997,619 shares in the Company on the date he resigned as director (24 May 2011)

The movement during the prior year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by directors and executives, including their related parties, is as follows:

	Balance as at 1 July 2009	Purchases	Granted as Remuneration	Received on Option Exercise	Sales	Balance as at 30 June 2010
D Humann	3,997,619	-	-	-	-	3,997,619
S McBride	1,254,445	-	-	-	-	1,254,445
G Jones	-	-	-	-	-	-

23. EVENTS SUBSEQUENT TO BALANCE DATE

No event has arisen since 30 June 2011 that would be likely to materially affect the operations of the Company or its state of affairs which have not otherwise been disclosed in this financial report.

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

24. PARENT ENTITY INFORMATION

a) Summary financial information

	2011 $	2010 $
Statement of financial position		
Current assets	**5,844,123**	16,767,605
Non current assets	**284,000**	284,000
Total assets	**6,128,123**	17,051,605
Current liabilities	**63,707,727**	71,742,109
Non current liabilities	**27,000**	27,000
Total liabilities	**63,734,727**	71,769,109
Shareholder's equity		
Issued capital	**67,701,455**	67,701,455
Accumulated losses	**(125,308,059)**	(122,418,959)
Net loss for the year	**(2,889,100)**	(6,153,978)
Total comprehensive loss	**(2,889,100)**	(6,153,978)

b) Guarantees entered into by the parent entity

Carrying amount included in current liabilities	-	-

The parent entity does not provide any financial guarantees in respect of bank overdrafts and loans of subsidiaries during the current year (2010: Nil).

DIRECTORS' DECLARATION

1. In the opinion of the directors of Matrix Metals Limited ("the Company"):

   (a) as set out in note 1(a), although the directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

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

2. As set out in note 1(b), the directors have prepared the financial statements and notes thereto on the basis that the Company is not a going concern.

Signed in accordance with a resolution of the directors.

Dated at Perth on 29 September 2011.

Jason Bontempo
Non-Executive Director

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QUALIFIED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MATRIX METALS LIMITED
(Subject to Deed of Company Arrangement) (In Liquidation)
(Receivers and Managers Appointed)

Report on the Financial Report

We have audited the accompanying financial report of Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed), which comprises the statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, 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*.

Basis for Disclaimer of Auditor's Opinion

The company and consolidated entity were placed into administration on 11 November 2008. Consequently, the financial information relating to the year under audit, was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls, that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company and consolidated entity have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.

In particular, we draw attention to the accuracy of the $38,292,668 creditor claims submitted to the administrators, and highlight that these claims are subject to the Administrator's adjudication.

As stated in Note 1(a), the Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Disclaimer of Auditor's Opinion

In our opinion:

(a) because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed) is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  (iii) complying with all the requirements of the International Financial Reporting Standards.

Report on the Remuneration Report

We have audited the remuneration report included on page 6 of 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

Disclaimer of opinion

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed) for the year ended 30 June 2011 and whether it complies with Section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
29 September 2011

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement below reflects the corporate governance policies that were adopted by the directors of the Company who were in office on 18 September 2007. These policies applied until the Company entered voluntary administration on 11 November 2008. On entering voluntary administration, the Administrators were responsible for the corporate governance of the Company.

The directors who are in office at the date of this report had no involvement in adopting, implementing or complying with these corporate governance policies.

If the recapitalisation proposal is successful, the directors who are in office at the date of this report will adopt a new corporate governance policy.

ASX CORPORATE GOVERNANCE COUNCIL BEST PRACTICE PRINCIPLES AND RECOMMENDATIONS

For ease of comparison to the recommendations, the Corporate Governance statement addresses each of the 10 principles in turn. Where the Company has not followed a recommendation this is identified with the reasons for not following the recommendation. This disclosure is in accordance with ASX listing rule 4.10.3.

All references to "directors", "board of directors" and "board" in the content below means only those directors who were in office during the periods presented in this financial report (Current period: 1 July 2010 to 30 June 2011; Prior Period: 1 July 2009 to 30 June 2010).

Principle 1
Lay solid foundations for management and oversight by the board

The board operates in accordance with broad principles set out in its charter which is available from the corporate governance section of the company's website. The directors formally adopted the board charter on 18 September 2007. Broadly the key responsibilities of the board are;

1. Providing input into, and approval of the Company's strategic direction and budgets as developed by management;
2. Approving and monitoring the company's risk management framework;
3. Appointing, monitoring, managing the performance of, and if necessary terminating the employment of the Chief Executive Officer;
4. Evaluating, approving and monitoring capital management and major capital expenditure, acquisitions and divestments and all major corporate transactions;
5. Approving the annual operating budget, annual shareholders report and annual financial accounts;
6. Ensuring ethical behaviour and compliance with the Company's own governing documents, including the code of conduct, and compliance with corporate governance standards.

Principle 2
Structure the board to add value

The structure of the board complies with ASX recommendation 2.

Nomination committee
The company does not comply with ASX recommendation 2.4 in that there is no separate nomination committee. Given the board comprises three directors it has been decided that there are no efficiencies to be gained from forming a separate nomination committee. The current board members carry out the roles that would otherwise be undertaken by a nomination committee and each director excludes himself from matters in which he has a personal interest.

Independent advice
A director of the Company is entitled to seek independent professional advice (including but not limited to legal, accounting and financial advice) at the Company's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures and subject to the conditions set out in the board's charter.

Principle 3
Promote ethical and responsible decision making

The board has adopted a code of conduct contained in the Board Charter, adopted on 18 September 2007. This Code expresses certain basic principles that the Company and employees should follow in all dealings related to the Company. They should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples' information and should conduct the Company's business in accordance with law and principles of good business practice.

Securities trading policy
A formal Securities Trading Policy has not been established, however there is strict guidance contained in the Board Charter adopted by the Board on 18 September 2007. Prior to this date there was an understanding among executives of when it was appropriate to trade in the Company's securities. Trading in shares by any Director or employee of the Company within the period between the close of each financial quarter and the release of quarterly results by the Company requires the approval of the Chief Executive Officer or Chairman before any trading is conducted or the entry into share trading agreements, whether "on market" or "off market".

Principle 4
Safeguard integrity in financial reporting

ASX Principle 4 has not been complied with during the current period.

Principle 5
Make timely and balanced disclosure

The board provides shareholders with information in compliance with the ASX continuous disclosure Listing Rules. In summary, the continuous disclosure system operates as follows:

- the chief executive officer and chief financial officer (who is also the company secretary) are responsible for monitoring all areas of the group's internal and external environment, interpreting policy and where necessary informing the board. The company secretary is responsible for all communications with the ASX;
- the half-yearly report contains summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investment Commission ("ASIC") and the Australian Stock Exchange ("ASX"), and sent to any shareholder who requests it;
- all announcements made to the market and related information of a market sensitive nature, are placed on the Company's website after they are released to the ASX; and
- the external auditor is requested to attend the annual general meetings to answer any questions concerning the audit and the content of the auditor's report.

Principle 6
Respect the rights of shareholders

All information released to the ASX company announcements platform is posted on the company's website after confirmation has been received from the ASX that it has released the information to the market. When analysts are briefed on aspects of the group's operations, the material used in the presentation is released to the ASX and posted on the company's website.

Principle 7
Recognise and manage risk

The Company recognises risk management is, prima facie, an issue for management. However, as a small company the board works closely with management to identify and manage operational, financial and compliance risks which would prevent the Company from achieving its objectives.

The Company does not have a single specific risk management policy, but rather, financial and operating risks are addressed through individual approved policies and procedures covering financial, contract management, safety and environmental activities of the company. The Company engages an insurance brokering firm as part of the Company's annual assessment of the coverage for insurable assets and risks.

CORPORATE GOVERNANCE STATEMENT

Principle 8
Encourage enhanced performance

The Board has now established a formal Remuneration Committee which will report to the board of directors and provide recommendations in terms of remuneration and incentive plan arrangements for directors and senior executives, having regard to market conditions and the performance of individuals and the consolidated entity.

Due to the size of the Company, previous performance of individual directors was conducted by the Chairman.

Principle 9
Remunerate fairly and responsibly

The Company has an established remuneration committee, which comprises Mr D Humann, Mr C Donner, Mr G Jones, Mr R Hing and Mr Richard Procter. The remuneration committee did not meet during the year. The board adopted a formal remuneration committee charter on 18 September 2007.

Remuneration policies
The Company's remuneration policies are detailed in the Remuneration Report within this Director's Report.

Non-executive director remuneration
Non-executive directors are remunerated by way of directors' fees. Apart from compulsory superannuation entitlements, non executive directors are eligible, on a case by case basis, to receive retirement benefits.

Principle 10
Recognise the legitimate interests of stakeholders

The Company requires that at all times, all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and Company policies.

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The company has a specific code of conduct for Directors, which was adopted by the board on 18 September 2007.

The code of conduct sets out the standards that the Company will adhere to whilst conducting its business and includes, compliance with the law, office security, inside information and share trading, proprietary information, computer security, privacy, conflicts of interest, improper payments, gifts and gratuities and accounts and records.

ASX ADDITIONAL INFORMATION

Matrix Metals Limited (Subject to Deed of Company Arrangement) (In Liquidation) (Receivers and Managers Appointed) is a listed public company, incorporated in Australia.

The Company's securities have been suspended from official quotation since 12 November 2008.

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 19 January 2011[1] was as follows:

Category (size of holding)	Fully Paid Ordinary Shares	Number of holders
1- 1,000	19,161	72
1,001- 5,000	1,007,226	243
5,001- 10,000	5,520,189	637
10,001- 100,000	127,591,200	2,837
100,001 – 999,999,999	673,396,604	1,168
1,000,000,000 and over	-	-
Total	**807,534,380**	**4,957**

[1] Most recent share registry information available

Equity Securities

There are 4,957 shareholders, holding 807,534,380 fully paid ordinary shares.

All issued ordinary shares carry one vote per share and are entitled to dividends.

Options

The Company currently has no listed or unlisted options on issue.

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options do not carry a right to vote.

ASX ADDITIONAL INFORMATION

Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 19 January 2011 are as follows:

	Name	Number of Fully Paid Ordinary Shares Held	% held of Issued Capital
1	COLBERN FIDUCIARY NOMINEES PTY	108,000,000	13.37
2	GLENCORE INTERNATIONAL AG	41,666,667	5.16
3	RBC DEXIA INVESTOR SERVICES	40,506,717	5.02
4	HSBC CUSTODY NOMINEES	21,411,001	2.65
5	INDEPENDENCE GROUP NL	20,897,154	2.59
6	BRADLEYS POLARIS PTY LTD	19,234,049	2.38
7	NEFCO NOMINEES PTY LTD	6,771,739	0.84
8	CLODENE PTY LTD	5,189,343	0.64
9	MR PETER JAMES GALLAGHER	4,764,394	0.59
10	NATIONAL NOMINEES LIMITED	4,369,175	0.54
11	MR DAVID BANOVICH & MRS BEVERLY BANOVICH	4,000,000	0.50
12	MR DAVID HUMANN & MRS ANNE HUMANN	3,997,619	0.50
13	GLENCORE INTERNATIONAL AG	3,810,000	0.47
14	ANZ NOMINEES LIMITED	3,650,000	0.45
15	MESUTA PTY LTD	3,227,150	0.40
16	MRS FRANCINE LOUISE WADDELL	2,850,000	0.35
17	MR ARJUN RAGHAVENDRA	2,700,000	0.33
18	MR DAMIEN EDWIN MCGEE	2,600,000	0.32
19	MR MING GONG & MS NANCY CHEN	2,500,000	0.31
20	MR CON ROBERT SORBELLO	2,400,000	0.30
		304,545,008	**37.71**