

DIRECTORS REPORT

The directors present their report of Outback Metals Limited (the Company) and its controlled entities (“consolidated group” or “group”) for the financial year ended 30 June 2011.

Principal Activities

The principal continuing activity of the Group during the financial year was the exploration for gold and other economic mineral deposits.

Financial Results

The net result of operations for the Group for the year was a loss after income tax of \$566,625 (2010: \$1,335,596)

Review of Operations

Outback Metals Limited (OUM) continued its exploration activities over its key project areas during the financial year.

Work carried out during the year at the **Wingates Gold/REE Project** included the processing of data from the aerial survey completed in May 2010. In addition, two soil sampling programs were completed during the year with assay results showing gold, lead and arsenic distribution trends similar to the NNE trending quartz reefs. The overall size of the prospective area to be tested is approximately 1 square kilometre with potential that the gold mineralisation may continue under cover to the south. Mineralisation in the form of some allanite veins containing appreciable rare earth element (REE) values were found 300m north of the Terry’s A drill holes, occurring sparsely over a 6m section of coastline through the granophyre. The allanite is associated with K-feldspar and calcite and does not appear to be related to the gold-sulphide mineralisation nearby.

Commencement of drilling at Wingate has been deferred due to the abnormal extended wet season and corresponding damage done to the Daly River Crossing which is the access point to the Wingate tenements via road. The field season was considerably shortened as mobilisation of a drill rig or road maintenance equipment would not have been cost effective.

Towards the end of the year OUM performed a review of the exploration work program and the approved drilling scheduled for the upcoming field season. This included a helicopter supported field trip by OUM geologists to carry out field logistics and additional sampling. Further rock chip sampling and reconnaissance mapping was undertaken with a view to understanding the region’s geochemical signature to assist with the August soil survey program utilising a Niton handheld XRF Instrument for providing instantaneous indicative results.

At the poly-metallic **Mount Wells Project**, work has continued on the compilation of exploration data in relation to the Mt Wells resource, with the focus amended to also include mineralised zones containing copper and wolfram in the resource calculations. Additional assaying of samples may be required before a revised estimate can be published. Investigations are focused on the continuous shallow extension potential that was recently indicated from exploration and has not been systematically explored. If the mineralisation extension is confirmed the increase in potential resource estimates could be significant and consequently warrant a larger drilling program in 2012.

Mr Mike Hatcher, a geologist with approximately 40 years’ experience in exploration, operations and business development, joined the Board as an Independent Non-Executive Director in November 2010 replacing Geoffrey Hill who resigned at the 2010 AGM.

Mr Richard Bradey filled the position of Chief Executive Officer for a short period at the commencement of 2011 with Mr Aaron Steinert appointed the Company's new CEO in early June 2011.

Subsequent to the end of the financial year Mr Peter Reynolds joined the Board as an additional Non-Executive Director.

Significant Change in State of Affairs

During the financial year there was no significant change in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Dividends Paid or Recommended

There were no dividends paid or declared for payment during the financial year.

After Reporting Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Likely Developments

Further information about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report because disclosure of the information would likely to result in unreasonable prejudice to the Company.

Environmental Issues

The conditions attached to the Outback Metals Exploration Licences and any Exploration Licences granted pursuant to the Outback Metals Exploration Licence Applications relate or will relate to the conduct of exploration, environmental management of exploration, reporting requirements, expenditure commitments, rehabilitation of disturbed land and the requirement to obtain Authorisations under the Mining Management Act 2001 (NT) before carrying out exploration or works involving substantial disturbance.

The conditions attached to the Outback Metals Mineral Leases relate to the rehabilitation of land, the protection of public and private interests, the proper disposal of waste, the protection of the environment and the requirement to obtain Authorisations under the Mining Management Act 2001 (NT).

Native Title Issues

A number of tenements held by the Company are held on Aboriginal land and will need to be negotiated in accordance with the Native Title Act 1993 (Cth).

Information on the Directors

Graham Maxwell Chrisp - Executive Chairman

B Tech (CE)

Mr Graham Chrisp was the founder of Outback Metals and is an experienced civil engineer, minerals explorer and successful businessman with numerous corporate skills. He has an intimate knowledge of the Company's projects,

having acquired them over many years and carried out extensive exploration on a number of them. He is also a director of Centrex Metals Limited and several private companies.

Graham Chrisp currently indirectly holds 156,369,025 ordinary shares in Outback Metals Limited through related entities.

He is a member of the Company's Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Jason James Chrisp – Non-Executive Director

BA(Acc), DBAC

Mr Jason Chrisp has extensive experience based on a background in accountancy and numerous aspects of business and finance. He is also highly proficient in computing and analysis, possessing strong computer skills. Mr Chrisp is also a private company director.

Jason Chrisp currently has 33,333 ordinary shares in Outback Metals Limited.

He is a member of the Company's Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Benjamin Bruce Chrisp – Non-Executive Director

Mr Benjamin Chrisp possesses strong experiences in administration and project management. He is trained in IT, including CAD modeling and earthworks design, and has mineral exploration experience. Mr Chrisp is also a private company director.

Benjamin Chrisp currently has 45,333 ordinary shares in Outback Metals Limited.

He is a member of the Company's Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Michael Ivor Hatcher –Independent Non-Executive Director (appointed 30 November 2010)

BSc (Hons), MAusIMM

Mr Mike Hatcher has a geology degree from the University of Adelaide and has over 40 years experience in the resources industry during which time he has held a range of senior technical and managerial positions.

Mr Hatcher's career includes 16 years with the Newmont/Normandy Mining/ North Flinders Mines corporate group. During this period he held positions including director geology – Ghana, and was chief geologist for Normandy/Newmont's many Australian mines (including Golden Grove, Tanami, Jundee and Pajingo) as well as its New Zealand (Waihi), Turkey (Ovacik) and USA (Midas) operations. His role included acting as the group's Competent Person responsible for the quality of mineral resource estimates.

Mr Hatcher's previous exploration roles include exploration manager for Greenbushes Mines; exploration manager and director of Driffield Mining, a consortium of private exploration companies active in the Northern Territory; and exploration supervising geologist with North Flinders Mines where he was responsible for that company's non-Tanami exploration projects. Mr Hatcher has extensive experience in the near mine exploration programs conducted at the many operations he has been involved with.

Mr Hatcher is a member of the Australasian Institute of Mining and Metallurgy, and is currently also a non-executive director of ASX listed Adelaide Resources Limited and ASX listed ERO Mining Limited.

Mike Hatcher currently holds no shares in Outback Metals Limited.

He is a member of the Company's Audit and Risk Management Committee, Remuneration Committee and Nomination Committee.

Peter John Reynolds – Independent Non-Executive Director (appointed 8 July 2011)

MEP (Business and Technology), BAppSc (Mining Eng) BBus (Acc), MAusIMM, CIM, MAICD

Mr Peter Reynolds has almost 40 years experience in the minerals industry, having acquired a wide range of experience as a mining engineer including roles as the manager of underground and alluvial mines. He also has experiences in the preparation of feasibility studies, strategic mine planning and is principal consultant for AMC, a well known mining consultancy business. In recent times Mr Reynolds has been engaged in projects in Australia, Russia, Mongolia, Central Asia and Europe.

He has qualifications in mining engineering, accounting and engineering practice and is a member of numerous professional bodies including the Australian Institute of Mining and Metallurgy.

Peter Reynolds currently holds no shares in Outback Metals Limited.

He is the Chairman of the Company's Audit and Risk Management Committee and a member of the Company's Remuneration Committee and Nomination Committee.

Geoffrey Guild Hill – Non-Executive Director (resigned 30 November 2010)

F CPA, FCDA, FSIA

Mr Geoffrey Hill is a merchant banker and successful businessman with over 30 years experience, including substantial experience in resource companies. A resident of Hong Kong, he has strong Australian and Asian business connections. A former director of Centrex Metals Limited, he is also a director of numerous other public and private companies.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Nicholas John Harding

B A (Acc), Grad Dip (Acc), Grad Dip (Applied Finance), Grad Dip (Corp Governance), F CPA, F Fin, ACIS

Mr Harding is an accountant with over 25 years experience in the resources industry. He has held senior financial roles at various times with WMC Resources Limited, Normandy Mining Limited and Newmont Australia Limited and currently consults to a number of exploration companies in providing financial and company secretarial services.

Meetings of Directors

During the financial year, 8 Board meetings and one Audit Committee Meetings were held. No Remuneration or Nomination Committee meetings were held during the period. Attendances by each director during the year were as follows:

	Committee Meetings			
	Directors' Meetings		Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
G M Chrisp	8	8	1	1
J J Chrisp	8	6	1	1
B B Chrisp	8	7	1	1
M I Hatcher	6	6	1	1
G G Hill	2	2	-	-

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Description: Directors & Officers Liability Insurance

Insurer: Axis Speciality Australia Pty Ltd

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the Corporations Act 2001.

Options

At the date of this report, all of the options previously on issue had lapsed.

During the year ended 30 June 2011, no ordinary shares of Outback Metals Limited were issued on the exercise of options granted. No further shares have been issued since year end.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 9 of the Annual Report.

Non-audit Services

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Grant Thornton for non-audit services provided during the year ended 30 June 2011:

	2011	2010
	\$	\$
Taxation services	26,650	-
	26,650	-

REMUNERATION REPORT

Remuneration Policy (audited)

The Board has established a Remuneration Committee. The Remuneration Committee is responsible for designing the remuneration policy of the company in such a way that it motivates directors and management to pursue the long-term growth and success of the company within an appropriate control framework, and demonstrates a clear relationship between key executive performance and remuneration. The committee is responsible for reviewing the remuneration policy of the company and making recommendations to the Board in relation to executive remuneration and incentive plans, the remuneration packages of management, directors and the Chief Executive Officer, non-executive remuneration, the company's recruitment, retention and termination policies and procedures for senior management, incentive plans and share allocation schemes, superannuation arrangements and remuneration of members of other committees of the Board.

Performance-based Remuneration (audited)

The Remuneration Committee has not set any component of any company employee's remuneration as performance-based remuneration.

Employment Details of Members of Key Management Personnel and Other Executives (audited)

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group:

2011	Fees and/or salary	Cash profit sharing/ other bonuses	Post employment benefits superannuation	Share based options	Total
Key Management Personnel	\$	\$	\$	\$	\$
G M Chrisp	227,387	-	-	-	227,387
J J Chrisp	36,000	-	3,240	-	39,240
B B Chrisp	36,000	-	3,240	-	39,240
G G Hill ¹	15,000	-	-	-	15,000
M I Hatcher ²	21,000	-	1,890	-	22,890
R Bradey ³	72,441	-	6,520	-	78,961
A Steinert ⁴	13,885	-	1,250	-	15,135
N J Harding ⁵	-	-	-	-	-
Total	421,713	-	16,140	-	437,853

¹ G G Hill resigned 30 November 2010

² M I Hatcher commenced 30 November 2010

³ R Bradey commenced 4 January 2011 and resigned 30 April 2011

⁴ A Steinert commenced 6 June 2011

⁵ N J Harding is not employed by the Company but provides his services as a consultant. Mr Harding was paid \$67,800

2010	Fees and/or salary	Cash profit sharing/ other bonuses	Post employment benefits superannuation	Share based options	Total
Key Management Personnel	\$	\$	\$	\$	\$
G M Chrisp ¹	60,227	-	-	-	60,227
J J Chrisp ¹	7,500	-	675	-	8,175
B B Chrisp ¹	7,500	-	675	-	8,175
G G Hill ¹	7,500	-	675	-	8,175
L A Dean ²	40,500	-	2,835	-	43,335
R A McGill ²	53,667	-	3,705	-	57,372
C K Teo ²	28,620	-	-	-	28,620
C T Jordinson ³	134,079	-	10,500	-	144,579
J Cooper-Jones ⁴	64,816	-	4,875	-	69,691
S Karzis ⁵	-	-	-	-	-
N J Harding ⁶	-	-	-	-	-
Totals	404,409	-	23,940	-	428,349

¹ G M Chrisp, J J Chrisp, B B Chrisp and G G Hill commenced 6 April 2010

² L A Dean, R A McGill and C K Teo resigned 15 April 2010

³ C T Jordinson resigned 30 October 2009

⁴ J Cooper-Jones resigned 14 October 2009

⁵ S Karzis was appointed Company Secretary on 7 October 2009 until 8 April 2010. Ms Karzis was not employed by the Company but provided her services as a consultant through Corporate Consulting Partners Pty Ltd. Ms Karzis was paid \$115,380 (2009: Nil)

⁶ N J Harding was appointed Company Secretary on 22 April 2010. Mr Harding is not employed by the Company but provides his services as a consultant. Mr Harding was paid \$22,710

There were no options or other share based payments made to the directors or other key management personnel during the current or prior financial year.

Employment Contracts

The employment terms and conditions of key management personnel and Group executives are formalised in contracts of employment.

The company has an employment agreement with the Chief Executive Officer Mr Aaron Steinert who was appointed on 6 June 2011. The key provisions of the agreement are as follows:

- remuneration of \$210,000 inclusive of 9% superannuation contributions
- a term of 3 years from commencement date
- the issue of 1 million options under the Executive Share Option Scheme after servicing an initial period of 3 months at an issue price of 2 cents per option. On the one year anniversary of the issue, Mr Steinert will receive a further 1 million options at an exercise price calculated at 10% above the average Outback Metals share price for the preceding 30 days. All options vest after 12 months from issue while Mr Steinert is still in the employment of the company. No options have been issued at the date of this report; and
- termination without cause by either party with the provision of one month's notice.

The Board have approved a fee payable to Mr Graham Chrisp of \$2,500 per day inclusive of GST for time spent performing his duties as Executive Chairman of the Company.

Non-Executive Directors are paid a fee of \$36,000 per annum plus statutory superannuation.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Graham Chrisp, Executive Chairman

Dated: 30th September 2011

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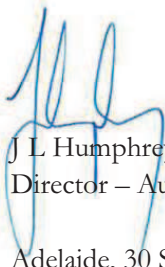
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OUTBACK METALS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Outback Metals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Director – Audit & Assurance Services

Adelaide, 30 September 2011

Consolidated Statement of Comprehensive Income
For the Year ended 30 June 2011

		2011 \$	2010 \$
Revenue			
Share sale profit		-	70,066
Interest income		43,997	18,044
Other income		30,020	2,296
	2	<u>74,017</u>	<u>90,406</u>
Expense			
Audit Fees		46,500	48,061
Impairment of exploration costs		7,755	157,832
Finance costs		1,326	1,388
Depreciation expense		20,786	38,734
Employee benefits expense	3	191,514	438,520
Professional fees and consultants		183,585	557,038
Administrative expense	3	188,218	178,571
		<u>639,684</u>	<u>1,420,144</u>
Loss before Income tax expense		<u>(565,667)</u>	<u>(1,329,738)</u>
Income tax expense	4	958	5,858
Loss attributable to members of the parent entity		<u>(566,625)</u>	<u>(1,335,596)</u>
Other comprehensive income		-	-
Total comprehensive expense for the year		<u>(566,625)</u>	<u>(1,335,596)</u>
Basic and Diluted loss per share (cents per share)	7	(0.24)	(0.79)

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

Consolidated Statement of Financial Position
As at 30 June 2011

	Note	2011 \$	2010 \$
Assets			
Current Assets			
Cash and cash equivalents	8	639,384	1,418,872
Trade and other receivables	9	22,452	139,400
Other current assets	10	53,879	61,298
Total Current Assets		715,715	1,619,570
Non-Current Assets			
Exploration and evaluation asset	11	2,287,416	1,748,649
Property, plant and equipment	12	24,676	72,609
Total Non-Current Assets		2,312,092	1,821,258
Total Assets		3,027,807	3,440,828
Current Liabilities			
Trade and other payables	13	450,795	297,191
Total Current Liabilities		450,795	297,191
Total Liabilities		450,795	297,191
Net Assets		2,577,012	3,143,637
Equity			
Contributed Equity	14	18,979,124	18,979,124
Reserves	15	124,859	124,859
Accumulated Losses		(16,526,971)	(15,960,346)
Total Equity		2,577,012	3,143,637

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

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

	Issued Capital Ordinary \$	Accumulated Losses \$	Reserves – Marketable Securities \$	Reserves – Shared Based Payments \$	Total \$
Balance at 1 July 2009	17,702,261	(14,624,750)	222,009	124,859	3,424,379
Total comprehensive income	-	(1,335,596)	-	-	(1,335,596)
Shares issued	1,380,074	-	-	-	1,380,074
Sale of marketable security	-	-	(222,009)	-	(222,009)
Share issue costs	(103,211)	-	-	-	(103,211)
Balance at 30 June 2010	18,979,124	(15,960,346)	-	124,859	3,143,637
Total comprehensive income	-	(566,625)	-	-	(566,625)
Balance at 30 June 2011	18,979,124	(16,526,971)	-	124,859	2,577,012

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

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

		2011	2010
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
		43,997	18,044
		(459,457)	(1,179,794)
Net cash (used in) provided by operating activities	16 (b)	<u>(415,460)</u>	<u>(1,161,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
		(357,599)	(367,682)
		(6,429)	-
		-	3,742
		-	529,273
Net cash provided by/(used in) investing activities		<u>(364,028)</u>	<u>165,333</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	1,380,075
		-	(103,211)
Net cash provided by financing activities		<u>-</u>	<u>1,276,864</u>
		(779,488)	280,447
		1,418,872	1,138,425
Cash and cash equivalents at end of period	16 (a)	<u>639,384</u>	<u>1,418,872</u>

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

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

This financial report includes the consolidated financial statements and notes of Outback Metals Limited and its controlled entities (“consolidated group” or “Group”).

1. Statement of Significant Accounting Policies

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs convention where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

Third Statement of financial position

Two comparative periods are presented for the statement of financial position when the Group:

- i. Applies an accounting policy retrospectively,
- ii. Makes a retrospective restatement of items in its financial statements, or
- iii. Reclassifies items in the financial statements

The Group has determined that only one comparative period for the statement of financial position was required for the current reporting period as the application of the new accounting standards have had no material impact on the previously presented primary financial statements that were presented in the prior year financial statements.

Adoption of new and revised accounting standards

The Group has adopted the following revisions and amendments to AASB’s issued by the Australian Accounting Standards Board and IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group’s financial statements for the annual period beginning 1 July 2010:

- Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project - AASB 2009-5
- Improvements to IFRSs – AASB 2010-03.

The adoption of new and revised Accounting Standards effective for the financial statements for the annual period beginning 1 July 2010 did not have a material impact on the Group's financial statements.

a. Principles of Consolidation

A controlled entity is any entity over which Outback Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 17 to the financial statements.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Income Tax

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Outback Metals Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 August 2007. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

c. Property, Plant and Equipment

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

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	20%
Plant and equipment	20%
Motor vehicles	20%

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

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

d. Exploration and Development Expenditure

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

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to

community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

e. **Financial Instruments**

Recognition and Initial Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

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

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

i. Loan 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 stated at amortised cost using the effective interest rate method.

ii. Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity and is stated at amortised cost using the effective interest rate method.

iii. Financial liabilities

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

iv. Available-for-sale financial assets

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

Fair Value

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

Impairment

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

f. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Key Judgments – Impairment of Exploration and Evaluation Assets

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may lead to impairment of exploration and evaluation assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

During the year the Company has written off to the statement of comprehensive income all amounts which were considered impaired.

g. Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and

value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. Revenue

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of service is recognized upon the delivery of the service to the customers.

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

l. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

m. Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Accounting Standards not yet effective

The accounting standards that have not been early adopted for the year ended 30 June 2011, but will be applicable to Outback Metals Limited in future reporting periods, are detailed below. Apart from these standards, we have considered other accounting standards that will be applicable in future periods, however they have been considered insignificant to Outback Metals Limited.

(a) Consolidated Financial Statements

IFRS 10: "Consolidated Financial Statements" was issued by the IASB in May 2011 and replaces both the existing IAS 27: "Consolidated and Separate Financial Statements" and SIC 12: "Consolidation - Special Purpose Entities". This new standard revises the definition of control and related application guidance so that a single control model can be applied to all entities. This standard will apply to Outback Metals Limited from 1 July 2013 and it is believed there will be insignificant impact for Outback Metals Limited.

(b) Joint Arrangements

IFRS 11: "Joint Arrangements" was also issued by the IASB in May 2011 and provides for a more realistic reflection of joint arrangements by focussing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is applicable from 1 July 2013, with early adoption permitted. Management is assessing the impact on Outback Metals Limited but at this stage it is believed there will be insignificant impact on the company.

(c) Disclosure of Interests in Other Entities

IFRS 12: "Disclosure of Interests in other Entities" was issued by the IASB in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is applicable from 1 July 2013 and management is currently assessing the impacts of the standard, which will be limited to disclosure impacts only. There have also been consequential amendments to IAS 28: "Investment in Associates" as a result of the above new standard. These amendments are applicable from 1 July 2013 and at this stage it is believed there will be no impact on the company.

(d) Fair Value Measurement

IFRS 13: "Fair Value Measurement" was issued by the IASB in May 2011 and provides a precise definition of a fair value, is a single source of fair value measurement and prescribes disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The standard will apply to Outback Metals Limited from 1 July 2013 and at this stage it is believed there will be no impact on the company.

(e) Other

In addition to the above recently issued accounting standards that are applicable in future years, we note the following new accounting standards that are applicable in future years:

- AASB 124: “Related Party Disclosures”;
- AASB 2009-12: “Amendments to Australian Accounting Standards”;
- AASB 2010-4: “Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project”;
- AASB 2010-5: “Amendments to Australian Accounting Standards”;
- AASB 2010-8: “Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets”;and
- AASB 2011-4 “Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements”.

We do not expect these accounting standards to materially impact our financial results upon adoption.

o. Impact of the Carbon Tax Legislation

On 10 July 2011, the Commonwealth Government announced the “Securing a Clean Energy Future – the Australian Government’s Climate Change Plan”. Whilst the announcement provides further details of the framework for a carbon pricing mechanism, uncertainties continue to exist on the impact of any carbon pricing mechanism on the Group as legislation must be voted on and passed by both Houses of Parliament. In addition, as the Group will not fall within the “Top 500 Australian Polluters”, the impact of the Carbon Scheme will be through indirect effects of increased prices on many production inputs and general business expenses as suppliers subject to the carbon pricing mechanism are likely to pass on their carbon price burden to their customers in the form of increased prices. Directors expect that this will not have a significant impact upon the operation costs within the business, and therefore will not have an impact upon the valuation of assets and/or going concern of the business.

p. Going Concern

The financial report has been prepared on the basis of going concern.

The Consolidated Entity incurred a net loss before tax of \$566,625 during the year ended 30 June 2011, had a net cash outflow of \$779,488 from operations and investing activities, and its planned expenditure exceeds its current cash held. The directors have identified a current shortfall in available funds to meet the ongoing requirements of the Company and have secured a \$500,000 loan facility from a related party (South Cove Limited) to meet some of these requirements. At balance date this loan has not been utilised. After taking into account the potential drawdown of the loan, the Group continues to be reliant on the completion of a capital raising for continued operations and the provision of working capital.

If the additional capital is not obtained, the going concern basis may not be appropriate, with the result that the company and consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the financial report.

No allowance for such circumstances has been made in the financial report

The financial report was authorised for issue on 30 September 2011 by the Board of Directors.

2. Revenue and Other Income

	2011	2010
	\$	\$
Revenue		
Share sale profit	-	70,066
Interest received	43,997	18,044
Other income	30,020	2,296
Total Revenue	74,017	90,406

3. Loss for the Year
Significant Expenses

The following significant expense items are relevant in explaining the financial performance:

	2011	2010
	\$	\$
Employee Benefits expense		
Benefits provided to employees	105,024	227,900
Payments to directors	385,387	210,620
Capitalised to exploration	(298,897)	-
Total employee benefit expense	191,514	438,520
Administrative expenses		
Insurance	28,931	31,671
Public relations	5,730	20,822
Travel	28,813	44,623
Loss on disposal of assets	33,576	4,833
Other expenses	91,168	76,622
Total administrative expenses	188,218	178,571

4. Income Tax Expense

	2011	2010
	\$	\$
a. The components of tax expense comprise		
Current tax	958	5,858
Deferred tax	-	-
b. The prima facie tax on loss from ordinary activities before income tax at 30% consolidated group	(169,700)	(398,921)
Add:		
(Under)/over provision in the prior year	958	5,858
Income tax benefit not brought to account	169,700	398,921
Income tax expense	<u>958</u>	<u>5,858</u>
The applicable weighted average effective tax rates are as follows:	30%	30%
Deferred tax asset in relation to tax losses not brought to account	<u>3,010,285</u>	<u>2,676,628</u>

Net deferred tax asset not taken to account

The potential future income tax benefit arising from tax losses has not been taken to account because of the absence of convincing evidence for the realisation of the benefit.

The deferred tax asset will only be released if:

- i) the group derives future assessable income of nature and an amount sufficient to enable the benefit to be released.
- ii) the group continues to comply with the conditions for deductibility imposed by the law; and
- iii) no changes in tax legislation adversely affect the group in releasing the benefit.

5. Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Report of the Directors for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2011	2010
	\$	\$
Short-term employee benefits	421,713	404,409
Post-employment benefits	16,140	23,940
Share-based payments	-	-
	<u>437,853</u>	<u>428,349</u>

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
2011								
G M Chrisp	-	-	-	-	-	-	-	-
J J Chrisp	-	-	-	-	-	-	-	-
B B Chrisp	-	-	-	-	-	-	-	-
G G Hill ¹	-	-	-	-	-	-	-	-
M I Hatcher ²	-	-	-	-	-	-	-	-
R Bradey ³	-	-	-	-	-	-	-	-
A Steinert ⁴	-	-	-	-	-	-	-	-
N J Harding	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

¹ G G Hill resigned 30 November 2010

² M I Hatcher commenced 30 November 2010

³ R Bradey commenced 4 January 2011 and resigned 30 April 2011

⁴ A Steinert commenced 6 June 2011

	Balance at beginning of year	Granted during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
2010								
G M Chrisp ¹	-	-	-	-	-	-	-	-
J J Chrisp ¹	-	-	-	-	-	-	-	-
B B Chrisp ¹	-	-	-	-	-	-	-	-
G G Hill ¹	-	-	-	-	-	-	-	-
L A Dean ²	1,100,000	-	-	-	1,100,000	-	1,100,000	-
R A McGill ²	750,000	-	-	-	750,000	-	750,000	-
C T Jordinson ³	2,010,000	-	-	-	2,010,000	-	2,010,000	-
J Cooper-Jones ⁴	500,000	-	-	-	500,000	-	500,000	-
	4,360,000	-	-	-	4,360,000	-	4,360,000	-

¹ G M Chrisp, J J Chrisp, B B Chrisp and G G Hill commenced 6 April 2010

² L A Dean and R A McGill resigned 15 April 2010

³ C T Jordinson resigned 30 October 2009

⁴ J Cooper-Jones resigned 14 October 2009

KMP Shareholdings

The number of ordinary shares in Outback Metals Limited held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Granted during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
2011					
G M Crisp ⁵	156,369,025	-	-	-	156,369,025
J J Crisp	33,333	-	-	-	33,333
B B Crisp	45,333	-	-	-	45,333
G G Hill ¹	-	-	-	-	-
M I Hatcher ²	-	-	-	-	-
R Bradey ³	-	-	-	-	-
A Steinert ⁴	-	-	-	-	-
N J Harding	-	-	-	-	-
	156,447,691	-	-	-	156,447,691

¹ G G Hill resigned 30 November 2010

² M I Hatcher commenced 30 November 2010

³ R Bradey commenced 4 January 2011 and resigned 30 April 2011

⁴ A Steinert commenced 6 June 2011

⁵ G M Crisp holds the shares indirectly through related entities.

	Balance at beginning of year	Granted during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
2010					
G M Crisp ¹	103,650,000	-	-	52,719,025	156,369,025
J J Crisp ¹	25,000	-	-	8,333	33,333
B B Crisp ¹	34,000	-	-	11,333	45,333
G G Hill ¹	-	-	-	-	-
L A Dean ²	200,000	-	-	(200,000)	-
R A McGill ²	-	-	-	-	-
C T Jordinson ³	2,794,167	-	-	(2,794,167)	-
J Cooper-Jones ⁴	666,666	-	-	(666,666)	-
	107,369,833	-	-	49,077,858	156,447,691

¹ G M Crisp, J J Crisp, B B Crisp and G G Hill commenced 6 April 2010

² L A Dean and R A McGill resigned 15 April 2010

³ C T Jordinson resigned 30 October 2009

⁴ J Cooper-Jones resigned 14 October 2009

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Other key management personnel transactions are included at note 20

6. Auditor Remuneration

	2011	2010
	\$	\$
Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	31,500	48,061
Taxation services	26,650	-
	<u>58,150</u>	<u>48,061</u>

7. Loss Per Share

	2011	2010
	\$	\$
a. Reconciliation of earnings to profit or loss		
Earnings used to calculate basic EPS	<u>(566,625)</u>	<u>(1,335,596)</u>
	No.	No.
b. Number of ordinary shares outstanding during the year used in calculating basic EPS	<u>231,687,609</u>	<u>170,103,820</u>

In accordance with AASB 133 – Earnings per share, there are no dilutive securities on issue.

8. Cash and Cash Equivalents

	2011	2010
	\$	\$
Cash at bank and on hand	<u>639,384</u>	<u>1,418,872</u>

9. Trade and Other Receivables

	2011	2010
	\$	\$
Current		
GST receivables	17,616	75,765
Other receivables	4,836	63,635
	<u>22,452</u>	<u>139,400</u>

Trade and other receivables are not considered past due and/or impaired.

10. Other Current Assets

	2011	2010
	\$	\$
Prepayments	1,701	2,605
Deposits paid	46,953	33,000
Bank guarantees	5,225	25,693
	<u>53,879</u>	<u>61,298</u>

11. Exploration and evaluation asset

	2011	2010
	\$	\$
Balance at the beginning of the year	1,748,649	1,500,732
Expenditure incurred during the year	546,522	405,749
Expenditure impaired	(7,755)	(157,832)
Total exploration and evaluation assets at cost	<u>2,287,416</u>	<u>1,748,649</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of projects or alternatively through the sale of the areas of interest.

Notes on accounting policies related to the recording of exploration and evaluation assets are recorded in note 1.d and 1.f.

12. Property, Plant & Equipment

	Leasehold Improvements \$	Plant and Equipment \$	Motor Vehicles \$	Total \$
2011				
At cost	-	84,243	-	84,243
Accumulated depreciation	-	(59,567)	-	(59,567)
Closing net book amount	-	24,676	-	24,676
Opening net book amount	-	45,198	27,411	72,609
Additions	-	6,429	-	6,429
Disposals and write offs	-	(6,165)	(27,411)	(33,576)
Depreciation charge	-	(20,786)	-	(20,786)
Closing net book amount	-	24,676	-	24,676
2010				
At cost	-	115,063	43,081	158,144
Accumulated depreciation	-	(69,865)	(15,670)	(85,535)
Closing net book amount	-	45,198	27,411	72,609
Opening net book amount	1,629	79,631	33,825	115,085
Additions	-	-	1,818	1,818
Disposals and write offs	(1,296)	(3,930)	(334)	(5,560)
Depreciation charge	(333)	(30,503)	(7,898)	(38,734)
Closing net book amount	-	45,198	27,411	72,609

13. Trade and Other Payables

	2011 \$	2010 \$
Current		
Trade creditors	44,454	73,065
Sundry payables and accruals	406,341	224,126
	<u>450,795</u>	<u>297,191</u>

14. Issued Capital

	2011 \$	2010 \$
Ordinary Shares		
Issued share capital:	18,979,124	18,979,124
231,687,609 fully paid ordinary shares (2010: 231,687,609)		

	2011		2010	
	No.	\$	No.	\$
Balance at the beginning of financial year	231,687,609	18,979,124	166,377,883	17,702,261
Shares issued under rights issue at \$0.03	-	-	7,387,824	221,635
Shares issued under rights issue at \$0.02	-	-	57,921,902	1,158,439
Net costs associated with the issue of shares	-	-	-	(103,211)
Balance at the end of financial year	231,687,609	18,979,124	231,687,609	18,979,124

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

Options on Issue

Grant Date	Date of expiry	Exercise price	Number under option
25.08.2008	2.09.2011	0.30	7,000,000

The options on issue at balance date expired on 2 September 2011.

a. Capital Management

Management controls the capital of the Group in order to ensure that the group can fund its operations and continue as a going concern. The Group's capital comprises ordinary share capital. The company has no debt.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market.

There have been no changes in the strategy to control the capital of the group since the prior year.

15. Reserves

Options issued to Management and Directors

The option reserve records items recognised as expenses on valuation of management and directors share options.

16. Cash flow Information

	2011 \$	2010 \$
(a) Reconciliation of cash		
Cash at bank and on hand	639,384	1,418,872
(b) Reconciliation of loss from ordinary activities after income tax net cash from inflow from operating activities	(566,625)	(1,335,596)
Loss from ordinary activities after income tax		
Non-cash flows in profit from ordinary activities:		
Depreciation	20,786	38,734
Profit on sale of investments	-	(70,066)
Exploration costs expensed in period	7,755	157,832
Loss on disposal of assets	33,576	-
Changes in operations assets and liabilities:		
(Increase)/Decrease in other current assets	7,419	50,730
Increase/(Decrease) in provisions	-	(55,268)
Increase/(Decrease) in payables	(35,319)	111,317
(Increase)/Decrease in receivables	116,948	(59,433)
(Increase)/Decrease in fixed assets	-	-
Cash flows from operations	(415,460)	(1,161,750)

17. Controlled Entities

Interests are held in the following controlled entities

	Country of Incorporation	Shares	Ownership Interest	
			2011 %	2010 %
Parent Company				
Outback Metals Limited	Australia	Ord	100	100
Subsidiaries of Outback Metals Limited				
Corporate Developments Pty Ltd	Australia	Ord	100	100
Softwood Plantations Pty Ltd	Australia	Ord	100	100
Victory Polymetallic Pty Ltd	Australia	Ord	100	100
Outback Uranium Metals Pty Ltd	Australia	Ord	100	100
Subsidiaries of Corporate Developments Pty Ltd				
Farmtell Management Services Pty Ltd	Australia	Ord	100	100

18. Financial Risk Management

The Group's risk management policy sets out the company's overall risk management framework and policies, including monthly review by the Board of the company's financial position and financial forecasts, and maintaining adequate insurances.

a. Principle financial instruments

The principle financial instruments are as follows:

- Cash
- Trade and other receivables
- Trade and other payables

The group does not use the derivative financial instruments, and has no off-balance sheet financial assets and liabilities at year-end.

b. Financial instruments risk exposure and management

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. These main risks, arising from the group's financial instruments are interest rate risk, liquidity risk, market risk and credit risk. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect to these risks is presented throughout these financial measures.

There have been no substantive changes in the group's exposure to financial instrument risk, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

c. General objectives, policies and processes

The Board has overall responsibility for the determination of the group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes, put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

i. Liquidity risk

Liquidity risk arises from the group's management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain enough cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

The group's exposure to liquidity risk has been assessed as minimal.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance date, these projections indicated that the group expected to have sufficient

liquid resources, inclusive of available borrowing facilities, to meet its obligations under all reasonable expected circumstances.

Financial Liability and Financial Maturity analysis

	Within 1 Year		1 to 5 Years	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables	450,795	297,191	-	-
Total expected outflows	450,795	297,191	-	-
Financial assets - cash flows realisable				
Trade and other receivables	22,452	139,400	-	-
Deposits paid	46,953	33,000	-	-
Bank guarantees	5,225	25,693	-	-
Total expected inflows	74,630	198,093	-	-

ii. Interest Rate Risk

The group's exposure to interest rate risk arises when the value of financial instruments fluctuates as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The group's exposure to interest rate risk only extends to cash or cash equivalents at reporting date.

The group's exposure to interest rate risk at 30 June 2011 is set out in the following tables:

Year ended 30 June 2011	Weighted Average Interest Rate %	Fixed interest maturing in:					Total \$
		Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non - interest bearing \$	
Financial assets	-	-	-	-	-	-	-
Cash and cash equivalents	2.0%	639,384	-	-	-	-	639,384
Trade and other receivables	-	-	-	-	-	22,452	22,452
						22,452	661,836
Trade and other payables	-	-	-	-	-	450,795	450,795
	-	-	-	-	-	450,795	450,795
Net financial assets		639,384	-	-	-	(428,343)	211,041

Year ended 30 June 2010	Weighted Average Interest Rate % %	Fixed interest maturing in:					Non - interest bearing \$	Total \$
		Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$			
Financial assets	-	-	-	-	-	-	-	
Cash and cash equivalents	2.93%	1,418,872	-	-	-	-	1,418,872	
Trade and other receivables	-	-	-	-	-	139,400	139,400	
		<u>1,418,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,400</u>	<u>1,558,272</u>	
Trade and other payables	-	-	-	-	-	297,191	297,191	
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>297,191</u>	<u>297,191</u>	
Net financial assets		<u>1,418,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,791)</u>	<u>1,261,081</u>	

iii. Market risk

The company relies greatly on equity markets to raise capital for its exploration and developments projects, and is thus exposed to equity market volatility.

When market conditions require prudent capital management, in consultation with its professional advisors the group looks to alternative sources of funding, including the sale of assets and joint venture participation.

The Company relies on its listed securities to raise capital and is therefore exposed to equity price risk. Equity price risk arises from investments in equity securities and Outback Metals Limited issued capital.

The capacity of the company to raise capital from time to time may be influenced by either or both market conditions and the price of the company's listed securities at that time.

iv. Credit risk

Credit risk arises principally when the other party to a financial instrument fails to discharge its obligations in respect of that instrument.

The group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments.

Trade and receivable balances are monitored on an ongoing basis with the group's exposure to bad debts minimal. There was no exposure to trade receivable credit risk at reporting date.

The group does not have any material credit risk exposure to any single receivable or group or receivables under financial instruments entered into by the consolidated receivables group.

Other receivables comprise GST. Credit worthiness of debtors is undertaken when appropriate.

v. Sensitivity Analysis

The following table illustrates sensitivities to the group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
Interest Rate Sensitivity Analysis		
Year Ended 30 June 2011		
Increase in interest rates by 2%	12,788	12,788
Decrease in interest rates by 2%	(12,788)	(12,788)
Year Ended 30 June 2010		
Increase in interest rates by 2%	28,377	28,377
Decrease in interest rates by 2%	(28,377)	(28,377)

19. Events After Reporting Date

No other matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations or the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

20. Related Party Transactions

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

a. Equity interests in related parties

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 17 to the financial statements.

b. Transactions within wholly owned group

The wholly owned group includes:

- The ultimate parent entity in the wholly-owned group and:
- The wholly-owned controlled entities

The ultimate parent entity in the wholly-owned group is Outback Metals Limited.

During the financial year Outback Metals Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free loans.

c. Transactions with directors and key management personnel

The following comprises payments made or payable to directors and key management personnel

Director and Key Management Personnel	Related Party Transaction	2011	2010
		\$	\$
G Chrisp	Amount payable to director for fees for services provided to the company	337,614	60,227
J Chrisp	Amount payable to director for fees for services provided to the company	-	8,175
B Chrisp	Amount payable to director for fees for services provided to the company	-	8,175
G Hill	Amount payable to director for fees for services provided to the company	-	8,175
G Chrisp	Amount payable to Territory Development Corporation Pty Ltd, an entity of which Mr Chrisp is a director, for settlement of costs in accordance with a court order	-	65,472
B Chrisp	Amounts paid during the year for rent of premises	20,020	-
N Harding	Payment for provision of accounting and company secretarial services during the year	67,800	22,710

21. Commitments
a. Rental Leases

The consolidated group currently has no rental lease obligations at reporting date.

Rental Lease Commitments

	2011	2010
	\$	\$
Within one year	28,600	-
later that on year but not more than five years	9,350	-
After more than five years	-	-
	37,950	-

b. Tenement Rents & expenditure commitments

The consolidated group has commitments imposed by the Northern Territory Department of Regional Development, Primary Industry, Fisheries and Resources to perform minimum exploration work on tenements. These obligations, which may vary from time to time, are subject to approval and are expected to be fulfilled in the normal course of operations of the Company.

Tenement Rents & expenditure commitments

Within one year	355,840	555,730
Later than one year but not later than two years	562,550	555,730
Later than two years but not later than five years	573,750	1,667,190
	<u>1,492,140</u>	<u>2,778,650</u>

22. Contingent Assets and Liabilities

In the prior year the Company was considering making a claim against the former Company Secretary, Sophie Karzis and her related party Corporate Consulting Partners. This claim was made and settled during the year. The terms of the settlement are confidential.

A previous director lodged accounts with Outback Metals Limited for unpaid rent on premises and for termination payments. These claims were settled during the year on favourable terms for the Company.

The Company has one remaining bank guarantee in relation to office premises in Darwin which it is in the process of recovering. The amount recognised in Note 10 reflects the maximum exposure to potential liability.

23. Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, currently the Board, in order to allocate resources to the segment and to assess its performance.

The Group has a number of exploration licenses in the Northern Territory which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in the Northern Territory of Australia. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

As a result, following the adoption of AASB 8, there has been no change in the Group's reportable segments.

24. Parent Entity Disclosure

	2011	2010
	\$	\$
<i>Financial Position</i>		
<u>Assets</u>		
Current assets	643,796	1,466,432
Non-current assets	2,103,809	1,581,557
Total assets	<u>2,747,605</u>	<u>3,047,989</u>
<u>Liabilities</u>		
Current Liabilities	450,795	221,884
Non-current liabilities	-	-
Total liabilities	<u>450,795</u>	<u>221,884</u>
Net assets	<u>2,296,810</u>	<u>2,826,105</u>
<u>Equity</u>		
Issued capital	18,979,124	18,979,124
Retained earnings	(16,807,173)	(16,277,878)
<u>Reserves</u>		
Share based payments reserve	124,859	124,859
Marketable securities reserve	-	-
Total equity	<u>2,296,810</u>	<u>2,826,105</u>
<i>Financial Performance</i>		
Loss for the year	529,295	1,289,011
Other comprehensive income	-	-
Total comprehensive loss	<u>529,295</u>	<u>1,289,011</u>

25. Company Details

The registered office and principle place of business of the company is:

Outback Metals Limited
33 Lascelles Avenue
Hove
South Australia, 5048

The company contact details are as follows:

Telephone: (08) 8298 1045

Fax: (08) 8296 0266

Email: info@outbackmetals.com

Website: www.outbackmetals.com

Mailing address: Outback Metals Limited
33 Lascelles Avenue
Hove
South Australia, 5048

DIRECTORS' DECLARATION

The directors of Outback Metals Limited declare that:

1. the financial statements and notes, as set out on pages 10 to 37 are in accordance with the *Corporations Act 2001* and:
 - a. 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 Consolidated Group; and
 - b. comply with Accounting Standards; and
 - c. Outback Metals Limited complies with International Financial Reporting Standards as described in Note1; and
2. the Executive Chairman and Chief Finance Officer have declared that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with s 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 Company will be able to pay its debts as and when they become due and payable.

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

Dated this 30th day of September 2011



Graham Crisp

Executive Chairman

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OUTBACK METALS LIMITED

Report on the financial report

We have audited the accompanying financial report of Outback Metals Limited (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to 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 Company'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 Company'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.

Auditor's opinion

In our opinion:

- a the financial report of Outback Metals Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 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 the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without qualifying our opinion, we draw attention to Note 1 p – Going Concern in the financial report which indicates that the consolidated entity incurred a net loss of \$566,625 during the year ended 30 June 2011 and generated a net cash outflow of \$779,488 from operating and investing activities. These conditions, along with other matters as set forth in Note 1 p, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

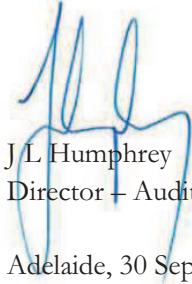
We have audited the remuneration report included in the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Outback Metals Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Director – Audit & Assurance Services

Adelaide, 30 September 2011