



# Cape Alumina Limited

2010 Annual Report



CapeAlumina

ABN 88 107 817 694



# Cape Alumina

Australia's leading pure-play bauxite company

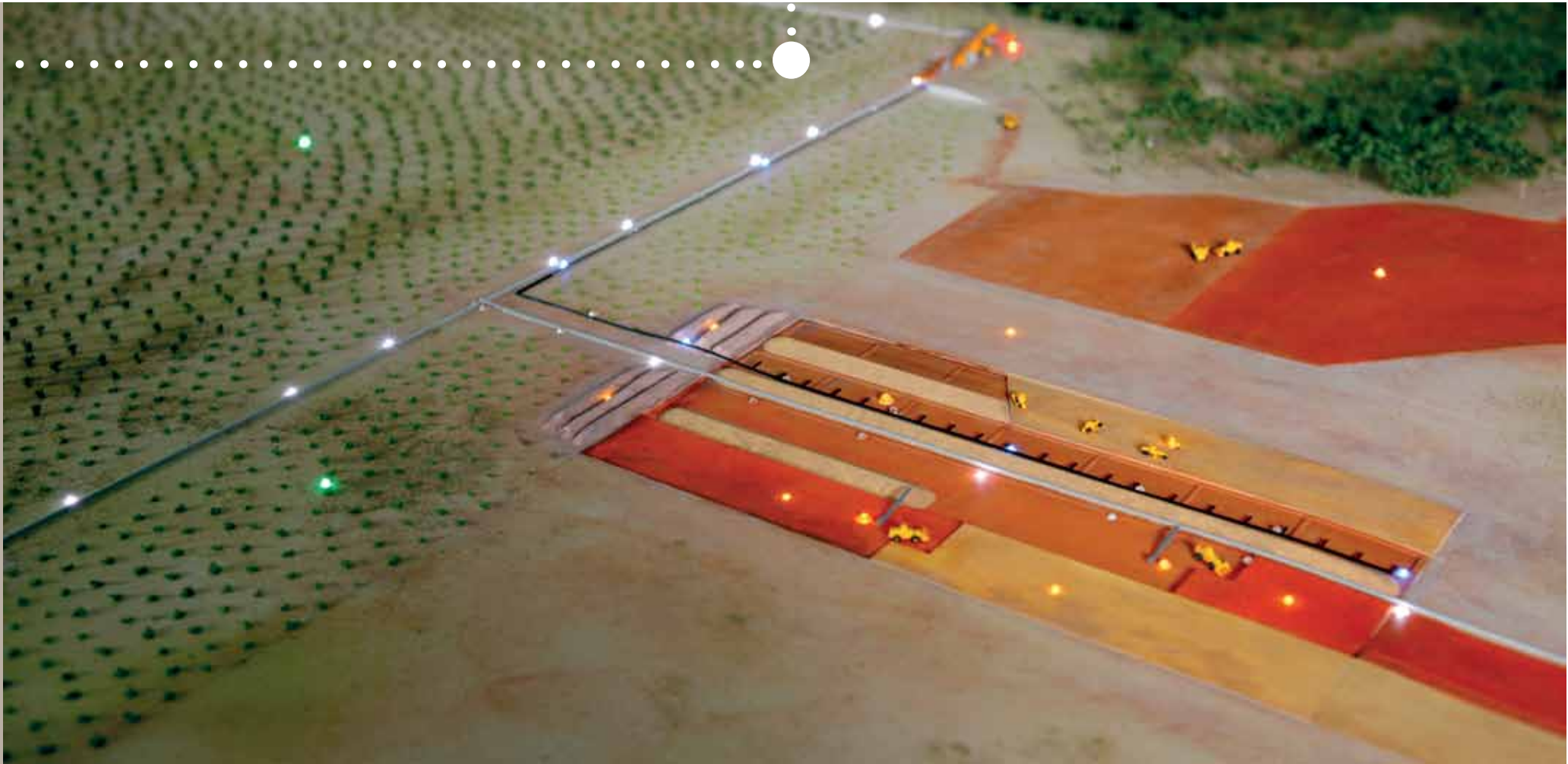




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// Pisolite Hills 1:2000 scale mine model.







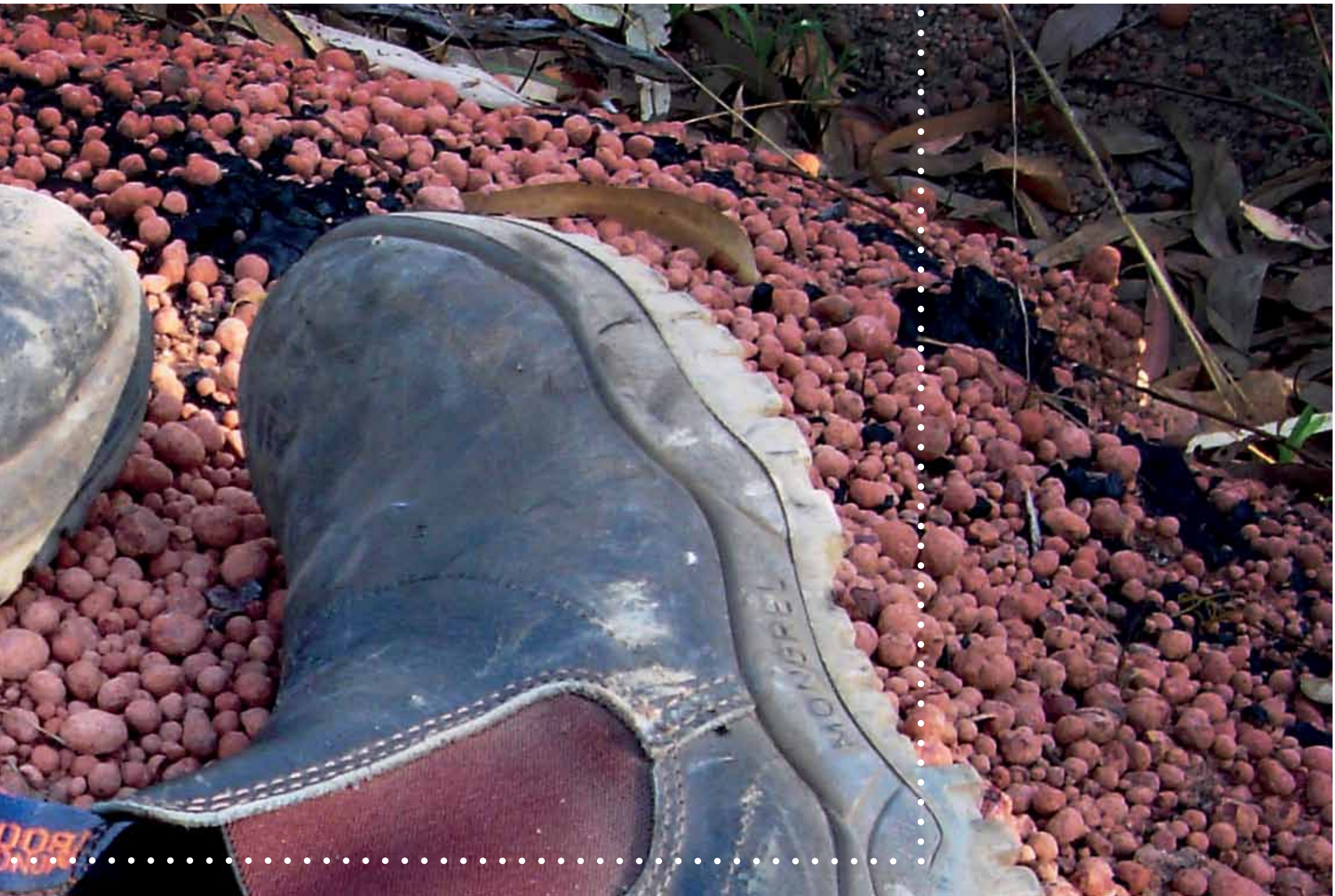
# Cape Alumina

Overview

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## // Chairman's report



Dear Shareholder,

**In the 2010 financial year Cape Alumina made significant progress towards the development of its Pisolite Hills bauxite mine and port project on western Cape York only to have the Queensland Government, in a political decision, thwart the Company's planned development through the declaration of the Wenlock River Basin as a wild river area under the State's wild rivers legislation.**

This decision by the Queensland Government has been taken without regard to independent environmental advice that, should the project be developed as planned, the natural environmental values of the Wenlock River Basin would be preserved under Cape Alumina's proposed operations plan.

The consequences of this decision are that a major resource development that would add to the wealth of Queensland; create jobs, skills and business opportunities for indigenous communities; and create value for the shareholders of Cape Alumina, will now not proceed as originally planned, and may not proceed at all.

The most damaging aspect of the Queensland Government's decision is the establishment of an arbitrary, 500-metre-wide environmental buffer zones around minor features of the Wenlock River Basin, which are a considerable distance from the river itself.

This is in contrast to the independent environmental expert's conclusion that there does not appear to be clear justification for the 500-metre buffers, the Company's proposal that

the buffer zones be limited to 200 metres in width, and the Queensland Government's own departmental recommendation that 300-metre-wide buffer zones would afford all necessary environmental protection.

The decision also flies in the face of evidence from close to 50 years of bauxite production at Weipa where mining activities have been carried out, in some cases at distances less than 100 metres from significant wetlands, without adverse impact.

The Company has assessed the impact of the Queensland Government's decision, and has concluded that up to 45 per cent of the Pisolite Hills bauxite resource will be directly sterilised or indirectly rendered uncommercial which, on current projections, renders the project uneconomic as planned.

As a result of the review, the Cape Alumina Board has reached the conclusion that this unwarranted and unjustified loss of resources means that the project is no longer economically viable and that it cannot proceed unless the HPAs are reduced in size.

Because of the uncertainty surrounding the Wild Rivers laws, however, Cape Alumina will at this stage maintain its Mining Lease Applications (MLAs) at Pisolite Hills and will continue the lengthy Environmental Impact Statement (EIS) process.

The Company remains hopeful that the 500-metre buffers will be reduced through a change of position by the current or a future State Government.



The Cape Alumina Board believes that the Queensland Government should reduce the 500-metre-wide buffers in the vicinity of Pisolite Hills to 200 metres. This would:

- render the Pisolite Hills project economic and allow it to proceed;
- reflect the advice of independent experts engaged by the Queensland Government; and
- provide a balance between responsible environmental management and positive economic development in regional Queensland.

The case for a development along these lines will be further evaluated through 2011.

The experience of evaluating Pisolite Hills has enabled the Company to develop considerable skills in designing cost-effective approaches to mining and processing bauxite with minimal environmental impact.

The Company has built up a considerable body of knowledge of Cape York, particularly the marine and terrestrial environments and how to conduct mining, mineral processing and rehabilitation in the region.

We have also developed an understanding of how working with indigenous communities can bring significant benefits to the community as well as to the developer.

Following the Government's decision to impede the

development of the Pisolite Hills project, which would have been the only new major development in Cape York, the Company has brought forward plans to evaluate the development potential of its other bauxite tenements in western Cape York and to assess opportunities elsewhere. However, it must be acknowledged that the political risk associated with an independent Company's development of Queensland's bauxite resources has significantly increased as a result of the Government's action.

One of Cape Alumina's major bauxite tenement holdings outside Pisolite Hills is in the Skardon-Dulhunty area further to the north. Here the Company has approximately 514 square kilometres covered by exploration permits.

The permit areas contain extensive bauxitic plateaux. Aerial and on the ground scouting surveys indicate potential for a significant bauxite deposit, which could be suitable for commercial extraction. This area will be the focus of further exploration activity during the 2010 field season.

As a result of the wild rivers decision it has been necessary to reduce the size of the team at Cape Alumina and to defer the employment prospects of others. The employees, contractors and those professional consultants who assisted the Company through the 2009/2010 year are to be commended for their commitment and hard work through some very challenging circumstances.

The Company's core employee team remains committed to the Company's goals of responsible resource development for the benefit of its shareholders.

I wish to thank all those who have been associated with Cape Alumina through this trying year for their loyalty, commitment and support.



**Mr George Lloyd**

Chairman, Cape Alumina Limited

## // Managing Director's report and review of operations



Dear Shareholder,

Despite disappointment in the Queensland Government's actions over wild rivers, your Company remains committed to realising its aspiration to become one of the world's leading bauxite producers. Our immediate objectives are to continue to engage both Federal and State governments on the case for a scientifically based approach to environmental protection and sustainable development which will allow the Pisolite Hills project to proceed as originally proposed, and to assess all paths to the restoration of shareholder value.

These activities include exploring our large tenement holding in western Cape York, one of the world's most important bauxite provinces and currently Australia's only source of export-quality bauxite. Cape Alumina is the largest tenement holder on Cape York outside of Rio Tinto Alcan. The Company has invested heavily in the region and has gained a wealth of experience in understanding the complex nature of bauxite mineralisation, markets, logistics and the marine, terrestrial and social environments of Cape York.

Through its detailed work on the Pisolite Hills project the Company has developed new approaches, based on proven technology, to minimise the costs and environmental impacts of shallow, surface mining and mineral processing operations. We are confident that these approaches can be applied with beneficial effect to other areas on western Cape York where the Company may seek to develop similar operations to Pisolite Hills.

In addition to a primary focus on western Cape York, the Company is also engaged in the assessment of a number of bauxite opportunities outside Australia, which have potential to increase the resource base and add to the bauxite development options available to the Company.

The next 12 months will be a busy time for our team, but it has potential to be a transformational period for Cape Alumina and I look forward to reporting our progress to you throughout the year.

A handwritten signature in dark ink, appearing to read 'Paul Messenger', written over a light grey rectangular background.

**Dr Paul Messenger**

Managing Director, Cape Alumina Limited







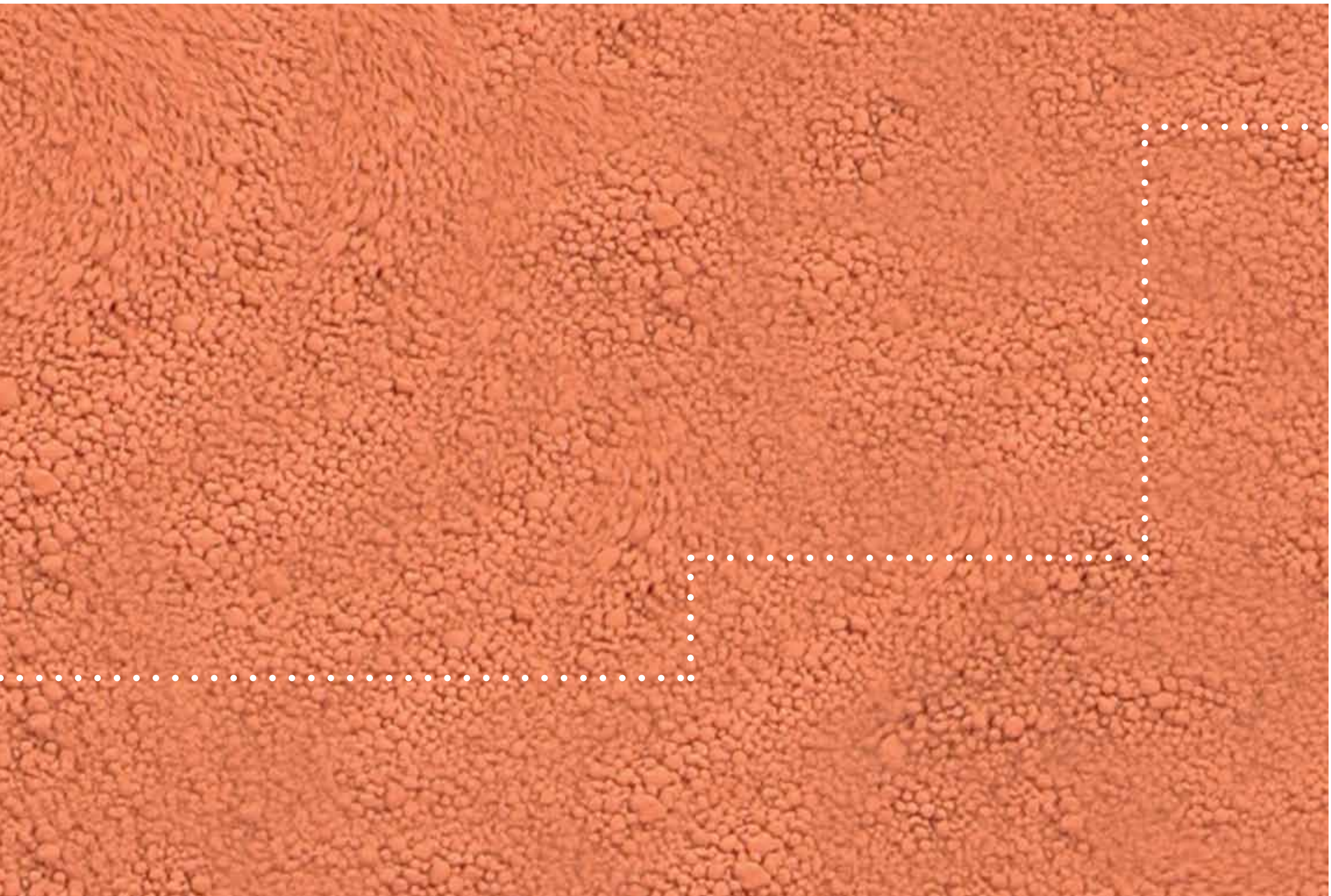


# Cape Alumina

## Review of Operations

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## // Company history

Cape Alumina was established in February 2004 and was listed on the Australian Securities Exchange (ASX) in January 2009. It is now Australia's leading pure-play bauxite Company, with the largest tenement holding outside of Rio Tinto Alcan in Australia's major export-quality bauxite province where it has outlined one of Australia's largest undeveloped bauxite deposits at Pisolite Hills.

Cape Alumina shareholders include many people in Northern Queensland who appreciate the benefits that a development such as the Pisolite Hills project will bring to the region.

The Company's largest shareholders include Xinfu, one of the largest alumina-aluminium producers in China with refining and smelting operations in Shandong, Guangxi and Xinjiang Provinces and current installed capacity for 7 million tonnes per annum of alumina and over 1.8 million tonnes per annum of primary aluminium, and Resource Capital Fund (RCF) a mining-focused private equity firm based in Denver, Colorado and Perth, Australia. RCF has recently commenced investing its fifth fund, having closed the fund at US\$1 billion. Cape Alumina represents RCF's sole metallurgical bauxite investment and supports Cape Alumina's objective of becoming the leading independent global bauxite supply business.

Brisbane-based Cape Alumina controls approximately 1,900 square kilometres of exploration tenements in western Cape York. These tenements are prospective for further discoveries of large bauxite deposits suitable for export.

To date, the Company has identified seven bauxite exploration target areas within its tenements but has so far only conducted extensive drilling and testing at Pisolite Hills which is located 50 km north-east of Weipa, where the Company has completed over 4000 drillholes. The Pisolite Hills resource base is approximately 134.6 Million tonnes (Mt) of *in situ* bauxite (including the Musgrave deposit, see Table 1) which is expected to yield 88.9 million tonnes of bauxite on a dry product basis. However, the resources available for mining at Pisolite Hills have been adversely impacted as a result of the Queensland Government's declaration of the Wenlock River Basin as a wild river area.

Cape Alumina's business model is based on the establishment of an independent bauxite supply business to feed the growing market for traded bauxite into China. Initial bauxite exports were planned to be shipped from Pisolite Hills commencing in late 2013 and reaching full production of 7 million tonnes per annum by 2016. The

project life, based on the full *in situ* resources of bauxite being available for mining, was estimated to be 15 years.

Following the Government's declaration of the wild river area in June 2010, Cape Alumina continued its exploration on the Company's tenements in western Cape York with a focus on the Skardon/Dulhunty area, which is north of Pisolite Hills, with the aim of establishing its second major bauxite project in the province. This work has involved reconnaissance mapping and sampling traverses and hand auger sampling of selected bauxite plateau and was carried out with the assistance of representatives of the Traditional Land Owners.

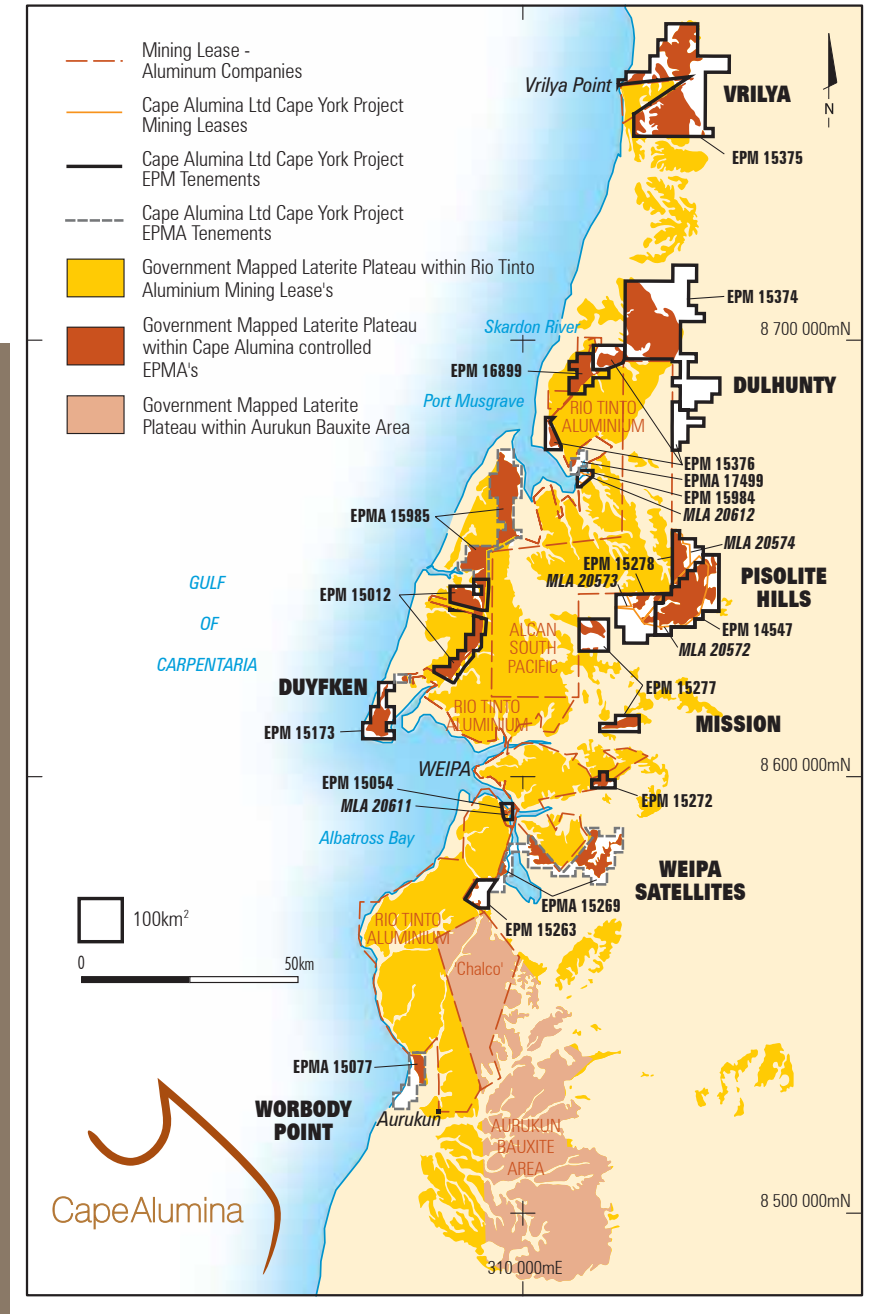
The Company will systematically assess its other exploration areas over the next two years.

In addition to the on-going assessment of the Company's extensive western Cape York tenement holding, a number of opportunities outside of Cape York are now under consideration. It is anticipated that future growth of Cape Alumina will be based on a significant increase in the Company's bauxite resource base, cash flow from bauxite exports and organic expansion.





// Right: Cape Alumina's exploration tenements in western Cape York.

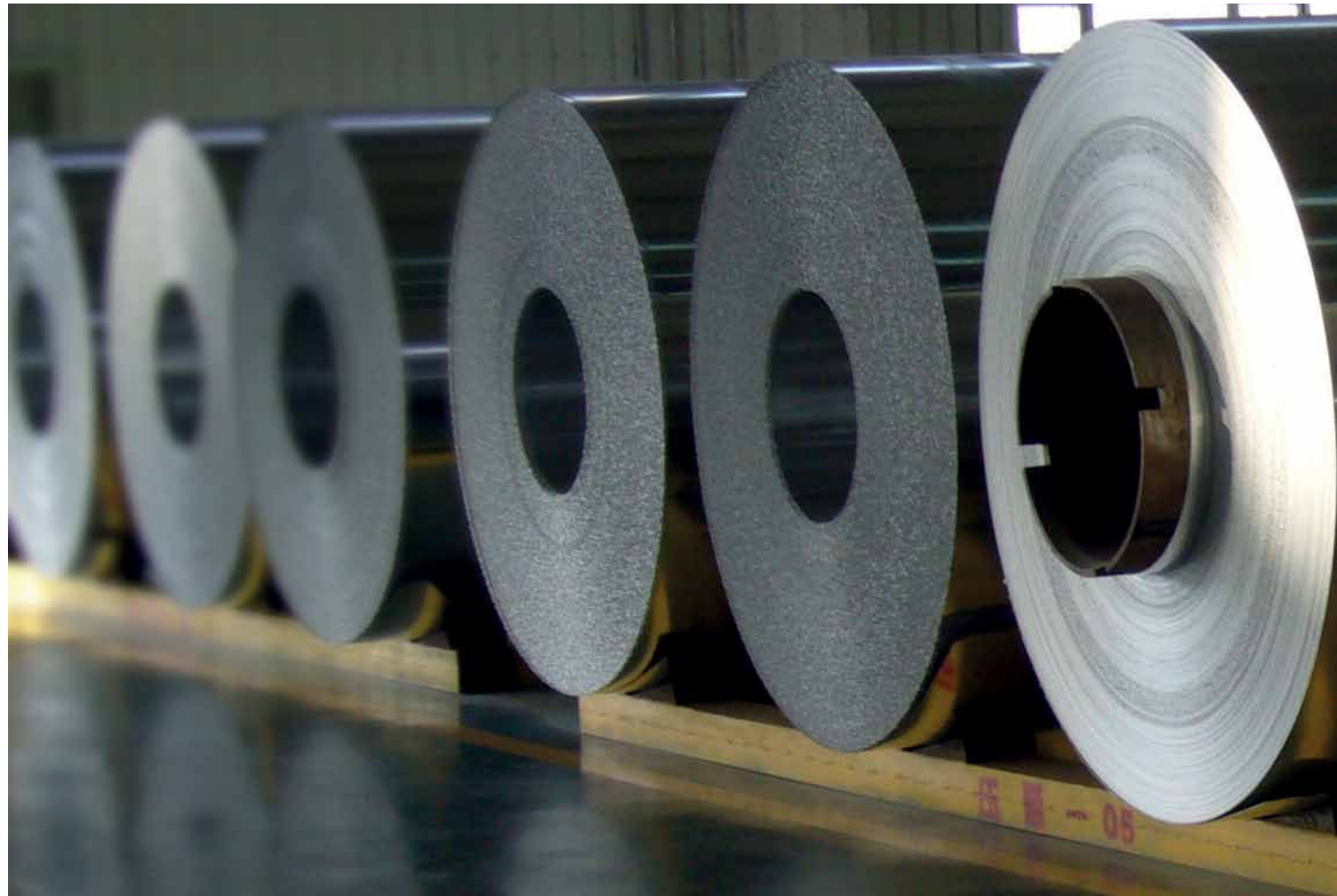


## // Our vision, objectives and strategy

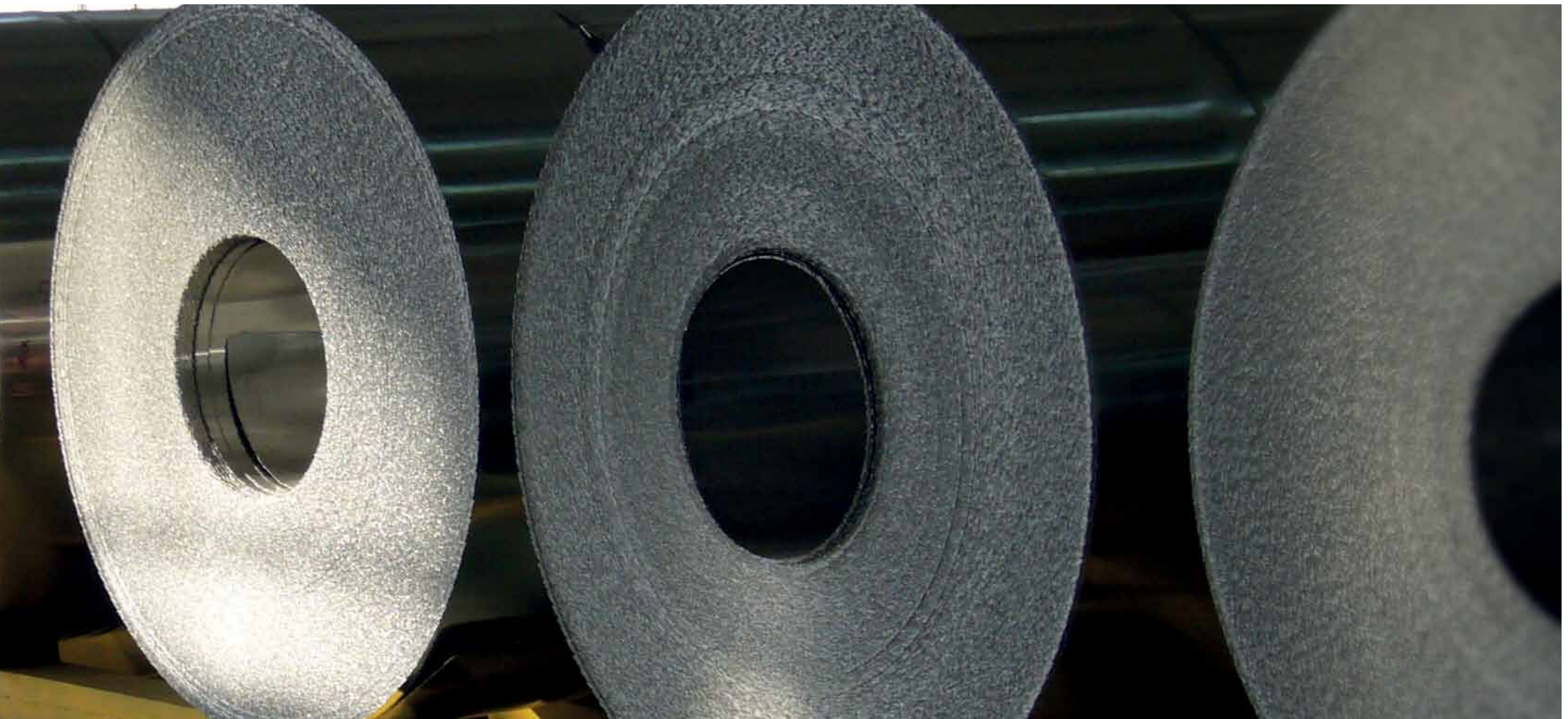
Cape Alumina's vision is to become one of the largest bauxite producers and traders in the world – supplying the rapidly growing Asia-Pacific region with high-grade, good-quality bauxite in accordance with market demands.

Our objective is to provide above average returns to shareholders, promote sustainable and responsible development, and support the future growth and prosperity of the local communities in which we operate.

This will be achieved through delineation of known bauxite deposits, discovery of new bauxite deposits, and the application of innovative (but technically and environmentally sound) approaches to mining, transport and rehabilitation.









## // Pisolite Hills mine and port project

Cape Alumina's proposed Pisolite Hills mine and port project is the Company's most advanced project. It is located on an elevated, open, dry bauxite plateau approximately 50 kilometres northeast of Weipa, 40 kilometres southeast of Mapoon, and between 2.8 and 15 kilometres from the Wenlock River in western Cape York, Queensland.

The Pisolite Hills resource, based on over 4,000 drill holes, is estimated to be 134.6 Million tonnes (Mt) of *in situ* bauxite, including the Musgrave deposit. Overall, this resource has the potential to yield up to 7 Mt per annum (Mtpa) of dry bauxite over a 15-year period. For more information about the project's resource base refer to Table 1 on page 21.

This project alone would position Cape Alumina among the top 10 bauxite producers in the world and as one of the major suppliers of bauxite in the rapidly growing Asia-Pacific region.

Cape Alumina's studies show that the proposed 7 Mtpa Pisolite Hills project would boost economic activity by \$1.2 billion in Net Present Value (NPV) terms, and create or sustain more than 1,700 jobs over the mine's 15-year life. The boost to the Far North Queensland economy alone would be more than \$600 million in NPV terms and 1,300 jobs.

The project would also be a boon for the Traditional Land Owners and Aboriginal people of Mapoon and other western Cape York communities providing them with a rare opportunity to gain social and economic independence and prosperity.

Independent studies conducted as part of Cape Alumina's Environmental Impact Statement (EIS) process show that these communities are among Queensland's most socially and economically disadvantaged. More importantly, these studies reveal that over 80 per cent of Mapoon residents support Cape Alumina and the Pisolite Hills project and would like one day to work for the Company on the project.

The preliminary feasibility study for the project, completed in October 2009, demonstrated the project's potential economic viability. A bankable feasibility study is presently scheduled to commence when the studies for the project's EIS are concluded.

However, Cape Alumina initiated a review of the Pisolite Hills bauxite mine and port project following the declaration of the Wenlock River Basin as a wild river area by the Queensland Minister for Natural Resources, Mines and Energy, the Hon. Stephen Robertson MP on 4 June 2010.


Specifically, the Company's review focused on understanding the full impact of the creation of 500-metre-wide High Preservation Areas (HPAs) in part of the project area more recently referred to as the Coolibah Springs Complex.

The internal review has confirmed that 23 per cent of the Pisolite Hills Mineral Resource has been sterilised as a direct result of the imposition of arbitrary, 500-metre-wide HPAs. Under the *Wild Rivers Act (2005)*, mining is not allowed within a declared HPA.

The Company's review also considered the impact of the declaration on mine sequencing and ore blending options, and determined that a further 22 per cent of the Mineral Resource has been indirectly rendered uneconomic to mine as a consequence of the sterilisation of higher-grade bauxite.

As a result of the review, the Cape Alumina Board has concluded that this loss of 45 per cent of dry beneficiated bauxite means that the project is no longer economically viable under forecast economic conditions and that it cannot proceed unless the HPAs are reduced in size.





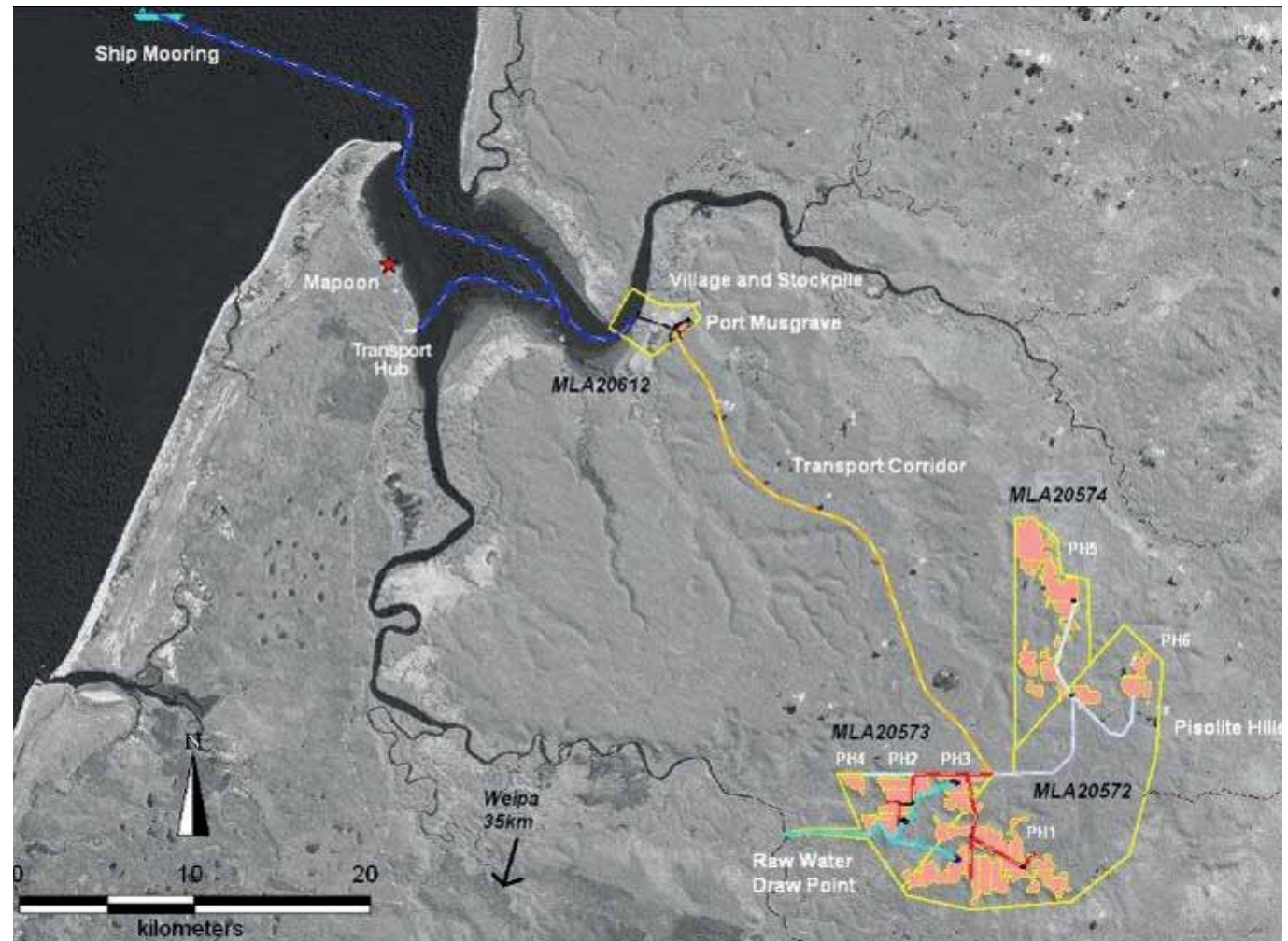
However, because of the uncertainty surrounding the Wild Rivers laws Cape Alumina will, at this stage, maintain its Mining Lease Applications (MLAs) and will continue the lengthy EIS process.

The Company remains hopeful that the 500-metre buffers will be reduced through a change of position by the current or a future State Government.

Following the Queensland Government's wild rivers declaration, a request for an extension of time to complete the EIS was made to the Queensland Government and this was granted. The submission date for the Pisolite Hills EIS is now 26 September 2011.



## // Pisolite Hills mine and port project



// The proposed Pisolite Hills mine and port project layout.



Table 1: Pisolite Hills and Musgrave Resources

Area	Resource Category	<i>In situ</i> Dry Tonnes (Mt)	Dry Beneficiated Tonnes (Mt)	Beneficiated Bauxite Qualities							
				Total SiO <sub>2</sub> (%)	Total Al <sub>2</sub> O <sub>3</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	TiO <sub>2</sub> (%)	LOI (%)	Recovery (%)	RXSi* (%)	THA** (%)
PH1	Indicated	47.0	31.3	12.5	53.5	6.2	2.2	25.4	66.5	7.7	41.9
	Inferred	17.3	11.0	13.2	53.0	6.2	2.2	25.2	63.3	8.0	41.3
	<b>Total</b>	<b>64.3</b>	<b>42.3</b>	<b>12.7</b>	<b>53.3</b>	<b>6.2</b>	<b>2.2</b>	<b>25.3</b>	<b>65.7</b>	<b>7.7</b>	<b>41.7</b>
PH2	Measured	27.5	20.1	10.8	54.4	6.7	2.2	25.6	73.1	6.4	41.8
	Inferred	0.4	0.3	10.9	54.0	7.3	2.2	25.4	76.8	6.5	41.8
	<b>Total</b>	<b>27.9</b>	<b>20.4</b>	<b>10.8</b>	<b>54.4</b>	<b>6.7</b>	<b>2.2</b>	<b>25.6</b>	<b>73.2</b>	<b>6.4</b>	<b>41.8</b>
PH3	Indicated	5.9	4.3	13.6	53.1	6.0	2.2	24.7	73.7	7.7	40.8
	Inferred	3.5	2.4	14.3	52.2	6.3	2.1	24.8	69.6	8.2	39.7
	<b>Total</b>	<b>9.4</b>	<b>6.7</b>	<b>13.9</b>	<b>52.8</b>	<b>6.1</b>	<b>2.2</b>	<b>24.8</b>	<b>72.2</b>	<b>7.9</b>	<b>40.4</b>
PH4	Indicated	3.2	2.3	10.7	53.9	7.4	2.2	25.5	72.7	6.6	42.1
	Inferred	1.3	0.9	11.0	53.6	7.5	2.2	25.3	73.0	6.8	41.5
	<b>Total</b>	<b>4.5</b>	<b>3.2</b>	<b>10.8</b>	<b>53.8</b>	<b>7.4</b>	<b>2.2</b>	<b>25.5</b>	<b>72.8</b>	<b>6.6</b>	<b>41.9</b>
PH5	Inferred	24.1	13.4	13.3	50.8	8.7	2.5	24.4	55.6	8.3	40.6
	<b>Total</b>	<b>24.1</b>	<b>13.4</b>	<b>13.3</b>	<b>50.8</b>	<b>8.7</b>	<b>2.5</b>	<b>24.4</b>	<b>55.6</b>	<b>8.3</b>	<b>40.6</b>
PH6	Inferred	2.2	1.3	11.8	50.2	9.7	2.3	25.7	59.7	9.2	39.4
	<b>Total</b>	<b>2.2</b>	<b>1.3</b>	<b>11.8</b>	<b>50.2</b>	<b>9.7</b>	<b>2.3</b>	<b>25.7</b>	<b>59.7</b>	<b>9.2</b>	<b>39.4</b>
<b>Total Measured</b>		<b>27.5</b>	<b>20.1</b>	<b>10.8</b>	<b>54.4</b>	<b>6.7</b>	<b>2.2</b>	<b>25.6</b>	<b>73.1</b>	<b>6.4</b>	<b>41.8</b>
<b>Total Indicated</b>		<b>56.1</b>	<b>37.9</b>	<b>12.5</b>	<b>53.5</b>	<b>6.2</b>	<b>2.2</b>	<b>25.3</b>	<b>67.7</b>	<b>7.6</b>	<b>41.8</b>
<b>Total Inferred</b>		<b>48.8</b>	<b>29.3</b>	<b>13.2</b>	<b>51.8</b>	<b>7.6</b>	<b>2.3</b>	<b>24.8</b>	<b>60.6</b>	<b>8.2</b>	<b>40.8</b>
<b>Pisolite Hills TOTAL</b>		<b>132.4</b>	<b>87.3</b>	<b>12.3</b>	<b>53.1</b>	<b>6.8</b>	<b>2.2</b>	<b>25.2</b>	<b>66.6</b>	<b>7.5</b>	<b>41.5</b>
Musgrave	Indicated	2.2	1.6	11.2	52.8	8.6	2.3	24.7	68.2	6.4	41.7
	<b>Total</b>	<b>2.2</b>	<b>1.6</b>	<b>11.2</b>	<b>52.8</b>	<b>8.6</b>	<b>2.3</b>	<b>24.7</b>	<b>68.2</b>	<b>6.4</b>	<b>41.7</b>
	<b>Musgrave TOTAL</b>	<b>2.2</b>	<b>1.6</b>	<b>11.2</b>	<b>52.8</b>	<b>8.6</b>	<b>2.3</b>	<b>24.7</b>	<b>68.2</b>	<b>6.4</b>	<b>41.7</b>

**Note:** Economic bauxite mineralisation has been defined as material with Trihydrate Available Alumina (THA) grade of greater than or equal to 37%, a reactive silica (RSiO<sub>2</sub>) grade of less than 9% at a thickness of greater than or equal to 0.5m.

\* RXSi – Reactive silica at 150°C. \*\* THA - Trihydrate Available Alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product [DSP] alumina) at 150°C.

**Competent Persons' Statement.** The information in this document relates to the Pisolite Hills Mineral Resource, which was reviewed by Mr Justin Watson. Mr Watson is a Member of The Australasian Institute of Mining and Metallurgy. Mr Watson is a full time employee of Snowden Mining Industry Consultants and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, "2004 Edition"). The information in this report that relates to Exploration Results is based on information compiled by Mr John Cameron who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cameron is a full-time employee of Cape Alumina Pty Ltd.

The Resource estimate for Musgrave was compiled and prepared by Mr John Cameron who is a full time employee of Cape Alumina Limited and a Member of The Australian Institute of Mining and Metallurgy. Mr Cameron has sufficient experience in Resource estimation for bauxite deposits and as such he qualifies as a Competent Person under the 2004 edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code '2004 Edition').

Mr Watson and Mr Cameron have consented in writing to the inclusion in this announcement of the matters based on the information in the form and context it appears.

## // Pisolite Hills mine and port project





- (1) Artist impression of the continuous mining and progressive rehabilitation process at Pisolite Hills.
- (2) Artist impression of the bauxite stockpile at Port Musgrave.
- (3) Artist impression of the bauxite barge-loading operation at Port Musgrave.
- (4) Artist impression of the operations at Port Musgrave.
- (5) Proposed Port Musgrave general layout.



# // Environment

Environmental studies in support of the Pisolite Hills Environmental Impact Statement (EIS) commenced in mid-2007. Numerous studies have been completed and reports are in final preparation for the following base line studies:

- Flora and fauna assessment
- Aquatics flora and fauna assessment
- Field survey of spring-fed ecosystems
- Vegetation survey of pipeline corridor
- Soil and land suitability assessment
- Groundwater impact assessment
- Surface water study
- Geochemical characterisation of waters
- Pisolite Hills port facility terrestrial ecology assessment
- Port Musgrave seagrass and benthic habitat baseline assessment
- Fisheries and aquatic values of Port Musgrave
- Mapoon Aboriginal community fisheries resource assessment
- Coastal process study
- Marine ecology
- Dredging study
- Port Musgrave flood study

- Landscape and visual impact assessment
- Contaminated land assessment
- Waste management study
- Air quality and greenhouse gas assessment
- Noise and vibration impact assessment
- Climate change adaptation and greenhouse gas abatement assessment
- Health, safety, hazard and risk review
- Fine reject geochemical and geotechnical characterisation
- Transport study
- Archeological survey
- Initial cultural heritage assessment
- Cultural heritage assessment of proposed haul road
- Social impact assessment
- Survey of Mapoon community to determine the social impacts of the Pisolite Hills mining project on the local community
- Rehabilitation and decommissioning report
- Economic impact assessment

As a result of the Wenlock River Basin wild river declaration in June, Cape Alumina placed the Pisolite Hills project under review and requested, and was granted, an extension of time for submission of the EIS. The EIS is now due to be submitted by 26 September, 2011.

Because of the uncertainty surrounding the Wild Rivers laws, however, Cape Alumina will at this stage maintain its Mining Lease Applications (MLAs) at Pisolite Hills and will continue the lengthy EIS process.

The EIS will be assessed by the Queensland Department of Environment and Resource Management (DERM), and the Commonwealth Department of Environment, Water, Heritage and the Arts (DEWHA).

// Right: A stream monitoring flume at Pisolite Hills - part of the project's environmental monitoring program.







## // Environment

// Right: Pisolite Hills project area. The proposed mine covers dry, open Darwin Stringybark country - the most common vegetation in northern Australia.

The elevated, dry Stringybark country proposed to be mined will be progressively rehabilitated throughout the life of the operation.





// Right: Feral pigs in the Pisolite Hills project area. Contrary to some media reports Cape Alumina's Pisolite Hills mine and port project, mining operations will not take place in 'pristine' rainforests.

Cape Alumina will not mine any wetlands, rivers, springs or areas of high conservation value, and the Wenlock River will be fully protected under the Company's operational and environmental management plans.



# // Wenlock River Basin wild river declaration

On Friday, 4 June 2010, the Hon. Stephen Robertson MP, Queensland's Minister for Natural Resources, Mines and Energy, and Minister for Trade, declared the Wenlock River Basin a wild river area under the State's *Wild Rivers Act (2005)*.

The declaration in part covers the proposed Pisolite Hills project area. Of particular importance to Cape Alumina was the Government's decision to impose arbitrary, 500-metre-wide buffer zones (designated as High Preservation Areas or HPAs) around springs, tributaries and gullies associated with the Wenlock River in the vicinity of the Pisolite Hills project area.

These so-called HPAs have been set without reference to established science, against the advice of the Queensland Government's own Department of Environment and Resource Management (DERM), and contrary to the analysis by independent experts that were engaged by the Queensland Government to assess the public submissions for the wild river proposal.

In short, the declaration of the Wenlock River Basin as a wild river area has had a serious impact on the bauxite resources available to Cape Alumina and has rendered uneconomic the Company's proposed 7 Mtpa Pisolite Hills bauxite mine and port project. In fact, the result of the application of 500-metre wide HPAs is the direct sterilisation of 20.1 Mt of dry

beneficiated bauxite. The Pisolite Hills Mineral Resource has been reduced to 103.3 Mt of *in situ* bauxite to yield 67.2 Mt of dry beneficiated bauxite at an average grade of 52.8 per cent Al<sub>2</sub>O<sub>3</sub>, 6.9 per cent Fe<sub>2</sub>O<sub>3</sub> and 12.6 per cent SiO<sub>2</sub> including 7.7 per cent reactive silica at 150°C. This equates to the direct sterilisation of 23 per cent of the Mineral Resource.

In addition to the direct sterilisation of 23 per cent of the Mineral Resource, Cape Alumina's mining studies indicate that a further 19.6 Mt of dry beneficiated bauxite from PH3, PH5, PH6 is no longer economically viable as this lower-grade material was to be blended with the sterilized higher-grade material to meet market specifications.

The mining of this lower-grade bauxite from PH3, PH5 and PH6 on its own and without blending is not justified as its quality falls outside current market specifications. This additional 19.6 Mt of dry beneficiated bauxite equates to a further 22 per cent reduction of the total available Mineral Resource estimated for the Pisolite Hills project.

The result of the Queensland Government's declaration of the Wenlock River Basin as a wild rivers area has consequently resulted in the reduction of 45 per cent of the bauxite at Pisolite Hills. For more information about the full impact of the available resource as a result of the imposition of arbitrary HPAs refer to Table 2, page 29.

If the Queensland Government's position does not change, the project will not proceed and the social and economic benefits the Pisolite Hills project could have delivered to the communities of Cape York will be lost.

The likely consequence of the Queensland Government's decision, if it is not changed, is that Queensland, and more tragically the people of Mapoon and western Cape York, will be denied the benefits of a project which would have created or sustained 1,700 jobs, including 1,300 in Far North Queensland, and an estimated boost of \$1.2 billion to the State's economy.



Table 2: Pisolite Hills mineral resource with the wild river high preservation area 500-metre exclusion zone applied

Area	Resource Category	Beneficiated Bauxite Qualities									
		<i>In situ</i> Dry Tonnes (Mt)	Dry Beneficiated Tonnes (Mt)	Total SiO <sub>2</sub> (%)	Total Al <sub>2</sub> O <sub>3</sub> (%)	Fe <sub>2</sub> O <sub>3</sub> (%)	TiO <sub>2</sub> (%)	LOI (%)	Recovery (%)	RSiO <sub>2</sub> (%)	THA** (%)
PH1	Indicated	40.9	27.3	12.5	53.4	6.2	2.2	25.4	66.7	7.7	41.9
	Inferred	10.3	6.4	13.4	52.9	6.3	2.2	25.0	62.1	7.9	41.1
	<b>Total</b>	<b>51.3</b>	<b>33.7</b>	<b>12.7</b>	<b>53.3</b>	<b>6.2</b>	<b>2.2</b>	<b>25.3</b>	<b>65.8</b>	<b>7.7</b>	<b>41.7</b>
PH2	Measured	17.3	12.6	10.9	54.3	6.6	2.2	25.6	72.9	6.4	41.7
	Inferred	0.1	0.1	10.8	53.9	7.2	2.2	25.6	76.5	6.5	41.7
	<b>Total</b>	<b>17.4</b>	<b>12.7</b>	<b>10.9</b>	<b>54.3</b>	<b>6.6</b>	<b>2.2</b>	<b>25.6</b>	<b>73.0</b>	<b>6.4</b>	<b>41.7</b>
PH3	Indicated	4.8	3.5	13.7	52.9	6.0	2.2	24.8	73.3	7.8	40.8
	Inferred	2.0	1.4	14.5	51.8	6.4	2.1	25.0	66.9	8.5	39.6
	<b>Total</b>	<b>6.8</b>	<b>4.9</b>	<b>14.0</b>	<b>52.6</b>	<b>6.1</b>	<b>2.2</b>	<b>24.8</b>	<b>71.4</b>	<b>8.0</b>	<b>40.4</b>
PH4	Indicated	1.2	0.9	10.3	54.3	7.2	2.2	25.8	72.7	6.7	42.2
	Inferred	0.4	0.3	10.5	54.1	7.4	2.2	25.4	73.0	6.5	41.8
	<b>Total</b>	<b>1.6</b>	<b>1.2</b>	<b>10.4</b>	<b>54.2</b>	<b>7.2</b>	<b>2.2</b>	<b>25.7</b>	<b>72.8</b>	<b>6.7</b>	<b>42.1</b>
PH5	Inferred	24.1	13.4	13.3	50.8	8.7	2.5	24.4	55.6	8.3	40.6
	<b>Total</b>	<b>24.1</b>	<b>13.4</b>	<b>13.3</b>	<b>50.8</b>	<b>8.7</b>	<b>2.5</b>	<b>24.4</b>	<b>55.6</b>	<b>8.3</b>	<b>40.6</b>
PH6	Inferred	2.2	1.3	11.8	50.2	9.7	2.3	25.7	59.7	9.2	39.4
	<b>Total</b>	<b>2.2</b>	<b>1.3</b>	<b>11.8</b>	<b>50.2</b>	<b>9.7</b>	<b>2.3</b>	<b>25.7</b>	<b>59.7</b>	<b>9.2</b>	<b>39.4</b>
<b>Total Measured</b>		<b>17.3</b>	<b>12.6</b>	<b>10.9</b>	<b>54.3</b>	<b>6.6</b>	<b>2.2</b>	<b>25.6</b>	<b>72.9</b>	<b>6.4</b>	<b>41.7</b>
<b>Total Indicated</b>		<b>46.9</b>	<b>31.7</b>	<b>12.6</b>	<b>53.4</b>	<b>6.2</b>	<b>2.2</b>	<b>25.3</b>	<b>67.6</b>	<b>7.6</b>	<b>41.8</b>
<b>Total Inferred</b>		<b>39.1</b>	<b>22.9</b>	<b>13.3</b>	<b>51.4</b>	<b>8.0</b>	<b>2.4</b>	<b>24.7</b>	<b>58.4</b>	<b>8.2</b>	<b>40.6</b>
<b>Pisolite Hills</b>		<b>103.3</b>	<b>67.2</b>	<b>12.6</b>	<b>52.8</b>	<b>6.9</b>	<b>2.3</b>	<b>25.1</b>	<b>65.0</b>	<b>7.7</b>	<b>41.3</b>

Note: Economic bauxite mineralisation has been defined as material with Trihydrate Available Alumina (THA) grade of greater than or equal to 37%, a reactive silica (RSiO<sub>2</sub>) grade of less than 9% at a thickness of greater than or equal to 0.5m.

\* RXSi – Reactive silica at 150°C. \*\* THA – Trihydrate Available Alumina (gibbsite alumina + kaolinite alumina – low temperature desilication product [DSP] alumina) at 150°C

**Competent Persons' Statement.** The information in this document relates to the Pisolite Hills Mineral Resource, which was reviewed by Mr Justin Watson. Mr Watson is a Member of The Australasian Institute of Mining and Metallurgy. Mr Watson is a full time employee of Snowden Mining Industry Consultants and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, "2004 Edition"). The information in this report that relates to Exploration Results is based on information compiled by Mr John Cameron who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Cameron is a full-time employee of Cape Alumina Pty Ltd.

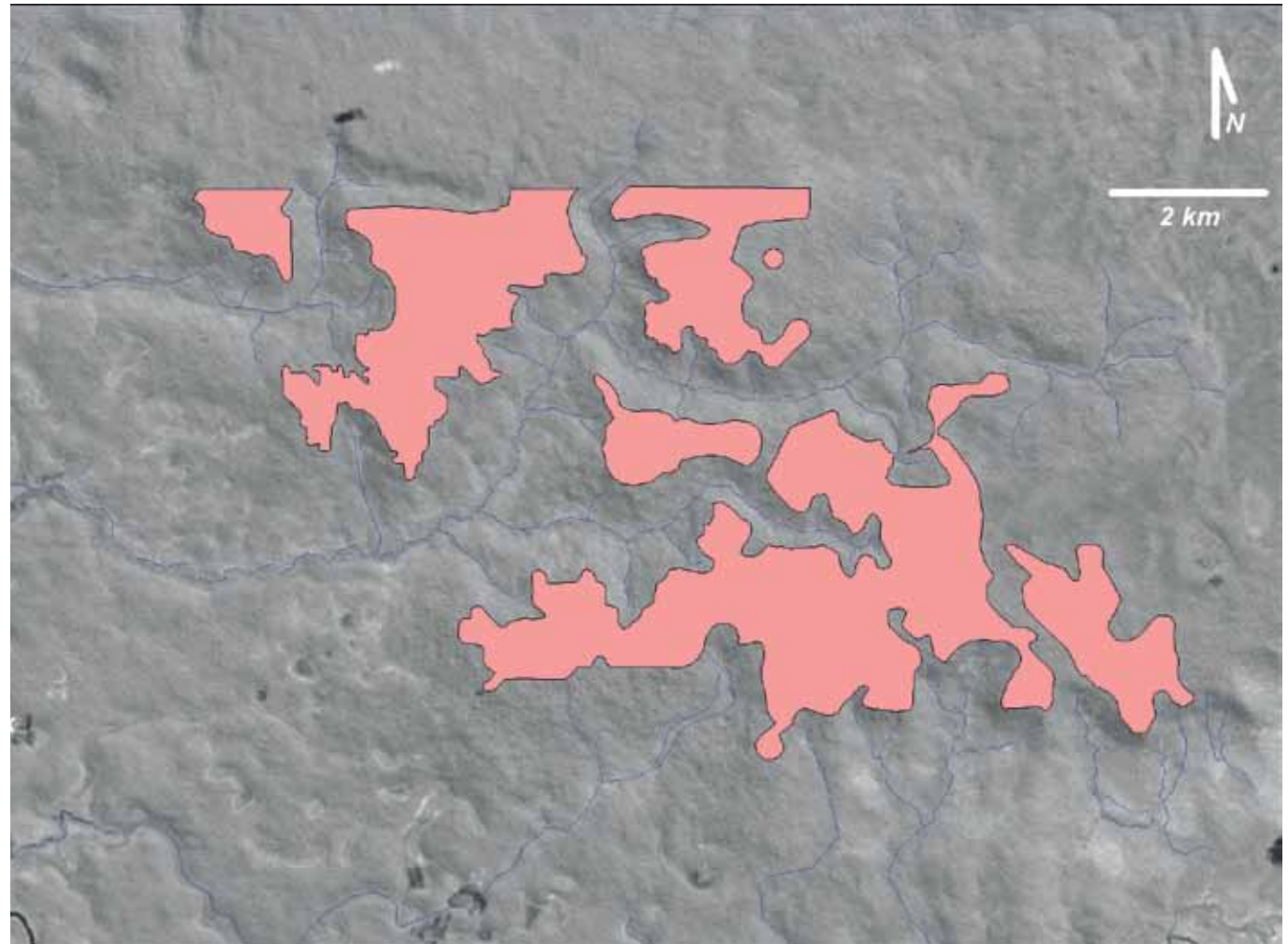
Mr Watson and Mr Cameron have consented in writing to the inclusion in this announcement of the matters based on the information in the form and context it appears.

## // Wenlock River Basin wild river declaration

// Right: The Pisolite Hills bauxite resource area with the recommended set backs in compliance with the "Technical Guidelines for the Environmental and Mining in Queensland" (DME 1995).

“... bauxite mining as proposed will have relatively little impact on the groundwater hydrology of the springs.”

// Quotes from <http://www.derm.qld.gov.au/wilddrivers/pdf/rps-consultants-report.pdf>

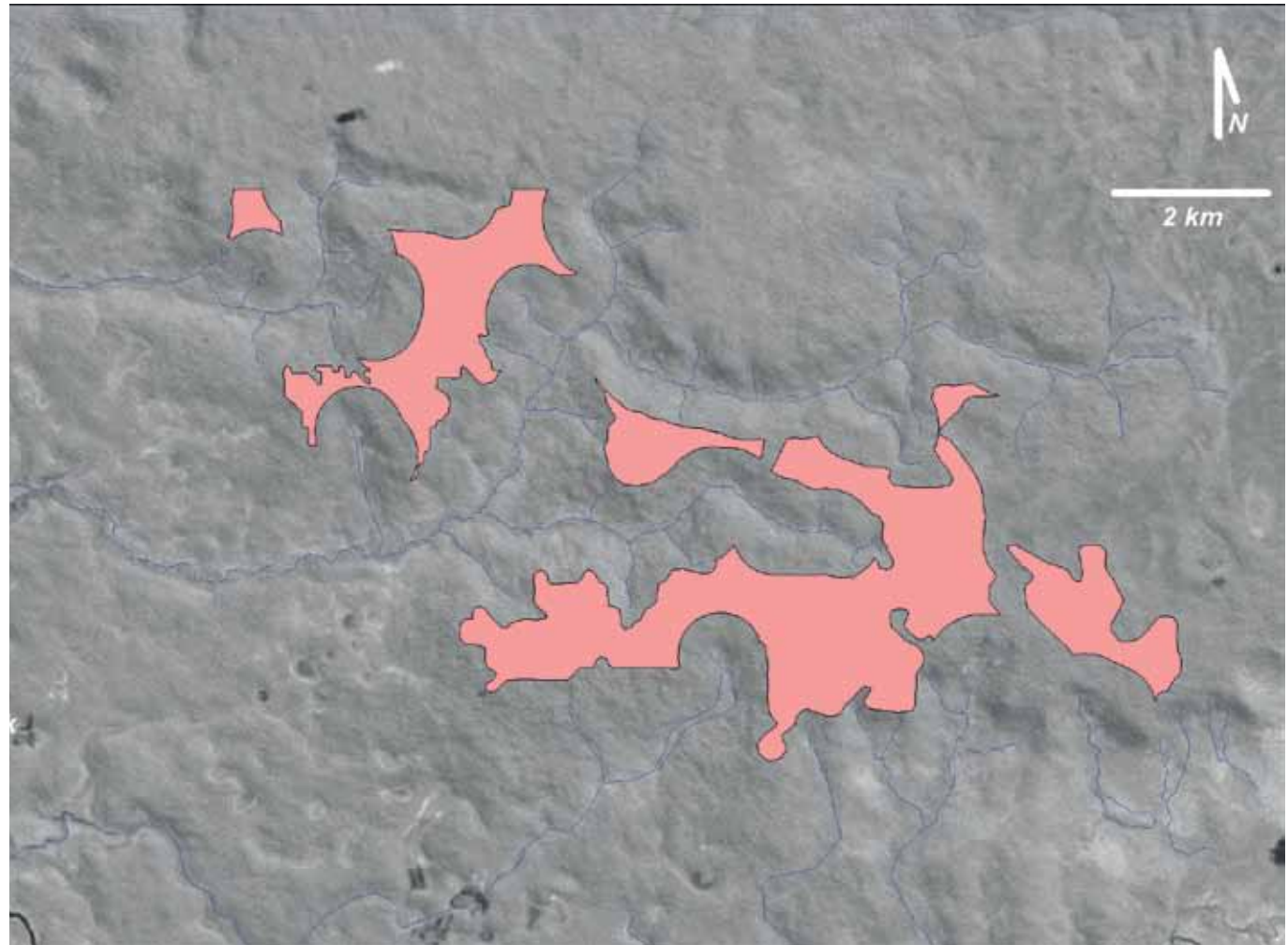




// Right: Pisolite Hills bauxite not directly locked up or indirectly rendered uneconomic to mine as a result of the imposition of arbitrary, 500-metre-wide buffers (so-called High Preservations Areas or HPAs) in the vicinity of the project following Cape Alumina review. The HPAs have been applied under the Queensland Government's *Wild Rivers Act (2005)*.

“ ... the springs within MLA20572 and MLA20573 are not unique. ”

“ There appears to be no clear justification of the magnitude of the HPA setbacks. ”



## // Community and cultural heritage

Cape Alumina has a very good relationship with the Traditional Land Owners and Mapoon community.

Over the last four years the Company has worked in close consultation with the people of Mapoon and has negotiated four exploration agreements with Aboriginal parties in western Cape York, including two agreements with the Mapoon Deed of Grant in Trust (DOGIT) Trustees and Council.

In 2010 Cape Alumina opened an office in Mapoon which continues to function as a community information centre.

This office represents a strategic asset of Cape Alumina and will be an important part of our continuing and future operations in the area.







# // Exploration and tenements

Cape Alumina controls approximately 1,900 square kilometres of tenements in the world-class Weipa bauxite province in western Cape York, Queensland. This includes 13 granted Exploration Permits for Minerals (EPM) and four EPM applications adjoining the Rio Tinto Alcan (RTA) mining leases, and five Mining Lease Applications (MLAs). The Company also holds one granted EPM and two applications over its Central Queensland bauxite project.

## Pisolite Hills

Over the past year, field activities on the Pisolite Hills project have focused on further resource drilling and environmental monitoring programs to support the project's EIS. The Company has also developed health, safety, environment and community management programs for the project to ensure that all employees and contractors to the Company who are working in the project environs understand and respect the cultural and environmental values of the region.

During the year exploration drilling was completed across the PH1 plateau at Pisolite Hills with the objective of upgrading the resource to approximately 50 per cent in the Measured category of the Joint Ore Resource Committee (JORC) guidelines. In all, 1,503 HQ diameter aircore drill holes were completed for about 6,150 metres on the PH1 resource. The samples collected are currently in storage.

## Musgrave

Over the past year, initial investigations were carried out to determine the suitability of mining bauxite from the Musgrave deposit (EPM15984) for dry screening and sale as direct shipping ore without any need for screening.

This work included an 88 hole aircore drilling program over the Musgrave plateau on an 80 metre x 80 metre grid in order to determine the deposit resource grade and volumes. An Indicated Resource of 2.2 Mt of bauxite with an average in situ grade of 41.7 per cent Trihydrate Available Alumina (THA) at 150°C and 7.5 per cent Reactive Silica (RXSi) on a dry-product basis was estimated (Table 1). This grade of bauxite is comparable to bauxite grades from Indonesia and is considered suitable for low temperature Chinese refineries. Further test work, analysis and market appraisal for this bauxite are required, but this has the potential to provide an option for cost reduction on development of the Pisolite Hills Project. Alternatively, the Musgrave resource will yield 1.6Mt of washed bauxite at an average grade of 52.8 per cent  $\text{Al}_2\text{O}_3$ , 11.2 per cent  $\text{SiO}_2$ , and 6.4 per cent RXSi at 150°C.

The Musgrave deposit was planned to be developed as part of the Pisolite Hills project and, as a consequence of the Wenlock River Basin wild rivers declaration, is now under review.

## Western Cape York regional

In addition to the proposed development of the Pisolite Hills and Musgrave deposits, Cape Alumina has identified the Dulhunty and Skardon exploration areas, which are to the north of the Pisolite Hills project, as priority areas for exploration in the current field season.

Cape Alumina is currently undertaking a detailed review of these areas and plans are underway for exploration drilling programs during the December quarter of 2010. Mapping of remotely sensed data in these areas indicates potential for between 70 and 135\* Mt of bauxite on a dry-product basis.

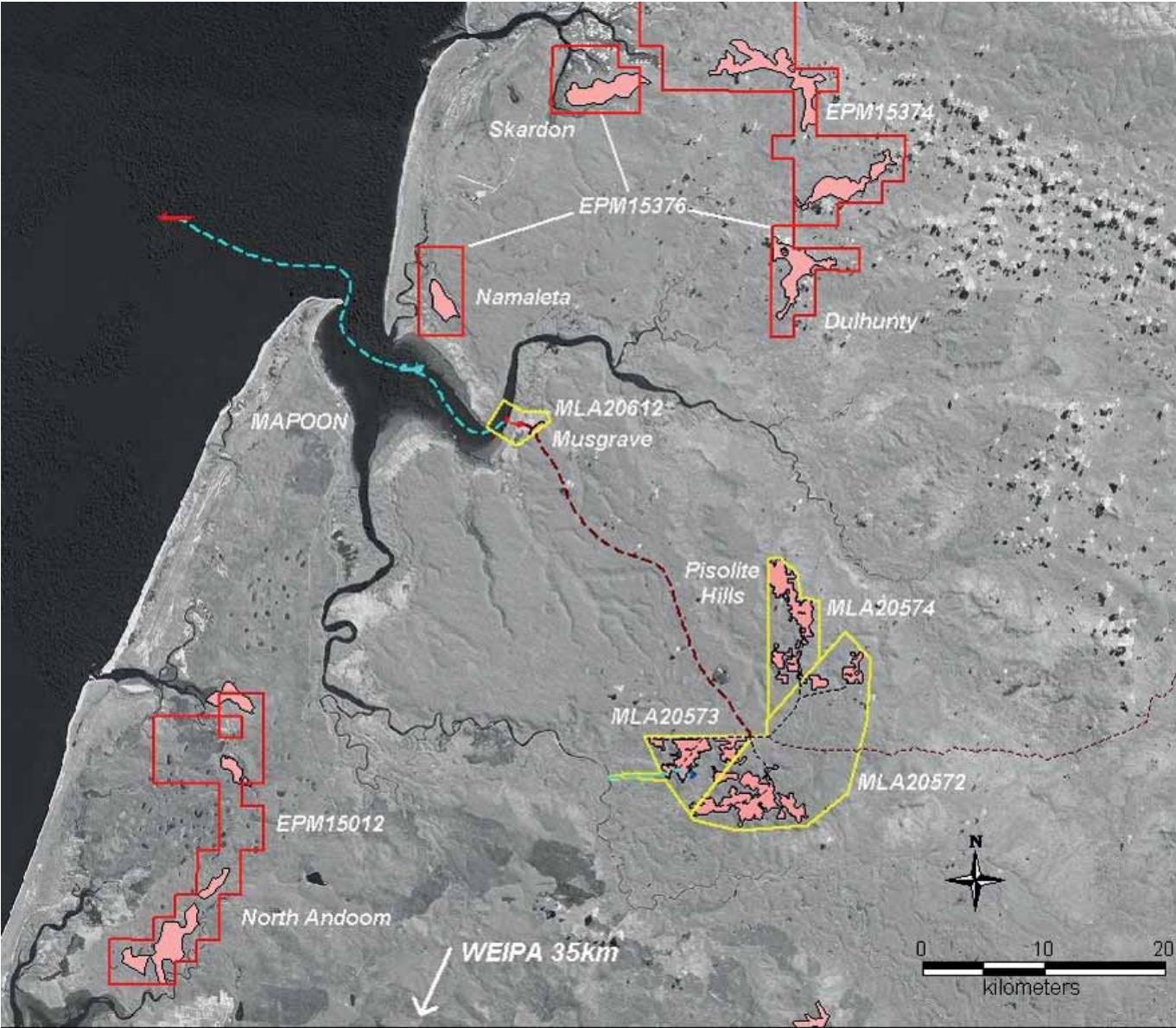
## Central Queensland – Toondoon

Following a technical review and evaluation of the Central Queensland tenement package over the past year, Cape Alumina has withdrawn seven EPM applications in the east and south of the project area. The Central Queensland project now comprises EPM 15848 Toondoon and two EPM applications.



// Pisolite Hills and priority areas EPM15012 (Andoom North), EPM15374 and EPM15376 (Namaleta, Skardon and Dulhunty) for exploration in 2010.

\*The potential quantity and grade of these deposits are conceptual in nature. There is insufficient information to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource in these areas.





# Cape Alumina

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# // Governance

## Board of Directors



George Lloyd  
// Independent  
Non-Executive  
Chairman



Dr Paul Messenger  
// Managing  
Director



Andrew Gillies  
// Non-Executive  
Director



Rennie Fritschy  
// Independent  
Non-Executive  
Director

In addition to his role as Chairman of Cape Alumina Limited, George Lloyd is Chairman of AWR Lloyd Limited, an Asian-based firm providing mergers and acquisitions, corporate strategy, industrial research, and investor relations advisory services to the mining and energy industries in Asia and Australia.

He is also Chairman of Pryme Oil and Gas Limited, an ASX-listed oil and gas explorer and producer operating in the United States of America, and a non-executive director of global resources industry engineering services group Ausenco Limited.

George holds a Bachelor of Engineering Science (Industrial Engineering) (B Sc Eng) degree and Master of Business Administration (MBA) degree, both from University of NSW, and is a graduate of the Stanford Executive Program.

He is a fellow of the Australasian Institute of Mining and Metallurgy and has over 30 years of resource industry experience including serving as a senior executive and board member of listed and unlisted Australian resource companies with interests in minerals, energy and industry services.

During the past three years he also served as a non-executive director of Goldlink Income Plus Limited (2007 – 2008).

Appointed as Managing Director on 15 December 2009, Dr Paul Messenger had been Chief Executive Officer of Cape Alumina since February 2005 and has been leading the Company's development since then.

Dr Messenger has 24 years' experience in the Australian minerals industry and has worked extensively in the Northern Territory, Western Australia, Queensland, Victoria and South-East Asia on a range of precious, base and industrial minerals.

He has worked in both resource consultancy and mining and exploration companies including Great Central Mines, MIM and Dowa Metals and Mining Company of Japan.

Dr Messenger graduated with honours in geology from The University of Queensland in 1986, completed a PhD in Economic Geology in 1997 and a Graduate Certificate of Management in 2002.

He is a member of the Geological Society of Australia, a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

Mr Gillies is a founding Director of Cape Alumina Limited, Metallica Minerals Limited and MetroCoal Limited. Currently he is Managing Director of ASX-listed Metallica Minerals and all its subsidiaries, a board member of the Queensland Resources Council, Orion Metals Limited and Planet Metals Limited.

Working continuously as a geologist in the mining and exploration industry, accruing over 23 years' experience across a range of commodities, Mr Gillies has acquired a considerable database and significant knowledge of metalliferous mineralisation and mineral deposits in Queensland.

His key strength is resource management and strategic planning specialising in project generation, selection and acquisition.

Mr Gillies graduated from The University of Queensland in 1985 with a BSc (Geology) and is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Fritschy is currently Chancellor of CQUniversity Australia, which is based in Rockhampton. He is a Director of C\_ Management Services, a higher education provider with campuses in Eastern states capital cities, and has been Chairman 2003-2008.

He was Managing Director of Queensland Alumina Limited, the largest alumina plant in the world 1995-2002.

During his 18 years with Nabalco (now RTA Gove), Mr Fritschy held roles including Technical Manager, Operations Manager and Site Manager of the bauxite mine and alumina plant.

During this time he spent three years on secondment with Alusuisse (70 per cent owners Of Nabalco) carrying out diagnostic and design work for Alusuisse and third party plants and has been involved in four major plant commissionings.

He holds a BEng (Chemical) from the University of Sydney, a BEc from the University of Western Australia and is a graduate of the International Advanced Management Program IMI Geneva. Mr Fritschy is a Fellow of the Institute of Engineers Australia and GAICD.





Peter Nicholson  
// Non-Executive  
Director



Jijun Liu  
// Non-Executive  
Director



Valentine  
Smirnyagin  
// Non-Executive  
Director



Ken Xiao  
// Alternate for  
Non-Executive  
Director Jijun Liu

As well as being a Partner of Resource Capital Funds (RCF), a mining-focused private equity firm where he is responsible for analysing and assessing investment opportunities, structuring deal terms and ongoing management of portfolio investments, Mr Nicholson is also on the Board of Directors for Metallica Minerals Limited and private Company Talison Tantalum Pty Ltd.

Prior to joining RCF in 2003, Mr Nicholson gained technical experience in mine production, planning and management through his roles as Underground Manager of the Emily Ann nickel mine for LionOre Australia (Nickel) Ltd and with WMC Resources Ltd where he worked in seven different underground operations and a centralised mine planning unit.

Mr Nicholson graduated from The University of Queensland with BEng (Mining) and is a Fellow of FINSIA, having successfully completed a Graduate Diploma in Applied Finance and Investment. He is also a Member of the Australian Institute of Mining and Metallurgy and a Graduate Member of the Australian Institute of Company Directors.

Mr Jijun Liu is the Managing Director of the Shandong Xinfu Group Co Limited, which controls one of the largest alumina-aluminium enterprises in China.

Mr Liu is also a member of various government committees. Mr Liu studied thermal power plant engineering at Shandong Power Junior College.

Mr Valentine Smirnyagin has been working within corporate finance and strategy for a number of steel, aluminium, mining and other industrial companies.

His career includes experience at the head offices of Alcoa Inc and Chromalox Inc in the United States and Scania AB in Sweden.

Valentine has been involved in Greenfield mining projects in Indonesia as well as with steel companies in the FSU countries. Mr Smirnyagin has an MBA from the University of Pittsburgh.

Mr. Ken Xiao is the General Manager of Xinfu Group (Australia) Pty Ltd. He is responsible for Xinfu's operations in Australia. He has strong experience in commodity markets.

Mr. Xiao graduated from the University of Newcastle with BSc (Computer) / BEng (Computer) and Masters of IT from the Queensland University of Technology.

## // Governance

### Management Team



Scott Waddell  
// Chief Financial Officer/  
Company Secretary



John Cameron  
// General Manager,  
Exploration



Neville Conway  
// General Manager,  
External Affairs

Mr Scott Waddell was appointed as Cape Alumina's Chief Financial Officer and Company Secretary in June 2010.

Prior to joining Cape Alumina, he served as Head of Finance for the Monash Energy project in Victoria's La Trobe Valley, which is presently being developed by Anglo American Metallurgical Coal and Shell.

Mr Waddell's resources experience has been gained over nine years with Anglo Coal and eight years with Rio Tinto Alcan in a wide variety of senior roles across multiple sites.

He has extensive experience and a deep understanding of the global bauxite, alumina and resources sectors and brings to the Company large-scale project financing knowledge and a range of executive skills which complement the Company's existing core competencies.

Mr Waddell has completed numerous post graduate courses including a Graduate Diploma in Applied Corporate Governance, Company Directors Course with the Australian Institute of Company Directors (AICD), and Post Graduate Diploma of Purchasing and Materials Management with RMIT.

Mr Waddell holds a B.Bus from the Queensland University of Technology and is a Fellow of the Certified Practising Accountants as well as an associate member of Chartered Secretaries Australia.

Mr John Cameron joined the Company in July 2007 as General Manager, Exploration. Prior to joining Cape Alumina, Mr Cameron acquired over 20 years' experience in the minerals industry across a broad range of commodities.

This experience was gained predominantly within BHP Billiton Exploration, where he held senior exploration management roles in Australia, Asia, Africa, India and Russia, including periods as Regional Operations Manager Australia, Asia and Africa, and Global Exploration Health, Safety, Environment and Community Manager.

Mr Cameron holds a MSc Hons (Geology), University of Auckland and is a Member of the Australian Institute of Mining and Metallurgy.

Mr Neville Conway was appointed as the Company's General Manager, External Affairs and Stakeholder Relations in August 2009. In this role, he is responsible for the building and maintenance of successful, long-term relationships with all of the Company's external stakeholders.

Over his diverse career, Mr Conway has acquired an extensive array of skills at all levels across the full suite of marketing and communications services. He has acute business development acumen, a strong strategic focus and an enviable record of success in both the public and private sectors. This includes working for some of Australia's largest resource, construction and finance companies as well as an adviser to Members of the Commonwealth Parliament.





Guoyan Li  
// China Business  
Development Consultant

Ms Guoyan Li has been Cape Alumina's China Business Development Consultant since May 2006 in a shared role with Metallica Minerals Limited. In this time, she has facilitated the development of business ties and relationships with key Chinese alumina companies.

Before moving to Australia, Ms Li spent 15 years at one of China's largest copper mining and refinery groups holding key roles that included commercial project manager, foreign affairs co-ordinator, and integral roles in the importation of metal process technology and equipment from around the world. These roles required extensive travel and language skills.

Prior to joining Cape Alumina, Ms Li worked as a consultant on a part-time basis for a number of Australian resource companies while studying in Australia. She graduated with a Masters Degree in Business from The University of Queensland in 2006.

Ron Tibaldi  
// Operations Manager

Mr Ron Tibaldi joined the company in the role of Operations Manager in July 2007. He oversees all project exploration activities and manages the Company's field Health and Safety programs in Cape York.

Mr Tibaldi gained 32 years of experience at the Gove bauxite mine and alumina refinery in the Northern Territory where he was Mine Production Superintendent before joining Cape Alumina in June 2007.

Mr Tibaldi brings a wealth of experience in all facets of bauxite mining, rehabilitation and exploration in northern Australia.

# // Directors' report

Your directors present their report on the economic entity consisting of Cape Alumina Limited and the entities it controlled at the end of, or during the year ended 30 June 2010.

## 1. The Directors and Company Secretary

The following persons were directors and Company secretary of the Company during the financial year and up to date of this report:

### George Alfred Lloyd-Age 61

Qualifications

Experience

Directorships in listed entities

Interest in Shares and Options

Special Responsibilities

Directorships formerly held in other listed entities in past 3 years

### Non Executive Independent Chairman

Master of Business Administration, Bachelor of Engineering Science (Industrial Engineering), FAusIMM, Stanford Executive Program

– Appointed Chairman and Board member on 29 January 2009

– Chairman of Pryme Oil and Gas Limited - appointed January 2008 - continuing

– Non-executive Director of Ausenco Limited - appointed 2005 - continuing

58,000 Ordinary Shares in Cape Alumina Ltd and options to acquire a further 1,000,000 ordinary shares

Chairman of the Audit Committee, Member of Remuneration Committee

Previous Director of Goldlink IncomePlus (2007 to 2008)

### Paul Messenger-Age 46

Qualifications

Experience

Interest in Shares and Options

### Managing Director

Bachelor of Science (Geology, with honours), PhD in Economic Geology, Graduate Certificate of Management, MAusIMM, member of Geological Society of Australia

Appointed CEO in February 2005, appointed Managing Director on 15 December 2009

Dr Messenger holds 1,004,712 shares in Cape Alumina Limited and options to acquire 2,000,000 ordinary shares

Special Responsibilities

None

Directorships held in other listed entities

N/A

### Andrew Gillies-Age 47

Qualifications

Experience

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

### Non Executive Director

Bachelor of Science (Geology), MAusIMM

Appointed Director on 2 February 2004

16,000 Ordinary Shares in Cape Alumina Ltd and options to acquire a further 600,000 ordinary shares

Chairman of Remuneration Committee

– Metallica Minerals Limited-appointed 15 January 1997 - continuing

– MetroCoal Limited - appointed 6 January 2006 - continuing

– Planet Metals Limited (formerly Queensland Ores Limited) - appointed 9 June 2009 - continuing

– Orion Resources Limited (formerly Queensland Gold & Minerals Limited) - appointed 28 November 2008 - continuing

### Rennie Fritschy-Age 68

Qualifications

Experience

Interest in Shares and Options

Special Responsibilities

Directorships held in other listed entities

Directorships formerly held in other listed entities

### Non Executive Independent Director

BE (Chem), BEc, GAICD, FIEAust

Appointed Director on 29 January 2009

8,000 Ordinary Shares in Cape Alumina Ltd and options to acquire a further 500,000 ordinary shares

Member of Remuneration Committee and Audit Committee

None

None



**Peter Nicholson-Age 35**

Qualifications

Experience

Interest in Shares and Options

**Non Executive Director**

Bachelor of Engineering (Mining), GAICD, F Fin, MAusImm

Appointed Director on 26 March 2007

Peter Nicholson is an employee of Resource Capital Funds Management Pty. Ltd, which is the Manager of Resource Capital Fund III and IV L.P. which together hold 32,374,662 shares in Cape Alumina Limited. Resource Capital Funds Management Pty. Ltd holds 600,000 options to acquire shares in Cape Alumina Limited

Special Responsibilities

Member of Remuneration Committee and Audit Committee

Directorships held in other listed entities

Metallica Minerals Limited-appointed - continuing

**Jijun Liu-Age 45**

Qualifications

Experience

Interest in Shares and Options

**Non Executive Director**

Mr Liu studied thermal power plant engineering at Shandong Power Junior College

Appointed Director on 5 May 2008

Jijun Liu is an employee of China Xinfra Group Corporation Limited which holds 24,001,883 shares in Cape Alumina Limited. Mr Liu holds options to acquire a further 400,000 ordinary shares

Special Responsibilities

None

Directorships held in other listed entities

N/A

**Valentine Smirnyagin  
Age 34**

Qualifications

Experience

Interest in Shares and Options

**Non Executive Director**

MBA University of Pittsburgh

Appointed Director on 15 November 2006

Valentine Smirnyagin is an employee of Bondline Limited which holds 20,865,291 shares in Cape Alumina Limited. Mr Smirnyagin holds options to acquire a further 600,000 ordinary shares

Special Responsibilities

None

Directorships held in other listed entities

N/A

**Ken Xiao-Age 40**

Qualifications

Experience

Interest in Shares and Options

**Non Executive Alternate Director to Jijun Liu**

Bachelor of Science (Computer) / Bachelor of Engineering (Computer) University of Newcastle, Master of Information Technology QUT

Appointed Alternate Director on 8 June 2007

Ken Xiao is a consultant to China Xinfra Group Corporation Limited which holds 24,001,883 shares in Cape Alumina Limited. Mr Xiao holds 12,000 shares and options to acquire a further 400,000 ordinary shares

Special Responsibilities

None

Directorships held in other listed entities

N/A

# // Directors' report

## 1. The Directors and Company Secretary (continued)

### **Andrew Scott Waddell- Age 38 (called Scott Waddell)**

### **Chief Financial Officer (CFO) and Company Secretary**

Qualifications	BBus (Accounting), Grad. Dip. Purch & Mat Mgt, GradDipACG, FCPA, ACIS
Experience	Appointed CFO 24 May 2010 and Company Secretary 1 June 2010
Interest in Shares and Options	N/A
Special Responsibilities	None
Directorships held in other listed entities	N/A

### **John Haley-Age 48**

### **Former Chief Financial Officer (CFO) and Company Secretary**

Qualifications	B.Com, MBA, GradCert (Marketing), Grad. Dip. CSP, FCA, FTIA
Experience	Appointed CFO and Company Secretary 2 February 2004 and resigned on 1 June 2010
Interest in Shares and Options	Mr Haley holds 17,300 shares in Cape Alumina Limited and options to acquire 700,000 ordinary shares
Special Responsibilities	None
Directorships held in other listed entities	– Metallica Minerals Limited - appointed 22 December 2003 - continuing – MetroCoal Limited - appointed 6 January 2006 - continuing

## 2. PRINCIPAL ACTIVITIES OF THE ECONOMIC ENTITY

The principal activities of the economic entity during the course of the financial year were mineral exploration and progressing development of the Pisolite Hills bauxite project. This project is now under review, following the declaration by the Queensland Government, of the Wenlock River and basin a wild river area. The area of the declaration includes 500 metre High Preservation Areas around springs and tributaries, which are in the vicinity of the Pisolite Hills bauxite project.

The Economic Entity also maintained exploration tenements and tenement applications over other areas within Queensland that are considered prospective for bauxite exploration and development.

## 3. OPERATING RESULTS

The loss of the economic entity for the year was \$1,762,978 (30 June 2009: loss of \$3,379,205).

As at 30 June 2010, the economic entity had cash and cash equivalents of \$3.9 million with total current liabilities of approximately \$426,000 and no debt.

The economic entity's strategy for future years is to continue the exploration, evaluation and development of its Projects. The economic entity believes its strategy is achievable.

## 4. DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been declared or paid by way of a dividend since 30 June 2010 and to the date of this report.

## 5. REVIEW OF ACTIVITIES

A review of activities of the economic entity during the financial year is set out in the section entitled "Activities Review" in the Economic Entity's Annual Report.

## 6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the economic entity during the year other than as referred to in the Directors Report, the Financial Statements, or notes thereto.

## 7. EVENTS SUBSEQUENT TO BALANCE DATE

Except as noted in the Directors Report or the Financial Statements, no matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- a) the economic entity's operations in the future financial years; or
- b) the results of those operations in future financial years; or
- c) the economic entity's state of affairs in future financial years



## 8. LIKELY DEVELOPMENTS

During 2011 and onwards the Company plans to continue the exploration of a number of bauxite tenements in Cape York and also review its Pisolite Hills bauxite project. The Company also intends to continue its evaluation of potential bauxite projects in areas other than Cape York.

Further information on likely developments in the operations of the economic entity and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the economic entity.

## 9. ENVIRONMENTAL REGULATIONS

The Company is subject to environmental regulations under the laws of Queensland where it holds mineral exploration tenements. During the financial year the Company did not record any material non-compliance with the environmental regulation regime.

## 10. SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at 30 June 2010 are as follows:

Date options granted	Expiry Date	Exercise Price	Number under option
21 May 2008	29 January 2012	50 cents	9,200,000

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

During the year, no shares were issued on the exercise of options.

## 11. DIRECTORS' MEETINGS AND SHAREHOLDING INTERESTS

The number of directors' meetings held during the financial year and the number of meetings attended by each director whilst a Director and the relevant interests of each director in the share capital of the Company, as notified to the Australian Securities Exchange in accordance with S205(G) of the Corporations Act 2001, as at the date of this report are as follows:

Director	Meetings of Directors Held	Meetings of Directors Attended	Interest in shares of the Company at date of this Report	Interest in options of the Company at date of this Report
George Alfred Lloyd	7	7	58,000	1,000,000 Directors Options
Andrew Langham Gillies	7	7	16,000	600,000 Directors Options
Rennie Fritschy	7	7	8,000	500,000 Directors Options
Jijun Liu *	7	1	Nil	400,000 Directors Options
Ken Xiao (alternate to Jijun Liu)*	7	7	12,000	400,000 Directors Options
Peter Bruce Nicholson**	7	6	Nil	Nil
Valentine Smirnyagin***	7	7	Nil	600,000 Directors Options
Paul Messenger ****	4	4	1,004,712	2,000,000 Directors Options

\*Jijun Liu is a Director of China Xinfu Group Corporation Limited and Ken Xiao is a consultant to China Xinfu Group Corporation Limited which holds 24,001,883 shares in Cape Alumina Limited. \*

\* Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P. which together hold 32,374,662 shares in Cape Alumina Limited. Resource Capital Funds Management Pty Ltd holds 600,000 options to acquire shares in Cape Alumina Limited at 50 cents.

\*\*\* Valentine Smirnyagin is an employee of Bondline Limited which holds 20,865,291 shares in Cape Alumina Limited.

\*\*\*\* Paul Messenger became a Director on 15 December 2009.

# // Directors' report

## 11. Directors' meetings and shareholding interests (continued)

The number of meetings of the Audit Committee held during the year and the number of meetings attended by each member of the Audit Committee is as follows:

Director	Meetings of Audit Committee Held	Meetings of Audit Committee Attended
George Lloyd	3	3
Rennie Fritschy	3	2
Peter Nicholson	3	2

The number of meetings of the Remuneration Committee held during the year and the number of meetings attended by each member of the Remuneration Committee is as follows:

Director	Meetings of Audit Committee Held	Meetings of Audit Committee Attended
Andrew Gillies	2	2
George Lloyd	2	2
Rennie Fritschy	2	2
Peter Nicholson	2	0

## 12. REMUNERATION REPORT - AUDITED

### a) Principles of remuneration

The company's policy for determining the nature and amount of emoluments of key management personnel, including Board members and other key management personnel of the Company is set out below.

The remuneration structure for key management personnel, excluding non-executive directors, is set by the Board of Directors and is based on a number of factors including, market remuneration for comparable companies, particular experience of the individual concerned and overall performance of the company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. The Company retains the right to terminate contracts immediately. Upon retirement or termination, key management personnel (excluding non-executives) are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts. Any options issued which are

not exercised on or before the date of termination, lapse 3 months after termination. Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as considered appropriate by the Board of Directors.

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The board ensures that director and executive rewards satisfy the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The remuneration framework is aligned to shareholders' interests through:

- a focus on sustained growth in share price and key non-financial drivers of value
- attracting and retaining high caliber executives

The remuneration framework is aligned to employees' interests through:

- rewarding capability and experience
- reflecting competitive rates of remuneration in respect of skills and responsibility
- providing a clear structure for earning rewards
- providing recognition for contribution

### (b) Relationship between remuneration and Company performance

During the period under review, the Company (and the Consolidated Entity) has generated losses because it is involved solely in exploration and not production.

At 30 June 2010 the most recent market price of the Company's ordinary shares was 40 cents per share (30 June 2009 share price was 50 cents per share). No dividends were paid during the year ended 30 June 2010. Given that the remuneration is commercially reasonable, the link between remuneration, Company performance and shareholder wealth generation is tenuous, particularly in the exploration and development stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment towards the sector and increases or decreases may occur independently of executive performance or remuneration.



The Company may issue options to provide an incentive for key management personnel which, it is believed, is in line with industry standards and practice and is also believed to align the interests of key management personnel with those of the company's shareholders.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy. The manner of payment is determined on a case by case basis and is generally a mix of cash and non-cash benefits as determined by the Board of Directors.

Except in so far as Directors and key management personnel hold options over shares in the Company, there is no relationship between remuneration policy and the Company's performance. The Company listed on ASX on 29 January 2009 with the Initial Public Offering shares issued at 50 cents each. As such, there is no comparative information for years 2006 – 2008.

The key management personnel of Cape Alumina Limited and the consolidated entity includes the directors, Dr Paul Messenger (Managing Director), Mr Scott Waddell (Chief Financial Officer and Company Secretary) and Mr John Cameron (Exploration General Manager). Mr Messenger and Mr Cameron have been employed for the entire year from 1 July 2009 to 30 June 2010. Mr Waddell took over from Mr John Haley on 1 June 2010. These personnel have authority for planning, directing and controlling the activities of the Company and the consolidated entity.

The table below sets out summary information about the Consolidated Entity's earnings for the five years to 30 June 2010:

Description	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Revenue	313,696	165,973	81,536	9,546	7,748
Net profit/(loss) before tax	(1,762,978)	(3,379,205)	(1,051,772)	(354,604)	(1,096,414)
Net profit(loss) after tax	(1,762,978)	(3,379,205)	(1,051,772)	(354,604)	(1,096,414)
Basic earnings/(loss) per share (cents)	(0.014)	(0.032)	N/A	N/A	N/A
Last Traded Share Price	0.40	0.50	N/A	N/A	N/A

There were no dividends paid or returns of capital by the Economic Entity in the previous five years.

### (c) Remuneration

Remuneration of the Non-executive Directors is approved by the Board and set in aggregate within the maximum amount approved by the shareholders from time to time. The fees have been determined by the Board having regard to industry practice and the need to obtain appropriately qualified independent persons. The aggregate pool of remuneration available to be paid to Non-executive Directors is currently \$500,000 per annum. The amount paid to Non-executive Directors during the year to 30 June 2010 was \$255,888. Directors remuneration has remained unchanged since the IPO in January 2009.

The Company has adopted a policy in respect of employees and directors trading in the Company's securities. Employees and directors are not permitted to hedge their exposure to holdings of the Company's securities. No employees or directors have hedged their exposures.

# // Directors' report

## 12. Remuneration Report – Audited (continued)

### 2010 Remuneration

Economic Entity	Short-term employee benefits	Bonus	Share Based Remuneration Payment	Post Employment Benefits	Total	Performance Related Percentage	% Consisting of options
	Salary, fees & commission		Options/Shares	Super			
	\$	\$	\$	\$	\$	%	%
<b>Directors</b>							
GA Lloyd	75,000	-	-	-	75,000	0%	0%
R Fritschy	29,105	-	-	10,793	39,898	0%	0%
P Messenger #	246,666	-	-	22,200	268,866	0%	0%
AL Gillies	36,000	-	-	3,240	39,240	0%	0%
Jijun Liu	36,000	-	-	-	36,000	0%	0%
PB Nicholson **	36,000	-	-	-	36,000	0%	0%
V Smirnyagin	36,000	-	-	-	36,000	0%	0%
K Xiao (Alternate Director)	-	-	-	-	-	0%	0%
<b>Other Key Management Personnel</b>							
J Haley	38,750	-	-	-	38,750	0%	0%
J Cameron	172,000	-	-	24,200	196,200	0%	0%
S Waddell	22,346	-	-	2,011	24,357	0%	0%
<b>Total</b>	<b>721,617</b>	<b>0</b>	<b>0</b>	<b>62,444</b>	<b>784,061</b>	<b>0%</b>	<b>0%</b>

Note (#) Dr P Messenger was appointed Managing Director on 15 December 2009. Prior to this date, Dr P Messenger held the position of Chief Executive Officer.

Note (\*\*) amounts paid in respect of Mr PB Nicholson are paid to Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P.



## 2009 Remuneration

Economic Entity	Short-term employee benefits	Bonus	Share Based Remuneration Payment	Post Employment Benefits	Total	Performance Related Percentage	% Consisting of options
	Salary, fees & commission		Options/Shares	Super			
	\$	\$	\$	\$	\$	%	%
<b>Directors</b>							
GA Lloyd	75,000	-	-	-	75,000	0%	0%
R Fritschy	-	-	-	40,000	40,000	0%	0%
DK Barwick	24,000	-	-	-	24,000	0%	0%
AL Gillies	37,500	-	-	-	37,500	0%	0%
Jijun Liu	-	-	-	-	-	0%	0%
PB Nicholson**	42,000	-	-	-	42,000	0%	0%
V Smirnyagin	36,000	-	-	-	36,000	0%	0%
K Xiao (Alternate Director)	36,000	-	-	-	36,000	0%	0%
<b>Other Key Management Personnel</b>							
P Messenger	198,500	-	482,500	27,948	708,948	68	0%
J Haley	69,750	-	2,500	-	72,250	3	0%
J Cameron	170,000	-	5,000	35,500	210,500	2	0%
<b>Total</b>	<b>688,750</b>	<b>-</b>	<b>490,000</b>	<b>103,448</b>	<b>1,282,198</b>	<b>38</b>	

In addition to the options and shares granted as set out in the table above, non key management personnel were allocated options with a value of \$27,633 in the year ended 30 June 2009.

Note: Pursuant to the prospectus, various Key Management Personnel and Non-key Management personnel, were entitled to \$500,000 in shares (1,000,000 shares @ \$0.50 per share) upon successfully listing on 29 January 2009. Of this, \$10,000 in shares (20,000 shares @ \$0.50 per share) were paid to non-key management personnel. All Key management personnel received 100% of the shares entitled on 29 January 2009.

Note (\*\*) amounts paid in respect of Mr. Nicholson are paid to Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P.

## 12. Remuneration Report – Audited (continued)

The shares issued are as follows:

		Number of Shares
P Messenger	\$482,500	965,000
J Haley	\$2,500	5,000
J Cameron	\$5,000	10,000
<b>TOTAL</b>	<b>\$490,000</b>	<b>980,000</b>

Remuneration above does not include an equal proportion of premiums paid for directors and officers liability insurance as it is not practicable to allocate this expense to directors and key management personnel.

### (d) Performance income as a proportion of total remuneration

Executives may be paid performance based bonuses based on set monetary figures, rather than as proportions of their salary. Bonuses may also be paid in the form of stock options or shares. This has led to the proportions of remuneration related to performance varying between individuals. The Company may set bonuses with performance conditions to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth of the group. Performance conditions include progressing the company's projects toward production, and in the 2009 year, achieving the listing of the Company on the Australian Stock Exchange as detailed in the 2009 Remuneration table. There was no performance based payment made in the 2010 year.

### (e) Managing Director's (formerly Chief Executive Officer) Contract

The Company has entered into a contract with Mr. Paul Messenger, the Managing Director (appointed 15 December 2009, and was formerly the Chief Executive Officer) of the Company. Key terms of the contract are:

- The contract has a two year term commencing on 1 July 2009.
- The contract may be terminated by 3 months notice from either party.
- The contract provides for a base remuneration of \$235,000.
- There are no termination payments required for terminating the contract.

### (f) Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued solely on performance criteria, but are also issued to all directors and executives of Cape Alumina Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

### (g) Remuneration Options

No options were granted during the current or prior years. No options have lapsed, been forfeited or exercised during the current or prior years.

### End of Remuneration Report

## 13. NON-AUDIT SERVICES

During the year, BDO Audit (QLD) Pty Ltd, the Company's auditor or related entities, have performed certain other services in addition to their statutory duties.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services do not undermine the general principles relating to auditor independence;
- as set out in APES110 Code of Ethics for Professional Accountants, they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The following fees for non-audit services were paid/payable to the BDO (QLD) Pty Ltd during the year ended 30 June 2010: Taxation services \$4,809.

#### 14. INDEMNIFICATION OF OFFICERS OR AUDITOR

Each of the Directors and the Secretary of the Company have entered into a Deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary. The Company has insured all of the Directors of Cape Alumina Ltd. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act 2001 does not require disclosure of the information in these circumstances.

The Company has not indemnified its auditor.

#### 15. PROCEEDINGS ON BEHALF OF A COMPANY


On 3 August 2010, River Consulting Pty Ltd bought an action against the Company for an amount of \$25,076. On 20 August 2010 the matter was resolved to the satisfaction of both parties.

Other than the above mentioned matter, 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.

#### 16. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 15 of the directors' report.

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



**G A Lloyd**  
Chairman

17 September 2010







# // Corporate Governance Statement

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations during the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the Annual Report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation during the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation, the reasons are set out in the notes referenced in the table. A full copy of the Company's Corporate Governance Charter is available on the Company's website at [www.capealumina.com.au](http://www.capealumina.com.au)

## **Role of the Board**

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law. These are set out in the Company's Corporate Governance Charter and include:

1. Ensuring compliance with the Corporations Act, ASX Listing Rules and all relevant laws;
2. Approving and monitoring operational and financial targets for the Company;
3. Ensuring appropriate financial and risk management controls have been implemented;
4. Approval of the annual budget;
5. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
6. Input into and final approval of corporate strategy and performance objectives;
7. Appointment and monitoring of appropriate senior staff, including the Chief Executive Officer, consultants and experts to assist the Company in the conduct of its operations;
8. Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX;

9. Implementing appropriate strategies to monitor performance of the Board; and
10. Appointing and overseeing Committees which have been established to assist the Board in the performance of its duties.

## **Role of Management**

The Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of an approved budget, require Board approval.

The Board intends to review the performance of senior management, currently the Managing Director and the Chief Financial Officer (CFO), on an annual basis. An evaluation of the performance of the Managing Director was undertaken by the Remuneration Committee during the year and the results of this review were discussed with the Managing Director. The CFO commenced employment on 24 May 2010 and it is intended that the first performance review of the CFO will be conducted by the Remuneration Committee, together with the CEO, during the 2011 Financial Year.

## **Board Processes**

The Board of Cape Alumina Limited meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and Company Secretary in conjunction with the Directors. Relevant information is circulated to Board members in advance of the meetings.

## **Composition of the Board**

At the date of this report the Board comprises the Managing Director as well as six non-executive directors, two of whom are independent directors including the Chairman.

Director	Appointed	Non-Executive	Independent	Retiring at 2010 AGM	Seeking re-election at 2010 AGM
G Lloyd	29 January 2009	Yes	Yes	No	N/A
R Fritschy	29 January 2009	Yes	Yes	No	N/A
A Gillies	2 February 2004	Yes	No	Yes	Yes
J Liu	5 May 2008	Yes	No	No	N/A
P Nicholson	26 March 2007	Yes	No	Yes	Yes
V Smirnyagin	15 November 2006	Yes	No	No	N/A
P Messenger	15 December 2009	No	No	No	N/A

Each Director is required to retire at the Annual General Meeting (AGM) the end of every three year period of service. The Company's Constitution also provides that one-third of Directors retire by rotation each AGM. Those Directors who are retiring, and any Director appointed to fill a casual vacancy since the date of the previous AGM, may submit themselves for re-election.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration, development and production companies as described in the Directors section of the Directors' Report.

### Independence of Non-Executive Directors

An independent director must satisfy the criteria for independence set out in the ASX Best Practice Recommendations. The Board considers that George Lloyd and Rennie Fritschy both meet these criteria. The other Non-Executive Directors are not considered to be independent by virtue of their representation of large shareholders of the Company.

### Director Access to Independent Professional Advice

The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman or the Board, all Directors have the right to seek independent legal and other professional advice, at the company's expense, concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors.

### Ethical Standards

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

### Board Committees

At the date of this report the Company has an Audit and Risk Management Committee as well as an HR and Remuneration Committee, both of which are sub-committees of the Board. The Company does not have a separate Nomination Committee and the role of this committee is undertaken by the Board. Given the composition of the Board and the size of the Company, it is the view of the Board that a separate Nomination committee is not yet warranted.

### Continuous Disclosure and Shareholder Communication

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the company's website [www.capealumina.com.au](http://www.capealumina.com.au).

Shareholders are forwarded documents relating to each general meeting of the Company being the Notice of Meeting, the Explanatory Memorandum, the Proxy Form and, if requested, the Annual Report. All shareholders are invited to attend general meetings and the Company's External Auditor is also present at AGMs to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

# // Corporate Governance Statement

The Company encourages shareholders to provide their email contact details so that they can receive all shareholder communication electronically.

## Managing Business Risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- ensure that policies to prevent or reduce the adverse effects of risk are in place;
- monitor the implementation of risk management policies
- monitor material risks and the actions taken in respect of any unacceptable risks until the level of risk becomes acceptable;
- communicate and consult internally and externally as appropriate; and
- to inform investors of material changes to the company's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) may be conducted by external parties where appropriate.

The Board ensures that recommendations made by the external parties are reviewed and, where considered necessary, action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

## ASX Best Practice Recommendations

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column. Where the Company does not comply with a particular recommendation, it is indicated with a "No" and the Company's reasons are set out in the corresponding note at the end of the table.

The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website at [www.capealumina.com.au](http://www.capealumina.com.au) under the heading "Corporate Governance".

	Description	Complied	Note
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	A clear description of the process for evaluating the performance of senior executives.	Yes	
1.3	An explanation of whether an evaluation of senior executives took place in the financial year, and a statement as to whether it was in accordance with the process disclosed.	Yes	
1.4	A statement as to where a copy of matters reserved for the board is publicly available.	Yes	
1.5	A statement as to where a copy of matters delegated to senior executives is publicly available and a statement as to where a copy of the board charter is publicly available.	Yes	
2.1	A majority of the Board should be independent directors , and a statement made as to which Directors are independent	No	1
2.2	The Chairperson should be an independent director.	Yes	
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee and should have policies for the selection of Directors.	No	2
2.5	A clear description of the process for evaluating the performance of the board, its committees and individual directors.	No	3
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1	The practices necessary to maintain confidence in the Company's integrity;	Yes	
3.1.2	The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Disclose the policy concerning trading in company securities by directors, Officers and Employees.	Yes	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	



## ASX Best Practice Recommendations (continued)

	Description	Complied	Note
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.2	The Board should establish an Audit Committee.	Yes	
4.3	Structure the Audit Committee so that it consists of: <ul style="list-style-type: none"> <li>• only Non-Executive Directors</li> <li>• a majority of Independent Directors</li> <li>• an independent Chairperson, who is not chairperson of the Board</li> <li>• at least three members.</li> </ul>	Yes Yes No Yes	4
4.4	The Audit Committee should have a formal charter.	Yes	
4.5	The Details of the names and qualifications of those appointed to the audit committee are specified in the Corporate Governance Charter or Directors Report.	Yes	
	The details of the number of meetings of the audit committee are set out in the Directors Report.	Yes	
	A statement as to the procedures for the selection, appointment and rotation of external audit engagement partners is included in the Company's Corporate Governance Charter.	Yes	
4.6	Provide the information indicated in the Guide to reporting on Principle 4.	Yes	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements to ensure accountability at a senior management level for that compliance.	Yes	
5.2	The Company's continuous disclosure policy is publicly available in the Company's Corporate Governance Charter.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings-refer to Continuous Disclosure and Shareholder Communication as set out above.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditors report.	Yes	
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management	Yes	

	Description	Complied	Note
7.2	The board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and report to it on whether those risks are being managed effectively and management has reported to the board as to effectiveness of the entity's management of its material business risks.	Yes	
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.3.1	The statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	Yes	
7.3.2	The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	Yes	
7.4	The board has received the report from management under Recommendation 7.2, has received assurance from the CEO and CFO under Recommendation 7.3; and the entity's policies on risk oversight and management of material business risks are publicly available on the Company's website at <a href="http://www.capealumina.com.au">www.capealumina.com.au</a>	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	3
8.2	The Board should establish a Remuneration Committee.	Yes	
8.3	Clearly distinguish the structure of Non-Executive Directors remuneration from that of Executives.	Yes	
8.4	Establish and disclose a code of conduct to guide compliance with legal and other obligations.	Yes	

**Notes:** **1.** Mr George Lloyd and Mr Rennie Fritschy are Independent Directors. However, at the date of this report, the Company does not have a majority of Independent Directors, as the other non-Executive Directors represent the major shareholders of the Company. Given the stage of development of the Company, this is considered appropriate. It is expected that, as the Company's operations expand and number of shareholders increases, the Company will increase the proportion of Independent Directors. **2.** At the date of this report the Company does not have a separate Nomination Committee and the role of this committee is undertaken by the Board. Given the composition of the Board and the size of the Company, it is the view of the Board that a separate Nomination committee is not yet warranted. However, it is expected that, as the Company's operations expand, a separate Nomination Committee will be established. The Company does not have a formal policy for the selection of Directors as this is carried out on a case by case basis by the Board acting as the Nomination Committee. **3.** The evaluation of individual board members performance is undertaken by the Chairman. During the reporting period, board performance evaluations of individual members of the current board have not been conducted, as evaluation criteria is yet to be agreed upon. However, the Board has engaged in an overall board performance review, which included each Board member completing a questionnaire on board performance and discussion of the results at a Board meeting. **4.** The Chairman of the Company is also Chairman of the Audit Committee as he is considered to be the best qualified and experienced Non-Executive Director to undertake the position.



# Cape Alumina

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# // Auditors Independence Declaration



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## DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF CAPE ALUMINA LTD

In relation to our audit of the Financial Report of Cape Alumina Ltd for the year ended 30 June 2010, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cape Alumina Ltd.

**Craig Jenkins**

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 17 September 2010



# // Financial Statements

For The Year Ended 30 June 2010

## Statement of Comprehensive Income

	Note	2010 Economic Entity \$	2009 Economic Entity \$
Other income		6,408	5,275
Employee benefits expense		(1,259,734)	(1,109,463)
Depreciation and amortisation		(7,611)	(5,116)
Occupancy expenses		(65,887)	(46,982)
Impairment of mineral properties and exploration costs		(36,390)	(190,288)
Advertising, promotion and external relations expense		(164,907)	(419,516)
Other expenses	8	(542,145)	(1,773,813)
<b>Results from operating activities</b>		<b>(2,070,266)</b>	<b>(3,539,903)</b>
Finance income		307,288	160,698
<b>Profit/(loss) before income tax</b>		<b>(1,762,978)</b>	<b>(3,379,205)</b>
Income tax benefit/(expense)	9	-	-
<b>Profit/(loss) for the year after income tax</b>		<b>(1,762,978)</b>	<b>(3,379,205)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss)</b>		<b>(1,762,978)</b>	<b>(3,379,205)</b>
Basic and diluted earnings/(loss) per share (cents per share)	20	(0.014)	(0.032)

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements

## Statement of Financial Position

	Note	2010 Economic Entity \$	2009 Economic Entity \$
<b>Current assets</b>			
Cash and cash equivalents	10	3,937,178	11,534,203
Trade and other receivables	11	74,606	136,131
Financial Assets		46,937	-
<b>Total current assets</b>		<b>4,058,721</b>	<b>11,670,334</b>
<b>Non-current assets</b>			
Exploration & evaluation expenditure	13	12,180,042	6,656,089
Plant and equipment	14	23,943	31,554
Other assets		7,560	7,560
<b>Total non-current assets</b>		<b>12,211,545</b>	<b>6,695,203</b>
<b>TOTAL ASSETS</b>		<b>16,270,266</b>	<b>18,365,537</b>
<b>Current liabilities</b>			
Trade and other payables	15	425,846	727,344
<b>Total current liabilities</b>		<b>425,846</b>	<b>727,344</b>
<b>TOTAL LIABILITIES</b>		<b>425,846</b>	<b>727,344</b>
<b>NET ASSETS</b>		<b>15,844,420</b>	<b>17,638,193</b>
<b>Equity</b>			
Issued capital	16	23,555,624	23,586,419
Reserves	17	21,471	21,471
Accumulated losses		(7,732,675)	(5,969,697)
<b>TOTAL EQUITY</b>		<b>15,844,420</b>	<b>17,638,193</b>

The Statement of Financial Position should be read in conjunction with the notes to the financial statements



## Statement of Changes in Equity

Economic entity	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	23,586,419	21,471	(5,969,697)	17,638,193
Profit/(loss) for the year after income tax	-	-	(1,762,978)	(1,762,978)
Other Comprehensive Income/(loss)	-	-	-	-
Total Comprehensive Income/(loss) for the year	-	-	(1,762,978)	(1,762,978)
<b>Transactions with owners, recorded directly in equity</b>				
Shares issued during the year net of transaction costs	(30,795)	-	-	(30,795)
<b>Balance at 30 June 2010</b>	<b>23,555,624</b>	<b>21,471</b>	<b>(7,732,675)</b>	<b>15,844,420</b>
<b>Balance at 1 July 2008</b>	6,950,000	3,838	(2,590,492)	4,363,346
Profit/(loss) for the year after income tax	-	-	(3,379,205)	(3,379,205)
Other Comprehensive Income/(loss)	-	-	-	-
Total Comprehensive Income/(loss) for the year	-	-	(3,379,205)	(3,379,205)
<b>Transactions with owners, recorded directly in equity</b>				
Share based payments	-	17,633	-	17,633
Shares issued during the year net of transaction costs	16,636,419	-	-	16,636,419
<b>Balance at 30 June 2009</b>	<b>23,586,419</b>	<b>21,471</b>	<b>(5,969,697)</b>	<b>17,638,193</b>

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements

## Cash Flow Statement

	Note	2010 Economic Entity \$	2009 Economic Entity \$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,408	5,275
Payments to suppliers and employees		(2,283,474)	(2,558,474)
Interest received		318,116	159,250
<b>Cash provided by/(used in) operating activities</b>	18(a)	<b>(1,958,950)</b>	<b>(2,393,949)</b>
<b>Cash flows from investing activities</b>			
Investment in Term Deposits		(46,937)	-
Payments for intangibles		-	(2,413)
Payments for exploration & evaluation expenditure		(5,560,343)	(3,229,304)
Payments for plant and equipment		-	(27,116)
<b>Cash provided by/(used in) investing activities</b>		<b>(5,607,280)</b>	<b>(3,258,833)</b>
<b>Cash flows from financing activities</b>			
Transaction costs-share issues		(30,795)	(379,100)
Proceeds from share issue		-	16,515,519
<b>Cash provided by/(used in) financing activities</b>		<b>(30,795)</b>	<b>16,136,419</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,597,025)</b>	<b>10,483,637</b>
Cash and cash equivalents at the beginning of the financial year		11,534,203	1,050,566
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>3,937,178</b>	<b>11,534,203</b>

The Cash Flow Statement should be read in conjunction with the notes to the financial statements

# // Notes to the Financial Statements

## For The Year Ended 30 June 2010

### 1. REPORTING ENTITY

Cape Alumina Limited (Company) is a listed public company, incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as Economic Entity).

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements are a general purpose financial report prepared in accordance with Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements of the Economic Entity comply with International Financial Reporting Standards (IFRS's) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 17 September 2010.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements are presented in Australian Dollars, which is the Company's functional currency.

#### (c) Use of estimates and judgements

The preparation of financial statements in conformity with AASB's requires management to make judgments, estimates and assumptions that effect 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 estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below:

#### Impairment

The Economic Entity assesses impairment at the end of each reporting period by evaluating conditions specific to the Economic Entity that may lead to impairment of other assets and financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations are performed or market based information is obtained in assessing recoverable amounts that incorporate a number of key estimates.

#### Impairment Assessment of Exploration and Evaluation Expenditure

Cape Alumina Ltd's key project, Pisolite Hills, has been impacted by the declaration of the Wenlock River as a Wild River and the buffer zone required, resulting in a loss currently estimated to be 38% of the available resource. The declaration of the Wenlock River as a Wild River has impacted the value of the Pisolite Hills project and unless there are further changes, the development of a 7M tpa mine as originally intended will not occur. The Company continues to assess the feasibility of other development alternatives for the Pisolite Hills project and has performed an impairment assessment based on all available information. Whilst a number of uncertainties pertaining to the possible development of the Pisolite Hills project exist, the directors are of the belief that the exploration and evaluation expenditure is not impaired and no impairment writedown is required.

#### (c) Use of estimates and judgements (continued)

#### Share based payments

The Economic Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Black-Scholes option-pricing formula detailed in Note 20.

#### (d) Changes in accounting policies

Starting as of 1 July 2009, the Economic Entity has changed its accounting policies in the following areas:

- Determination and presentation of operating segments; and
- Presentation of financial statements.

Refer to note 4.(o).

### 3. UNCERTAINTIES REGARDING GOING CONCERN & RECOVERABILITY OF EXPLORATION & EVALUATION EXPENDITURE

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration and evaluation expenditure of \$12,180,042 (30 June 2009: \$6,656,089) as summarised in Note 12. The ability of the economic entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of exploration and evaluation expenditure, is dependent on uncertainties such as the ability of the economic entity to successfully raise additional capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Economic Entity, except as outlined in note 2(d), which addresses changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### (a) Basis of Consolidation

##### Subsidiaries

Subsidiaries are entities controlled by the Economic Entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Economic Entity.

Investments in subsidiaries are carried at cost by the Parent Entity.

##### Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### Business combinations

The Economic Entity has adopted the revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 July 2009. All business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively.

For every business combination, the Economic Entity identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Economic Entity takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

##### Measuring goodwill

The Economic Entity measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Economic Entity to the previous owners of the acquiree, and equity interests issued by the Economic Entity. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Economic Entity and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.



# // Notes to the Financial Statements

## For The Year Ended 30 June 2010

### 4. Significant Accounting Policies (continued)

#### *Contingent liabilities*

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

#### *Non-controlling interest*

The Economic Entity measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

#### *Transaction costs*

Transaction costs that the Economic Entity incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

#### **(b) Income Tax**

The charge for current income tax expenses is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **Income Tax Consolidation**

Cape Alumina Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime. Cape Alumina Limited as the head entity is responsible for recognising the current tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing and tax funding agreement whereby each Company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. Each entity in the group recognises its own deferred tax assets and liabilities. Such taxes are measured using the group taxpayer approach to allocation.

#### **(c) Plant and Equipment**

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flow that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

All assets are depreciated on a straight line basis over their useful lives to the economic entity 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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	5-33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period. An asset's carrying amount is written down immediately to its

recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

#### **(d) Exploration and Evaluation Expenditure**

Exploration and evaluation 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 which 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.

#### **(e) Restoration, Rehabilitation and Environmental Expenditure**

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 structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to areas of interest in the exploration and evaluation phase are dealt with retrospectively, with any amounts that would have been written off or provided against under the accounting policy for exploration and evaluation immediately written off.

Restoration from exploration drilling is carried out at the time of drilling and accordingly no provision is required.

#### **(f) Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the economic entity are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged to profit or loss on a straight line basis over the period of the lease.

#### **(g) Financial Instruments**

##### **Recognition**

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

##### **Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial instruments.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment losses.

##### **Held-to-maturity financial assets**

If the Economic Entity has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity

# // Notes to the Financial Statements

## For The Year Ended 30 June 2010

### 4. Significant Accounting Policies (continued)

would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Economic Entity from classifying investment securities as held-to-maturity for the current and the following two financial years.

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method, comprising original debt less principal payments and amortisation.

#### **Impairment**

At each reporting date, the Economic Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of loans and receivables, the Economic Entity first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

#### **(h) Impairment of Non Financial Assets**

At each reporting date, the economic entity 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 profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the economic entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(i) Employee benefits**

##### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Economic Entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Equity Settled Share Based Compensation**

The Economic Entity issues equity-settled share-based payments to directors and employees. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a valuation which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### **(j) Issued Capital**

Issued Ordinary Shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognised as transaction costs under AASB 139 and shown as a deduction from equity. IPO costs related to existing shares are recognised as an expense.

#### **(k) Earnings per share**

The Economic Entity presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

#### **(l) Cash and Cash Equivalents**

Cash and cash equivalents includes 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. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### **(m) Revenue**

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



revenue is recognised using the effective interest method. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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

#### **(n) Goods and Services Tax (GST)**

Revenue, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(o) Presentation of financial statements**

The Economic Entity applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Economic Entity presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

#### **(p) Comparative Figures**

Where required by the Australian Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **(q) New accounting standards and interpretations not yet adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9

will become mandatory for the Economic Entity's 30 June 2014 financial statements.

Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Economic Entity has not yet determined the potential effect of the standard.

- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party. The amendments, which will become mandatory for the Economic Entity's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Economic Entity's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

### **5. DETERMINATION OF FAIR VALUES**

Certain accounting policies and disclosures of the Economic Entity require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **Share-based payment transactions**

The Company issues equity-settled share-based payment options to directors and officers of the Company as part of their remuneration. The fair value of the options issued to directors and officers is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions.

### **6. FINANCIAL RISK MANAGEMENT**

Risk management is carried out under policies set by the Board of Directors.

The Board provides principles for overall risk management, as well as policies covering specific areas.

# // Notes to the Financial Statements

## For The Year Ended 30 June 2010

### 6. Financial Risk Management (continued)

#### (a) Financial risk management objectives

The Board monitors and manages the financial risk relating to the operations of the Economic Entity. The Economic Entity's activities may include exposure to market risk, fair value interest rate risk and price risk, credit risk, liquidity risk, cash flow interest rate risk and operational risk. The overall risk management program focuses on the unpredictability of the financial markets in which it operates and seeks to minimise the potential adverse effects on the financial performance. Risk management is carried out under the direction of the Board of Directors.

#### (b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4 to the financial statements.

#### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Economic Entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

#### (d) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

#### (e) Liquidity risk management

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Economic Entity's short, medium and long-term funding and liquidity management requirements. The Economic Entity manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

Contractual cashflows from trade and other payables and financial liabilities approximate their carrying amount. Trade and other payables are contractually due within 6 months of year end.

#### (f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Economic Entity's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Economic Entity's operations.

The Economic Entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Economic Entity's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

### 7. SEGMENT REPORTING

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the economic entity level. The Group does not have any products/ services it derives revenue from.

Accordingly, management currently identifies the Group as having only one operating segment, being exploration for bauxite. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Economic Entity as one segment. The financial results from this segment are equivalent to the financial statements of the Economic Entity as a whole.

## 8. OTHER EXPENSES

	Economic Entity 2010 \$	Economic Entity 2009 \$
Professional and legal fees	102,580	149,622
Share issue expenses	-	1,249,989
Other expenses	439,565	374,202
<b>Total Other Expenses</b>	<b>542,145</b>	<b>1,773,813</b>

## 9. INCOME TAX

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>(a) The prima facie tax on profit/(loss) before income tax is reconciled to income tax expense as provided in the financial statements as follows:</b>		
The prima facie income tax benefit (30%) on loss before income tax	(528,893)	(1,013,762)
<b>Add Tax Effect of:</b>		
Non-deductible entertainment	1,367	772
Deferred tax not recognised on current year loss	2,267,265	1,664,947
Share issue costs expensed	-	374,997
Deferred tax asset not recognised	(85,993)	(74,668)
<b>Less Tax Effect of:</b>		
Correction to overstated Deferred tax liability in economic entity in prior year	-	(39,786)
Deferred tax liability not recognised	(1,659,495)	(912,500)
Income tax (expense)/benefit	-	-
<b>(b) Net Unrecognised deferred tax assets</b>		
Unused Tax losses	5,559,557	3,290,567
Exploration and Evaluation expenditure	(3,643,080)	(1,985,894)
Other deductible temporary differences	311,547	391,790
<b>Total Net Unrecognised deferred tax assets</b>	<b>2,228,024</b>	<b>1,696,463</b>
<b>Gross amounts of items in Net Unrecognised deferred tax assets</b>		
Unused Tax losses	18,531,857	10,968,557
Exploration and Evaluation expenditure	(12,143,600)	(6,619,647)
Other deductible temporary differences	1,038,490	1,305,966
<b>Total Net Unrecognised deferred tax assets</b>	<b>7,426,747</b>	<b>5,654,876</b>

## 10. CASH & CASH EQUIVALENTS

	Economic Entity 2010 \$	Economic Entity 2009 \$
Term deposits	3,205,024	5,060,259
Cash at bank	732,154	6,473,944
<b>Total Cash &amp; Cash Equivalents</b>	<b>3,937,178</b>	<b>11,534,203</b>

## 11. TRADE & OTHER RECEIVABLES

	Economic Entity 2010 \$	Economic Entity 2009 \$
GST refundable	65,500	117,606
Other	9,106	18,525
<b>Total Trade &amp; Other Receivables</b>	<b>74,606</b>	<b>136,131</b>

Receivable represents amounts that are not past due and are considered recoverable in full.

## 12. EXPLORATION & EVALUATION EXPENDITURE

	Economic Entity 2010 \$	Economic Entity 2009 \$
Mineral properties	12,143,602	6,619,649
Security deposits	36,440	36,440
<b>Total Exploration &amp; Evaluation Expenditure</b>	<b>12,180,042</b>	<b>6,656,089</b>
<b>Reconciliation</b>		
Carrying amount at beginning of the year	6,656,089	3,466,800
Additions	5,560,343	3,279,304
Expenditure written off	(36,390)	(90,015)
<b>Carrying amount at end of the year</b>	<b>12,180,042</b>	<b>6,656,089</b>



# // Notes to the Financial Statements

For The Year Ended 30 June 2010

## 13. PLANT & EQUIPMENT

	Economic Entity 2010 \$	Economic Entity 2009 \$
Plant and equipment, at cost	45,613	45,613
Accumulated depreciation	(21,670)	(14,059)
<b>At written down value</b>	<b>23,943</b>	<b>31,554</b>

### Reconciliation

Reconciliations of the carrying amount of each class of property, plant and equipment between the beginning and the end of the financial year.

	Economic Entity 2010 \$	Economic Entity 2009 \$
Carrying amount at beginning of the year	31,554	13,311
Additions	-	23,359
Disposals	-	-
Depreciation	(7,611)	(5,116)
<b>Carrying amount at end of the year</b>	<b>23,943</b>	<b>31,554</b>

## 14. TRADE AND OTHER PAYABLES

	Economic Entity 2010 \$	Economic Entity 2009 \$
Trade payables	106,642	592,028
Accruals	215,187	34,000
Annual Leave	104,017	101,316
<b>Total Trade &amp; Other Payables</b>	<b>425,846</b>	<b>727,344</b>

## 15. ISSUED CAPITAL

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>(a) Issued and paid-up capital</b>		
129,050,803 (2009: 129,050,803) fully paid ordinary shares	23,555,624	23,586,419

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company. Effective 1 July 1998, the Corporations legislation in place abolished the concept of authorised capital and par value shares. Accordingly, there is no authorised capital or par value incorporated in the issued shares.

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>(b) Reconciliation of issued and paid-up capital</b>		
Balance at beginning of the year	23,586,419	6,950,000
Issued during the year net of transaction costs	(30,795)	16,636,419
<b>Balance at end of the year</b>	<b>23,555,624</b>	<b>23,586,419</b>

No shares were issued during the year.

Share Issued	Economic Entity 2010 Number	Economic Entity 2009 Number	Price\$
Balance at beginning of the year	129,050,803	133,000	-
29 September 2008 - shares issued for working capital	-	3,200	312.50
14 October 2008 - shares issued for working capital	-	20,000	50.00
Share Split - 627.527 shares for each pre split share - additional shares	-	97,863,603	0.50
29 January 2009 - shares issued on Initial Public Offering	-	30,031,000	0.50
29 January 2009 - performance shares issued	-	1,000,000	0.50
<b>Balance at end of the year</b>	<b>129,050,803</b>	<b>129,050,803</b>	

	Economic Entity 2010 Number	Economic Entity 2009 Number
<b>(c) Options</b>		
Balance at beginning of the year	9,200,000	9,200,000
Granted during the year	-	-
<b>Balance at end of the year</b>	<b>9,200,000</b>	<b>9,200,000</b>

During the 2008 financial year 9,200,000 options were issued to Directors and employees. No options have been issued during the 2009 or 2010 financial years.

Grant Date	Expiry Date	Exercise Price \$	Qualifying Price \$	Economic Entity 2010 Number	Economic Entity 2009 Number
<b>(d) Details of the options outstanding as at the end of the year:</b>					
21/05/2008	29/01/2012	50 cents	N/A	9,200,000	9,200,000
				<b>9,200,000</b>	<b>9,200,000</b>

## 16. RESERVES

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>Employee Options reserve</b>		
Balance at the beginning of the year	21,471	3,838
Option expense for the year	-	17,633
<b>Balance at the end of the year</b>	<b>21,471</b>	<b>21,471</b>

The purpose of the reserve is to recognise director and employee options granted as remuneration.

## 17. CASH FLOW INFORMATION

<b>(a) Reconciliation of net cash provided by/(used in) operating activities to profit/(loss) after income tax</b>		
Profit/(loss) after income tax	(1,762,978)	(3,379,205)
<b>Add/(less) non cash flows</b>		
Impairment of exploration expenditure	36,390	90,015
Share based payments-options	-	17,633
Share based payments-shares	-	500,000
Depreciation	7,611	5,116
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	61,525	22,365
(Increase)/decrease in other assets	-	663,100
Increase/(decrease) in trade and other payables	(301,498)	(312,973)
<b>Cash flow from operations</b>	<b>(1,958,950)</b>	<b>(2,393,949)</b>

# // Notes to the Financial Statements

For The Year Ended 30 June 2010

## 18. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors for:		
Audit and review of financial reports	35,500	34,500
Other services (taxation advice and Independent Accountants Report)	4,809	30,059
<b>Total Auditor's Remuneration</b>	<b>40,309</b>	<b>64,559</b>

## 19. EARNINGS PER SHARE

	2010 (Cents)	2009 (Cents)
Basic and diluted earnings per share	(0.014)	(0.032)

	2010 (Number)	2009 (Number)
Weighted average number of shares used as the denominator in calculating basic earnings per share	129,050,803	106,796,791

	2010 \$	2009 \$
Net loss after tax used in calculating basic earnings per share	(1,762,978)	(3,379,205)

Options are considered to be "potential ordinary shares" but were anti-dilutive in nature and therefore the diluted loss per share is the same as the basic loss per share.

## 20. SHARE BASED PAYMENTS

### Options

During the 2008 financial year, 9,200,000 options were issued to Directors and employees with an exercise price of 50 cents. These options expire on the earlier of 3 months after the option holder ceases to be a Director or employee of the Company or 29 January 2012. 5,600,000 options vested on 29 July 2009 and 3,600,000 options vest on 29 July 2010.

Economic Entity				
	2010		2009	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Outstanding at beginning of year	9,200,000	50 cents	9,200,000	50 cents
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	9,200,000	50 cents	9,200,000	50 cents
Exercisable at year-end	5,600,000	50 cents	Nil	Nil
The prices of all options were calculated by using a Black-Scholes options pricing model applying the following inputs:				
Weighted average exercise price	\$0.50			
Weighted average life of the option	3.34 years			
Underlying share price	\$0.014			
Expected share price volatility	116.318%			
Risk free interest rate	6.37%			
Number of options issued	9,200,000			
Value (Black-Scholes) per option	\$0.002			
Total value of options issued	\$23,958			



Historical volatility of a comparable Company operating in a similar industry and with a similar market capitalisation has been the basis for determining the expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate. Volatility rate used to value options have factored in the possibility of early exercise.

Life of the options is based on time to expiry.

Included under Employee Benefits Expense in the Income Statement, there is nothing relating to equity-settled share-based payment transactions (2009: \$17,633).

At 30 June 2010, all of the options on issue have one year and seven months to run to expiry.

On 29 January 2009, being the date on which the Company listed on the Australian Stock Exchange, 965,000 shares @ \$0.50 (being the price at which shares were allotted under the Company's Initial Public Offering) were issued to the Chief Executive Officer of the Company and 35,000 shares @ 50 cents were issued to other employees. The shares were issued as agreed remuneration under the Chief Executives Officer's contract of employment for a total value of \$500,000. These shares are escrowed for a period of two years until 29 January 2011.

## 21. RELATED PARTIES & KEY MANAGEMENT PERSONNEL DISCLOSURES

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>Key management personnel compensation</b>		
Short term employee benefits	721,617	688,750
Post-employment benefits	62,444	103,448
Termination benefits	-	-
Share-based payments	-	490,000
<b>Total Key Management Personnel Compensation</b>	<b>784,061</b>	<b>1,282,198</b>

The key management personnel of Cape Alumina Limited and the consolidated entity includes the directors, and Dr Paul Messenger (Managing Director), Mr Scott Waddell (Chief Financial Officer and Company Secretary) and Mr John Cameron (Exploration Manager). Dr Messenger and Mr Cameron have been employed for the entire year from 1 July 2009 to 30 June 2010. Mr Waddell took over from Mr John Haley on 1 June 2010. These personnel have authority for planning, directing and controlling the activities of the Company and the consolidated entity.



# // Financial Statements

For The Year Ended 30 June 2010

## 21. Related Parties & Key Management Personnel Disclosures (continued)

### Option holdings of Directors and key management personnel

2010	Balance 1.07.09	Granted as Remuneration	Options exercised	Net Change Other	Balance 30.06.10	Total Vested 30.06.10	Total Exercisable 30.06.10
<b>Directors</b>							
G A Lloyd	1,000,000	-	-	-	1,000,000	500,000	500,000
A L Gillies	600,000	-	-	-	600,000	400,000	400,000
P B Nicholson ***	600,000	-	-	-	600,000	400,000	400,000
R Fritschy	500,000	-	-	-	500,000	300,000	300,000
J Liu	400,000	-	-	-	400,000	200,000	200,000
V Smirnyagin	600,000	-	-	-	600,000	400,000	400,000
K Xiao (Alternate Director)	400,000	-	-	-	400,000	200,000	200,000
P R Messenger **	2,000,000	-	-	-	2,000,000	1,000,000	1,000,000
<b>Other key management personnel</b>							
J K Haley *	700,000	-	-	(700,000)	-	500,000	500,000
S Waddell *	-	-	-	-	-	-	-
J K Cameron	700,000	-	-	-	700,000	500,000	500,000
<b>Total</b>	<b>7,500,000</b>	<b>-</b>	<b>-</b>	<b>(700,000)</b>	<b>6,800,000</b>	<b>5,100,000</b>	<b>5,100,000</b>

\* Mr John Haley resigned as Company Secretary on 1 June 2010 and was replaced by Mr Scott Waddell.

\*\* Dr Paul Messenger became a Director on 15 December 2009.

\*\*\* Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P. which together hold 32,374,662 shares in Cape Alumina Limited. Resource Capital Funds Management Pty Ltd holds 600,000 options to acquire shares in Cape Alumina Limited at 50 cents.

### Option holdings of Directors and key management personnel

2009	Balance 1.07.08	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30.06.09	Total Vested 30.06.09	Total Exercisable 30.06.09
<b>Directors</b>							
G A Lloyd	1,000,000	-	-	-	1,000,000	Nil	Nil
A L Gillies	600,000	-	-	-	600,000	Nil	Nil
P B Nicholson**	600,000	-	-	-	600,000	Nil	Nil
R Fritschy	500,000	-	-	-	500,000	Nil	Nil
J Liu	400,000	-	-	-	400,000	Nil	Nil
V Smirnyagin	600,000	-	-	-	600,000	Nil	Nil
D K Barwick * (former Director)	700,000	-	-	(700,000)	-	Nil	Nil
K Xiao (Alternate Director)	400,000	-	-	-	400,000	Nil	Nil
<b>Other Key Management Personnel</b>							
P R Messenger	2,000,000	-	-	-	2,000,000	Nil	Nil
J K Haley	700,000	-	-	-	700,000	Nil	Nil
J K Cameron	700,000	-	-	-	700,000	Nil	Nil
<b>Total</b>	<b>8,200,000</b>	<b>-</b>	<b>-</b>	<b>(700,000)</b>	<b>7,500,000</b>	<b>Nil</b>	<b>Nil</b>

\* Mr David Barwick resigned and is no longer a director.

\*\* Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P. which together hold 32,374,662 shares in Cape Alumina Limited. Resource Capital Funds Management Pty Ltd holds 600,000 options to acquire shares in Cape Alumina Limited at 50 cents.



# // Financial Statements

For The Year Ended 30 June 2010

## 21. Related Parties & Key Management Personnel Disclosures (continued)

### Shareholdings of Directors and key management personnel

2010	Balance 1.07.09	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.10
<b>Directors</b>					
G A Lloyd	58,000	-	-	-	58,000
P R Messenger	965,000	-	-	39,712	1,004,712
A L Gillies	16,000	-	-	-	16,000
P B Nicholson**	-	-	-	-	-
R Fritschy	8,000	-	-	-	8,000
J Liu*	-	-	-	-	-
V Smirnyagin***	-	-	-	-	-
K Xiao (Alternate Director)*	12,000	-	-	-	12,000
	1,059,000	-	-	39,712	1,098,712
<b>Other key management personnel</b>					
J K Haley	17,300	-	-	-	17,300
J K Cameron	14,000	-	-	-	14,000
A S Waddell	-	-	-	-	-
<b>Total</b>	<b>31,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,300</b>

Non key management personnel hold an additional 20,000 shares granted as remuneration. \* Jijun Liu is a Director of, and Mr Xiao is a consultant to, China Xinfu Group Corporation Limited, which holds 24,001,883 shares in Cape Alumina Limited. \*\* Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P. which together hold 32,374,662 shares in Cape Alumina Limited. Resource Capital Funds Management Pty Ltd holds 600,000 options to acquire shares in Cape Alumina Limited at 50 cents. \*\*\* Valentine Smirnyagin is an employee of Bondline Limited which holds 20,865,291 shares in Cape Alumina Limited.

2009	Balance 1.07.08	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.06.09
<b>Directors</b>					
G A Lloyd	-	-	-	58,000	58,000
A L Gillies	-	-	-	16,000	16,000
P B Nicholson**	-	-	-	-	-
R Fritschy	-	-	-	8,000	8,000
J Liu*	-	-	-	-	-
V Smirnyagin***	-	-	-	-	-
K Xiao (Alternate Director)*	-	-	-	12,000	12,000
	-	-	-	94,000	94,000
<b>Other key management personnel</b>					
P R Messenger	-	965,000	-	-	965,000
J K Haley	-	5,000	-	12,300	17,300
J K Cameron	-	10,000	-	4,000	14,000
<b>Total</b>	<b>-</b>	<b>980,000</b>	<b>-</b>	<b>16,300</b>	<b>996,300</b>

Non key management personnel hold an additional 20,000 shares granted as remuneration. \* Jijun Liu is a Director of, and Mr Xiao is a consultant to, China Xinfu Group Corporation Limited, which holds 24,001,883 shares in Cape Alumina Limited. \*\* Peter Bruce Nicholson is an employee of Resource Capital Funds Management Pty Ltd, an entity related to Resource Capital Fund III and IV L.P. which together held 32,374,662 shares in Cape Alumina Limited as at 30 June 2009. Resource Capital Funds Management Pty Ltd holds 600,000 options to acquire shares in Cape Alumina Limited at 50 cents.

\*\*\* Valentine Smirnyagin is an employee of Bondline Limited which holds 20,865,291 shares in Cape Alumina Limited.

### Loans and/or transactions with key management personnel

There were no transactions with or loans outstanding to key management personnel for the year ended 30 June 2010 (2009: nil).

### Loans and/or transactions with related parties

During the year ended 30 June 2009, Metallica Minerals Limited lent interest free and was repaid an amount of \$500,000 by Cape Alumina Limited. At 30 June 2010, Metallica Minerals Limited also held 38,559,367 shares in Cape Alumina Limited which represented 29.88% of the Company's Share Capital. At 30 June 2009 Metallica Minerals Limited held 32.88% of Cape Alumina Limited.

## 22. COMMITMENTS

	Economic Entity 2010 \$	Economic Entity 2009 \$
<b>a) Tenements:</b>		
The Economic Entity is expected to have certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Economic Entity. The expected commitments to be undertaken are as follows:		
Not longer than 1 year	428,213	243,000
Longer than 1 year, less than 5 years	1,034,101	1,227,000
<b>Total Tenement Commitments</b>	<b>1,462,315</b>	<b>1,470,000</b>
Tenement rental per year	65,887	79,032
<b>b) Operating lease commitments payable*:</b>		
Not longer than 1 year	81,696	54,545
Longer than 1 year but not longer than 5 years	61,887	40,909
<b>Total Operating Lease Commitments</b>	<b>143,583</b>	<b>95,454</b>

\*Operating lease commitment relates to rental of office premises with a 24 month term with an option to renew for a further 24 months, plus the photocopier and Mapoon office.

## 23. FINANCIAL INSTRUMENTS

### a) Capital risk management

The Economic Entity manages its capital to ensure that it will be able to continue as a going concern.

The capital structure of the Economic Entity consists of equity attributable to equity holders of the parent entity, as disclosed in Notes 10 and 16, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity. In common with many other exploration companies, the parent raises finance for the Economic Entity's exploration and appraisal activities in discrete tranches. The economic entity's overall strategy remains unchanged from 2009.

The working capital position (ie liquidity risk) of the Economic Entity is as follows:

	Economic Entity 2010 \$	Economic Entity 2009 \$
Current assets	4,058,721	11,670,334
Current liabilities	(425,846)	(727,344)
<b>Working capital surplus/ (deficit)</b>	<b>3,632,875</b>	<b>10,952,990</b>

### b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 4 to the financial statements.

### c) Financial risk management objectives

The financial risks of the economic entity include market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The economic entity does not hedge these risk exposures. The Economic Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

# // Notes to the Financial Statements

## For The Year Ended 30 June 2010

### 23. FINANCIAL INSTRUMENTS (continued)

#### d) Market risk

Market risk is the risk that changes in market prices such as interest rates and equity prices will affect the Economic Entity's income and value of its holdings.

The Economic Entity's activities expose it primarily to the financial risks of changes in interest rates on its cash and cash equivalents. It is the policy of the Economic Entity to manage their risks by continuously monitoring interest rates. There has been no change to the economic entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

##### (i) Foreign currency risk management

The Economic Entities do not yet undertake any transactions denominated in foreign currencies.

##### (ii) Interest risk management

Interest rate risks are caused by fluctuations in interest rates which, in turn, are due to market factors.

#### Interest rate sensitivity

The Economic Entity's main interest rate risk arises from cash and cash equivalents. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the economic entity's profit/loss before taxes through the impact on cash and cash equivalents with a decrease or an increase of 1.00% in interest rates.

	Economic Entity 2010 \$	Economic Entity 2009 \$
Cash and cash equivalents	3,937,178	11,534,203
Effect on income before taxes: increase 1.00%	39,372	115,342
decrease 1.00%	(39,372)	(115,342)

#### e) Liquidity risk management

Liquidity risks are caused by the inability to raise the money needed to meet payment of liabilities as and when they fall due. The economic entity manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows and cash balances. The parent entity raises equity for the economic entity's exploration and appraisal activities in discrete tranches.

At 30 June 2010 and 30 June 2009 the only financial liabilities of the economic entity were trade payables and accruals. All trade payables and accruals have a contractual maturity of 6 months or less. The working capital position is disclosed in Note 23a.

#### f) Credit risk management

In relation to financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under a contract or arrangement. Credit risk for the economic entity arises from cash and cash equivalents and outstanding receivables. The economic entity is not exposed to any material credit risks and only trade with credit worthy third parties. All of the economic entity's cash and other financial assets are held with the Westpac, Commonwealth, and ANZ banks.

#### g) Fair values

There are no financial instruments measured as fair value. All financial instruments held by the economic entity are measured at amortised cost.

### 24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Certain tenements to which Cape Alumina Limited has an interest may be subject to native title or similar claims. The position regarding likely success and impact on Cape Alumina Limited's operations are unknown at balance date. It is management's intention to continue to work through these matters, including the execution of an Indigenous Land Use Agreement ("ILUA") in relation to the Pisolite Hills project, if such an Agreement can be negotiated successfully.

Otherwise the economic entity has no known contingent assets or contingent liabilities.



## 25. PARENT ENTITY INFORMATION

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity, Cape Alumina Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in Note 4(a).

	2010 \$	2009 \$
Current assets	4,009,909	11,623,377
Non-current assets	12,214,482	6,698,140
Total assets	16,224,391	18,321,517
Current liabilities	425,846	727,344
Total liabilities	425,846	727,344
Net assets	15,798,545	17,594,123
Issued capital	23,555,624	23,586,419
Reserves	21,471	21,471
Accumulated losses	(7,778,550)	(6,013,767)
Total equity	15,798,545	17,594,123
Profit/(loss) for the year	(1,764,783)	(3,506,909)
Total comprehensive income/(loss) for the year	(1,764,783)	(3,506,909)

### Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

### Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2010 (2009: \$nil).

### Contingent liabilities

The parent entity has no contingent liabilities.

## 26. SUBSEQUENT EVENTS

On Friday, 30 July 2010, the Queensland Department of Environment and Resource Management (DERM) granted Cape Alumina Limited a 12 month extension to complete the Environmental Impact Statement (EIS) for the Company's Pisolite Hills mine and port project in western Cape York, Queensland.

Cape Alumina now has until 26 September 2011 to complete the EIS and submit it to the Queensland and Commonwealth Governments for consideration.

Otherwise, there were no subsequent events to 30 June 2010 that would require disclosure in or amendment of the financial statements.

## 27. COMPANY DETAILS

The company's registered office and principal place of business is located at:

Suite 6, 56 Peel Street  
South Brisbane Qld 410

Company Secretary: Scott Waddell

# // Directors' Declaration



The directors of the Company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 including:
  - (a) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position as at 30 June 2010 and performance for the year ended on that date of the economic entity.
2. The financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a).
3. The Remuneration Report as set out in the Directors' Report, complies with Section 300A of the Corporations Act 2001.
4. The Managing Director and Chief Financial Officer have declared that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and
  - (c) the financial statements and notes for the financial year give a true and fair view.
5. 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.

**G A Lloyd**  
Chairman and Director

**A L Gillies**  
Director

Dated at Brisbane this 17th day of September 2010.



# // Independent Auditor's Report



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Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Cape Alumina Ltd

### Report on the Financial Report

We have audited the financial report of Cape Alumina Ltd, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the economic 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 establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.



#### Auditor's Opinion

In our opinion:

- a) the financial report of Cape Alumina Ltd is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the economic entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

#### Emphasis of Matters on Uncertainties Regarding Going Concern and Recoverability of Exploration & Evaluation Expenditure

Without qualification to the opinion expressed above, we draw attention to the matters set out in Note 3 and Note 2(c) in relation to going concern and the feasibility of the Pisolite Hills project. The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. This includes the realisation of capitalised exploration and evaluation expenditure of \$12,180,042 (30 June 2009: \$6,656,089) as summarised in Note 12. The ability of the economic entity to maintain continuity of normal business activities, to pay their debts as and when they fall due and to recover the carrying value of their exploration and evaluation experience, is dependent upon the ability of the economic entity to successfully raise additional capital and/or the successful exploration and subsequent exploitation of their areas of interest through sale or development. As outlined in Note 2(c), the directors of the company are continuing to assess the feasibility of the Pisolite Hills project taking into account the impact of the recent Wild Rivers declaration of the Wenlock River on this project and are currently of the view that no impairment writedown is required for capitalised exploration & evaluation expenditure. Adjustments may be required to the carrying value of assets (in particular the capitalised exploration & evaluation expenditure for the Pisolite Hills project) or recorded amount of liabilities should the economic entity's plans not eventuate.

#### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

In our opinion, the Remuneration Report of Cape Alumina Ltd for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

BDO Audit (QLD) Pty Ltd

C R Jenkins

Director

Brisbane, 17 September 2010





# Cape Alumina

Shareholder Information







## // Shareholder Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 6th September 2010.

Distribution of equity securities and the number of holders by size of holding in each class of security are:

Ordinary shares		
	Number of holders	Number of shares
1-1,000	5	2,316
1,001-5,000	337	1,321,210
5,001-10,000	42	355,290
10,001-100,000	23	576,284
100,001 and over	9	126,795,703
Total	416	129,050,803

Unlisted \$0.50 options exercisable on or before 29 January 2012		
	Number of holders	Number of options
100,001 and over	14	9,200,000

### Twenty largest Shareholders

The names of the twenty largest shareholders, in each class of security are:

Rank	Investor	Current Balance	% Issued Capital
1.	Metallica Minerals Limited	38,427,967	29.78%
2.	China Xinfu Group Corporation Limited	21,281,609	16.49%
3.	Bondline Limited	20,865,291	16.17%
4.	Resource Capital Fund III Lp	17,740,126	13.75%
5.	Resource Capital Fund IV Lp	14,634,536	11.34%
6.	ANZ Nominees Limited	10,027,500	7.77%
7.	Chiping Xinfu Huaya Alumina Co Ltd	2,720,274	2.11%
8.	Dr Paul Messenger	965,000	0.75%
9.	Metallica Minerals Limited	131,400	0.10%
10.	Joieto Pty Ltd	58,000	0.04%
11.	Dr Anthony Francis Dique	48,788	0.04%
12.	Select Resources Pty Ltd	35,712	0.03%
13.	Miss Karen-Jane Burrows	35,000	0.03%
14.	HSBC Custody Nominees (Australia) Limited	35,000	0.03%
15.	Invenet Pty Ltd	31,499	0.02%
16.	Mrs Diane Schumann & Mr Michael Schumann	30,000	0.02%
17.	Mr Robert Leslie Gibbs + Mrs Karen Lesley Gibbs	28,000	0.02%
18.	Mr Leslie Elwyn Holden	22,000	0.02%
19.	Mr Ivo Vice Grabner	20,000	0.02%
20.	Mr Brian Denis Handy	20,000	0.02%
<b>TOTAL</b>		<b>127,157,702</b>	<b>98.53%</b>



### Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of shares
Substantial shareholder 1-Metallica Minerals Limited	38,427,967
Substantial shareholder 2-Resource Capital Funds 111 and IV	32,374,662
Substantial shareholder 3-China Xinfu Group Corporation Limited	24,001,883

### Voting rights

Each ordinary share has one vote at any meeting of members.

### Restricted securities

The restricted securities (held in escrow) that are on issue are as follows:	Number of shares
Until 28 January 2011	52,871,485

# Cape Alumina

Corporate Directory





## // Corporate Directory

### **Directors**

Mr George Lloyd - Chairman  
Mr Paul Messenger - Managing Director  
Mr Andrew Gillies - Non-Executive Director  
Mr Rennie Fritschy - Non-Executive Director  
Mr Peter Nicholson - Non-Executive Director  
Mr Jijun Liu - Non-Executive Director  
Mr Valentine Smirnyagin - Non-Executive Director  
Mr Ken Xiao - Alternate Non Executive Director to Jijun Liu

### **Company Secretary**

Mr Scott Waddell

### **Notice of Annual General Meeting**

The annual general meeting of Cape Alumina Limited will be held at **11am** on the **24th of November** at BDO Street, Brisbane, Qld, 4000

### **Principal registered office in Australia**

Suite 6, 56 Peel Street, South Brisbane, Qld, 4101  
Ph: +617 3844 9911  
Fax: +617 3844 9919  
Web: [www.capealumina.com.au](http://www.capealumina.com.au)

### **Share registry**

Link Market Services  
Level 15, 324 Queen Street  
Brisbane, Qld, 4000

### **Auditor**

BDO, Level 18, 300 Queen Street  
Brisbane, Qld, 4000

### **Stock Exchange Listing**

Cape Alumina Limited shares are listed on the Australian Securities Exchange Limited.

### **ASX code**

CBX



