AVOCA RESOURCES LIMITED
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31 August 2010

Number of pages: 25

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ASX Limited
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SYDNEY NSW 2000

Via: www.asx.online.com

Dear Sir or Madam

APPENDIX 4E AND THE 2010 FINANCIAL REPORT

Please find attached an Appendix 4E "Preliminary Final Report" for Avoca Resources Limited.

Yours faithfully
AVOCA RESOURCES LIMITED

Rohan Williams
Managing Director

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Avoca Resources Limited

Full Year Financial Report

Avoca Resources limited is pleased to report an after tax profit for the year ended 30 June 2010 of $57.8m.

Key financial benchmarks are as follows:

- Revenue from continuing operations is up 95% to $285.7m from $146.4m.
- Profit before tax is up 386% to a profit of $66.4m, from a loss of $23.2m.
- Net profit after tax is up 455% to a profit of $57.8m from a loss of $16.3m.
- Earnings per share is up to a profit of 20.82 cents from a loss of 6.97 cents.
- Available funding (cash and bullion on hand) of $52.8m.
- Drawn senior debt $39.8m (debt and performance guarantees).
- Net debt to equity of 8.7%, down from 30.3%.

Operational Performance

Consolidated
A summary of the group production performance for the year ended 30 June 2010 is provided in the following table.

2010		Qtr Sept-09	Qtr Dec-09	Qtr Mar-10	Qtr Jun-10	FY 2010
Ore mined	(tonnes)	281,801	235,438	351,930	470,845	1,340,014
Mined grade	(g/t)	5.7	6.2	4.9	4.6	5.1
Ore Treated	(tonnes)	314,463	300,030	469,940	607,554	1,691,987
Head Grade	(g/t)	5.2	5.3	4.0	3.6	4.1
Recovery	(%)	97	97	95	94	96
Ounces produced*	(oz)	50,584	50,952	60,868	67,047	229,451
Ounces sold	(oz)	49,517	52,615	62,422	64,270	228,824
Cash Cost#	($/oz)	428	458	540	641	526

* Ounces produced is gold poured and includes gold-in-circuit stocks at year-end.
# Cash costs do not include royalties.

Higginsville Operation
Mining operations from the Trident underground ore-body continued during the year with an ongoing focus on extending decline and level development as well as optimising stope production areas. Total high grade ore mined from stopes (83% of high grade tonnes mined) and development activities (17% of high grade tonnes mined) for the year was 983,524 tonnes at a grade of 5.5g/t. Mining activities during the year were undertaken on the following lodes, with the respective contribution to mined high grade ore tonnes being: Western Zone 59%, Athena 20%, development/other 18% and Eastern Zone 3%. Mining commenced and finished during the year at the Fairplay open pit. High grade ore mined totalled 120,050 tonnes at a grade of 2.3 g/t.

Total gold sales revenue of $227m (2009: $146m) was generated from the sale of 184,550 ounces (2009: 120,861 ounces) recovered from the Higginsville Gold Project at an average gold price of A$1,230 (2009: A$1,206) per ounce. Gold on hand not sold at 30 June 2010 was 5,569 ounces (2009: 5,785 ounces).

The average cash operating cost for the operation was $503 per ounce (excluding royalty costs). This cash cost is inclusive of the costs to treat low grade ore, which made up 11% of the processed tonnes treated during the year.

Total gold production for the year was 182,739 ounces (2009: 131,227 ounces) which comprised 184,329 ounces of recovered bullion, offset by a 1,590 ounce reduction reflecting the change in gold in circuit stocks since 30 June 2009. During the year the Higginsville treatment plant performed better than design on both throughput and recovery measures. Actual throughput totalled 1,195,579 tonnes of ore and actual gold recovery achieved was a 97% average for the year.

During the year, the Higginsville Gold Project successfully commissioned the Trident Paste Plant in the period to September 2009. Construction was completed on time and approximately $1.5 million under budget. The operational performance of the plant post commissioning has achieved design expectations.

A crusher upgrade commenced during the year and was completed by 30 June 2010. The upgrade increases the crushing circuit design capability allowing mill throughput to be sustained at rates up to 1.3 mpta. The upgrade also provides increased availability to perform planned maintenance on the crushing system.

Dioro Exploration NL / South Kalgoorlie Operation
On the 12 February 2010, Avoca Resources Limited gained control (85.7%) of Dioro Exploration NL by way of its second off market offer to purchase all the shares from the remaining shareholders of Dioro Exploration NL. On 15 April 2010, the parent entity acquired 100% of the issued share capital of Dioro Exploration NL. The acquisition of Dioro Exploration NL, provides the group with a second 1.2 mtpa treatment plant, the Jubilee Treatment Facility together with exposure to open pit operations at South Kalgoorlie and a 49% interest (joint venture) in the Frog's Leg underground gold mine. The group is currently working through an assessment of various mining opportunities at the South Kalgoorlie Operation with a view to finding and developing a long term high grade feed source for the Jubilee Treatment Plant.

Since acquisition and for the period to 30 June 2010 the South Kalgoorlie Operation continued to receive and treat high grade ore from the Frog's Leg joint venture totalling 144,148t at 5.3g/t. It substantially completed mining activities at the Mt Marion open pit having mined for the period high grade ore totalling 77,258 tonnes at 5.5g/t and continued to process ore from low grade stockpiles. In June 2010, initial waste stripping commenced in the HBJ open pit and 15,034 tonnes at 1.9 g/t of high grade ore was mined during this period.. The Jubilee Treatment Plant processed 496,408t at 2.5g/t at a recovery rate of 90% to recover 44,466 ounces of gold. Gold production including movement in gold in circuit stocks totalled 46,712 ounces.

Total gold sales revenue of $57m was generated from the sale of 44,274 ounces recovered from the South Kalgoorlie Operation at an average gold price of A$1,288 per ounce. Gold on hand not sold at 30 June 2010 was 1,909 ounces.

The average cash operating cost for the operation since acquisition was $626 per ounce (excluding royalty costs) which reflects the grade of the different ore sources feeding the treatment plant during the period – high grade ore 4.0g/t to +5.0g/t from Frog's Leg and Mt Marion, and low grade stockpiles +0.8g/t which was processed during the period as top up feed.

Outlook

The group has a production forecast for the 2011 financial year of 280,000 ounces at a site based cash operating cost of A$540/oz (not including royalties of A$100/oz). Higginsville is forecast to produce 180,000 ounces at A$500/oz cash cost and South Kalgoorlie (including Avoca's 49% share in the Frog's Leg Joint Venture) 100,000 ounces at A$620/oz.

Avoca will complete feasibility studies at South Kalgoorlie in the 2011 financial year in order to assess a number of identified mining opportunities with the aim to develop future ore sources, that will under pin the planned group production target of 400,000 ounces in the 2013 financial year.

The company also plans to increase its exploration activities in the Higginsville and South Kalgoorlie region during the 2011 financial year.

AVOCA RESOURCES LIMITED

ABN: 30 097 083 282

ASX Preliminary final report for the year ended 30 June 2010

Avoca Resources Limited ABN 30 097 083 282
ASX Preliminary final report - 30 June 2010

Lodged with the ASX under listing Rule 4.3A

Contents

ASX Preliminary Final Report
Financial year ended 30 June 2010

Name of entity

Avoca Resources Limited

ABN or equivalent company reference: 30 097 083 282

1. Details of the reporting period and the previous corresponding period.

Current period:	1 July 2009 to 30 June 2010
Prior corresponding period:	1 July 2008 to 30 June 2009

2. Results for announcement to the market.

		Percentage Change %		30 June 2010 A$'000
Revenue and other income *(Prior period total revenue: $146,467,000)*	up	112%	to	310,548
Profit / (Loss) from ordinary activities after tax attributable to members *(Prior period loss: $16,270,000)*	up	455%	to	57,789
Net Profit / (Loss) for the period attributable to members *(Prior period loss: $16,270,000)*	up	455%	to	57,789

3. Financial report.

Refer to pages 3 to 20 for details on the consolidated entities preliminary final report for the year ended 30 June 2010.

4. Dividends

The Company did not declare or pay any dividends during the year or in the prior year.

5. Net tangible assets per share ($)

	30 June 2010	30 June 2009
Net Tangible Assets per Share	**$0.93**	$0.61

6. Control gained over entities having material effect

During the financial year the company acquired a 100% interest in Dioro Exploration NL, pursuant to the terms of an off-market takeover offer.
The financial results of Dioro Explorational NL have been consolidated from the 12 Februaury 2010, the date on which control (85.7%) was first achieved. Prior to the date of control, the investment in Dioro Exploration NL was accounted for as an investment in a associate, using the equity accounting method. For further information refer to Note 9.

Other than the acquisition described aboved, there have been no other material acquisitions of entities in the year ended 30 June 2010.

7. Loss of control of entities having material effect

There were no material losses of control over entities in the group during the year ended 30 June 2010.

8. Interests in unincorporated joint venture operations

For details refer to Note 11.

9. Commentary on the results for the period

The commentary on the results for the period is contained in the press release dated 31 August 2010 accompanying this statement.

10. Status of Audit

This report is based on accounts which are in the process of being audited.

Rohan Williams
Managing Director
31 August 2010

Avoca Resources Limited
Income Statement

for the year ended 30 June 2010

		Consolidated	
	Notes	**2010 $'000**	**2009 $'000**
Revenue from continuing operations	3	285,697	146,427
Other income	3	24,851	40
Mining costs		(101,872)	(79,863)
Royalties expense		(28,037)	(11,896)
Fair value loss on derivative instruments - Gold put options	4	(2,324)	(9,474)
Corporate administration expenses		(3,234)	(2,261)
Depreciation and amortisation expense	4	(74,400)	(42,369)
Exploration costs written off	4	(4,313)	(512)
Employee benefits expense		(21,481)	(13,564)
Finance costs	4	(7,247)	(9,321)
Other expenses		(1,810)	(451)
Merger cost associated with acquisition of subsidiaries		(6,010)	-
Share of net profit of associate accounted for using the equity method	5	6,594	-
Profit / (loss) before income tax		**66,414**	**(23,244)**
Income tax benefit / (expense)		(8,625)	6,974
Profit / (loss) for the year		**57,789**	**(16,270)**
Net profit / (loss) is attributable to:			
Owners of Avoca Resources Limited		57,789	(16,270)
		Cents	Cents
Basic earnings / (loss) per share	12	**20.82**	(6.97)
Diluted profit / (loss) per share	12	**19.84**	-

The above income statement should be read in conjunction with the accompanying notes.

Avoca Resources Limited
Statement of Comprehensive Income

for the year ended 30 June 2010

	Consolidated	
	2010 **$'000**	**2009** **$'000**
Profit / (loss) for the year	**57,789**	**(16,270)**
Other comprehensive income		
Available-for-sale financial assets	(751)	3,387
Income tax relating to components of other comprehensive income	(305)	(1,012)
Exchange differences on translation of foreign transactions	(7)	-
Other comprehensive (loss) / income for the year, net of tax	(1,063)	2,375
Total comprehensive income / (loss) for the year	**56,726**	**(13,895)**
Total comprehensive income / (loss) for the year is attributable to:		
Owners of Avoca Resources Limited	**56,726**	(13,895)
Non-controlling interests	**-**	-

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Avoca Resources Limited

Balance Sheet

as at 30 June 2010

	Notes	Consolidated 2010 $'000	2009 $'000
CURRENT ASSETS			
Cash and cash equivalents		42,546	38,946
Trade and other receivables		6,876	2,551
Inventories		19,614	5,673
Current income tax		-	152
Derivative financial instruments		18	525
TOTAL CURRENT ASSETS		**69,054**	**47,847**
NON-CURRENT ASSETS			
Trade and other receivables		9	6
Derivative financial instruments		-	1,817
Property, plant and equipment		254,161	176,730
Mineral exploration and evaluation		84,199	39,857
Deferred tax assets		2,774	8,951
Available-for-sale financial assets		4,028	12,200
TOTAL NON-CURRENT ASSETS		**345,171**	**239,561**
TOTAL ASSETS		**414,225**	**287,408**
CURRENT LIABILITIES			
Trade and other payables		54,179	30,653
Current tax liability		-	-
Borrowings		40,255	20,923
Other financial liabilities		3,634	4,880
TOTAL CURRENT LIABILITIES		**98,068**	**56,456**
NON-CURRENT LIABILITIES			
Provisions		21,707	4,597
Borrowings		6,789	47,011
Other financial liabilities		-	3,463
Convertible bonds		18,801	18,600
TOTAL NON-CURRENT LIABILITIES		**47,297**	**73,671**
TOTAL LIABILITIES		**145,365**	**130,127**
NET ASSETS		**268,860**	**157,281**
EQUITY			
Contributed equity	6	231,630	177,666
Reserves	7	7,321	7,495
Retained earnings / (losses)	7	29,909	(27,880)
TOTAL EQUITY		**268,860**	**157,281**

The above balance sheet should be read in conjunction with the accompanying notes.

Avoca Resources Limited
Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	Attributable to owners of Avoca Resources Limited					
	Contributed equity $'000	**Reserves $'000**	**Retained earnings $'000**	**Total**	**Non-controlling interest $'000**	**Total Equity $'000**
Balance at 1 July 2008	**120,969**	**6,396**	**(11,610)**	**115,755**	**-**	**115,755**
Total comprehensive income for the year as reported in the 2009 financial statements	-	2,375	(16,270)	(13,895)	-	(13,895)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	646	-	-	646	-	646
Share placement	29,022	-	-	29,022	-	29,022
Acquisition of investments	7,663	-	-	7,663	-	7,663
Employee share options - value of employee services	-	499	-	499	-	499
Conversion of convertible bonds	19,366	(1,775)	-	17,591	-	17,591
	56,697	**(1,276)**	**-**	**55,421**	**-**	**55,421**
Balance at 30 June 2009	**177,666**	**7,495**	**(27,880)**	**157,281**	**-**	**157,281**
Balance at 1 July 2009	**177,666**	**7,495**	**(27,880)**	**157,281**	**-**	**157,281**
Total comprehensive income for the year as reported in the 2010 financial statements	-	(1,062)	57,789	56,727	-	56,727
Transactions with owners in their capacity as owners:				-		-
Contributions of equity, net of transaction costs and tax	53,547	28	-	53,575	-	53,575
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	16,525	16,525
Transactions with non-controlling interests	-	(356)	-	(356)	(16,525)	(16,881)
Employee share options - value of employee services	-	1,261	-	1,261	-	1,261
Conversion of convertible bonds	417	(45)	-	372	-	372
	53,964	**888**	**-**	**54,852**	**-**	**54,852**
Balance at 30 June 2010	**231,630**	**7,321**	**29,909**	**268,860**	**-**	**268,860**
	-	-	-			0

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Avoca Resources Limited

Statement of cash flow

for the year ended 30 June 2010

	Consolidated	
	2010 $'000	**2009 $'000**
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	301,840	154,877
Payments to suppliers and employees (inclusive of goods and services tax)	(171,840)	(97,707)
Interest received	1,505	659
Interest paid	(6,112)	(5,904)
Income tax received	152	-
Net cash inflow from operating activities	**125,545**	**51,925**
Cash flows from investing activities		
Payments for exploration and evaluation	(18,601)	(7,984)
Payments for property, plant and equipment	(58,872)	(55,440)
Payments for acquisition of subsidiaries net of cash acquired	(14,410)	-
Refunds / (payments) for security bonds	(3)	181
Proceeds from sale of available-for-sale financial assets	6,606	-
Proceeds from sale of exploration tenements	-	40
Net cash outflow from investing activities	**(85,280)**	**(63,203)**
Cash flows from financing activities		
Proceeds from the issue of shares	2,056	30,640
Transaction costs on issue of shares	(1)	(1,190)
Proceeds from borrowings	118	23,000
Repayment of borrowings	(30,330)	(5,000)
Transactions with non-controlling interests	(8,508)	-
Proceeds from refinancing lease assets	-	1,205
Net cash (outflow) / inflow from financing activities	**(36,665)**	**48,655**
Net increase in cash and cash equivalents	**3,600**	**37,377**
Cash and cash equivalents at the beginning of the year	38,946	1,569
Cash and cash equivalents at the end of the half-year	**42,546**	**38,946**

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated preliminary financial report are the same as those applied by the Group in its consolidated financial report as at the year end 30 June 2009, except as noted in the changes of accounting policy set out below. The consolidated preliminary financial report includes preliminary financial statements for the consolidated entity consisting of Avoca Resources Limited (the "Company") and its subsidiaries (together referred to as the "Group" or "Consolidated Entity" and individually as "Group Entities").

(a) Basis of preparation

The preliminary financial report is a financial report that has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

The preliminary financial report should be read in conjuction with the 2009 annual report, the December 2009 half year report and any announcement by Avoca Resources Limited or its controlled entities in accordance with the continuous diclosure obligations arising under the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year except as noted in 1(b) below.

The Board of Directors approved the preliminary final report on 31 August 2010.

Working capital deficiency
The Avoca group has a working capital deficiency at balance date of $29,014,000 (2009: $8,609,946) mainly due to the reclassification of scheduled senior debt repayments from non-current borrowings to current borrowings totalling $36 million. The debt repayment schedule comprises a $20 million repayment in September 2010 and a $16 million repayment in March 2011 being the final scheduled repayment under the senior debt facility. At balance date, there was 5,235 ounces of produced gold in circuit and 7,478 ounces of gold bullion on hand not sold. The sale value (fair value) of this gold using spot gold price at balance date is $18.5 million. Net of recorded inventory costs, the improvement in current assets as a result of the sale of this gold is $8.7 million. The group is forecasting to generate and have access to sufficient operating cash flows from its three operating projects, the Higginsville Gold Project, South Kalgoorlie operation and the Frog's Leg Joint Venture, over the 2010 / 2011 financial year to settle these repayments and maintain appropriate working capital funding capacity. The Directors are confident that the operations will achieve production and output forecasts.

(b) Changes in accounting policies

Avoca Resources Limited has amended the following accounting policies as the result of new or revised Accounting Standards which became operative for the annual reporting period commencing on 1 July 2009.

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is represented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the Board of Directors.

(ii) Joint ventures

Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(iii) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the group recognises any non controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any non controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain on purchase.

Note 1. Summary of significant accounting policies (continued)

(iii) Business combinations (continued)

Change in accounting policy
A revised AASB 3 Business Combinations became operative on 1 July 2009. While the revised standard continues to apply the acquisition method to business combinations, there have been some significant changes.

All purchase consideration is now recorded at fair value at the acquisition date. Contingent payments classified as debt are subsequently remeasured through profit or loss. Under the group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non controlling interests in an acquiree are now recognised either at fair value or at the non controlling interest's proportionate share of the acquiree's net identifiable assets. This decision is made on an acquisition by acquisition basis. Under the previous policy, the non controlling interest was always recognised at its share of the acquiree's net identifiable assets.

Note 2. Segment Information

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2010 is as follows:
All segments are in Australia.

Consolidated - 2010	**Higginsville**	**South Kalgoorlie Operations**	**All Other Segments**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Total Segment Revenue	226,987	57,223	-	284,209
Interest Revenue	299	176	1,012	1,488
Revenue from External Customers	227,286	57,399	1,012	285,697
Adjusted EBITDA	109,155	24,787	14,120	148,062
Finance Costs	4,262	1,045	1,940	7,247
Depreciation	15,447	2,563	323	18,334
Amortisation	31,551	24,515	-	56,066
Total segment assets	266,205	124,614	232,058	622,877
Total segment liabilties	221,855	109,740	29,225	360,820

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2009 is as follows:

Consolidated - 2009	Higginsville	All Other Segments	Total
	$'000	$'000	$'000
Total Segment Revenue	145,756	-	145,756
Interest Revenue	174	497	671
Revenue from External Customers	145,930	497	146,427
Adjusted EBITDA	24,197	4,249	28,447
Finance Costs	6,415	2,906	9,321
Depreciation	14,652	152	14,804
Amortisation	27,565	-	27,565
Total segment assets	106,452	159,653	266,105
Total segment liabilties	109,631	20,496	130,127

Segment revenue reconciles to total revenue from continuing operations as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
Total segment revenue	285,697	146,427
Total revenue from continuing operations	**285,697**	**146,427**
	0	-
Adjusted EBITDA	148,062	28,447
Intersegment eliminations	-	-
Finance Costs	(7,248)	(9,321)
Depreciation	(18,334)	(14,804)
Amortisation	(56,066)	(27,565)
Profit / (loss) before income tax from continuing operations	**66,414**	**(23,244)**

The amounts provided to the Board of Directors with respect to total assets and total liabilties are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and the phyiscal location of the asset. Investment in shares (classified as available-for-sale financial assets, held to maturity investments or financial assets at fair value through the profit and loss) held by the group are not considered to be segment assets but rather managed by the treasury function.
The group's borrowing and derivative financial instruments are not considered to be segment liabilities but rather managed by the treasury function.

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Consolidated	
	2010 $'000	**2009 $'000**
Segment assets	622,877	266,105
Intersegment eliminations	(215,454)	-
Unallocated:		
Current tax assets	-	152
Deferred tax assets	2,774	8,951
Available-for-sale financial instruments	4,028	12,200
Held-to-maturity investments	-	-
Financial assets at fair value through profit and loss	-	-
Derivative financial instruments assets	-	-
Total assets as per the balance sheet	**414,225**	**287,408**
Segment liabilities	360,820	130,127
Intersegment liabilities	(215,454)	-
Unallocated:		
Current tax liabilities	-	-
Borrowings	-	-
Convertible bonds	-	-
Derivative financial instruments liabilities	-	-
Total liabilities as per the balance sheet	**145,365**	**130,127**

Notes to the Preliminary Final Report

for the year ended 30 June 2010

Note 3. Revenue and other income

	Consolidated	
	2010 $'000	**2009 $'000**
From continuing operations		
Sales Revenue		
Gold sales	284,209	145,756
	284,209	**145,756**
Other revenue		
Interest received	1,488	671
Total revenue	**285,697**	**146,427**
Other income		
Equity gain on acquisition	18,502	-
Net gain on sale of available-for-sale financial assets	5,952	-
Gain on disposal of tenements	-	40
Insurance recovery relating to vehicle claims	324	-
Scrap metal sales	11	-
Rental and sub-lease rental	62	-
Total other income	**24,851**	**40**

Note 4. Expenses

	2010 $'000	2009 $'000
Profit / (loss) before income tax includes the following specific expenses:		
Depreciation and amortisation		
Mining properties	56,066	27,565
Buildings	237	103
Plant and office equipment	720	279
Motor vehicles	415	147
Mining equipment	16,962	14,275
Total depreciation & amortisation	**74,400**	**42,369**
Exploration expenditure written off	4,313	512
Rental expenses on operating leases	551	412
Fair value loss on derivative instruments	2,324	9,474
Finance costs		
Interest and finance charges paid / payable for financial liabilities	4,873	7,401
Interest on deferred gold put option premium	300	997
Interest on rehabilitation provision	1,301	183
Interest on finance lease liability	773	740
Total finance costs	**7,247**	**9,321**

Notes to the Preliminary Final Report
for the year ended 30 June 2010

Note 5. Investment in associates

	Consolidated	
	2010 $'000	**2009 $'000**
(a) Movement in carrying amount		
Carrying amount at the beginning of the financial year	-	-
Transfer from available-for-sale financial assets	6,822	-
Additional acquisition of investment	19,957	-
Share of profits after income tax	6,594	-
Transfer on acquisition of subsidiary	(33,373)	-
	-	**-**

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Note 6. Contributed Equity

	Consolidated	
	2010 $'000	**2009 $'000**
Share capital		
Ordinary shares		
290,492,011 ordinary shares (2009: 259,012,099)	231,630	177,666
Total issued capital	**231,630**	**177,666**

(a) Movements in ordinary share capital

Consolidated

Fully paid ordinary shares		**Number of shares**	**Issue price**	**$**
Date	**Details**			
01-Jul-08	**Opening balance**	221,929,903		120,968,654
15-Jul-08	Issue of shares pursuant to conversion of bonds	571,428	$1.75	1,000,000
22-Jul-08	Issue of shares on conversion of employee's options	300,000	$0.45	135,000
30-Sep-08	Issue of shares on conversion of employee's options	55,000	$0.90	49,500
22-Jan-09	Share placement	20,500,000	$1.47	30,135,000
13-Feb-09	Issue of shares on acquisition of tenements - Chalice	483,335	$1.74	841,003
03-Mar-09	Issue of shares on conversion of employee's options	300,000	$0.90	270,000
20-Apr-09	Issue of shares on acquisition of Dioro Exploration NL	4,563,300	$1.50	6,822,134
21-May-09	Issue of shares on conversion of employee's options	200,000	$0.25	50,000
10-Jun-09	Issue of shares pursuant to conversion of bonds	10,109,133	$1.82	18,366,489
Add :	Transfer from equity compensation reserve in respect of options exercised			140,707
Less:	Transaction costs arising on share issue			(1,189,729)
	Deferred tax credit arising on capital raising costs recognised directly in equity			76,937
30-Jun-09	**Balance**	259,012,099		177,665,695
16-Jul-09	Issue of shares pursuant to conversion of bonds	114,876	$1.82	208,809
22-Jul-09	Issue of shares on conversion of employee's options	100,000	$0.45	45,000
13-Aug-09	Issue of shares on conversion of employee's options	300,000	$0.90	270,000
24-Aug-09	Issue of shares on acquisition of Dioro Exploration	11,908,520	$1.68	19,957,000
27-Aug-09	Issue of shares on conversion of options exercised	350,000	$1.39	486,500
22-Sep-09	Issue of shares on conversion of employee's options	500,000	$0.45	225,000
03-Dec-09	Issue of shares on conversion of employee's options	500,000	$0.75	375,000
08-Dec-09	Issue of shares on conversion of employee's options	150,000	$1.66	249,000
12-Feb-10	Issue of shares on acquisition of Dioro Exploration	12,287,128	$1.87	22,917,625
15-Apr-10	Issue of shares on acquisition of Dioro Exploration	4,254,512	$2.02	8,593,118
31-May-10	Issue of shares on conversion of employee's options	100,000	$0.45	45,000
17-Jun-10	Issue of shares on conversion of employee's options	500,000	$0.45	225,000
28-Jun-10	Issue of shares on conversion of employee's options	300,000	$0.45	135,000
30-Jun-10	Issue of shares pursuant to conversion of bonds	114,876	$1.81	207,963
Add :	Transfer from equity reserves in respect of options exercised			154,000
Add :	Transfer from equity compensation reserve in respect of options exercised			353,078
Less:	Transaction costs arising on share issue			(574)
	Deferred tax credit arising on capital raising costs recognised directly in equity			(482,012)
Balance at 30 June 2010		**290,492,011**		**231,630,202**

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Note 7. Reserves and accumulated losses

(a) Reserves

	Consolidated	
	2010 $'000	**2009 $'000**
Equity compensation reserve (i)	3,998	3,090
Other reserves (ii)	3,323	4,405
	7,321	**7,495**
(i) Movements - Equity compensation reserve		
Balance 1 July	3,090	2,591
Transfer to equity compensation reserve in respect of options issued	1,261	640
Transfer to issued capital in respect of options exercised	(353)	(141)
Balance at end of financial year	**3,998**	**3,090**
(ii) Movements - Other reserves		
Options issued reserve		
Balance 1 July	154	154
Options issued	-	-
Transfer to issued capital in respect of options exercised	(154)	-
Balance at end of financial year	**-**	**154**
Equity reserve		
Balance 1 July	1,465	3,240
Equity recognised on convertible bond	(47)	-
Transfer to issued capital in respect of bond conversion	-	(2,209)
Deferred tax liability arising on the recognition of the convertible bond equity	8	434
Balance at end of financial year	**1,426**	**1,465**
Listed investments revaluation reserve		
Balance 1 July	2,786	411
Revaluation to fair value	(752)	3,387
Deferred tax liability arising on the recognition of the revaluation of listed investments	226	(1,012)
Balance at end of financial year	**2,260**	**2,786**
Foreign currency translation reserve		
Balance 1 July	-	-
Acqusition	(7)	-
Balance at end of financial year	**(7)**	**-**

Note 7. Reserves and accumulated losses (continued)

	Consolidated	
	2010 $'000	**2009 $'000**
(ii) Movements - Other reserves (continued)		
Transactions with non-controlling interests		
Balance 1 July	-	-
Acqusition of additional ownership in Dioro Exploration NL	(356)	-
Balance at end of financial year	**(356)**	**-**
Balance at end of financial year	**3,323**	**4,405**
(b) Accumulated profit / (loss)		
Balance 1 July	(27,880)	(11,610)
Profit / (loss) for the period	57,789	(16,270)
Balance at end of financial year	**29,909**	**(27,880)**

(c) Nature and purpose of reserves

(i) Share-based compensation reserve
The share-based compensation reserve is used to recognise the fair value of options issued to employees but not exercised.

(ii) Options issued reserve
The options issued reserve is used to recognise the fair value of options issued to non-employees but not exercised.

(iii) Equity reserve
The equity reserve is used to recognise the equity portion on the convertible bond.

(iv) Listed investments revaluation reserve
Changes in the fair value of listed investments, are taken to the listed investments revaluation reserve. Amounts are recognised in the profit and loss when the associated assets are sold or impaired.

(v) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassifited to profit and loss when the net investment is disposed of.

(vi) Transactions with non-controlling interests
This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Note 8. Dividends

No dividends were paid or proposed during the financial year (2009: Nil).

The Group has no franking credits available as at 30 June 2010 (2009: Nil).

Note 9. Business Combination

(a) Summary of acquisition

On 12 February 2010 the parent entity acquired 85.7% of the issued share capital of Dioro Exploration NL, a gold mining company who owns and operates the South Kalgoorlie Operation which includes the Jubilee treatment plant. The company also has a 49% joint venture interest in the Frog's Legs underground gold mine. The acquisition enhances the Company's production profile with the addition of the Jubilee treatment plant and exposes it to significant exploration potential in a historically well endowed gold field.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	2010 $'000
Purchase consideration	
Cash paid	24,319
Fair value of initial equity interest	51,862
Equity instrument issued	22,918
	99,099

The assets and liabilties recognised as the result of the acquisition are as follows:

	2010 $'000
Cash	9,909
Trade receivables	5,138
Inventories	12,832
Other investments	54
Plant and equipment	26,060
Mine Development and Exploration	96,404
Deferred tax asset	2,698
Trade payables	(13,712)
Provision for employee benefits	(1,403)
Lease liabilities	(4,283)
Rehabilitation provisions	(14,573)
Borrowings	(3,500)
Net indentifiable assets acquired	**115,624**
Less: non-controlling interests	(16,525)
Net assets acquired	**99,099**

There were no acquisitions in the year ending 30 June 2009.
The acquisition of Dioro Exploration NL occured on 12 February 2010. In accordance with AASB 3R Business Combination, the initial accounting determined above is provisional. The provisional accounting for this acquisition may be adjusted in the next reporting period in the event that the finalisation of fair value procedures, produces fair values which are different to those provisionally determined.

Note 9. Business Combination (continued)

(i) Equity interests issued as purchase consideration
12,287,128 Avoca shares were issued to Dioro Exploration NL shareholders as part of the purchase consideration. The shares were valued at $22,918,000 in total which was determined with reference to the price quoted on the Australian Stock Exhange at the date of acquisition.

(ii) Acquired receivables
The fair value of the acquired receivables is $5,138,000. The gross contractual amount for trade receivables due is $5,138,000.

(iii) Non-controlling interests
In accordance with the accounting policy set out in note 1(iii), the group elected to recognise the non-controlling interests in Dioro Exploration NL at its proportionate share of the acquired net identifiable assets.

(iii) Revenue and profit contribution
The acquired business contributed revenues of $57,450,000 and net loss of $2,946,000 to the group from the 12 February 2010 to 30 June 2010.

If the acquisition had occured on 1 July 2009, consolidated revenue and consolidated profit for the year ended 30 June 2010 would have been $344,264,749 and $57,790,000 respectively. These amounts have been calculated using the group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 July 2009, together with the consequential tax effects.

(iv) Business combination achieved in stages.
The fair value of the company's equity interest in Dioro Exploration NL immediately prior to the acquisition date was $51,862,000. As a result of remeasuring the company's equity interest to fair value, a gain of $18,502,000 has been recognised in the income statement.

(b) Purchase consideration - cash outflow

	2010 $'000
Outflow of cash to acquire subsidary, net of cash acquired	
Cash consideration	24,319
Less Balances acquired:	
Cash	(9,909)
	14,410

Acquisition-related costs of $6,010,000 is seperately disclosed in the income statement and in operating cash flows in the statement of cashflows.

Note 10. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding **	
			2010 %	2009 %
Avoca Mining Pty Ltd	Australia	Ordinary	**100**	100
Dioro Exploration NL *	Australia	Ordinary	**100**	-
HBJ Minerals Pty Ltd *	Australia	Ordinary	**100**	-
Hampton Gold Mining Areas Limited *	United Kingdom	Ordinary	**100**	-

* The Company acquired Dioro Exploration NL and its subsidiaries and obtained control on 12 February 2010.
** The proportion of ownership interest is equal to the proportion of voting power held.

Note 11. Interests in joint ventures

(a) Exploration Joint ventures

Included in capitalised exploration and evaluation expenditure of the Consolidated Entity is $Nil (2009:$Nil) which represents the Entity's interest in the assets and liabilities employed in joint ventures entered into by the Entity. There are no other amounts in the assets and liabilities of the Entity representing the Entity's interest in assets and liabilities employed in joint ventures. At balance date the Consolidated Entity's interest had a Nil carrying value. The Entity's involvement in joint ventures is shown below:

		Consolidated	
	Interest %	**2010 $'000**	**2009 $'000**
Western Australia Uranium JV (i)	11-20	-	-
Lakeway Uranium Project (ii)	40	-	-
Glandore South JV	80.16	-	-
Lake Greta JV	24.5	-	-
Kunderong JV	40	-	-
South Laverton Tectonic Zone JV	20	-	-

(i) The Consolidated entity's interest in the joint venture is determined by the respective interests it has in each of the seventeen tenements comprising the joint venture. During the year the consolidated entity diluted certain tenement interests. As at 30 June 2010, the interest in the joint venture's tenements ranged from 11% to 20% (2009: 11% to 20%). At balance date the Consolidated entity's interest had nil carrying value.

(ii) Represents the Consolidated entity's share of the uranium rights in respect of the joint venture. At balance date the Consolidated entity's interest had a nil carrying value.

(b) Jointly controlled assets

A subsidiary of the consolidated entity, Dioro Exploration NL has entered into a joint venture, the Mungari East Joint Venture which its principal activity is the production of gold from the Frog's Leg underground gold mine.

Dioro Exploration NL has a 49% participating interest in this joint venture and is entitled to 49% of its output of completed production. The group's interests in the assets employed in the joint venture are included in the consolidated balance sheet, in accordance with the accounting policy under the following classfications:

	Consolidated	
	2010 $'000	**2009 $'000**
Share of partnership's assets and liabilities		
Current assets		
Cash and cash equivalents	433	-
Trade & Other Receivables	1,209	-
Inventories	1,637	-
Total current assets	**3,279**	**-**
Non-current assets		
Property, plant and equipment	50,721	-
Total non-current assets	**50,721**	-
Share of assets employed in joint venture	**54,000**	-

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Note 12. Earnings per share

		Consolidated	
		2010 $'000	**2009 $'000**
(a)	**Basic earnings / (loss) per share**		
	Total basic earnings per share attributable to the ordinary equity holders of the company	20.82	(6.97)
(b)	**Diluted earnings / (loss) per share**		
	Total diluted earnings per share attributable to the ordinary equity holders of the company	19.84	-
(c)	**Reconciliation of loss used in calculating earnings per share**		
	Basic earnings/ (loss) - per share		
	Profit / (loss) after tax from continuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	57,789	(16,270)
	Diluted earnings/(loss) - per share		
	Profit / (loss) after tax from continuing operations attributable to the ordinary equity holders of the company	57,789	-
	Add: Interest savings on convertible notes	1,687	-
	Profit / (loss) after tax from continuing operations attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	59,476	-
(d)	**Weighted average number of shares used as the denominator**	**Number**	**Number**
	Weighted average number of ordinary shares used as the denominator in calculating basic earnings / (loss) per share	277,505,360	233,500,782
	Adjustments for calculation of diluted earnings per share:		
	Options	10,692,287	-
	Convertible bonds	11,561,070	-
	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	299,758,717	-

(i) Options

Options to acquire ordinary shares granted by the Company and not exercised at the reporting dates are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of the basic loss per share.

(ii) Convertible Bonds

Convertible Bonds issued are considered to be potential ordinary shares and have been included in the determination of diluted loss per share from their issue date. The bonds have been included in the determination of basic loss per share.